

## Hotel Satisfaction Scores on the Rise

2007-11-28

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### Medallia's Hotel Industry Tracking Study Shows Key Trends

Hotel performance scores are increasing, well-known hotel brands are losing 'mindshare' among customers, and a growing number of hotel brands are struggling with 'lunch bag letdown,' the phenomenon that occurs when a guest's positive impression of a brand is tarnished by an actual stay experience.

These are just some of the findings recently presented by Medallia, Inc., from its Consumer HUB, an ongoing hotel industry tracking study. Based on 60,000 surveys of hotel guests per year and representing more than 125,000 stays, Consumer HUB provides one of the most comprehensive available overviews of hotel industry trends.

Steve Earwaker, Medallia's VP of Business Development and the creator of Consumer HUB, says hotels are generally doing a better job of satisfying their guests than they have in the past. 'Year-over-year performance improved for 44% of brands, deteriorated for 8%, and remained stable for 48%. While most hotel segments improved their performance, the midscale segment (both with food and beverage and without) continued to dazzle,' said Earwaker.

'This is a good news/bad news scenario for hotels,' he added. 'The good news is they're delivering a better quality product. The bad news is they're raising the bar: They can't just maintain current levels of performance and stay competitive over the long term.'

Noting that unaided awareness of brands has declined across hotels over the past two years, Elizabeth Carducci, head of Medallia's hospitality practice group, said: 'Awareness of hotel brands is sagging. This is partly due to the proliferation of new brands.' Even aided awareness decreased, with 57% of brands experiencing drops.

Medallia presented other findings that shed light on the gap between brand image and reality. 'Some brands have not been keeping themselves fresh, leaving guests disappointed after a stay,' said Earwaker. 'It's called 'lunch bag letdown,' and we're starting to see more of it.'

Earwaker noted that gaps in image versus reality differed across segments. In most upper upscale brands, actual brand performance outpaced brand image. 'There's an opportunity for upper upscale brands to improve their image and encourage more consumers to try them,' Earwaker said. 'In the economy segment, the reverse is true: In three-fourths of brands, performance lagged brand image, indicating the need for brands to improve their performance to align with guests' more positive perception of them.'

Medallia also presented data about key drivers of return intent, which vary by hotel segment. For example, 'a good night's sleep' drives loyalty for upscale hotels, while 'locations where I need them' is a driver of brand preference for economy brands. 'The importance of 'a good night's sleep' clearly demonstrates the impact the bed wars have had on the upscale segment,' said Carducci. One consistency across the industry is the need to 'provide good value,' which is important regardless of hotel segment.

Medallia, which presented the findings at its Best Practices Conference in September, also discussed the brand and attribute preferences of Gen X and Gen Y guests. 'These are the customer segments that will be driving brand growth in the next 10 to 20 years,' said Earwaker. 'Understanding their usage and preferences is critical for hotels.'

This article comes from Hotel News Resource

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