

Hotel Customer Satisfaction Improves in First Half of 2008 - 75% Of Airlines Decline

2008-08-12

Market Metrix Announces Second Quarter 2008 Hospitality Index Results

Despite the current downturn in the U.S. economy, the hotel industry continues to satisfy customers at near-record levels, according to the most recent results of the Market Metrix Hospitality Index™ (MMHI) for the second quarter of 2008. Customer satisfaction among all hotels is up (+1.0 to 82.7) compared to 2007. This is the highest score for the industry in nearly five years and close to the all time high score of 83 recorded in 2001, just before 9/11. The American Customer Satisfaction Index™ (ACSI) also reports improved customer satisfaction for hotels for 2008 with the industry reaching record high scores.

Customer satisfaction up in a down economy

'The increase in customer satisfaction with hotels is certainly good news and surprising given the current economic pressures to reduce staff and services,' said Jonathan Barsky, Ph.D., vice president of research for Market Metrix. 'But in this economy hotels are focusing more on their current customers. And with occupancy rates down 2.6 % in the first half of 2008, guest staffing ratios have remained stable. Other factors helping to maintain or improve customer satisfaction include recent investments in customer technology, facilities and new services, expanded satisfaction measurement programs and pay-for-performance compensation, and the growth of online customer reviews which help to manage guest expectations and deliver more pleasing hotel experiences.'

Comparing performance across the hospitality industry

For the first half of 2008, luxury hotels and midscale w/o food & beverage hotels showed the most improvement. Luxury brands showing the biggest gains include Intercontinental (+ 3.3), Taj Hotels (+ 2.8), and Ritz-Carlton (+ 2.8). The most improved midscale w/o food & beverage brands are Howard Johnson (+ 2.7), Ramada (+ 2.2), and Red Lion Hotels (+ 1.9). The only down-trending segment was Casinos with Flamingo Las Vegas (- 6.1), Excalibur Hotel & Casino (- 1.4), and Rio (- 0.8) posting the biggest declines.

Customer satisfaction with airlines rebounded slightly (+.5 to 73.8) from last quarter's all-time record low score. But due to higher fuel prices there is no real improvement in sight. 'Airlines continue to reduce flights and staff while raising fares and adding fees,' said Dr. Barsky. 'That is not a formula to win consumer sentiment.' Further, according to the MMHI, three-quarters of all airlines have seen their satisfaction scores drop in the first half of 2008. Among the large carriers, United and Southwest show the biggest declines. Midwest is one bright spot, earning the award for most-improved airline, as well as top score in customer satisfaction for the first half of 2008.

Other MMHI Results Include Top Scoring Drury Hotels

Drury Inns posted the highest score (91.8) among all hotels in the industry, demonstrating that exceeding expectations is the key to guest satisfaction. Guests rave about the personal treatment they receive. Drury Inns was one of the first hotels in the limited-service segment, and all the Drury hotels are still owned and operated by the Drury family.

Among rental car companies, satisfaction is down slightly for 2008 (-0.9 to 79.7). Enterprise placed first despite a drop in its score (-1.6 to 81.7) for the first half of 2008. Thrifty and Alamo, however, show significant gains in 2008 (+1.6 to 79.2 and +1.3 to 79.5, respectively). The rental car industry continues to be tightly clustered (less than 5 points separate the top and bottom brands), indicating that the customers do not see significant differences among the brands. And there is a new kid on the block, car sharing companies (ZipCar and others), that appear to be benefiting from spiraling gas prices and appealing subscription model (renting cars for short periods of time, often by the hour).

Market Metrix Hospitality Index 2008 2nd Quarter YTD Winners

WINNER		SEGMENT
Hotels		
St Regis Hotels & Resorts	89.2	Luxury
Kimpton Hotels	89.4	Upper Upscale
Staybridge	89.0	Upscale
Holiday Inn SunSpree	83.5	Midscale w/ F&B
Drury Inns	91.8	Midscale w/o F&B
Jameson Inns	87.2	Economy
Casinos		
Wynn Las Vegas	93.8	Upscale casino
Rio	88.4	Casino
Web Sites		
Fairfield Inn By Marriott	89.8	Hotel Brand Web Site
Hotwire.com	78.8	Hotel Travel Web Site
Airline		
Midwest Airlines	85.7	Airline
Car Rental		
Enterprise	81.7	Car Rental
Timeshare		
Disney Vacation Club	90.5	Timeshare Accommodations

About MMHI

Based on 35,000 customer interviews conducted each quarter, the Market Metrix Hospitality Index is the largest and most in-depth measure of hospitality company performance available today. These benchmarks, delivered through Customer Metrix, enable Market Metrix clients to compare their results to local competitors by zip code, city, state, region, country, and brand. The MMHI is also available by subscription.

About Market Metrix

With over 100 clients in 70 countries, Market Metrix has helped hospitality companies turn feedback into performance since 1996. Its flagship Customer Metrix and Employee Metrix suites provide multi-channel survey, analysis and service improvement tools and benchmarking data for the hospitality industry.

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This article comes from Hotel News Resource

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