6-1-2011

Improving the Guest Experience through Service Innovation: Ideas and Principles for the Hospitality Industry

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Abstract
Innovation is the process of developing new ideas or processes, or taking existing ideas and processes in new directions. An innovative idea or process does not have to involve a bolt from the blue, but it almost always involves at least a twist on current operations. Meeting at Cornell's School of Hotel Innovation, a group of two dozen service researchers and practitioners gathered in May 2011 to examine the latest concepts in service, with a goal of sharing innovative ideas and processes, and expanding a culture of innovation in the hospitality industry.

Keywords
Cornell, hospitality, brand management, brand growth, globalization

Disciplines
Hospitality Administration and Management

Comments
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Improving the Guest Experience through Service Innovation:
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Cornell Hospitality Roundtable Proceedings
Vol. 3, No. 7, June 2011
by Cathy A. Enz, Ph.D.
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Cornell Hospitality Roundtable Proceedings, Vol. 3 No. 7 (June 2011)

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Cornell Hospitality Research Summit Proceedings is produced for the benefit of the hospitality industry by The Center for Hospitality Research at Cornell University

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Improving the Guest Experience through Service Innovation:
Ideas and Principles for the Hospitality Industry

by Cathy A. Enz

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The 2011 Service Innovation Roundtable examined both the mechanisms for service innovation and the innovations themselves. The primary focus of these innovations was improving the guest experience, which includes interaction with employees and addressing technical issues. Numerous lodging and hospitality firms are focusing intentionally on innovation as a way to improve guest satisfaction and, as a result, boost revenues and profits. While the actual measurement of service innovations can be difficult, most participants pointed to such metrics as improved customer satisfaction, greater participation in loyalty programs, and cost savings from more efficiency in the guest service process, since guests usually appreciate service that is as direct and simple as possible. A presentation by Marriott International, for instance, explained how the idea of improving the guest arrival experience in the lobby led to the development of the “great room” concept, which includes additional (and more speedy) food and beverage service. Innovation at Wyndham includes its many sustainability initiatives. Throughout any innovation, change agents will confront different types of support and resistance, and must have a strategy for addressing the concerns of each person. In the end, innovation must be as data-driven as possible, whether that means asking guests and employees for innovative ideas or finding ways to measure service changes as they are initiated.
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Service innovation is the introduction of new or novel ideas that focus on services that provide new ways of delivering a benefit, new service concepts, or new service business models through continuous operational improvement, technology, investment in employee performance, or management of the customer experience.

—Developed during the 2008 Service Innovation Roundtable
Cornell University School of Hotel Administration

Innovation is the process of developing new ideas or processes, or taking existing ideas and processes in new directions. An innovative idea or process does not have to involve a bolt from the blue, but it almost always involves at least a twist on current operations. Meeting at Cornell’s School of Hotel Innovation, a group of two dozen service researchers and practitioners gathered in May 2011 to examine the latest concepts in service, with a goal of sharing innovative ideas and processes, and expanding a culture of innovation in the hospitality industry.
The service innovation roundtable began by using the definition of service innovation (noted above) developed during the first roundtable in 2008. With this definition as a starting point, roundtable participants listed areas where they have seen service innovations in the past two years. Barbara Talbott, founder and CEO, GlenLarkin Advisors, focused on the value of ensuring high quality customer service. She highlighted the principle that a majority of guests are willing to pay for upgraded service, such as when airlines sell access to elite status. As an example she pointed to the American Airlines VIP Club, which provides the service of integrating the elements of getting to and through the airport with VIP status.

K.S. Srinivasan, vice president, human resources and learning and development, Taj Hotels, Resorts, and Palaces, shared his company’s focus on enhancing the guest experience in its heritage properties. Taj has set a goal of recreating the historic palace experience for these properties which Taj manages. Starting with the greeting at the airport, this goal is reflected in vintage cars, staff dress, and palace operations, including cuisine and cutlery.

For Wyndham Worldwide, vice president Faith Taylor explained the push toward a green culture, involving education, training, recognition, and fun. The training process, for instance, involves interactive training modules that establish a common language for sustainability. She said that embedding a green culture has altered energy use, among other measures. She expanded on the Wyndham Green program in a later presentation, as discussed below.

Sean O’Kane, global commercial director, Schneider Electric, picked up on the theme of energy innovation. He pointed to the lack of understanding of what energy reduction is and is not. He agreed with Taylor’s assertion regarding the importance of education, particularly regarding the importance of automated systems, which can save 30 to 50 percent of energy use. Schneider is also offering “My Energy University,” which comprises 50 online courses to help people understand energy issues in a company- and product-neutral way. O’Kane’s question for the hospitality industry: When will serious energy reduction efforts be made?

Jay Coldren, senior director, creative projects, Marriott International, discussed his firm’s global service initiative, which emphasizes an environment where service can flourish, encouraging “service angels,” as he called them. One key insight here is that innovation requires innovators, and one way to encourage innovators and service angels is to create the proper environment, including infrastructure, enablers, and culture. Other participants from Marriott expanded on the firm’s innovation drive in a later presentation.

Web analytics are a source of creative ideas, according to Kelly McGuire, executive director, global hospitality and travel practice, SAS. McGuire pointed to technology as a critical support for innovation efforts, including data-driven ideas, and several other roundtable participants agreed with that assertion.

Mark Carrier, senior vice president of B.F. Saul Company, who chairs the owners group for InterContinental Hotels Group, focused on IHG’s culture of franchise operations in which participants are working to develop a common culture across franchisees of celebrating service. He points to a signal accomplishment of involving 3,000 hotels to participate in the service initiatives. His own firm’s innovation efforts include re-evaluating daily operations at every level, under the rubric: “Be remarkable—think big.” This slogan both symbolizes and reinforces B.F. Saul’s innovation efforts.

For Morris Sim, CEO and co-founder of Circos Brand Karma, web-based data should be analyzed from the reader’s point of view, an approach that is the reverse of the usual writer-focused approach. Sim’s goal in this “archeological” approach is to convert the web’s diffuse information into leading indicators of consumer trends. As described in a CHR Report on innovative firms, Brand Karma seeks to make forward looking data available. 1 As Sim puts it, every

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Successful innovation is data-driven and also requires considerable tenacity.

day is an “election day,” when customers decide what brand they will patronize.

The case of a Las Vegas hotel offered lessons in innovation, as related by Mike Benore, director, Deloitte Consulting. The game plan was to use technology to focus on the guest experience to differentiate the 3,000-room hotel from its competitors. The hotel used analytics to understand guest preferences and tailor offers. Then it used data warehousing to develop a database of those guest preferences that could operate nearly in real time, along with an analytical “map” of guest information. The idea is to provide a different platform for the guestroom experience, including televisions for guest interaction. Also in visual form is the “map,” which gives staff a depiction of guest preferences. Although Benore concluded that this is an excellent overall strategy, he suggests that a hotel not attempt to do all these things at once, due to the intensity and expense of the technology and training involved.

Stacy Oliver, learning consultant, Four Seasons Hotels and Resorts, also discussed innovation to improve the guest experience, with a particular focus on employee empowerment, since the employees know the guest well. This “discipline of innovation” creates a framework and process to enable employees’ innovation in a way that improves profit.

For Southwest Airlines, current innovation centers on integrating terabytes of customer loyalty program data, according to lead researcher Doug Lawson. This challenging process would result in a forecast of the wishes and actions of some 340,000 customers each day. One way to address this immense analytical issue is to create a surrogate that models customers’ actions (as described later in more detail).

The president of Coyle Hospitality Group, Jim Coyle, is focused on how to use resources to bring services to customers at the lowest possible cost. His firm’s growth has called for a new business model, as his firm has doubled in size in the past year. His goal is to train 6,000 people. He believes that if you listen to your customers, they will signal needed innovations.

Neil Katari, chairman and CEO of New Brand Analytics, addressed data mining of social media and other web pages. Given that Twitter has some 200 million hits per day, it’s important for each company to determine where social media fit into their business. Since one size does not fit all, each firm has to develop its own strategy for social media.

Although lodging industry leaders agreed that the concept for TripTV is a good one, president and CEO Kulin Strimbu pointed out the challenge of promoting an innovative start-up that involves getting the buy-in of customers with diverse and overlapping budget constraints. Additional challenges involve helping the customer moving beyond a narrow view of video play production and developing a viable revenue model for a new venture. As one example, Starwood’s Hawaii properties are involved in TripTV production.

Jumeirah is extending its innovative Artist-in-Residence program, which has brought art into public spaces, rather than confining art in museums or private homes. The key issue is how to integrate the arts and culture of hotel locations, said Katherine Gass, curator at the Jumeirah Essex House in New York. ‘Travelers are interested in the locations that they visit, with art and culture being a substantial piece of that tourist interest. Hotels are a part of the community where they are located, and it makes sense for a hotel to support the art and culture of its community. While there is no way to measure the effects of this program, it’s clear that guests and local residents appreciate it.

Fairmont has been reengineering its guest services processes to focus more directly on guest preferences, according to Andrea Torrance, vice president, rooms, Fairmont Hotels and Resorts. This is not revolutionary, she points out. Instead they have reinvented and put in place what they call “service essentials,” which removes red tape and gives employees the power to act as needed, especially given that different types

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of travelers have different needs. It is not uncommon for service innovation to be evolutionary given that it is often incremental and process enhancing rather than radical and disruptive.

Confronting the Matrix
Cecilia Lewis, vice president of Marriott International, joined Matthew von Ertfelda, vice president, creative strategy, insight, strategy and innovation team, to offer a detailed explanation of the company’s innovation and service initiative. Reflecting Jay Coldren’s comment that innovation requires innovators, von Ertfelda suggested mechanisms to develop innovators, including an online platform, “didyouthinkofthis.com.” This website focuses associates on collaboration for innovation. The innovation tools include guest-facing websites, emphasizing the importance of bringing guests into the process early on and helping associates focus on the question of how the guest can be best served.

Lewis added that Marriott wanted to move innovation faster, but the firm’s matrix of 19 brands and four regional offices required focus and alignment. Process innovation helped provide that focus. As an example, Marriott wanted to re-invent its lobby space to provide a better overall guest experience. The time from idea to implementation would typically be three years, but the focused process innovation cut that time to 18 months. One question that she poses to the lodging industry as a whole is how to break through to take advantage of the industry’s innovative efforts.

To be sure, innovation is a messy process, Lewis pointed out, and the question is how to harness that energy and make it work. Although the company could see many areas for innovation, they focused on the guest, beginning by deconstructing the guest experience. This drew their attention to the public space. As a result, the lobby reinvention was intended to improve the atmosphere and environment and to make the space look less like a transit point. Bringing guests into the process proved to be a critical source of ideas, and the firm’s consultants also benchmarked competitors’ spaces.

The result was the concept of a great room that was designed around the needs of guests and associates. The new concept went beyond seating to include music and additional food service, along with additional training in the new lobby activation initiative. The overall goal was to create a better service environment and to deliver higher value to the customer.

The process began with synthesis of information and then went to ideation, followed by testing the ideas. To move the process along it was essential to override or even suspend the negative or blocking comments of stakeholders to allow analysis of what actually is happening. Lewis summarized the process as one driven by planning, starting with research to get customer insights; concept development and testing; and then building out the resulting structures.

“I time is of the essence,” Lewis concluded. “If you’re going to fail, then fail fast.”

Data-driven Innovation
Mark Lomanno, president of STR, and Doug Lawson, lead researcher, Southwest Airlines, offered two perspectives on applying data to innovation. Lomanno focused on the continuing relationship of the lodging industry to online travel agencies (OTAs). STR has developed data on the costs of using OTAs, for instance, but data do not support the way chains are using OTAs. One issue here is that hotels do not know the true customer cost when guests buy through OTAs. The use of social media allows data mining, especially since customers generally won’t fill out surveys. However, data from social media must be interpreted and linked to the decision makers. The interpretation process includes filtering the ideas according to quality of data, particularly aggregated data.

Lawson explained Southwest Airlines’ research on customer behavior at the check-in and at the gate. Using computer simulations, the airline has examined such issues as how long it takes to check in and get to the gate, and how arrival gate assignments affect the process. Stamping the date on service exchanges has allowed Southwest to develop unique behavioral models.

Sustainability in Service Excellence
Under the slogan “One Goal. One Team. One Earth” Wyndham Worldwide has worked to instill its “Wyndham Green” sustainability program chain-wide, according to
Several companies maintained a separate department or office responsible for promoting innovation. Other companies instilled innovation throughout the organization.

Faith Taylor, vice president sustainability and innovation, Wyndham Worldwide. Taylor and CHR Executive Director Rohit Verma used the Wyndham experience as one example of companies that have connected sustainability with service innovation. They pointed out that sustainability is a global megatrend for this century, similar to quality assurance in the 1980s and technology in the 1990s.

Taylor and Verma outlined some of the hotel best practices that Wyndham has initiated as part of its Wyndham Green program. For instance, the Super 8 in Monroe, Wisconsin, met the requirements for the state’s “Travel Green” distinction. One way that Wyndham encourages its associates to maintain sustainable practices is with unexpected recognition through its “caught green handed” program. When another employee notices one of their peers recycling or following another green practice, they can be cited for “going green.”

The Wyndham Green program also includes as much use of technology as possible to replace paper throughout the guest-stay process, for example with acknowledgments and folios. Air processing technology allowed Wyndham to offer “clear air” rooms in both guest rooms and function spaces in its Wyndham Hotels and Resorts chain. Likewise, Wyndham works with its suppliers for maximum sustainability. The most remarkable example of this was its association with Cintas to create a new set of uniforms tailored from fabric made of recycled beverage containers, Taylor said.

Site sustainability is also included in this program, notably with aerated wastewater treatment that uses ultraviolet light to remove bacteria and by-products typical of sewage. The treated water is effectively gray water that can be used for drip irrigation to reduce water consumption and to filter the water as it returns to the aquifer. Site sustainability is also part of the LEED program though the U.S. Green Building Council. More than 300 Wyndham sites worldwide participate in building certification programs.

Surveying Innovative Ideas and Issues
The service innovation workshop was framed by an innovation survey which participants filled out before sitting down for their discussions. In the first question, they were asked to distinguish service innovation from other types of innovation. The overriding concern underlying service innovation was the customer—improving the guest experience, rather than focusing on, say, operational efficiency. Indeed, one participant warned that service innovation needs to be driven by the emotional experience offered by guests and, further, that focusing on efficiency or productivity may cause any innovations to miss their target of the guest experience. Beyond this factor, the participants offered the following insights about service innovation:

- Innovations in service Mostly happen in an organic way, rather than following a set process or a pre-defined approach.
- Success in service innovation requires an integrated, multi-faceted approach.
- Service innovation requires a culture that systematically enables employees to delightfully surprise customers.
- Service innovation is difficult to innovate because it depends so heavily on people for delivery.

Recent Service Innovations
The recent service innovations cited by panel members likewise target ways to improve the guest experience. This included expressly developing ways to improve communication, boost efficiency, and make the arrival process more appropriate. Indeed, several companies were focusing on improving interactions at the front desk. This includes a warm welcome, quickly addressing any problems, and continuing with ongoing recognition. In addition to company-specific innovations, participants mentioned the following initiatives:

- Applying hospitality analytics that target guests based on their spending and amenity use profiles.
- Encouraging associates’ behavioral change through recognition programs.
- Improving the interaction between guests and associates so that guests can more easily express their needs.
Skunk Works?
Picking up on the idea initiated during World War II by Lockheed Martin that companies need a “skunk works” of innovators to create ideas, the survey asked whether participating companies have a separate department to promote innovation. The response was divided, with some companies stating that innovation is endemic in their corporate culture, while others had a separate department charged with developing questions and answers. One respondent pointed out that new employees often bring valuable ideas with them.

To develop and capture innovative ideas from their associates, some companies have an official web portal, others convene brainstorming meetings, and some specifically set idea generation as an employee goal. Similarly, the companies were divided on the extent to which they reward associates for proposing innovations. While some offer no specific rewards, others go all out with both intangible rewards and tangible rewards, such as gift certificates or monetary awards.

Measuring the effort put into innovation is a real challenge for all firms. Most do not have a way to measure innovation, while some assess a flat “innovation tax” or make measurements episodically.

Innovations Beyond Service
Although the roundtable focused on service innovation, the questionnaire gave participants the opportunity to share company innovations beyond service and operations. Many of the product related innovations involved the use of information technology. Examples include the following: Use of social media, adding telepresence, new green uniforms, updating database platforms; creating an interactive web based platform, and enhancing the website.

Process innovations involve improving work flow, information flow, or delivery methods. New processes mentioned by the participants included such initiatives as the following:

- Building a website to connect production partners with the content library for easy upload, categorization, and delivery to customers;
- More lobby self-service and a hailing system;
- Notification and workflow features so that the analysis can be better incorporated operationally;
- Industry process models for gaming and hospitality;
- Receiving pay stubs electronically rather than on paper (in the mail);
- Turning the entire work force into a help desk; and
- Distance learning.

Marketing innovations, which include improvements in product design or packaging, promotion, or pricing, spanned a wide range:

- Alternative marketing channels for video distribution;
- Better matching of reward miles with revenue miles;
- Destination restaurant F&B marketing;
- Frameworks and training modules to help sales and marketing better protect brand reputation, as well as drive conversion;
- Using online iPad and iPhone apps to deliver marketing messages;
- Improved trade show attendance and maximizing opportunities to meet face-to-face; and
- New age advertising methodology to convey the brand promise delivery through product and service offerings.

Simulating Change
The roundtable’s final session focused on mechanisms for and roadblocks to introducing innovations, by discussing lessons from the hospitality change simulation designed by roundtable organizer Cathy Enz (available through eCornell). Participants played the role of change specialists in this interactive online simulation, with the goal of getting the management level personnel of a simulated hotel to adopt a change, while taking into consideration the particular culture and resistance of hotel personnel.

The purpose of the experience was:

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A change management simulation exercise provided perspectives on real-world innovation issues.

- To explore the forces driving change and the reasons why people resist;
- To identify and discuss what practices need to be changed and why;
- To experience the role of introducing a specific change into a hotel; and
- To develop a sound change adoption strategy as a team and experiment with deploying and revising a strategy based on step by step feedback about what drives or impedes change.

In discussing their experiences during the simulation, several participants became so engrossed that they played the simulation for several hours, as they addressed the challenges of getting the innovation adopted. The frustrations and complexity of introducing change were felt to be realistic in this simulation and this provided a context for participants mentioning some of their own challenges. One of the key learning outcomes was that different strategies for introducing change work more effectively at different times in the innovation process and with different types of people.

Studies of change suggest the following key points:
- Change is messy,
- Change is complicated,
- Change involves conflicting demands,
- Change rarely turns out right the first time,
- The reality of change defies fad,
- Change is political, and
- Change is personal.

Participants were exposed to different types of resistors in the simulation and discovered how to use different strategies depending on who and where they were in the change process. The discussion centered around the challenges in introducing change and how the learning principles of the simulation were similar to those learned when trying to introduce change.

Three lessons regarding change are the following:
1. Getting a change adopted, even when it has obvious advantages, is difficult.
2. It is important to know something about the people you wish to change and to understand their social network.
3. Opinion leaders and gatekeeper are critical to implementing change.

And here are three guiding principles regarding change:
1. Change happens in stages.
2. Different strategies are more effective in different stages.
3. People move through stages at varying speeds.

Finally, participants recognized the following five “adopter types,” each of whom requires a different strategy for successful innovation:
- Innovator, quick to try new ideas, but not a recognized leader;
- Early Adopter, a recognized leader who is relatively early on new ideas;
- Early Majority, deliberate in adopting innovations after seeing them in action;
- Late Majority, hesitant to adopt innovations, but not contrary minded; and
- Resister, not interested in innovations, but also not a leader.

Comparing Notes
Roundtable participants found it valuable to compare notes on innovation processes and also simply to hear what innovations others are making, even across different segments of the industry. Perhaps the greatest key to innovation is not to give up, but to remain patient and tenacious in attempting to move people toward the goal. A variety of strategies may be called for along the way, and evaluation and feedback are key.
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