CHR Reports Compendium 2014

Abstract
A compendium of 2013 publications of the Center for Hospitality Research.

Keywords
Cornell, CHR, School of Hotel Administration, hospitality, SHA

Disciplines
Hospitality Administration and Management

Comments
Required Publisher Statement
© Cornell University. This report may not be reproduced or distributed without the express permission of the publisher.

This article is available at The Scholarly Commons: https://scholarship.sha.cornell.edu/chrpubs/217
Thank you to our generous Corporate Members

Senior Partners

Accenture
ASAE Foundation
Carlson Rezidor Hotel Group
National Restaurant Association
SAS
STR
Taj Hotels Resorts and Palaces

Partners

Davis & Gilbert LLP
Deloitte & Touche USA LLP
Denihan Hospitality Group
Duetto
Forbes Travel Guide
Four Seasons Hotels and Resorts
Fox Rothschild LLP
Hilton Worldwide
Host Hotels & Resorts, Inc.
Hyatt Hotels Corporation
Intel Corporation
InterContinental Hotels Group
Jumeirah Group
Maritz
Marriott International, Inc.
Marsh’s Hospitality Practice
McDonald’s USA
priceline.com
PricewaterhouseCoopers
Proskauer
ReviewPro
Revinate
Sabre Hospitality Solutions
Sathguru Management Consultants (P) Ltd.
Schneider Electric
Travelport
TripAdvisor
Wyndham Hotel Group

Friends

4Hotellers.com • Cleverdis • Complete Seating • Cruise Industry News • DK Shifflet & Associates • eCornell & Executive Education • ehoteller.com • EyeforTravel • The Federation of Hotel & Restaurant Associations of India (FHRAI) • Gerencia de Hoteles & Restaurantes • Global Hospitality Resources • Hospitality Financial and Technology Professionals (HFTP) • hospitalityinside.com • Hospitality Technology Magazine • HotelExecutive.com • HRH Group of Hotels Pvt. Ltd. • Hyndicate • International CHRIE • International Society of Hospitality Consultants (ISHC) • iPerceptions • J.D. Power and Associates • The Leela Palaces, Hotels & Resorts • The Lemon Tree Hotel Company • Lodging Magazine • LRA Worldwide, Inc. • The Park Hotels • PKF Hospitality Research • Questex Hospitality Group • RateGain • The Resort Trades • RestaurantEdge.com • Shibata Publishing Co. • Sustainable Travel International
CONTENTS

Finance ......................................................................................................................................................... 4
Can You Hear Me Now? Earnings Surprises and Investor Distraction in the Hospitality Industry,
Pamela Moulton .................................................................................................................................................. 4
Acquisition Premiums and Performance Improvements for Acquirers and Targets in the
Lodging Industry, Jin-Young Kim and Linda Canina ..................................................................................... 5

Hotel Management ......................................................................................................................................... 6
Common Global and Local Drivers of RevPAR in Asian Cities, Crocker Liu, Pamela Moulton, and Daniel C.
Quan ............................................................................................................................................................... 6
Cornell Hospitality Research Summit 2012: Building Service Excellence for Customer Satisfaction,
Glenn Withiam .................................................................................................................................................. 6
Lost in Translation: Cross-Country Differences in Hotel Guest Satisfaction, Gina Pingitore,
Weihua Huang, and Stuart Greif ................................................................................................................... 7

Human Resources ........................................................................................................................................... 9
Got Support? The Impact of Supportive Work Practices on the Perceptions, Motivation, and Behavior of
Customer-Contact Employees, John W. Michel, Michael J. Kavanagh, and J. Bruce Tracey ......................... 9
Investigating Work–Family Balance, Job Anxiety, and Turnover Intentions As Predictors of
Health Care and Senior Services Customer-Contact Employee Voluntary Turnover,
Chelsea Vanderpool and Sean A. Way ............................................................................................................. 10

Information Systems and Technology ......................................................................................................... 11
Network Exploitation Capability: Model Validation, Gabriele Piccoli, Bill Carroll, and Paolo Torchio .......... 11
Does Your Website Meet Potential Customers’ Needs? How to Conduct Usability Tests to
Discover the Answer, Daphne Jameson ......................................................................................................... 12
The Emergence of Hybrid Online Distribution Channels in Travel, Tourism and Hospitality,
Kanika Thakran and Rohit Verma ................................................................................................................. 13

Marketing and Tourism ............................................................................................................................... 14
Hotel Daily Deals: Insights from Asian Consumers, Sheryl E. Kimes and Chekitan S. Dev ...................... 14
Preferences and Attitudes of Chinese Outbound Travelers: The Hotel Industry Welcomes a Growing
Market Segment, Peng Liu, Qingqing Lin, Lingqiang Zhou, and Raj Chandnani ........................................... 15
Challenges in Contemporary Hospitality Branding, Chekitan S. Dev ......................................................... 16
Using Research to Determine the ROI of Product Enhancements: A Best Western Case Study,
Rick Garlick and Joyce Schlientner .............................................................................................................. 17
Restaurant Management ........................................................................................................... 18

Tips Predict Restaurant Sales, Michael Lynn and Andrey Ukhov ......................................................... 18

The Target Market Misapprehension: Lessons from Restaurant Duplication of Purchase Data, Michael Lynn ................................................................................................................................................... 18

Social Media Use in the Restaurant Industry: A Work in Progress, Abigail Needles and Gary M. Thompson .......................................................................................................................................... 19

Emerging Trends in Restaurant Ownership and Management, Benjamin Lawrence ............................. 20

Strategy .............................................................................................................................................. 21

The Options Matrix Tool (OMT): A Strategic Decision-making Tool to Evaluate Decision Alternatives, Cathy A. Enz and Gary M. Thompson .............................................................................................................................................. 21

Cornell Hospitality Research Summit 2012: Hotel and Restaurant Strategy, Key Elements for Success, Glenn Withiam ................................................................................................................................................... 22

Cornell Hospitality Research Summit 2012: Critical Issues for Industry and Educators, Glenn Withiam .... 23

Sustainability ....................................................................................................................................... 24

Hotel Sustainability: Financial Analysis Shines a Cautious Green Light, Howard Chong and Rohit Verma ........................................................................................................................................................................ 24

Cornell Hospitality Research Summit 2012: Toward Sustainable Hotel and Restaurant Operations, Glenn Withiam ................................................................................................................................................... 25

Compendium 2014 Authors ......................................................................................................................... 26

Index to Previous Volumes .......................................................................................................................... 27
One explanation for the phenomenon of stock price drift involves the limitations of investors’ attention span. This study finds that investors often under-react to earnings announcements when numerous firms release their results on the same day. Particularly in the case of earnings surprises, however, stock prices gradually move in the expected direction over time, even if the initial reaction is muted. This slow adjustment appears to reflect investors belatedly processing the announcement information and incorporating that into the stock prices. Thus, for hospitality stocks at least, market efficiency is delayed due to humans’ slow response to a heavy information load. This under-reaction has the longer-term effect that stocks whose earnings are announced on days with the highest information load also experience greater post-earnings-announcement drift, as their prices make up for the initial under-reaction by moving towards fair value over the subsequent month. One implication is that hospitality investors who are “late to the party” by not making a move on the earnings announcement day can still anticipate further price changes as the stock price moves to its fair value.
Acquisition Premiums and Performance Improvements for Acquirers and Targets in the Lodging Industry

Jin-Young Kim and Linda Canina

Given that the stated purpose of mergers and acquisitions (M&A) is to create value for the newly merged firm, the M&A offer premium ought to be positively related to the realized benefits or realized synergies that result from combining the target and the acquirer. Not all empirical evidence supports this notion, however. Because some M&A activities have not been found to be consistently value enhancing, other M&A motives have been proposed, most notably empire building and personal rewards. In contrast to those notions, this paper’s analysis of lodging M&A results suggests that lodging M&A is in fact motivated by value creation. Furthermore, our evidence supports the supposition that the premium reflects the value of synergy, as postulated conceptually. Using a property-level dataset, this paper infers lodging managers’ intentions by investigating the relationship between the final offer premium paid to the target shareholders and the change in the pre- and postacquisition operating performance of the target’s and the acquirer’s properties. Refuting the argument of the market for corporate control as well as the non-value-related motives, this analysis finds that the premium is related to the performance changes of the acquirer’s properties but is not related to that of the target’s properties. Interestingly, this suggests that the target’s properties serve as a crucial resource to improve the performance of the acquirer’s properties, and consequently, the premium may be viewed as the payment to gain control over the targets’ resources.
Common Global and Local Drivers of RevPAR in Asian Cities

Crocker Liu, Pamela Moulton, and Daniel C. Quan

This study examines the common global and local factors that drive changes in revenue per available room (RevPAR) in eight major Asian cities. We find that RevPARs for these cities tended to move together until about 2009, after which the RevPARs began diverging significantly. The study tests economic variables that capture both local and global factors and which explain most of the changes in RevPAR in each city. One factor, the number of tourist arrivals, is always positively associated with RevPAR changes in the eight cities. Other factors that drive RevPAR in most of the eight cities are inflation, Chinese consumer confidence, U.S. consumer confidence, and Chinese real-estate development (as a proxy for China’s GDP). Most of these gateway cities are more heavily influenced by global factors than local factors. At one extreme, global factors explain over 90 percent of the changes in RevPAR in Seoul. At the other extreme, local factors explain 66 percent of the changes in RevPAR in Bangkok. These similarities and differences give hoteliers and investors a window into the factors that drive their properties’ revenues and allow a more accurate risk assessment.
The 2012 CHRS customer satisfaction and service excellence presentations rested on the goal of improving revenues by ensuring satisfied guests. Although hoteliers inherently understand the connection, a study by PKF Hospitality Research shows how tightly the two are related. Another important source of guest satisfaction is a well kept property. Inadequate capital expenditures in recent years have caused satisfaction issues for some hotels, while others have benefited by maintaining capex. Employees’ attitudes are essential to guest satisfaction, and the pacing, continuity, and order of service procedures are also important in this regard. Service is far more important in the guest-purchase decision than even price and location. It’s usually not necessary to guess what customers want, since many will tell you what makes them happy or unhappy, often in public social media forums. Marketing research also provides the keys to providing guest value and earning their loyalty. Hotels have not gone as far as they might with integrating revenue management systems to make pricing decisions. Advanced revenue management information is available through internet analytics, in addition to traditional methods. Two chains that have developed new revenue management decision systems are Hilton Worldwide and InterContinental Hotels Group. Both are using a data driven approach to price optimization. Data for pricing decisions includes the difference between revenue forecasts and actual revenue, and one analysis is to determine the reasons for any discrepancies. Hotels should not ignore the strategic use of distribution channels, including GDS-based approaches.
Lost in Translation: Cross-Country Differences in Hotel Guest Satisfaction

Gina Pingitore, Weihua Huang, and Stuart Greif

The reality of contemporary hotel operation is that hoteliers need to make comparisons across diverse countries regarding differences and similarities in guest satisfaction. Noting the absence of studies that explain how to compare survey responses from hotel guests in different countries, we sought to address this gap by examining four issues critical to hoteliers. Based on two years of data for nearly 200,000 guests from eight nations, our study found: (1) While price and location remain uppermost as decision factors, residents of some countries give considerable weight to specific services; (2) People in different countries do consider different factors in their determination of satisfaction; (3) The effect of certain procedures on guests’ satisfaction differs by country; and (4) Residents of some countries generally express lower levels of satisfaction than those in other countries. To ensure the reliability and consistency of our results, we evaluated results for two years individually (2010 and 2011) and then compared the findings between the two years. Even after controlling for brand and key predictors of satisfaction, we found that guests from the United States provided the highest ratings; guests from Japan provided the lowest ratings; and ratings by guests from France, Germany, Italy, Spain, and the U.K. typically fell between these extremes. The implications of our findings are that country differences must be accounted for when multinational brands are benchmarking or comparing satisfaction results across different market segments. We provide recommendations on how to account for differences in international satisfaction scores so that hoteliers can more effectively use their benchmarking results and can train staff members to respond appropriately to international travelers’ expressions of satisfaction or dissatisfaction. Hoteliers should also be aware of these cultural differences when they host international travelers, who may have diverse satisfaction standards or who may be more (or less) likely to express pleasure than are guests from other countries.
Got Support? The Impact of Supportive Work Practices on the Perceptions, Motivation, and Behavior of Customer-Contact Employees

John W. Michel, Michael J. Kavanagh, and J. Bruce Tracey

While scholars know a great deal about the operational challenges faced by customer-contact employees in the hospitality industry, there is much to be learned about the factors associated with the work context that influences employee motivation, performance, and retention. In this study, the authors examined the nature and impact of perceptions about an organization’s customer service climate on ratings of self-efficacy, customer service job performance, and intentions to leave among employees in customer-contact positions. Results demonstrated that employees’ perceptions about the climate for service quality were significantly related to motivation, supervisor ratings of service job performance, and self-rated intentions to leave. The results offer insights regarding the role of service climate perceptions and the means for effectively managing customer-contact staff and generating higher levels of retention.

Cornell Hospitality Quarterly Vol. 54, No. 2 (May 2013), pp. 161–173
Investigating Work–Family Balance, Job Anxiety, and Turnover Intentions as Predictors of Health Care and Senior Services Customer-Contact Employee Voluntary Turnover

Chelsea Vanderpool and Sean A. Way

Using data collected from 620 health care and senior services customer-contact employees and their employer, we investigated the chain of relationships between work–family balance, job anxiety, turnover intentions, and voluntary turnover. Results showed that work–family balance was related to job anxiety, turnover intentions, and actual, subsequent voluntary turnover. The relationship between work–family balance and turnover intentions was fully mediated by job anxiety. The findings indicate that work–family balance affects organizationally relevant employee psychological outcomes (i.e., job anxiety and turnover intentions) and is a predictor of voluntary turnover. The study further highlights three stages at which hospitality and health care managers and supervisors may intervene to reduce the likelihood of voluntary turnover, namely, to help employees maintain their work and family balance, to correct imbalances, and to restructure or otherwise change work duties if an employee intends to leave.
Network Exploitation Capability: Model Validation

Gabriele Piccoli, Bill Carroll, and Paolo Torchio

This report provides the validation of a model for Network Exploitation Capability (NEC), which is a newly proposed measure of a lodging firm's level of sophistication in its application of networked information technology (IT). The report also includes a questionnaire and benchmarks that allow management to gauge its own hotel's NEC and compare that to a pilot set of validation data. Network Exploitation Capability is the ability of hospitality organizations to successfully respond to new technology in three key areas: demand generation, multi-channel digital distribution, and profit optimization—all of which are being constantly reinvented by IT innovations. As IT changes, so must hospitality ventures be able to acquire or develop new capabilities for using the new applications. The NEC Maturity Model describes how the sophistication of hospitality ventures might progress over time in their use of IT. This discussion of the NEC model validation includes empirical results, along with detailed suggestions for how properties, management companies, owners, and chains can assess their own current level of IT sophistication.
Does Your Website Meet Potential Customers’ Needs? How to Conduct Usability Tests to Discover the Answer

Daphne Jameson

This CHR tool explains how hospitality managers can evaluate the extent to which their hotel or restaurant website meets potential customers’ needs by means of usability tests. As hospitality businesses seek to drive more business to their own websites rather than third-party sites, websites must not only look appealing but also be easy to use so that potential customers can find information quickly and easily. Functionality is equally important for internal websites, such as those used to communicate with employees about policies and benefits. In addition to explaining how to conduct usability tests, the report provides sample test results and summarizes recent research on website structure and functioning.
The Emergence of Hybrid Online Distribution Channels in Travel, Tourism and Hospitality

Kanika Thakran and Rohit Verma

This article takes a comprehensive approach to summarize the four digital eras in the travel and tourism space since 1960s. The four eras discussed can be characterized as GDS (global distribution systems), Internet, SoLoMo, and Hybrid periods. Key components of each era are discussed in this paper with respect to the hospitality industry’s distribution intermediaries. The article concludes by listing some of the important upcoming trends in the online distribution channels for the hospitality industry.
Given that Asia accounts for more than half of the world’s population and its hotels are thriving, this study analyzes the attitudes toward daily deal offers of hotel guests in five Asian nations. While the respondents, from China, India, Indonesia, Korea, and Japan, have many common attitudes regarding daily deals, certain differences stand out. Overall, it becomes clear that frequent guests take advantage of the discounts offered in daily deals, thus confirming concerns of cannibalization. Worse, those frequent guests reported that they felt as though they were treated differently due to their use of the daily deal, and this gave them a diminished view of the hotel. On the other hand, respondents from most nations said that they took the opportunity of the deal to spend more money than usual during their hotel stay, and they were happy to recommend the hotel to their friends, a phenomenon known as being a market maven. Moreover, use of the daily deal did not seem to interfere with guests’ loyalty levels, which seemed to be the same for daily deal purchasers and those who did not use such offers. One other downside to offering daily deals is that the survey indicates a reduced value perception for those who purchase numerous deals, indicating that the deal’s charm eventually fades. While the findings seem contradictory in some ways, they also provide guidelines for hoteliers who wish to target Asian consumers with these types of deals while also avoiding the pitfalls.
Preferences and Attitudes of Chinese Outbound Travelers: The Hotel Industry Welcomes a Growing Market Segment

Peng Liu, Qingqing Lin, Lingqiang Zhou, and Raj Chandnani

Numbering more than 70 million, the market of outbound Chinese travelers is already large and continues to grow. A survey of Chinese travel operators paints a picture of their clients as a focused group of travelers who seek to experience diverse aspects of the world’s cultures on trips while also making the best possible use of the time available. To that end, China’s travelers prefer such hotel room amenities as a pot to make hot water for tea, and a double sink with a separate vanity. A buffet breakfast is also high on the list, as another time saver. Most travel organizers book their clients in full-service urban hotels, because the travelers want to be close to shopping, attractions, and activities, while resorts are less popular. Although China’s outbound tourists have primarily been visiting nearby Pacific-region destinations, their target destinations are expanding to Europe and the United States, among other locations. While tour package price is always a consideration in deciding where to go, a particular problem for the Chinese travelers is the difficulty of obtaining U.S. visas. While China’s travelers would prefer planning their own independent trips, the reality is that package tours are the most practical for the foreseeable future. The world’s hotel chains have taken notice of this important market, and have developed concepts and amenities specifically intended to improve the guest experience for Chinese travelers.
Participants at the 2013 Cornell Brand Roundtable discussed current issues, shared their best ideas, and presented key initiatives relating to managing brands in today’s complex global marketplace. Constant change continues to challenge brands to maintain their edge and protect their intellectual property in the internet age. Pressure from social media through instant reviews opens up new avenues for brand dilution and infringement of brand rights. A recurring theme over the course of the roundtable was the use of loyalty or rewards programs to manage brand architecture, maintain brand edge, and provide a unifying principle for their portfolios to remind customers which parent brand they are patronizing. However, a brand’s online presence is difficult to control, as social media sites and online reviewing services such as Trip Advisor provide customers with access to instant messaging of their opinions. This makes brands vulnerable to fraudulent claims and other infringements of intellectual property rights, which then means weighing several factors to determine the proper response. Among the promising concepts discussed at the roundtable were simple and sticky ideas, twisting to innovate brand attributes from outside the hotel industry into a brand’s identity, and configuring the proper relationship between the parent brand and its portfolio extensions to manage brand architecture effectively identifying points of difference (PODs) in a brand’s competitive set to maintain its edge. The participants also heard about a recent brand rejuvenation initiative.
Using Research to Determine the ROI of Product Enhancements: A Best Western Case Study

Rick Garlick and Joyce Schlentner

While enforcement of brand standards is a challenge for hotel companies that do not own and operate their properties, Best Western International (BWI) has a particularly distinctive situation in that it is a not-for-profit membership organization. As such, brand standards or potential upgrades must be approved by vote of the membership. The diverse nature of its member properties presented an opportunity and a challenge when BWI’s leadership sought to establish a consistent brand. To achieve this goal, BWI commissioned an extensive research initiative on consumer expectations. The study featured a five-phase approach that included consumer conjoint analysis to determine the theoretical financial return on investments and break-even analyses for selected amenities and features. The analyses both allowed the brand’s leaders to select upgrades with the greatest potential return and also helped create the business case for making the upgrades to Best Western’s membership. The study, which began in North America, resulted in member approvals of bedding upgrades and breakfast standards, as well as several other branding initiatives. Best Western subsequently extended the research internationally. Finally, this research served as the basis for the development, approval, and launch of the Best Western Plus and Best Western Premier descriptors, as well as a relaunch of the venerable Best Western® brand.
The Target Market Misapprehension: Lessons from Restaurant Duplication of Purchase Data

Michael Lynn

This study tests the supposition that different types of restaurants appeal to or attract substantially divergent market segments. Instead of targeting specific markets, the analysis suggests that restaurant brand managers should take a mass marketing approach. The study examines the “Consumer Picks” survey data collected by WD Partners and the National Restaurant Association to determine the extent to which a particular restaurant brand shares its customers with other restaurant brands. The analysis finds that the extent of sharing is almost completely explained by the restaurants’ market share, rather than by market targeting. Five sets of restaurants were tested: (1) hamburger quick-service restaurants (QSRs); (2) chicken, Mexican, and pizza QSRs; (3) fast casual concepts; (4) full-service casual restaurants; and (5) table-service restaurants. Each restaurant brand shared its customers with the other brands in proportion to the other brands’ shares of customers and in inverse proportion to its own share of customers. While some restaurant brands shared customers substantially more or less than expected given the sizes of their customer bases, these cases did not occur more frequently than one would expect from chance. This pattern of data suggests that the different restaurant brands do not attract substantially different types of consumers, which in turn suggests that restaurant brands should aim most of their marketing efforts at increasing their appeal to all restaurant customers. That is, most of restaurant marketers’ time, energy and money should be devoted to mass marketing and not targeting subsets of consumers.

Tips Predict Restaurant Sales

Michael Lynn and Andrey Ukhov

An analysis of seven years of monthly charge-card sales and tip data from a multi-regional restaurant chain in the United States found that tip percentages predicted food sales in the following month. Thus, restaurant executives, managers, and owners are encouraged to add tip percentages to their sales forecasting models.
A survey of 166 restaurant managers reveals a mixed picture in their use of social media and its impact on operations. Although many restaurants are using social media, the study found that many restaurateurs lack well-defined social media goals, both in terms of the purpose of the restaurants’ social media activities and the target of their social media messages. Although the restaurant operators in this convenience sample were generally supportive of the use of social media, well over half were not certain that social media met one or more of three specific goals, namely, increasing customer loyalty, bringing in new customers, and boosting revenues. The respondents generally rely more heavily on non-financial metrics than on actual financial numbers to measure the return on their social media investment, due to the large degree of uncertainty surrounding how to measure the financial returns of social media on operations. On balance, independent restaurants made more use of social media than did chains. The study’s findings suggest that restaurateurs should reevaluate their social media approaches to ensure that they are strategically designed and executed.
Emerging Trends in Restaurant Ownership and Management

Benjamin Lawrence

Held in spring 2013 at the Cornell School of Hotel Administration, the Emerging Trends in Restaurant Ownership and Management roundtable focused on the macro issues facing restaurant owners and managers. The roundtable brought together leading practitioners and researchers to examine important and timely issues related to restaurant ownership and management. Key issues covered by participants included the role of private equity in restaurant ownership, social media and advertising, facilities and design, human resource management, and restaurant growth. Two important themes emerged from the roundtable—one around the idea of creating and maintaining a community oriented brand and the second about the tension between growth and the maintenance of brand values and corporate culture. Participants also cited the stability of corporate owners, the availability of capital, and the selection of appropriate franchise owners and managers as important variables in managing growth in the restaurant business.
The Options Matrix Tool (OMT): A Strategic Decision-making Tool to Evaluate Decision Alternatives

Cathy A. Enz and Gary M. Thompson

The options matrix tool (OMT) is a spreadsheet-based decision making tool designed to help managers apply a set of decision criteria to a variety of alternatives or strategic options. It is particularly useful for decisions that require substantial judgment and for which numbers may not be available. By working through a series of decision-process steps, managers can establish criteria for the assessment and comparison of different possible alternatives and then compare choices. The tool allows managers to list and weigh various decision criteria deemed important for a given business situation or problem alternative. The most desirable option is then identified in a final spreadsheet along with an evaluation of each option. While the OMT is self-explanatory and designed to be easy to use, this report offers a brief description and examples of how to use the tool. Making judgment-based decisions among a variety of viable options is made easier when a systematic process is utilized such as the one offered in this tool.
The importance of strategic thinking resonated in numerous presentations at the 2012 Cornell Hospitality Research Summit (CHRS), with some presenters focusing on restaurant issues, some on hotel industry considerations, and some looking at the hospitality and service industries more generally. Since the goal of most strategies is to build customers’ patronage and loyalty, CHRS presenters aimed many of their analyses at the foundations of customer brand loyalty. Employees’ attitudes and actions are critical in this regard, for example. Hotel owners are also essential to the success of customer-focused strategies, and the industry’s ownership fundamentals are constantly in flux. For a strategy to succeed, organizations must align their many activities and stakeholders. Inherent in the customer-oriented strategy is the essential matter of making sure that a brand’s marketers are hitting their intended target, which can be determined with appropriate measurement. Also critical to proper strategy is an understanding of the competitive set—and making sure that one has correctly identified the competitors. Within each strategy is a set of service offerings and property features, the value of which can be analyzed individually and in concert. A well-designed physical environment is inherent in any successful operation. Like other hospitality industry segments, restaurants are moving rapidly to integrate technology in their operations, notably with social media. Although loyalty programs are an inevitable part of the competitive scene, true loyalty comes through excellence in service that involves attention to detail, hospitality, and appropriate service. For many chains, franchisees are integral to ensuring the brand’s success and thus it’s important to consider the dynamics of a franchise system. Consumer research is also critical to a restaurant’s success.
In a concentrated two-day period, the Cornell Hospitality Research Summit 2012 produced over 80 presentations on a wide variety of hospitality-related subjects, all focused on critical issues for the hospitality industry. The conference was highlighted by two keynote panels, which are summarized in this report. On day one, five CEOs examined the top issues for the hospitality industry. Opening day two, five hospitality education deans analyzed how the industry's rapid change affects college curricula. Given the industry's many moving parts, specialized disciplines, and parallel enterprises, the overall message emerging from the CHRS is the need to engage all stakeholders in the necessary elements that create success for hospitality enterprises: providing service and facilities that satisfy customers, giving operators the tools to expand revenues, and controlling costs to provide a reasonable return for investors. In the process, hospitality executives and academic researchers presented their research on the many disciplines and issues that come to bear on the contemporary hospitality industry, including customer service, distribution, hotel investment and value, human resources, internet analytics, pricing and revenue management, restaurant service and operations, social media, sustainability, and technology.
Hotel Sustainability: Financial Analysis Shines a Cautious Green Light

Howard Chong and Rohit Verma

Hotels around the world have risen to the challenge of improving their sustainability and reducing their carbon footprint. Although many groups and customers are demanding sustainability, hotel operators are concerned about whether sustainable hotels increase or decrease their rates and bookings. To answer the question of whether going green hurts or helps revenues, this study used data provided by Sabre to determine the effect on bookings of widespread advertising of eco-certified hotels. Sabre’s Travelocity site uses an eco-friendly hotel label to flag hotels that have earned any of a dozen environmental certifications, including LEED and EnergyStar. Based on an analysis of millions of individual bookings in over 3,000 eco-certified hotels (and a comparison group of 6,000 properties), the study finds that, on average, booking revenue neither increased nor decreased for the certified hotels.

While this study doesn’t address the situation of any individual hotel, we can conclude that going green is compatible with existing quality standards of hotel service, and that advertising green status doesn’t hurt a hotel’s revenues. Earning a green certification does not automatically result in a large revenue bump nor a revenue fall. In short, green is not a “silver bullet” strategy. Finally, although the average effect is revenue neutral, individual properties have widely varied experiences with eco-certification, depending on their individual situation.
The international hotel and restaurant industry has been working toward sustainability in operations, and industry executives are making every effort to report their sustainability results, partly in response to requests from customers and governments. One resource for this effort is the Global Reporting Initiative, which involves numerous industries. Because hotels occupy a central point in many supply chains, hotel operators are looking up and down the supply chain in connection with sustainability reporting. In this regard, sustainability has become a business driver, and guests are aware of hotels’ sustainability efforts. However, the only sustainability-related element in the actual purchase decision is a “healthy room,” according to research by Expedia and MindClick. Even as guests expect hotels to be sustainable, they are also uncertain about environmental claims, on the concern that hotels may be “greenwashing,” or exaggerating their sustainability efforts. One way for hotels to overcome that concern is to take advantage of internationally recognized certifications, including LEED, ISO 14001, and Travelocity’s Green Hotel directory. A particular challenge in sustainability reporting is that benchmarks are difficult to determine. Thus, research is under way to establish appropriate benchmarks. Since a one-number standard is nearly impossible to determine, several benchmarks based on monthly data may be the most applicable approach. Carbon reporting seems to be one item of particular interest. SABRE, for instance, has developed a CO2 reporting standard that varies by country. As an industry supplier, EcoLab also works to support hotel and restaurant sustainability, particularly focusing on water issues. One issue that particularly affects restaurants is the use of packaging for carryout and drive-through operations. One study found that restaurant customers responded to packaging that was recyclable in terms of the size and nature of their orders.
Howard Chong, Ph.D., is an assistant professor at the Cornell University School of Hotel Administration.

Linda Canina, Ph.D., is an associate professor at the Cornell University School of Hotel Administration.

Bill Carroll, Ph.D., is a senior lecturer at the Cornell University School of Hotel Administration.

Raj Chandnani is vice president of strategy for WATG.

Chekitan S. Dev, Ph.D., is an associate professor at the Cornell University School of Hotel Administration.

Cathy A. Enz, Ph.D., is the Lewis G. Schaeeneman, Jr. Professor of Innovation and Dynamic Management at the Cornell University School of Hotel Administration.

Rick Garlick, Ph.D., is global travel and hospitality practice lead at J.D. Power.

Stuart Greif, M.B.A., is vice president and general manager, diversified industries practice at J.D. Power.

Weihua Huang, Ph.D., is director, corporate research at J.D. Power.

Daphne Jameson, Ph.D., is a professor at the Cornell University School of Hotel Administration.

Michael J. Kavanagh, Ph.D., is professor emeritus at the School of Business at the University at Albany.

Jin-Young Kim, Ph.D., is on the faculty of the College of Hotel and Tourism Management at Kyung Hee University.

Sheryl E. Kimes, Ph.D., is the Singapore Tourism Board Distinguished Professor in Asian Hospitality Management at the Cornell University School of Hotel Administration.

Benjamin Lawrence, Ph.D., is an assistant professor at the Cornell University School of Hotel Administration.

Qingqing Lin is a manager at NingBo Bank.

Crocker Liu, Ph.D., is a the Robert A. Beck Professor of Hospitality Financial Management at the Cornell University School of Hotel Administration.

Peng (Peter) Liu, Ph.D., is an associate professor at the Cornell University School of Hotel Administration.

Michael Lynn, Ph.D., is the Burton M. Sack ’61 Professor in Food and Beverage Management at the Cornell University School of Hotel Administration.

Jon W. Michel, Ph.D., is an assistant professor at the Sellinger School of Business at Loyola University Maryland.

Pamela Moulton, Ph.D., is an assistant professor at the Cornell University School of Hotel Administration.

Abigail Needles is a Ph.D. student at the Mays Business School at Texas A&M University.

Gabriele Piccoli, Ph.D., is on the faculty of the department of economics and management at the University of Pavia, and a visiting scholar at the Cornell School of Hotel Administration.

Gina Pingitore, Ph.D., is responsible for leading and innovating research design, statistical techniques and analytical interpretations of all JD Power research.

Daniel Quan, Ph.D., is a professor and director of the Center for Hospitality and Finance at the Cornell University School of Hotel Administration.

Joyce Schlienter, M.B.A., is director of strategic services for Best Western International.

Kanika Thakran, M.M.H. is a senior account manager at Milestone Internet Marketing.

Gary M. Thompson, Ph.D., is a professor at the Cornell University School of Hotel Administration.

Paolo Torchio is vice president of e-marketing services for Sabre Hospitality Solutions.

J. Bruce Tracey, Ph.D., is an associate professor at the Cornell University School of Hotel Administration and editor of the Cornell Hospitality Quarterly.

Andrey Ukhov, Ph.D., is an assistant professor at the Cornell University School of Hotel Administration.

Chelsea Vanderpool is a Ph.D. candidate at the Cornell ILR School.

Rohit Verma, Ph.D., is a professor at the Cornell University School of Hotel Administration.

Sean Way, Ph.D., is director of the Center for Hospitality Research at Ecole Hotelière Lausanne.

Glenn Withiam is executive editor of the Cornell Hospitality Quarterly and director of publications for Centers and Institutes at the Cornell University School of Hotel Administration.

Lingqiang Zhou, Ph.D., is professor of tourism management in the Institute of Tourism, School of Management, Zhejiang University.
Cornell Hospitality Quarterly
http://cqx.sagepub.com/

2012 Reports

Vol. 12 No. 16 Restaurant Daily Deals: The Operator Experience, by Joyce Wu, Sheryl E. Kimes, Ph.D., and Utpal Dholakia, Ph.D.

Vol. 12 No. 15 The Impact of Social Media on Lodging Performance, by Chris K. Anderson, Ph.D.

Vol. 12 No. 14 HR Branding: How Human Resources Can Learn from Product and Service Branding to Improve Attraction, Selection, and Retention, by Derrick Kim and Michael Sturman, Ph.D.

Vol. 12 No. 13 Service Scripting and Authenticity: Insights for the Hospitality Industry, by Liana Victorino, Ph.D., Alexander Bolinger, Ph.D., and Rohit Verma, Ph.D.

Vol. 12 No. 12 Determining Materiality in Hotel Carbon Footprinting: What Counts and What Does Not, by Eric Ricaurte

Vol. 12 No. 11 Earnings Announcements in the Hospitality Industry: Do You Hear What I Say?, Pamela Moulton, Ph.D., and Di Wu

Vol. 12 No. 10 Optimizing Hotel Pricing: A New Approach to Hotel Reservations, by Peng Liu, Ph.D.

Vol. 12 No. 9 The Contagion Effect: Understanding the Impact of Changes in Individual and Work-unit Satisfaction on Hospitality Industry Turnover, by Timothy Hinkin, Ph.D., Brooks Holtom, Ph.D., and Dong Liu, Ph.D.

Vol. 12 No. 8 Saving the Bed from the Fed, Levon Goukasian, Ph.D., and Qingzhong Ma, Ph.D.

Vol. 12 No. 7 The Ithaca Beer Company: A Case Study of the Application of the McKinsey 7-S Framework, by J. Bruce Tracey, Ph.D., and Brendon Blood

Vol. 12 No. 6 Strategic Revenue Management and the Role of Competitive Price Shifting, by Cathy A. Enz, Ph.D., Linda Canina, Ph.D., and Breffni Noone, Ph.D.

Vol. 12 No. 5 Emerging Marketing Channels in Hospitality: A Global Study of Internet-Enabled Flash Sales and Private Sales, by Gabriele Piccoli, Ph.D., and Chekitan Dev, Ph.D.

Vol. 12 No. 4 The Effect of Corporate Culture and Strategic Orientation on Financial Performance: An Analysis of South Korean Upscale and Luxury Hotels, by HyunJeong “Spring” Han, Ph.D., and Rohit Verma, Ph.D.

Vol. 12 No. 3 The Role of Multi-Restaurant Reservation Sites in Restaurant Distribution Management, by Sheryl E. Kimes, Ph.D., and Katherine Kies

Vol. 12 No. 2 Compendium 2012

Vol. 12 No. 1 2011 Annual Report

2012 Tools

Vol. 3 No. 4 The Hotel Reservation Optimizer, by Peng Liu

Vol. 3 No. 3 Restaurant Table Optimizer, Version 2012, by Gary M. Thompson, Ph.D.

Vol. 3 No. 2 Telling Your Hotel’s “Green” Story: Developing an Effective Communication Strategy to Convey Environmental Values, by Daphne A. Jameson, Ph.D., and Judi Brownell, Ph.D.

2011 Reports

Vol. 11 No. 22 Environmental Management Certification and Performance in the Hospitality Industry: A Comparative Analysis of ISO 14001 Hotels in Spain, by María-del-Val Segarra-Oña, Ph.D., Ángel Peiró-Signes, Ph.D., and Rohit Verma, Ph.D.

Vol. 11 No. 21 A Comparison of the Performance of Independent and Franchise Hotels: The First Two Years of Operation, by Cathy A. Enz, Ph.D., and Linda Canina, Ph.D.

Vol. 11 No. 20 Restaurant Daily Deals: Customers’ Responses to Social Couponing, by Sheryl E. Kimes, Ph.D., and Utpal Dholakia, Ph.D.

Vol. 11 No. 19 To Groupon or Not to Groupon: A Tour Operator’s Dilemma, by Chekitan Dev, Ph.D., Laura Winter Falk, Ph.D., and Laure Mougeot Stroock

Vol. 11 No. 18 Network Exploitation Capability: Mapping the Electronic Maturity of Hospitality Enterprises, by Gabriele Piccoli, Ph.D., Bill Carroll, Ph.D., and Larry Hall

Vol. 11 No. 17 The Current State of Online Food Ordering in the U.S. Restaurant Industry, by Sheryl E. Kimes, Ph.D.

Vol. 11 No. 16 Unscrambling the Puzzling Matter of Online Consumer Ratings: An Exploratory Analysis, by Pradeep Racherla, Ph.D., Daniel Connolly, Ph.D., and Natasa Christodoulidou, Ph.D.
Cornell CHR Publications

INDEX TO PREVIOUS VOLUMES

Reports, Tools, Proceedings, and Industry Perspectives from 2011

2011 Reports (continued)

Vol. 11 No. 15 Designing a Self-healing Service System: An Integrative Model, by Robert Ford, Ph.D., and Michael Sturman, Ph.D.

Vol. 11 No. 14 Reversing the Green Backlash: Why Large Hospitality Companies Should Welcome Credibly Green Competitors, by Michael Giebelhausen, Ph.D., and HaeEun Helen Chun, Ph.D.


Vol. 11 No. 12 Creating Value for Women Business Travelers: Focusing on Emotional Outcomes, by Judi Brownell, Ph.D.

Vol. 11 No. 11 Customer Loyalty: A New Look at the Benefits of Improving Segmentation Efforts with Rewards Programs, by Clay Voorhees, Ph.D., Michael McCall, Ph.D., and Roger Calantone, Ph.D.

Vol. 11 No. 10 Customer Perceptions of Electronic Food Ordering, by Sheryl E. Kimes, Ph.D.

Vol. 11 No. 9 2011 Travel Industry Benchmarking: Status of Senior Destination and Lodging Marketing Executives, by Rohit Verma, Ph.D., and Ken McGill

Vol. 11 No. 8 Search, OTAs, and Online Booking: An Expanded Analysis of the Billboard Effect, by Chris Anderson Ph.D.

Vol. 11 No. 7 Online, Mobile, and Text Food Ordering in the U.S. Restaurant Industry, by Sheryl E. Kimes, Ph.D., and Philipp F. Laqué

Vol. 11 No. 6 Hotel Guests’ Reactions to Guest Room Sustainability Initiatives, by Alex Susskind, Ph.D. and Rohit Verma, Ph.D.

Vol. 11 No. 5 The Impact of Terrorism and Economic Shocks on U.S. Hotels, by Cathy A. Enz, Renáta Kosová, and Mark Lomanno

Vol. 11 No. 4 Implementing Human Resource Innovations: Three Success Stories from the Service Industry, by Justin Sun and Kate Walsh, Ph.D.

Vol. 11 No. 3 Compendium 2011

Vol. 11 No. 2 Positioning a Place: Developing a Compelling Destination Brand, by Robert J. Kwortnik, Ph.D., and Ethan Hawkes, M.B.A.

Vol. 11 No. 1 The Impact of Health Insurance on Employee Job Anxiety, Withdrawal Behaviors, and Task Performance, by Sean Way, Ph.D., Bill Carroll, Ph.D., Alex Susskind, Ph.D., and Joe C.Y. Leng

2011 Hospitality Tools

Vol. 2 No. 4 ServiceSimulator v1.19.0, by Gary M. Thompson, Ph.D.

Vol. 2 No. 3 The Hotel Competitor Analysis Tool (H-CAT): A Strategic Tool for Managers, by Cathy A. Enz, Ph.D., and Gary M. Thompson, Ph.D.

Vol. 2 No. 2 Hotel Valuation Software, Version 3, by Stephen Rushmore and Jan A. deRoos, Ph.D.

Vol. 1. No. 7 MegaTips 2: Twenty Tested Techniques for Increasing Your Tips, by Michael Lynn

2011 Industry Perspectives

Vol. 2 No. 1 The Game Has Changed: A New Paradigm for Stakeholder Engagement, by Mary Beth McEuen

2011 Proceedings

Vol. 3 No. 7 Improving the Guest Experience through Service Innovation: Ideas and Principles for the Hospitality Industry, by: Cathy A. Enz, Ph.D.

Vol. 3 No. 6 Fresh Thinking about the Box, by: Chekitan S. Dev, Ph.D., and Glenn Withiam

Vol. 3 No. 5 Building Brands in the Internet Age: Analytics, Loyalty, and Communication, by Glenn Withiam

Vol. 3 No. 4 Brave New World: Online Hotel Distribution, by Glenn Withiam

Vol. 3 No. 3 Social Media and the Hospitality Industry: Holding the Tiger by the Tail, by Glenn Withiam

Vol. 3 No. 2 The Challenge of Hotel and Restaurant Sustainability: Finding Profit in “Being Green,” by Glenn Withiam

Vol. 3 No. 1 Cautious Optimism: CHRS Examines Hospitality Industry Trends, by Glenn Withiam
2010 Reports
Vol. 10 No. 18 How Travelers Use Online and Social Media Channels to Make Hotel-choice Decisions, by Laura McCarthy, Debra Stock, and Rohit Verma, Ph.D.

Vol. 10 No. 17 Public or Private? The Hospitality Investment Decision, by Qingzhong Ma, Ph.D. and Athena Wei Zhang, Ph.D.


Vol. 10 No. 15 The Impact of Prix Fixe Menu Price Formats on Guests’ Deal Perception, by Shuo Wang and Michael Lynn, Ph.D.

Vol. 10 No. 14 The Future of Hotel Revenue Management, by Sheryl Kimes, Ph.D.

Vol. 10 No. 13 Making the Most of Priceline’s Name-Your-Own-Price Channel, by Chris Anderson, Ph.D., and Radium Yan, D.B.A

Vol. 10 No. 12 Cases in Innovative Practices in Hospitality and Related Services, Set 4, by Cathy A. Enz, Ph.D., Rohit Verma, Ph.D., Kate Walsh, Ph.D. Sheryl E. Kimes, Ph.D., and Judy A. Siguaw, D.B.A

Vol. 10 No. 11 Who’s Next? An Analysis of Lodging Industry Acquisitions, by Qingzhong Ma, Ph.D. and Peng Liu, Ph.D.


Vol. 10 No. 9 Building Customer Loyalty: Ten Principles for Designing an Effective Customer Reward Program, by Michael McCall, Ph.D., Clay Voorhees, Ph.D., and Roger Calantone, Ph.D.

Vol. 10 No. 8 Developing Measures for Environmental Sustainability in Hotels: An Exploratory Study, by Jie J. Zhang, Nitin Joglekar, Ph.D., and Rohit Verma, Ph.D.

Vol. 10 No. 7 Successful Tactics for Surviving an Economic Downturn: Results of an International Study, by Sheryl E. Kimes, Ph.D.

Vol. 10 No. 6 Integrating Self-service Kiosks in a Customer-service System, by Tsz-Wai (Iris) Lui, Ph.D., and Gabriele Piccoli, Ph.D.

Vol. 10 No. 5 Strategic Pricing in European Hotels, 2006–2009, by Cathy A. Enz, Ph.D., Linda Canina, Ph.D., and Mark Lomanno

Vol. 10 No. 4 Cases in Innovative Practices in Hospitality and Related Services, Set 2: Brewerkz, ComfortDelgro Taxi, DinnerBroker.com, Iggy’s, Jumbo Seafood, OpenTable.com, PriceYourMeal.com, Sakae Sushi, Shangri-La Singapore, and Stevens Pass, by Sheryl E. Kimes, Ph.D., Cathy A. Enz, Ph.D., Judy A. Siguaw, D.B.A., Rohit Verma, Ph.D., and Kate Walsh, Ph.D.

Vol. 10 No. 3 Customer Preferences for Restaurant Brands, Cuisine, and Food Court Configurations in Shopping Centers, by Wayne J. Taylor and Rohit Verma, Ph.D.

Vol. 10 No. 2 How Hotel Guests Perceive the Fairness of Differential Room Pricing, by Wayne J. Taylor and Sheryl E. Kimes, Ph.D.

Vol. 10 No. 1 Compendium 2010

2010 Proceedings

2010 Industry Perspectives
No. 6 The Future of Meetings: The Case for Face-to-Face, by Christine Duffy and Mary Beth McEuen

No. 5 Making Customer Satisfaction Pay: Connecting Survey Data to Financial Outcomes in the Hotel Industry, by Gina Pingitore, Ph.D., Dan Seldin, Ph.D., and Arianne Walker, Ph.D.

No. 4 Hospitality Business Models Confront the Future of Meetings, by Howard Lock and James Macaulay

WWW.CHR.CORNELL.EDU

www.CHr.Cornell.edu