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# Lost in Translation: Cross-Country Differences in Hotel Guest Satisfaction

## **Abstract**

With the global expansion of the hotel industry and greater mobility of international travelers, awareness of international differences in guests' attitudes about their travel experiences is important. As a consequence, most multinational hotel chains currently invest significant resources in implementing large-scale measurement programs to track, compare, and benchmark guest satisfaction across their various international markets. They do so for two related reasons. First, most hoteliers understand that highly satisfied guests are much more likely to return to that property and spend more during future stays than guests who are indifferent or displeased.<sup>1</sup> More important, successful hoteliers understand that simply tracking performance is not enough. What is required is using the results of tracking programs to guide day-to-day management decisions and, ultimately, long-term operational strategies.

## **Keywords**

Cornell, branding, guest expectations, hotel amenities and features

## **Disciplines**

Hospitality Administration and Management

## **Comments**

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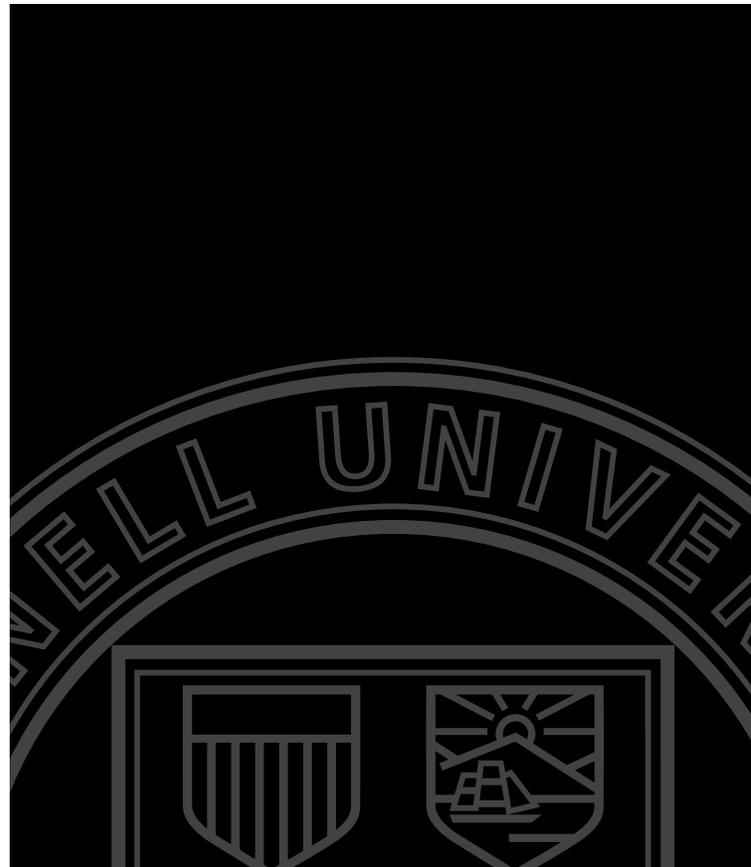
## Lost in Translation: Cross-country Differences in Hotel Guest Satisfaction

by Gina Pingitore, Ph.D.,  
Weihua Huang, Ph.D.,  
and Stuart Greif, M.B.A.

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### EXECUTIVE SUMMARY

**T**he 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.

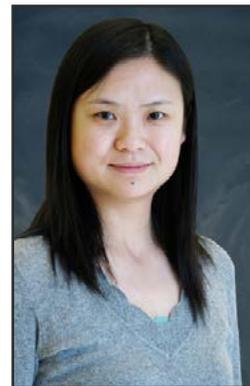
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The authors would like to acknowledge and thank the valuable contributions from Dan von der Embse and Cam Freedlund.

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## Cross-Country Differences in Hotel Guest Satisfaction.

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**W**ith the global expansion of the hotel industry and greater mobility of international travelers, awareness of international differences in guests' attitudes about their travel experiences is important. As a consequence, most multinational hotel chains currently invest significant resources in implementing large-scale measurement programs to track, compare, and benchmark guest satisfaction across their various international markets. They do so for two related reasons. First, most hoteliers understand that highly satisfied guests are much more likely to return to that property and spend more during future stays than guests who are indifferent or displeased.<sup>1</sup> More important, successful hoteliers understand that simply tracking performance is not enough. What is required is using the results of tracking programs to guide day-to-day management decisions and, ultimately, long-term operational strategies.

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<sup>1</sup> G. Pingitore, D. Seldin, and A. Walker, "Making Customer Satisfaction Pay: Connecting Survey Data to Financial Outcomes in the Hotel Industry," *Cornell Hospitality Industry Perspectives*, Vol. 1, No. 5 (2010); Cornell Center for Hospitality Research.

Comparing international satisfaction scores presents distinct challenges for multinational hotel chains. Most satisfaction tracking programs find notable differences in scores from one nation to another. Thus, many chains struggle to reconcile why their hotels in some markets consistently score lower than those in other locations, even as the low-rated hotels' business outcomes are similar or better than more highly rated properties in other countries. These observations correspond with a growing body of academic findings showing that consumers in different countries vary in how they use rating scales.<sup>2</sup> Two commonly reported different response styles are an extreme response style (ERS), or the tendency of respondents to use the end points of a scale; and a middle response style (MRS), in which respondents have the tendency to answer toward the middle points of a scale.<sup>3</sup>

One explanation for different response styles comes from social psychological research showing that members within the same type of culture or society share the same patterns.<sup>4</sup> These shared values influence how individuals view, process, and evaluate the world around them. One key difference involves whether a society's orientation is individual or collective.<sup>5</sup> Residents of societies that focus on its members as a collective tend to give more moderate ratings, whereas people

<sup>2</sup> H. Baumgartner and J.E.M. Steenkamp, "Response Styles in Marketing Research: A Cross-National Investigation," *Journal of Marketing Research*, Vol. 38 (May 2001), pp. 143-156

<sup>3</sup> A. Harzing, "Response styles in cross-national survey research: A 26-country study," *International Journal of Cross Cultural Management*, Vol. 6, No. 2 (2006).

<sup>4</sup> H.C. Triandis, "The self and social behavior in differing cultural contexts," *Psychological Review*, Vol. 96 (1989), pp. 506-520; and H.C. Triandis, "The psychological measurement of cultural syndromes," *American Psychologist*, Vol. 51 (1996), pp. 407-415.

<sup>5</sup> An example of an individualistic society is the United States, while Japan is an example of a collective society. Other terms include independent-interdependent: H.R. Markus and S. Kitayama, "Culture and the self: Implications for cognition, emotion, and motivation," *Psychological Review*, Vol. 98 (1991), pp. 224-253; idiocentrism-allocentrism: Triandis, *op.cit.*; and agency-communion: D. Bakan, *The quality of human existence* (Chicago: Rand Mc-Nally, (1966). Also see: G. Hofstede, M.H. Bond, and C.-L. Luk, "Individual perceptions of organizational cultures: a methodological treatise on levels of analysis," *Organizational Studies*, Vol. 14, No. 4 (1993), pp. 483-503.

living in societies that focus on individuals tend to give ratings that are more extreme, both positive and negative. Of course, response styles aren't the only explanation for inter-country differences in survey results. Recently, Morgeson et al. examined the influences of socioeconomic and political-economic factors to help explain further why some countries express higher levels of satisfaction than others.<sup>6</sup>

Although these concepts help explain the difference in country-level scores, hoteliers need more insights into the satisfaction-related differences between guests from different countries. Such details are critical not only to inform and better calibrate results from multinational guest measurement programs, but also—and more important—such information is critical in making effective across-market recommendations and operational decisions.

The focus of this paper is to determine whether there are meaningful differences among guests from different countries on four questions critical to hoteliers: (1) Are there country-level differences in the reasons for selecting a hotel?; (2) Are the drivers of satisfaction different by country?; (3) Do standard operating procedures (SOPs) or their impacts differ by country?; and (4) Do levels of satisfaction differ by country? The results of this paper can guide hoteliers on how to compare across-market satisfaction scores in order to have a more accurate assessment of performance.

## Method

We analyzed the results of the *J.D. Power North America Hotel Guest Satisfaction Index Study*,<sup>SM</sup> 2010-2011; *European Hotel Guest Satisfaction Index Study*,<sup>SM</sup> 2010-2011; and *Japan Hotel Guest Satisfaction Index Study*,<sup>SM</sup> 2010-2011. These studies were executed in eight countries and included nearly 200,000 guest responses. The countries analyzed for each year were Canada ( $n = 2,484$  responses in 2010; 3,063 in 2011); United States ( $n = 50,690$ ; 58,129); France ( $n = 2,833$ ; 4,438); Germany ( $n = 2,506$ ; 3,622); Italy

<sup>6</sup> F. Morgeson, S. Mithas, T. Keiningham, and L. Akoy, "An investigation of the cross-national determinants of customer satisfaction," *Journal of the Academy of Marketing Science*, Vol. 39 (2011), pp. 198-215.

Reasons for selecting a hotel

|                          | Guest Residence |               |         |         |         |         |                |         |
|--------------------------|-----------------|---------------|---------|---------|---------|---------|----------------|---------|
|                          | North America   |               | Europe  |         |         |         |                | Japan   |
|                          | Canada          | United States | France  | Germany | Italy   | Spain   | United Kingdom | Japan   |
| Convenience/Location     | 35% (1)         | 40% (1)       | 40% (1) | 42% (1) | 31% (1) | 37% (1) | 43% (1)        | 51% (1) |
| Price                    | 25% (2)         | 29% (2)       | 19% (2) | 22% (2) | 16% (3) | 17% (3) | 29% (2)        | 37% (2) |
| Previous experience      | 20% (3)         | 23% (3)       | 18% (3) | 22% (2) | 15% (4) | 19% (2) | 25% (3)        | 16% (4) |
| Reputation               | 13% (4)         | 14% (5)       | 18% (3) | 15% (4) | 22% (2) | 16% (4) | 20% (4)        | 12% (5) |
| Recommended by someone   | 5% (6)          | 5% (6)        | 9% (5)  | 12% (5) | 11% (5) | 14% (5) | 9% (5)         | 5% (7)  |
| Rewards program member   | 9% (5)          | 16% (4)       | 9% (5)  | 9% (6)  | 3% (7)  | 7% (6)  | 9% (5)         | 6% (6)  |
| Corporate policy         | 1% (9)          | 1% (8)        | 2% (7)  | 2% (9)  | 3% (7)  | 2% (8)  | 1% (8)         | 2% (8)  |
| Package deal             | 5% (6)          | 3% (7)        | 2% (7)  | 5% (7)  | 8% (6)  | 4% (7)  | 6% (7)         | 17% (3) |
| Environmentally friendly | 2% (8)          | 1% (8)        | 2% (7)  | 3% (8)  | 3% (7)  | 2% (8)  | 1% (8)         | 1% (9)  |

This table shows the percentage of guests from each country who select the reason listed when choosing a hotel. The number in parentheses reflects the rank order of these percentages.

Percentages do not add up to 100% as guests could select multiple reasons.

Sources: J.D. Power 2011 North America Hotel Guest Satisfaction Index Study<sup>SM</sup>

J.D. Power 2011 European Hotel Guest Satisfaction Index Study<sup>SM</sup>

J.D. Power 2011 Japan Hotel Guest Satisfaction Index Study<sup>SM</sup>

(*n* = 2,856; 2,520); Spain (*n* = 3,066; 3,546); United Kingdom (*n* = 2,376; 3,224); and Japan (*n* = 32,885; 21,651). To assess the validity and reliability of our results, we first evaluated the 2010 data and then replicated our analyses using the 2011 results. All surveys were executed online using the same questionnaire; therefore, neither data collection nor instrumentation differences were areas to control.

Results

**(1) Country-level differences in the reasons for selecting a hotel.** We asked guests to indicate the reasons for selecting the hotel property and then compared the percentages for each reason. To make it easier to see the similarities and differences both across and within markets, we also present the corresponding rank order of these percentages.

As displayed in Exhibit 1, we found that convenience or location remains the most important reason for selecting a property in every country. However, there were notable country-to-country differences in the percentages of guests who cited this factor. For example, location or convenience was cited by 51 percent in Japan, while in Italy it was cited by just 31 percent of respondents. Thus, while location is a key selection criterion in every market, there are other reasons that influence guests’ selection of a hotel.

Price is also particularly influential in certain countries, notably Japan, where guests appear to be more influenced

by price than those from other countries. In contrast, guests from Italy and Spain are less influenced by price, but are slightly more influenced by reputation or recommendations.

A noteworthy difference we found was that guests from Japan were significantly more likely to select a property based on the package deals available, perhaps because most hotels operating in Japan offer breakfast and other amenities as a standard competitive offering. Another difference we found was the greater influence of rewards programs among guests from the United States, suggesting that these programs are yielding the desired loyalty benefits.

**(2) Drivers of satisfaction by country.** The second question we examined was whether there are country-level differences in the drivers of satisfaction and whether the various elements of the guest experience have differential impacts on satisfaction scores. To assess this, we employed the weighted measurement approach implemented in the data collected by J.D. Power. This approach is based on the premise that some aspects of the guest experience are more important than others, and understanding the relative importance of each element in the experience helps hoteliers prioritize and direct resources to improve the guest experience. The J.D. Power Guest Satisfaction Index (GSI) is the aggregation of satisfaction scores of various experiences (e.g., facility, room, and price) that are weighted based on their importance to the guest’s overall experience. Results of

**EXHIBIT 2**

**Impact weights by country**

|                    | Guest Residence |               |        |         |       |       |                |       |
|--------------------|-----------------|---------------|--------|---------|-------|-------|----------------|-------|
|                    | North America   |               | Europe |         |       |       |                | Japan |
|                    | Canada          | United States | France | Germany | Italy | Spain | United Kingdom | Japan |
| Reservation        | 3%              | 3%            | 5%     | 4%      | 3%    | 3%    | 4%             | 2%    |
| Check-In/Check-Out | 12%             | 12%           | 12%    | 15%     | 16%   | 14%   | 15%            | 18%   |
| Guest Room         | 25%             | 26%           | 25%    | 21%     | 20%   | 24%   | 24%            | 27%   |
| Food & Beverage    | 8%              | 10%           | 12%    | 15%     | 13%   | 12%   | 13%            | 14%   |
| Hotel Services     | 8%              | 8%            | 7%     | 9%      | 12%   | 11%   | 8%             | 5%    |
| Hotel Facilities   | 17%             | 17%           | 20%    | 17%     | 19%   | 19%   | 15%            | 19%   |
| Costs & Fees       | 26%             | 24%           | 19%    | 19%     | 18%   | 17%   | 21%            | 16%   |

The percentages in this table show the importance weights of each driver of overall satisfaction. The higher the percentage, the more important the driver is to overall satisfaction. The importance weights listed for each country sum to 100%.

Sources: J.D. Power 2010 North America Hotel Guest Satisfaction Index Study<sup>SM</sup>  
 J.D. Power 2010 European Hotel Guest Satisfaction Index Study<sup>SM</sup>  
 J.D. Power 2010 Japan Hotel Guest Satisfaction Index Study<sup>SM</sup>

**EXHIBIT 3**

**SOPs' impact on satisfaction scores by country (binary features)**

|                                | Guest Residence   |                          |                   |                    |                  |                  |                           |                  |
|--------------------------------|-------------------|--------------------------|-------------------|--------------------|------------------|------------------|---------------------------|------------------|
|                                | North America     |                          | Europe            |                    |                  |                  |                           | Japan            |
|                                | Canada Impact (%) | United States Impact (%) | France Impact (%) | Germany Impact (%) | Italy Impact (%) | Spain Impact (%) | United Kingdom Impact (%) | Japan Impact (%) |
| Reservation accurate           | 103 (97%)         | 137 (97%)                | 122 (97%)         | 167 (98%)          | 128 (98%)        | 151 (96%)        | 157 (97%)                 | 22 (98%)         |
| No billing error               | 52 (97%)          | 81 (97%)                 | 81 (93%)          | 64 (94%)           | 65 (94%)         | 104 (95%)        | 47 (92%)                  | 58 (99%)         |
| Problem-free stay              | 130 (92%)         | 143 (93%)                | 98 (84%)          | 128 (85%)          | 101 (89%)        | 119 (89%)        | 113 (82%)                 | 68 (89%)         |
| Aware of conservation programs | 52 (40%)          | 56 (42%)                 | 46 (51%)          | 50 (62%)           | 36 (60%)         | 36 (54%)         | 38 (60%)                  | 44 (28%)         |

The four SOPs in this table are measured with “yes” and “no” binary responses. The numbers show the impact on satisfaction scores when the SOP is met. For example, when the reservation is accurate, satisfaction among Canadian guests is 103 points higher than when the reservation is inaccurate. The percentage of time the SOP is met is in the parentheses.

Sources: J.D. Power 2010 North America Hotel Guest Satisfaction Index Study<sup>SM</sup>  
 J.D. Power 2010 European Hotel Guest Satisfaction Index Study<sup>SM</sup>  
 J.D. Power 2010 Japan Hotel Guest Satisfaction Index Study<sup>SM</sup>

this approach yield scores that range from a low of 100 to a maximum of 1,000.<sup>7</sup>

<sup>7</sup> To estimate importance weights, J.D. Power uses a combination of factor analysis and regression techniques in a serried approach. Factor analysis is used to confirm the correct factor structure as well as remove any multi-collinearity between rating items. Multiple regression techniques are used to estimate the importance of factors so that the importance weight of each factor is the proportion of variance (rebased to sum up to 1) in satisfaction that is explained by each factor. This methodology is described in Pingitore, Seldin, & Walker, *op.cit.*)

Using this J.D. Power index methodology, we estimated the importance weights for each country. Comparing weights as shown in Exhibit 2, we found that the drivers of satisfaction were similar across markets, with most factors within 0 to 4 percent of one another. While our data have sufficient power to determine when a small difference is statistically significant, differences of less than 5 percent are

## SOPs' impact on satisfaction scores by country (continuous-value features)

| Guest Residence |                | Check-In Time (minutes) |             |                       | Number of Staff Contacts |             |                       |
|-----------------|----------------|-------------------------|-------------|-----------------------|--------------------------|-------------|-----------------------|
|                 |                | Impact                  | Break Point | % Meeting Break Point | Impact                   | Break Point | % Meeting Break Point |
| North America   | Canada         | 51                      | 9 or less   | 51%                   | 44                       | 2+          | 41%                   |
|                 | United States  | 47                      | 6 or less   | 50%                   | 54                       | 2+          | 42%                   |
| Europe          | France         | 34                      | 14 or less  | 74%                   | 49                       | 2+          | 49%                   |
|                 | Germany        | 48                      | 10 or less  | 72%                   | 60                       | 2+          | 60%                   |
|                 | Italy          | 43                      | 14 or less  | 63%                   | 52                       | 3+          | 31%                   |
|                 | Spain          | 39                      | 8 or less   | 38%                   | 58                       | 3+          | 39%                   |
|                 | United Kingdom | 28                      | 9 or less   | 47%                   | 53                       | 2+          | 56%                   |
| Japan           | Japan          | 13                      | 9 or less   | 53%                   | 44                       | 2+          | 38%                   |

The two SOPs in this table are measured using the continuous scale. The numbers shown in the Impact column are impact on satisfaction scores when the break point (see footnote 9) of each SOP is met. Results suggest that shorter check-in times lead to higher satisfaction, and more staff interactions during the stay also lead to higher satisfaction.

Sources: J.D. Power 2010 North America Hotel Guest Satisfaction Index Study<sup>SM</sup>  
 J.D. Power 2010 European Hotel Guest Satisfaction Index Study<sup>SM</sup>  
 J.D. Power 2010 Japan Hotel Guest Satisfaction Index Study<sup>SM</sup>

not operationally significant.<sup>8</sup> Two differences that *do* have operational significance were that, compared with North American respondents, Japanese guests viewed the check-in and check-out process with more importance, but they saw cost and fees as less important.

**(3) Effects of standard operating procedures (SOPs) by country.** We conducted a series of impact analyses within each country to determine whether any SOPs varied either in significance ( $p < .05$ ) or impact on overall satisfaction. Across all eight countries, we found six operational procedures that had significant impact on guest satisfaction scores.<sup>9</sup> As displayed in Exhibits 3 and 4 these procedures are reservation accuracy, billing error, number of problems during stay, awareness of conservation programs, check-in time, and number of staff contacts during stay. We present these in separate exhibits because four of the six SOPs are binary questions yielding yes or no answers (Exhibit 3). The other two SOPs are numerical measures with a continuous scale (Exhibit 4).

While all six of the SOPs had significant impact on satisfaction levels for each country's respondents, we found

that the magnitude of their impact varied by country. For example, reservation accuracy had a much smaller impact in Japan (22 points) than it did in all other countries, even though the accuracy rates were essentially the same (all countries achieved 96- to 98-percent accuracy). Similarly, the impact of having a problem-free stay was also less in Japan (68 points) than in other countries, even though 89 percent of Japanese guests had no problems. Interestingly, the percentages of problem-free stays were highest in both the United States (93%) and Canada (92%), and yet the impact of this factor was greatest in these nations, at 143 for the U.S. and 130 points for Canada.

Finally, wait time to check in showed a number of important differences. We examined the country level differences in wait time using two different statistical approaches. First, we determined how long a wait had to be before it diminished satisfaction levels by 50 points. Guests from the United States had the shortest wait time tolerance, taking only five minutes to reach the 50-point gap. That is, satisfaction was 50+ points higher when guests were checked in within five minutes, as compared to the situation when it took more than five minutes to check in. In contrast, guests from Japan had the longest tolerance, at 30 minutes. Waiting tolerance before the 50-point decline in satisfaction was seven minutes for guests from Canada; 15 minutes for guests from France, Germany, Italy, and Spain; and 17 minutes for guests from the U.K.

Second, as shown in Figure 4, corresponding to these differences in wait time tolerance levels, we also found that

<sup>8</sup> Given the sample sizes within each country, we have sufficient statistical power to detect small (1%) differences in the importance weights. From an operational and change management perspective, a 5-percent difference in importance weights is considered to be a meaningful difference.

<sup>9</sup> To ensure that these SOPs were not a function of brand variation, we also conducted the same impact analyses, but used only nine hotel corporations that operate in each country. These results showed that the same six SOPs have a significant impact on the guest experience, indicating these SOPs are core operational procedures that all brands need to focus on.

## Country-level guest satisfaction scores

| Guest Residence | 2010       |        | 2011       |        |
|-----------------|------------|--------|------------|--------|
|                 | Index Mean | N      | Index Mean | N      |
| Canada          | 749        | 2,133  | 756        | 2,648  |
| France          | 739        | 1,979  | 732        | 2,977  |
| Germany         | 769        | 1,677  | 759        | 2,384  |
| Italy           | 748        | 2,134  | 764        | 1,823  |
| Japan           | 697        | 6,039  | 697        | 4,227  |
| Spain           | 718        | 1,352  | 718        | 1,809  |
| United Kingdom  | 740        | 1,699  | 740        | 2,166  |
| United States   | 771        | 45,182 | 768        | 51,478 |

Sources: J.D. Power North America Hotel Guest Satisfaction Index Study,<sup>SM</sup> 2010–2011

J.D. Power European Hotel Guest Satisfaction Index Study,<sup>SM</sup> 2010–2011

J.D. Power Japan Hotel Guest Satisfaction Index Study,<sup>SM</sup> 2010–2011

the impact of waiting longer than the break point<sup>10</sup> was significantly more negative among guests from the United States (47 points) than among those from Japan (13 points). When we examined the percentage of time that hotels within each market achieved check-in time within the break point, guests from Spain had the lowest incidence of checking in within the break point (38%).

**(4) Differences in levels of satisfaction by country.** Before we assessed country-level differences in guest satisfaction, we first needed to address the natural variation among hotels in different countries and for different hotel brands. We needed to control for divergent operational practices and standards before assessing any score differences. To achieve this relatively level operating field, we examined the responses for guests from nine hotel corporations for which we had a sufficient sample size and that operated in each of the eight countries analyzed.

Using those nine hotel corporations, we examined the overall satisfaction scores for each nation. We found that the results for these hotel firms were somewhat consistent with satisfaction findings from other industries. As reported in other studies, guests from the United States provided the highest ratings, but contrary to some reports, we found that guests from Japan provided the lowest ratings for hotels. We also found similar patterns of market-level satisfac-

tion scores between 2010 and 2011, indicating a consistent response style (Exhibit 5).

### Approaches Hoteliers Can Use to Adjust for Differences in Satisfaction Scores between Countries

Our findings of clear and consistent differences in satisfaction levels for different nations raise two practical issues for hoteliers. First, hoteliers need to adjust for these differences when comparing guest satisfaction results for hotels in different markets. Second, hotel firms must be aware of differences between guests from different nations staying in a particular hotel. The best option that hoteliers have to compare mean-level performance scores across markets is to create statistical approaches that calibrate score differences. As with any calibration efforts, there are a number of different statistical approaches that can be used. Additionally, as with all statistical approaches, the more effective the technique in creating the calibration, the more complex the equations. For our purpose, we selected two different modeling techniques that enabled us to isolate and estimate the country-level score variation, and that allowed us to determine the degree to which the results would converge.

Our first statistical approach used ordinary least squares (OLS) regression to determine country-level differences in the satisfaction score index. This is expressed as  $\text{Index} = \alpha D + \beta X + \eta Y + \theta Z + \varepsilon$ , where D is the country vector (i.e., dummy coding country into seven binary variables) including intercept, X is the vector of common SOPs, Y is the vector of common guest profile variables (age and gender), Z is

<sup>10</sup> Break point refers to the point in the distribution of a continuous SOP that gives the largest adjusted satisfaction score gap that takes into account both the raw gap in satisfaction score between meeting and not meeting the break point and also the percentage of meeting the break point.

## Country-level differences in guest satisfaction scores (1,000-point scale)

| Guest Residence | 2010                        |                                 | 2011                        |                                 |
|-----------------|-----------------------------|---------------------------------|-----------------------------|---------------------------------|
|                 | Ordinary Least Square (OLS) | Hierarchical Linear Model (HLM) | Ordinary Least Square (OLS) | Hierarchical Linear Model (HLM) |
| US - Canada     | 12                          | 9                               | 0                           | 2                               |
| US - France     | -3                          | -1                              | 27                          | 33                              |
| US - Germany    | -16                         | -9                              | 15                          | 21                              |
| US - Italy      | 15                          | 21                              | 8                           | 8                               |
| US - Japan      | 71                          | 69                              | 81                          | 79                              |
| US - Spain      | 50                          | 59                              | 49                          | 58                              |
| US - UK         | 15                          | 18                              | 32                          | 34                              |

The numbers in this table show the difference in index points between the United States and the other countries after controlling the factors that could influence guest satisfaction. For example, in 2010, after confounding factors are controlled, guests from the United States still provide higher ratings (by 12 index points) than guests from Canada.

Sources: J.D. Power North America Hotel Guest Satisfaction Index Study,<sup>SM</sup> 2010–2011

J.D. Power European Hotel Guest Satisfaction Index Study,<sup>SM</sup> 2010–2011

J.D. Power Japan Hotel Guest Satisfaction Index Study,<sup>SM</sup> 2010–2011

the vector of other common categorical variables (including hotel corporation dummy coded variables and experience filters),  $\alpha$ ,  $\beta$ ,  $\eta$ , and  $\theta$  are coefficients, and  $\varepsilon$  denotes errors. This well established approach provides a reasonable estimate of country-level differences in satisfaction once other factors are estimated and controlled.<sup>11</sup>

For the alternative statistical approach, we used a hierarchical linear model (HLM), another well-established method used most frequently in education. While similar in many ways to OLS, HLM differs as it takes into account correlated errors, thus providing more flexible, albeit more complex, statistical modeling. HLM was modeled as  $\text{Index} = \alpha + \beta X + \eta Y + \theta Z + \varepsilon$ , where  $\alpha$  is the random intercept at country level,  $X$  is the vector of common SOPs,  $Y$  is the vector of common guest profile variables,  $Z$  is the vector of other common categorical variables,  $\beta$ ,  $\eta$ , and  $\theta$  are (random) coefficients, and  $\varepsilon$  denotes errors.

Exhibit 6 shows the difference in satisfaction scores for OLS and HLM (using the J.D. Power Guest Satisfaction Index with a range of 100 to 1,000 points) for both the 2010 and 2011 data. We used the United States as the baseline

<sup>11</sup> Jay L. Devore, *Probability and Statistics for Engineering and the Sciences*, Eighth Edition (Boston: Brooks/Cole, 2010).

country, and so the table shows the difference in index points between the United States and the other seven countries after controlling the factors we discussed earlier that could influence experience ratings (that is, product, including the brand, experience filters, guest profiles, and SOPs).

The results in Exhibit 6 suggest that, assuming other things are equal, guests from Japan and Spain tend to provide low ratings, while guests from the United States and Canada provide high and fairly similar ratings. Guests from Italy and the United Kingdom are in the middle. The year-to-year validation indicates consistent results for all but two countries, Germany and France. One possible reason for this inconsistency is that despite efforts to control and remove confounding factors, we couldn't control for other key factors, such as social and economic dynamic changes, and hotel property-specific metrics, such as occupancy rates, which were particularly salient for these two countries.

We also found that within the same year, the two statistical methods yielded fairly comparable estimates of country-level differences. This suggests that the simpler model assumption of OLS is an effective technical solution. However, individual hotel chains may find HLM a better alternative, given the hierarchical nature of the data.

## Conclusion and Implications

One of the most promising findings of this study is that guests from different countries held reasonably similar views of the importance of particular elements of the hotel experience and which standard operational procedures are keys to creating a satisfying stay. These common elements are good news to multinational chains, as they can align and create cross-market consistency on long-term operational strategies.

The diversity of satisfaction scores across markets was not surprising, given similar results from other industries. Our findings clearly showed that culture matters when trying to understand international differences in guest satisfaction. Our analysis confirms that guests from some countries tend to either experience or express far higher levels of satisfaction than do guests from other countries—for what is essentially the same hotel experience. Additionally, these findings are consistent with the idea that consumers in different societies generally share common values that influence their survey response styles, such that consumers in individualistic societies, such as the United States, provide higher ratings than do those in collective societies, such as Japan, who provide more restrained ratings.

The implications of our findings are that country differences must be accounted for when benchmarking or comparing satisfaction results for hotels across different markets and properties with distinct compositions of guests based on country of origin. Additionally, these results point to different thresholds of satisfaction for guests from each culture. Guests from some countries may simply be harder to please (or, at least, are less likely to express pleasure) than are guests from other countries. Or more particularly, guests from certain countries have a shorter satisfaction fuse for certain hotel operations, such as the impatience expressed by U.S. travelers with a “slow” check-in—given that “slow” means longer than a five-minute wait.

In addition to issues relating to comparing similar hotels operating in different countries, the findings also address the changes in satisfaction ratings for a particular hotel based on hosting international guests. A hotel property in Dubai, for example, will have a different mix of guests by country of origin (i.e., more heavily GCC States, Russia, U.K., Germany, and China) than will a hotel in the Bahamas (i.e., more heavily U.S. and Canadian). The Bahamas property may have higher ratings provided by their North American guests, requiring the need to take into account market level differences. Thus, the question becomes, Are the higher scores for the Bahamas property actually the result of providing a more satisfying experience to their guests, or are they simply a reflection of a higher concentration of guests from countries that tend to give high satisfaction ratings?

For brand and corporate leaders to have a truer sense of how their properties are performing relative to one another, it is important to create a *pro forma* score based on ratings that are adjusted for country level differences to provide a more comparative view of guest satisfaction performance across their properties and across regions.

The findings also raise the importance of hoteliers applying trend analysis to assess how they perform over time by guest country of origin, and not just using aggregate figures or such segmentations as business vs. leisure travelers. How a hotel goes about providing an improved experience for guests from each country offers more actionable insights that can drive operational decisions regarding how to adjust operations in order to better serve and delight guests from different national and cultural contexts. For example, a warm welcome at check-in may be valued by guests regardless of country of origin, but that welcome should be delivered in a slightly different way to delight various cultural groups.

These findings underscore the importance of staff training to delineate the differences in cultural preferences of guests from various countries. The need for such training becomes more pronounced for hotels with a large mix of international guests. Hotels need to ensure that they adapt their services to avoid procedures or practices that optimize the experience for some guests but inadvertently undermine the experience for others. It may be desirable for a property to set service guidelines by country of origin that target the largest or the most financially important cultural groups of guests. In practice, this may mean aiming for a rating of 7.5 out of 10 for check-in from Japanese guests and 8.5 from Canadian guests, for example. Or it may mean that some services should be context sensitive, depending on the guest’s native country. This analysis and application of insights to operations should be conducted on an ongoing basis throughout the year within each property, across regions, and globally where appropriate for a given brand, and across the entire guest experience, from reservation through check-out.

Ultimately, our findings have three significant implications for multinational hotel chains. First, hotel brand and operational managers should recognize that different service practices are needed to delight guests from different countries. Second, they need to understand that efforts to improve satisfaction may have a differential impact, in terms of the magnitude of changes, in some countries, suggesting that efforts to establish the same “targets” for improving satisfaction across countries may be difficult. For strategic planning purposes, multinational hotel chains should also recognize these country-level differences in satisfaction thresholds when considering entry into new markets. Third, hotel brand and operational managers need to continuously

analyze how they perform by country of origin and use those insights to drive a more adaptive approach to service and operations where appropriate. When evaluating performance across hotel properties and markets, brand leaders should take into account how differences in guest composition may lead to higher or lower satisfaction scores for a given property or region.

We recognize that brand and hotel property managers are already inundated with data and pressed for time, not just from their guest-tracking programs, but also from rating and review websites, social media, and mystery shopping audit data, along with their other responsibilities. Pragmatically, the idea of another overlay of data to compare properties across markets and against other properties based on cultural differences and to analyze performance and adapt operationally by country of origin may seem onerous. However, we believe good management and effective performance improvement requires the recognition of guests' international differences. Given that our data and analysis point to significant cultural differences in how guests from different countries rate their experience, we believe understanding and acting on this information will help brand

leaders of multinational hotel chains to better manage and lead their businesses.

### Limitations and Future Research

We should note that our study is limited by the fact that we analyzed only eight markets, although the sample is large. Similarly, this research focused on only nine multinational corporations, which, again, is a small subset of the hotel marketplace. Therefore, future research that includes more countries and more brands would be beneficial. Additionally, although this research is the first effort to calibrate guest satisfaction scores across countries, we included and isolated only a portion of factors in our models relative to all possible factors that could account for country-level differences. As such, including additional elements in the model would increase calibration precision. Further, including such operational elements as price and occupancy rates would be useful, as would including more detailed respondent-level information, such as ethnicity and acculturation levels. Finally, adding macro socioeconomic and political elements would further enhance calibration equations. ■

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