Service Excellence in
Tourism and Hospitality

Sophea Tieng

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ABOUT THE AUTHOR

Sophea Tieng is a full time lecturer of Sustainable Tourism and Tourism Geography at Saint Paul Institute, Cambodia. Sophea graduated from Victoria University of Wellington, New Zealand, in Tourism Management, in 2016. Sophea has several years of working experiences in community development and had conducted research project on Community Based Ecotourism in Cambodia to complete a Master Degree.

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LIST OF ABBREVIATIONS

AHMA	American Hotel and Motel Association
AMC	Annual Maintenance Contract
BMI	Business Model Innovation
CMS	Contact Management System
CRM	Customer Relationship Management
CS	Customer Service
GDS	Global Distribution System
GPS	Global Positioning System
HR	Human Resources
HRM	Human Resource Management
HRP	Human Resource Planning
ICT	Information and Communication Technology
IT	Information Technology
KPIs	Key Performance Indicators
LTV	Life Time Value
NRA	National Restaurant Association
OLAP	Online Analytical Processing
OSHA	Occupational Safety and Health Administration
OTAs	Online Travel Agencies
PIM	Personal Information Manager
PMS	Performance Management System
PMS	Property Management System
PPP	Purchasing Power Parity
PR	Public Relations
RIS	Regional Innovation System
ROI	Return on Investment
SCM	Supply Chain Management
SFA	Sales Force Automation

SMM	Sales and Marketing Management
T/HR	Tourism/Hospitality, Retention
TORA	Theory of Reasoned Action
TQ	Total Quality
TQM	Total Quality Management

PREFACE

The hospitality industry thrives on customer service (CS) because it cannot function without customers. Hospitality includes lodging, tourism, transportation, and even something like a theme park. All of these businesses rely on customers to succeed. In fact, great customer service leads to better customer loyalty, higher revenue, and lower costs. Service excellence is an important area where many in the hospitality industry need to investigate and uncover new opportunities for adoption and development. Service excellence is described as meeting and slightly exceeding the customer's expectations. Most businesses offer decent customer service, but consumers return to those who go above and beyond to provide service excellence.

This book is organized into eight chapters. Chapter 1 aims to investigate the impact of service excellence on customer satisfaction. Chapter 2 is service design. It focuses on service design techniques in hotels and many other service establishments. Service design strategy should be compatible with the firm's resources and capabilities, as well as its main objectives and strategies. This chapter will take you through a solid service design process and which methods to employ at each point. Chapter 3 focuses on customer service in hospitality and tourism. This chapter addresses a number of excellent ways to impress hotel guests. Chapter 4 sheds light on service innovation and service quality orientation as a business strategic tool in the tourism and hospitality sector.

Chapter 5 is creating excellent guest experiences. Organizations must consider the particular characteristics of their tourism experiences, the motives and attitudes of traveling tourists, and the fundamental differences between selling goods and marketing services in order to be effective in tourism marketing.

Chapter 6 aims to uncover the key factors of customer service expectations, which will serve as the foundation for increasing customer happiness. In addition, Chapter 7 focuses on managing customer relations for service excellence. As a result, incorporating a CRM mechanism into their framework will result in significant cost savings as well as a reduction in outreach efforts to social media's targeted reach, resulting in a win-win situation. Finally, last Chapter 8 deals with human resource management (HRM) in a hospitality environment perspective. The book serves as a reference guide and supplementary reading for students and researchers. Practitioners and educators also will find this book to be invaluable in their businesses and in preparing students for the business world.

Chapter 1

Service Excellence and Quality: An Overview

CONTENTS

1.1. INTRODUCTION

Hospitality is a category of the service industry. The hospitality industry is diverse, with many categories, but customer service (CS) is the unifying element that all segments of the industry share. It mainly entails addressing customer satisfaction and catering to guests' needs. The extent to which a service meets the needs and desires of the customer is referred to as service. Excellent service is when these expectations are exceeded and customers believe they have got the little unexpected extra in the form of extra effort. A smile, an encouraging remark, spontaneous acts of kindness, or an extra effort from a service professional going the extra mile can all be examples of the little unexpected extra.

Customers now expect it as a standard feature of the service industry. Since time immemorial, companies in the service sector have claimed to stick to the terms "service excellence." Service excellence is an effort made by organizations or businesses to go above and beyond expectations in terms of precision, protection, comfort, efficiency, expense, operation, and satisfaction. Service excellence means a lot to tourists in terms of their overall experience, and it also means repeat customers and word-of-mouth marketing for the company.

Service excellence is described as meeting and slightly exceeding the customer's expectations. Most businesses offer decent CS, but consumers return to those who go above and beyond to provide service excellence. Becoming more customer-focused and delivering exceptional service is becoming a major competitive advantage and performance differentiator for both private and public organizations. It assists businesses in gaining clients in today's highly competitive climate, as well as in cost-cutting. This chapter aims to investigate the impact of service excellence on customer satisfaction.

1.2. BASICS OF SERVICE EXCELLENCE

Service excellence refers to a service provider's ability to consistently meet, if not exceed, the expectations of their customers. This implies that the true definition of excellent service is relative to the service itself and the expectations of customers, which also implies that the burden of providing excellent CS falls on even the most low-budget brands (Figure 1.1).

Figure 1.1. Service excellence comes down to meeting and slightly exceeding the customer's expectations.

Source: https://image.slidesharecdn.com/excellenceservice-131122234959-phpapp01/95/service-excellence-1–638.jpg?cb=1385164519.

Service excellence and customer expectations differ depending on the brand and hotel type-select service vs. full service, commercial vs. resort, luxury vs. economy, country, and culture, and so on. It is your responsibility, as the operator or organization, to understand the brand promise in terms of service and the associated customer expectation. You must strike a balance between meeting and exceeding customer expectations and remaining true to the brand's integrity. This includes both creating a positive work environment for your team and meeting or exceeding profit targets.

Clearly a delicate balance, but those who get it right ensure your property's long-term success. You, as an organization or business, have satisfied customers who will return; the brand is pleased; you will remain employed; the owner is pleased with their returns and will continue to invest in your property.

From the-Inside-Out Approach to Service Excellence:

- Hire for attitude rather than experience. Experience is beneficial, but you can learn new skills when gaining experience. Attitude cannot be taught.
- Attitude is as critical in the back of the house as it is in the front. From the back to the front of the house, a good attitude will get you going in the right direction.

- Begin the training in the back of the house, with an emphasis on customer/employee interactions as well as skills training-more on engagement and encouragement. The front of the house employee's client is the back of the house employee.

- Teach the CS representatives the importance of the back of the house and how their success is dependent on it.

- Educate the management staff on customer interaction. Do not believe that only because they have a title means they have good CS skills.

- Create appreciation and/or compensation programs that reward both front-of-house and back-of-house employees equally. Do not let your programs foster a two-class society on your house.

- Ensure that the organizational framework is structured to promote internal departmental contact. Keep an eye out for 'silos' and work to break them down.

- Own your mistakes and assume full responsibility for them. Ensure that this is the motto at all levels of the company. It begins at the top and leads by example.

- Give your workers the authority to solve problems and accept or reward achievement. Do not base your success or failure on the cost of the corresponding rebates. The worth of retaining the customer greatly outweighs the expense of the rebates. Keep in mind the last thing your customer likes to hear is 'let me check with my manager.'

- Problem solving-create a goal of exceeding consumer standards. According to studies, when the issue solving reaches the customer's expectations, the customer's intent to return is the same as if the problem never occurred. If an employee goes above and beyond a fair level, treat it as a learning opportunity, but first express gratitude.

How to Provide Service Excellence?

The following are the main components of good service that can elevate your customer experience from good to great (Figure 1.2):

Figure 1.2. Providing service excellence.

- *Convenience:* It begins by taking action to consider consumer needs, such as when they want to communicate with executives or what form of communication medium they want to use. You should be present in all forms of communication, including conversation, phone calls, social media, and so on. Often, use a CS model that maximizes the availability of your agents so that no matter when the customer calls you, there is always an agent available to assist them.

- *Agility:* Do not make the customers wait. Customers value prompt responses because patience is not a virtue in the CS industry. The speed at which you respond to a customer question is also important. While certain problems are more difficult to solve, the sooner you can resolve them, the better. A lack of appropriate resources to handle the amount of calls, as well as too many manual activities that slow down your agents, are potential bottlenecks that should be addressed in order to achieve the optimal speed of operation.

- *Do Whatever it Takes to Make it Right:* To truly achieve a level of service excellence, you must empower your CS team to do whatever it takes to find a final settlement, whether that means making concessions or investing a little extra.

  Ritz Carlton provided an example of this approach to CS. When running to the airport, a customer left his charger at their hotel. He intended to call them as soon as he walked into the office after landing, but when he did, he found a box containing not only his charger, but also an extra one just in case! That is how dedicated

they were to providing a positive experience for the customer, even if it meant going out of their way to do so.

- **Take the Initiative:** If you want to stand out from the crowd, you cannot just respond to problems. Taking the initiative and calling a client when a concern occurs before they have a chance to contact you demonstrates that you prioritize the issue at hand and behave with urgency and empathy. This level of diligence distinguishes a great service organization from the rest.

- **Evaluate and Improve:** Use data to back up your CS team's results. It is also the best way to consider consumer sentiment and whether the efforts are paying off. With so many reporting and analytics resources at your disposal, you can get a good picture of what is and is not working. This way, you will fill holes in your support and continue to improve your customer experience.

1.2.1. Achieve Customer Excellence in Hospitality

Let us take a look at how data can help hospitality companies provide excellent CS in six steps (Figure 1.3).

Figure 1.3. Six steps in providing excellent customer service.

- **Personalization:** Adapting the customer experience to each client's unique circumstances is an excellent way to involve them. In reality, service customization is more than a wish for our guests; it is a requirement, even an expectation. However, in order to meet these specific requirements, we must first learn about each client's likes and preferences.

  Here are the advantages of data generation. Data collection, integration, and analytics allow the identification of patterns and tendencies in consumer preferences and the understanding of their actions toward them. Knowing our guests' tastes allows us to use

that awareness to provide them with continuous customization of not only goods and services in our physical location, but also of offerings, discounts, and contact messages in the digital environment.

Data insights are the most reliable resources that any hospitality company can use to build a customized experience for its guests. For example, advanced analytics will "show" a company which room is best for a specific client, which floor the client should be on, what view is best to provide them with, and so on. Furthermore, data will "teach" companies about their customers' preferences, allowing them to provide them with appropriate and useful recommendations about events, stores, restaurants, and other forms of entertainment.

- *Integrity:* Business honesty entails more than just keeping promises made to customers. Trustworthiness has emerged as a critical component of a positive experience. And, if we think about it more deeply, consumers are becoming more inquisitive and want to know more and more about the companies they do business with, including internal knowledge about strategies, financial statements, partnerships, and so on. In reality, according to a 2016 study by Label Insight, 94% of the interviewed customers (from a variety of industries) say they will become loyal to a brand that conducts all of its business processes transparently. And the hospitality industry is no exception.

  Since this industry generates and uses a large amount of personal data, it is critical for companies to ensure the protection of these data sets and communicate the security policies to visitors. Implementing a Data Governance policy is critical in this situation so clients will know that their data will not be stolen, manipulated, exploited, or sold to third parties. Guests will become more committed, loyal, and happy with the overall experience they have with the services if they feel they can trust your company.

- *Expectations:* From a practical standpoint, exceeding consumer standards is exceedingly difficult, given that they change continuously and are gradually being converted into demands.

  The guests now hope to obtain a value that exceeds the price charged. The good news is that advanced data analytics will assist hospitality businesses in this regard.

Gathering qualitative and quantitative data, as well as using analytics to detect repeating patterns, allows the company to be the first to understand and meet consumer needs. Using first-hand data to achieve a competitive edge by knowing consumers better than any other business in the industry is a powerful weapon. This effectively leads to high-quality customer experience.

However, what types of data are you incorporating is a critical issue that should not be overlooked. When opposed to companies that only incorporate Big Data, hospitality businesses that use Big and Dark Data analytics have the ability to find and see much more possibilities on how to please their clients.

- *Resolution:* It is difficult to transform negative experiences into constructive ones. Turning things around in hospitality is becoming more difficult, as visitors are more demanding and critical than ever.

  Using artificial intelligence to provide high-quality customer support, on the other hand, will benefit companies in this regard.

  For example, if there is a problem with the room appliances (AC, TV, lights, bed, etc.), automated, and smart CS would enable guests to report those problems with a few clicks and receive prompt assistance. Such advanced analytics allow hospitality businesses to make the most of their customer support services and provide intelligent resolutions to issues that arise.

- *Effort and Time*: Minimizing customer effort is directly related to a high level of customer satisfaction in the hospitality industry because customers want to be taken care of and handled in a special and personal way.

  Implementing an IoT network is one way to make the guests' lives easier. The ability to connect the guests' phones to this network allows them to save time and effort while performing everyday tasks such as opening the room door without a key, controlling room temperature even though they are not yet inside, ordering food with a few clicks, reporting a problem quickly, and so on. Having all of those handy features on their phones can help consumers feel at ease and lead to achieving experience excellence.

- *Empathy:* Knowing your individual customers well is important for developing a rapport with them. And learning how to interact

with each client is critical to ensuring customer satisfaction.

Data integration enables you to create detailed consumer personas based on personality and psychological traits that relate directly to your customer groups. This enables the company to anticipate personal preferences and habits, to be responsive to each guest's unique circumstances, and to meet their needs and desires in an appropriate manner. As a result, customer loyalty will skyrocket because guests will feel heard, satisfied, and cared for.

1.2.2. Importance of Service Excellence

Understanding service excellence is the secret to closing this void. Each contact a customer has with a specific brand or company in the hospitality industry should represent a commitment to CS and should address the needs of each client (Figure 1.4).

Figure 1.4. Importance of service excellence.

Source: https://www.slidegeeks.com/pics/dgm/l/i/Importance_Of_Service_Excellence_And_How_To_Achieve_It_Ppt_PowerPoint_Presentation_Complete_Deck_Slide_1-.jpg.

Businesses must concentrate on delivering high-quality service at all times, particularly as digital communication and digital touchpoints begin to replace a growing amount of interactions between brands and consumers. Customers will recall how they felt after and interaction with company representatives even more clearly because there are fewer ways for them to communicate with them.

Service excellence is essential wherever a service is concerned. It is extremely valuable, and the following are the reasons why:

- *Increase the Number of Customers:* The greater the number of customers who use your service, the greater your earnings. As a result, having more customers is advantageous. Service excellence assists you in doing so. It helps you to make a positive impression on your current customers. Customers who are pleased with your service will spread the word.

- *Reduced Negative Reviews:* The success of the service depends on the feedback given by the customers. Positive feedback adds a feather to the service provider's hat, while negative feedback drags the provider's status down. As a result, the service should be outstanding in order to reduce negative reviews.

- *Less Squabbles with Customers:* Customers become agitated when they receive poor service and file grievances. It has the potential to result in significant losses for the company. However, if you regularly offer outstanding service, you would have even less chances of clashing with customers.

- *Earnings Potential:* Aside from the advantages of a good reputation and positive reviews, the tangible benefit of service quality is the profit gained by the business.

- Consumers are willing to pay a higher price for a service that is guaranteed to be of good quality. Furthermore, the consumer network continues to grow, which aids in generating more sales and, as a result, growing income.

- *Marketing and Branding:* The process of creating a brand in the market is known as branding. We've all heard of businesses that have been offering the same services for decades but have remained strong due to service excellence.

- Given the recent economic downturn, the issue of Service Excellence is gaining traction. Becoming more customer-focused and delivering Service Excellence is quickly becoming a major competitive advantage and performance differentiator for both private and public organizations. It assists businesses in gaining clients in today's highly competitive climate, as well as in cost-cutting.

1.2.2.1. Six Steps of Ensuring Excellence in Service

- *Having Vision and Mission Statements***:** Having a vision and mission that each employee understands, owns, and is a part of is essential to providing excellent service.

  Companies that provide outstanding CS provide vision statements that describe what they want to be in the future, as well as mission statements that clarify their motivations and what they stand for.

- *Having a Straightforward Set of Business Objectives:* Successful companies with a strong culture of service quality have clear, simple, and quantifiable business goals that everyone in the company understands. Such businesses have goals that are both development and profit-oriented, as well as service-oriented.

- *Establishing Service Standards:* Service standards are essential for clearly communicating to workers the behaviors, procedures, and behavioral habits that are expected of them in order to ensure consistency in day-to-day performance.

- *Incorporating an Intervention and a Learning Strategy:* Businesses must ensure that their service philosophy (vision, business goals, purpose, and service standards) is interwoven into each aspect of the organization's hierarchical system in order to ensure service excellence.

- *Ensuring Organizational Cohesion:* Top-rated organizations that ensure quality excellence use every contact channel or resource to channel their service philosophy to every level of the company.

  Meetings, posters, wallet cards, bulletin boards, newsletters, and other mediums are used as contact tools in this context.

- *Service Excellence Evaluation:* Finally, in order to monitor service excellence, you must assess success and ensure leadership transparency. You can do this by using simple scoreboards that workers can use to monitor the company's progress in ensuring excellence.

  Service excellence is a wonderful attribute that can lead to fame, popularity, and financial income for the service provider. There are certain skills and abilities that one must master in order to provide excellent service.

  Instilling a culture of service excellence in your company is a journey, a continuous operation, and not a destination in and of

itself. There is no other way or convenient solution for this.

With the six measures outlined above, you will be able to transform your customer experience from average to exceptional, fostering service quality and a loyal customer base.

1.2.3. Factors for Service Excellence

Many product/service companies get more business from current customers than from new customers, and customer loyalty has become the foundation for any organization's business development.

CS is the biggest differentiator in today's dynamic environment. Customers who are pleased with your services will become your supporters, and their positive reviews will assist you in maintaining and expanding your business. If your organization places a high value on CS, you can consider the critical success factors mentioned below:

1. ***Put yourself in the customer's shoes and understand their needs and expectations:*** Putting yourselves in your customers' shoes is the best way to understand their needs and expectations and provide best-in-class service support to them. You must provide your customers with the same level of service, care, and assistance that you would demand from a product/service company if you were their customer.

2. ***Listen to your customers with patience, empathy, and respect for their opinions:*** Companies do not always have the patience to listen to their customers. This occurs when the service support staff is overburdened. However, if service managers assist their service support people in balancing their workload and allowing them to spend quality time with customers and listen to them with patience, empathy, and appreciation for their opinions, the customers would truly feel wanted and cared for. This will also assist us in better understanding and resolving customer problems.

3. ***Be responsive to customer service requests and adhere to service commitments and service level agreements:*** You must be responsive to CS requests and adhere to service commitments and service level agreements. Even if it takes time to fix a problem, you can keep the customer updated about the delay and the revised estimated time for resolution rather than burdening the customer with follow-ups.

4. ***Invest quality time in educating your customers so that they fully appreciate your products/services, make the best use of them, and see market value:*** In many cases, customers only use a small percentage of a company product features and service offerings, mostly because they are unaware of their full potential. The best approach is to spend quality time educating your consumers by showcasing all of the capabilities of your products/services and assisting them in making the best use of them while still seeing business value (e.g., cost savings, employee productivity, return on investment (ROI)). This would lead to customer satisfaction.

5. ***View customer concerns as opportunities for change rather than problems:*** Customers have their own jobs to do, and they do not have time to keep complaining to you. If you accept this fundamental truth, you will begin to view each concern as an opportunity to enhance your products and services. Many times, you learn about a particular flaw in a product/service or a new feature concept from end-users, who use it on a daily basis.

6. ***Communicate with your clients and when there is no problem to demonstrate that you remember and care for them:*** Most of the time, we just speak to our customers when they have a concern. Instead, make it a point to speak with your customers on a regular basis, even if there is no problem, and ask them if all is well. This will be a fun surprise for them and will enable you to demonstrate that you really care for them, which will increase their loyalty to your organization.

7. ***Ensure uniform customer service experience across all access channels:*** The user experience must be uniform and consistent regardless of which access channel the customer uses to contact your company for service support. Customers will enjoy a user-friendly and customized experience when interacting with your company through various access platforms, from anywhere, at any time. Organizations will enable this by implementing the appropriate collection of technology and business processes.

8. ***Charge a fair price for your AMC services and additional services:*** Some product/service providers attempt to compensate for the low initial order value by charging a higher AMC (annual maintenance contract) renewal fee and charging a higher price for spares and supplementary services. They do this under the

assumption that their current consumers are reliant on them. However, in today's competitive environment, consumers will eventually tire of this strategy and migrate to your competitors.

9. ***Collect customer feedback on a regular basis and work on it continuously:*** To ensure customer loyalty, you must collect feedback on a regular basis from your customers and work on areas of improvement while maintaining your strengths in providing CS support.

10. ***Include your customers in the evolution of the customer service support plan:*** We see customers becoming interested in the product strategy of the business. Similarly, including them in the analysis and improvement of your CS plan would go a long way toward meeting or exceeding their standards.

11. ***Treat all customers equally and evolve alongside them as partners:*** We occasionally see product/service companies treat their customers differently depending on their volume of business. However, we must keep in mind that our small customers can gradually expand to medium and large customers over time. So, treat them equally, be their partner, assist them in growing by making the best use of your products/services, and grow alongside them.

12. ***The support personnel are just as relevant as the sales and marketing personnel:*** In certain companies, the marketing and sales roles are prioritized above the service role. Instead, the CS role and people must be handled equally, as essential as the marketing and sales functions, as they are the foundations for providing effective CS support.

    Significant investments must be made on an ongoing basis to train CS team members in their areas of work on technology, domain, functional, behavioral, and other necessary skills.

13. ***Encourage and mentor your service support team members to become customer advocates:*** Service managers and supervisors should encourage and mentor their service support team members to become customer advocates. Enable them to speak on behalf of the consumers because they are on the ground, in direct contact with the end customers, and are intimately familiar with their needs and problems. This will significantly boost the customer relationship and their level of satisfaction.

14. ***Recognize that, in the end, we are interacting with individuals (our customers' contact persons):*** We are dealing with people, whether they are individuals or groups of people, who need to be handled with the utmost respect and care, whether they are consumers or organizations who use our goods and services.

15. ***Make your customers proud of your goods and services:*** The organization's goal is to make its customers proud to use its products/services. This can occur as they like their goods and services and begin to recognize their true worth and advantages through personal experience.

1.2.4. Service Excellence and Technology

Most organizations embark on ambitious projects of re-engineering their internal processes and run costly projects only to discover that the results have little effect on the bottom line or the markets. Any transition made by the Organization should have an effect on its consumers and markets and should be measurable in terms of increased revenue and market share or other observable criteria. On the other hand, if the re-engineering exercise came as a result of a review and realignment of the company's product mix and value proposition to its clients, such projects would be highly successful in achieving the desired results and impacting the business.

Today, organizations spend a lot of time and effort understanding markets, analyzing patterns, especially with regard to consumer expectations, in order to be two steps ahead of the customer's expectations. Such organizations have a built-in culture and outlook, as well as a marketing discipline, which keeps them focused on the customer and the market at large.

While we must accept that pricing is a major component of the market's value and product offering, we must also admit that there are several other factors that have become primary factors distinguishing the product offering from rivals. Time and service are two other big factors that are increasingly influencing the scene today. Because of the transition in telecommunications, technology, and the internet, consumer demands and the possibility of augmenting the service delivery experience have driven businesses to invest in using cutting-edge technology to enhance their product and service offerings (Figure 1.5).

Figure 1.5. Use of RFID in customer service.

Source: https://th.bing.com/th/id/OIP.TCMYUtKGvSfT6OMoEKdlugHaE8?pid=ImgDet&rs=1.

Customers today can expect to check-in to a hotel in a matter of minutes, without having to fill out paperwork or take the time to write down their personal information. Software handles the storage of your personal information, and it has also sped up the process of checking in. Supermarkets, on the other hand, have invested in express counters and RFID to make tagging and invoicing simpler, saving customers time. The ease of shopping and the ability to save time have been identified as important factors in attracting many loyal customers to the same shopping center and stores on a regular basis. It is insufficient for the supermarket to invest in technology for invoicing or to set up express counters. The remaining processes of stocking, inventory maintenance, repair, and hiring, among others, would need to be re-engineered in accordance with the service delivery process to ensure that the entire business process runs smoothly while the consumer benefits from improved convenience and a higher value proposition.

Consider the courier and freight business. For a long time, companies like FedEx and DHL have dominated global markets. Although they have kept their prices competitive, they have increasingly concentrated on increasing the value and standard of service that they offer. Customers today are unable to wait for Proof of Delivery, which they insist should be given immediately. Although it used to take anywhere from 24–48 hours for companies to procure the actual physical POD document and upload it to their website for

customers to search, technological advancement and investment has resulted in delivery personnel carrying handheld scanners for obtaining customers signatures, which is saved and immediately modified as Proof of Delivery. However, it is important to note that the Companies have not benefited solely from offering this updated functionality. Investments in this technology field may have been important. Along with POD confirmation, the organizations have had to ensure that they increase their network delivery and coverage points, extend operations in emerging markets such as China, and most importantly, provide faultless service of pick up, link, and on-time delivery.

These organizations have had to strengthen their internal processes in order to ensure zero-defect service delivery, freight connectivity, and error-free delivery. Service reliability has become the norm for these companies, and they continue to strive to maintain and excel in this chosen area, while creating and maintaining their market leadership through service and value differentiation, and using these factors to drive operational efficiencies and re-engineering the entire operations to meet the value propositions that it has set for itself.

1.3. EXCELLENT SERVICE QUALITY

In a highly competitive marketplace, service quality has become one of the most critical factors for achieving a sustainable competitive edge and customers' trust, and therefore service quality will provide the hospitality industry with a great opportunity to build competitive differentiation for organizations. As a result, it is regarded as an important central principle and a critical success factor in the hospitality industry. A good hotel provides outstanding quality service to its guests, and service quality is regarded as the hotel's lifeblood.

The three dimensions of service quality are physical facilities, personnel, and materials. It is further subdivided into two categories: functional quality and technical quality. According to a similar viewpoint, service quality has three dimensions: functional quality, environment, and technical quality. Another method confirmed that there are five dimensions of service quality: assurance, reliability, empathy, tangibility, and responsiveness (Figure 1.6).

Customer satisfaction refers to an individual's internal feelings of satisfaction or dissatisfaction as a consequence of an organization's evaluation of services given to an individual in relation to the customer's expectations. Hotels are constantly striving to enhance their service in order

to please their customers, as higher customer satisfaction contributes to increased customer loyalty.

Figure 1.6. Excellent service quality.

Source: https://image.slidesharecdn.com/servicequality-160309211439/95/service-quality-27-638.jpg?cb=1457558117.

The expectancy disconfirmation theory is the most important concept of customer satisfaction that is accepted all over the world. Oliver proposed this theory, claiming that the satisfaction stage is the product of the distinction between expected and supposed results. Satisfaction would be positive when the actual level of services or goods is higher than expected (positive disconfirmation), and negative when the product or service level is lower than expected (negative disconfirmation).

It is a combination of two words, Service, and Quality, emphasizing the availability of high-quality services to end-users. The word quality refers to the standard or specification that a service producing company promises. We cannot have a hard and fast rule for quality. The sky is the limit in terms of quality generation. Scientific inventions and technologies pave the way for the production of high-quality goods.

Service producing organizations, including product manufacturing organizations, are found to be influential in encouraging research and

developing something different that distinguishes the services, schemes from competitors, and generates lucrative business opportunities to build on. Against this backdrop, the process of innovation is more prevalent in developing countries.

Because users who have tasted the sweetness of world-class services expect the same from other organizations, the created quality shapes the boundary of expectations. Expectations create opportunities for satisfaction or dissatisfaction. If we succeed in meeting users' expectations, they will be satisfied, and satisfaction will pave the way for us to increase our market share.

It is correct to state that service quality satisfaction is the result of resources and activities expanded to provide service in accordance with user expectations. It is also believed that service quality can be divided into two categories: technical quality and functional quality.

In order to improve the levels of service quality that we provide. The organizations that provide services must identify the causes of growing user dissatisfaction and implement appropriate measures (technical or functional) to alleviate it.

The technical measures focus our attention on technological inventions and innovations that help to improve service quality. It focuses on the use of technology or prefers to provide a service that is technology-driven. The functional measures focus our attention on improving the quality of services provided by employees, which paves the way for a working style, work culture, the formulation of a profitable package, and employee behavioral profiles, among other things.

The frequency of technological innovations in relation to the growing influence of high-performer employees results in technology-driven and user-friendly service of a new quality.

Employee functional quality can be improved by putting a strong emphasis on areas like attitudes, service-mindedness, accessibility, interpersonal relations, appearance, and commitment. It is correct to state that low service quality or service failures are not built into the framework by the senior management's selection.

The facts mentioned above demonstrate that the definition of service quality is constantly changing, with the governing factors being the use of new-age technology, the growth of quality people, and an attitude change in boardrooms.

1.3.1. Meaning of Service Quality

Service quality is commonly regarded as the performance of the service delivery system, especially in pure service systems. Furthermore, service quality is related to customer satisfaction.

Although the research community is divided on the path of causality between quality and satisfaction, the general belief is that service quality contributes to happy customers.

Customers leaving a restaurant or hotel, for example, are asked if they were pleased with the service they got. If they say "no," one is inclined to believe that the service was poor.

Direct service providers, such as waitresses, often observe that even the best service initiatives are sometimes questioned because the customer's expectations of the service are clouded by being in a bad mood or having a conflict with someone right before arriving at the restaurant.

These service providers understand that, in reality, the impact of service quality on customer satisfaction is influenced by other factors, one of which is the customer's physical and psychological state.

Over the last 15 years, there has been a significant increase in the scope and depth of research on service quality. The subject has piqued the attention of managers and researchers due to the significant impact consumer expectations of service quality have on customer satisfaction and loyalty, as well as brand equity (Figure 1.7).

Figure 1.7. Service quality analysis has now attained genuinely global scale and importance, attracting contributions from academics from a variety of disciplines.

Source: https://i.ytimg.com/vi/Gxf6UfF5PpY/maxresdefault.jpg.

Despite a variety of methodological problems, the majority of research has been heavily influenced by the conceptual model of service quality introduced by Parasuraman et al. and later operationalized and refined by the same authors.

This articulation of the service quality construct and its related SERVQUAL metric has spawned hundreds of studies all over the world, with more than 70% of them originating from countries other than the United States. It has added to a rich empirical record that has yet to be synthesized using meta-analytic techniques.

The study is the result of a lengthy project that started with the collection of over 500 papers on service quality. Two researchers coded the papers, which were then included in a meta-analysis if they contained any of the following matrices: mean levels of customer standards, performance perceptions, or gaps between expectations and actual perceptions, correlations connecting service quality to other related constructs, inter-correlations among the five SERVQUAL dimensions, or consumers' importance ratings.

1.3.1.1. Service Quality-Definitions

At least four viewpoints have been used to define service quality:

1. *Excellence:* While it is a sign of a hardworking student and high achievement, the characteristics of excellence can change radically and quickly. Excellence is frequently characterized from the outside.

2. *Value:* It includes a variety of attributes, but quality and value are distinct concepts, with one emphasizing achieving or exceeding standards and the other emphasizing profit to the user.

3. *Conformance to Specifications:* It enables precise measurement, but customers of a service may not care or know about internal specifications.

4. *Meeting and/or Exceeding Expectations:* While this concept is broad and extends to all service sectors, expectations vary and may be influenced by previous interactions with other service providers.

   The majority of marketers and researchers have focused on the last point. The Gaps Model of Service Quality illustrates this viewpoint and provides a structure for service organizations to classify services in the form of gaps that surpass (or fail to meet) customers' standards.

1.3.2. Service Quality-Characteristics and Objectives

The following are the primary characteristics of service quality:

- Clients are an active participant in the process, bringing with them experiences and desires that become part of their relationship with you.

- Unlike a produced product, which can be manufactured, tested, and controlled for quality before being delivered to the customer, service quality cannot be inspected before delivery.

- Since clients are directly involved in the transaction, they are concerned with both the transaction's output or consequence and the mechanism for achieving the outcome.

- In a manufacturing environment, minimizing variance is essential to producing high-quality products. Satisfying clients in service delivery is dependent not on removing variation, but rather on tailoring service delivery to the specific circumstances of each transaction. The key to providing quality service is to consistently apply those values rather than providing the same response to each transaction.

- Client satisfaction is a personal thing. It is made up of two key ingredients-expectations and perceptions of delivery. Clients have different aspirations based on their personal experiences and needs. They each have their own interpretation of what they were given. Any discrepancy between what they planned and what they received would have an effect on their satisfaction.

1.3.2.1. Objectives of Service Quality

The topic of service quality has recently piqued the interest of both business people and academics. Buyers have always been fascinated with quality, but the increasingly competitive market for many services has led customers to become more selective in the services they choose. Quality is more difficult to conceptualize in the context of services than it is in the context of products. Measuring service quality can be challenging due to the lack of concrete manifestations, but there are potential research approaches.

Comprehensive models of service efficiency, as well as their drawbacks, can be investigated. Understanding what quality dimensions are essential to customers in their assessment process is not always simple. It is not enough for businesses to set quality levels based on erroneous assumptions about

consumer preferences. Another issue with determining service quality is the value that consumers often place on quality if the service provider is distinct from its service offerings-the two cannot be easily differentiated as in the case of products. Finally, questions concerning the establishment of quality standards and the application of quality management should be investigated.

1.3.3. Important Dimensions of Service Quality

Service quality is a perception of the customer. Customers, however, form views about service quality not from a single source, but from a variety of contributing factors Service marketers must consider all of the dimensions that consumers use to assess service quality.

In his article 'Competing on the Eight Dimensions of Quality,' David Garvin defined the eight dimensions of quality that apply to both goods and services.

Performance, features, dependability, conformance, durability, serviceability, esthetics, perceived quality, or reputation are some examples.

In a refinement of their earlier factor recognition, Parasuram, Zeithmal, and Berry have defined the following five service quality dimensions as critical (Figure 1.8):
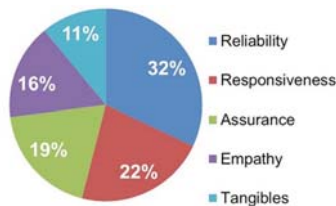
Figure 1.8. Five dimensions of service quality.

1.   *1ˢᵗ Dimension: Reliability:* This dimension has been shown to have the greatest impact on consumer understanding of quality. It is the capacity to provide the promised service consistently and reliably. For example, Sahara Airlines, an upcoming domestic airline in India, has been working hard to establish itself as a dependable airline. It aspires to distinguish itself from other airlines such as Indian Airlines. To protect this dependability, Sahara Airways offers a full refund plus a $.25 coupon to any passenger who misses a flight by more than 59 minutes.

When a service provider fails the first time, he or she might be given a second opportunity to offer the same service during the 'Recovery' process. Because of the initial loss, the customer's expectations are normally higher during the recovery process than before. As a result, the service provider is likely to face increased scrutiny, raising the likelihood of customer dissatisfaction. The reliability dimension, which ensures on-time delivery time after time, assists the service provider in completely meeting customer standards at the lowest level of service expectation.

2.   *2nd Dimension: Responsiveness:* It is the ability of the service firm's employees to assist customers and provide timely service. Customers may have questions, special requests, concerns, and so on. In reality, each customer can have his or her own set of issues. While the front-end employee may have been trained or equipped to provide structured services, consumers expect them to go above and beyond. Responsiveness is described as the willingness to assist the customer or to go the extra mile.

As an example, a customer inquiry with room service about packing a Jain lunch. It is not the hotel's standard policy to prepare such specialized and personalized meals. However, the client, who is very devout, would appreciate it if the hotel could pack it for him to bring and eat. This can put a strain on the kitchen. However, if the hotel agrees to provide the meal, it can be rewarded in two ways. The customer would be very happy with the service and would almost certainly recommend the hotel to his friends and associates.

Furthermore, the hotel could charge a surcharge commensurate with the extra effort. He is unlikely to object to paying more. The second element of responsiveness is the ability to react quickly to a customer request. Customers typically lose interest when responses are delayed. On the phone, several sales representatives say, 'I will call you later.' The phone call was never answered. The customer draws his or her own opinion about the level of service he or she expects to offer in the future.

3.   *3rd Dimension Assurance:* It is described as the company's ability to instill trust and confidence in its service delivery. It refers to the employees' knowledge and courtesy, as well as their ability to instill trust and confidence in the customer towards to company.

This dimension is considered critical for high-risk programs because consumers might not be able to assess all of the risks involved in the process.

Medical services involving complex uncommon procedures, sales/purchase of financial instruments, investment concerns, legal affairs, and so on, all necessitate this service quality dimension. There are property developers/builders who provide prospective buyers with a list of previous buyers of flats or apartments.

Most buyers' technological skills extend beyond the assessment of construction services. Prospective customers, on the other hand, are free to contact previous customers. Prospective customers gain trust and grow a more optimistic attitude about the business after hearing positive feedback from them about the company and its satisfactory delivery.

4.   ***4th Dimension: Empathy:*** It refers to the loving, personalized attention that the service company gives to each customer. When a service provider puts himself in the shoes of the customer, he may gain a better understanding of the customer's point of view. Customers can be satisfied if they believe the provider is making every effort to understand their point of view.

For example, a lady customer with a small child arrives at the check-in counter slightly late and requests a seat along the aisle and near the toilet.

Even if all such seats are already taken, the agent and the airline may make an extra effort to request another passenger to swap seats in order to meet the customer's demand. The lady passenger would be overjoyed if her request could be honored despite the last-minute check-in, and even if she does not, she would be thankful for their efforts.

5.   ***5th Dimension: Tangibles:*** It refers to the physical structures, appliances, and presence of the employees of a service company. The role of tangible and physical proof of a service is multifaceted. When a patient in a clinic's waiting room sees the doctor's certificate, he is made aware of the level of care he is about to get.

Patients and their accompanying relatives or friends would be impressed if a dental clinic provides them with clean rubber boots and freshly laundered bibs or coats prior to the actual operation. A dentist in a spotless white coat would definitely inspire them

even more. Tangibles show the consumer that the service is of high quality.

1.3.4. Important Attributes of Service Quality

The process used to evaluate products varies from the process used by customers to evaluate services. Goods have a high quest quality, while facilities have a high recognized quality and experience (Figure 1.9):

Figure 1.9. Attributes of service quality.

1. *Search Qualities:* These are characteristics that customers may assess before buying a service or product. Color, style, fit, feel, smell, and price are all included in the search qualities. Some items, such as shoes, denim, washing machines, and automobiles, have high search qualities.

     Raw materials, component parts, and office supplies (business goods) are also common search terms. Since they are high in search qualities, consumers can easily determine the quality of products prior to purchase.

2. *Experience Qualities:* Consumers may only measure experience values during or after the consumption process. Food, catering facilities, dinners, entertainment, and cosmetic surgery are all services with a high level of experience. Lawn services, courier services, and other services with extensive experience fall under

the category of business services. Evaluation occurs either after the service has been consumed or when it is in the process of being consumed. A meal at a restaurant, for example, may only be measured after it has been consumed, not before.

3. ***Credence Qualities:*** Consumers have trouble measuring credibility values even after they have finished their intake. Consumer services with a high level of credibility include accountant services, funeral services, schooling, and veterinary care.

    Financial advice and advertisement services are two examples from the business sector. Few customers have the medical or tax expertise to determine whether or not the service provider conducted the service correctly. The same is true for a company attempting to assess consulting or advertising services. Clearly, assessing services with high credibility values is challenging.

1.3.5. Service Quality-Steps That Lead to a Better Management of Service Quality Delivered to the Customers

Today, service quality is critical for any service organization. This is due, in part, to global competition and the large number of players in the service sector today. One example of a service gap is seen in the airline industry. Customers may also have to wait and, in some cases, may not be served at all if forecasts are incorrect, such as when airlines overbook the number of seats available on a flight.

In such situations, victims of overbooking can be compensated for their inconvenience. To reduce the number of no-shows, certain businesses (for example, hotels, airlines, conferences/training programs, and theaters) charge customers who do not turn up or cancel their reservations within a certain time period.

However, the following measures could lead to better management of service quality provided to customers:

1. ***Distinguish Waiting Customers:*** Not all customers must wait the same amount of time for service. Some organizations discriminate among customers based on need or customer priority, allowing some to have shorter wait times for service than others.

    This type of distinction, known as "queue discipline," represents management policies on who to pick next for service. First-come,

first-served is the most common discipline. The laws, however, may apply.

Differentiation may be based on a variety of variables, including:

i. **Importance of the Customer:** Customers who are frequent or spend a lot of money with the company will be granted priority service by providing them with a special waiting area or segregated lines.

ii. **Urgency of the Job:** Customers with the most pressing needs may be served first. This is the technique used in emergency medical treatment. It is also the tactic employed by maintenance services such as air conditioning repair, which prioritizes customers whose air conditioning is not working over those who request routine maintenance.

iii. **Duration of the Service Transaction:** In several cases, shorter service jobs are given priority through "express lanes." If a service provider notices that a transaction will take longer than anticipated, the client is referred to a special-needs provider who only works with these clients.

iv. **Payment of a Premium Price:** Customers who pay a premium (for example, first-class on an airline) are often granted preferential access to different check-in lines or express systems.

2. *Make Waiting Fun, or At Least Tolerable:* And if they have to wait, customers will be more or less satisfied depending on how the company handles the wait. Of course, the duration of the wait would have an impact on how customers feel about their service experience. However, it is not only the amount of time spent waiting that affects customer satisfaction; it is also how consumers feel about the wait and their expectations during it.

David Maister suggests several principles about waiting in a classic article titled "The Psychology of Waiting Lines," each of which has ramifications about how organizations can make waiting more pleasurable, or at least tolerable:

i. **Unoccupied Time Feels Longer than Occupied Time:** Customers who are unoccupied are more likely to be bored and to feel the passing of time than

those who have something else to do. Supplying something for waiting customers to do, especially if the activity provides a benefit in and of itself or is connected to the service in some way, may enhance the customer's experience and can benefit the organization as well. According to research conducted in the airline industry, as customers' uncertainty about the wait grows, they become more frustrated, and their frustration leads to increased dissatisfaction.

According to research, providing customers with information on the duration of the expected wait and/or their relative location in the queue will result in more positive feelings and appreciation of the wait, as well as a more positive assessment of the service.

ii.   **Unexplained Waits are longer than Explained Waits:** When people understand why they are waiting, they often have more patience and are less nervous, especially when the wait is justified. Being given an overview will minimize customer anxiety and enable them to make a ballpark calculation of how long they will be delayed. Customers who do not know why they are waiting start to feel powerless and annoyed.

iii.   **Inequitable Wait Times are longer than Equitable Wait Times:** When consumers believe they are waiting while those who came after them have already been served, the perceived inequity lengthens the wait. This is common when there is no clear order in the waiting area and a large number of customers are attempting to be served. Queuing schemes that operate on a first-come, first-served basis is the most effective at combating perceived unfairness.

However, as previously said, there could be reasons to use other methods in deciding who will be served next. In an emergency medical treatment scenario, for example, the most critically ill or wounded patients will be treated first.

Fairness of waiting time should not be a problem if customers grasp the priorities and the rules are clearly articulated and followed.

1.3.6. Service Quality-Methods to Monitor Service Quality

Organizations should constantly track their service quality in addition to using quality control methods and implementing service quality enhancement strategies. This will assist management in ensuring that customers enjoy the level of service that their company wants to provide.

The following approaches can be used by management to track service quality:

1. ***Carry out Customer Surveys:*** CS should be conducted on a daily basis by service agencies in order to determine if consumers have any problems with the service provided or with service staff. Customers should be issued questionnaires to solicit their feedback and rate the standard of service provided by the company. Additionally, attempts should be made to investigate the factors that are causing any discontent.

   Mystery shoppers, or analysts who pose as customers and visit service outlets, may also be used to detect service quality issues. These researchers pay close attention to how the service is distributed and how consumers respond to it. They find any shortcomings in the service processes. The management will then take the appropriate steps to correct the deficiencies.

2. ***Keep an Eye on Customer Feedback:*** Managers should pay close attention to customer reviews, whether it be in the form of complaints, suggestions, or even compliments. In the event of a complaint, management should strive to identify the root causes of the issue and avoid it from occurring. If a customer makes a proposal, management should consider it, discuss it with employees to determine its viability and applicability, and enforce the ones that are useful and feasible.

   If customers praise service staff, management should compensate them in order to allow them to continue providing quality service.

3. ***Examine Service Blueprints and the Problem-Tracking System:*** The service blueprints should be reviewed on a regular basis by management in order to recognize any issues that might arise. If applicable, management should modify the monitoring and

problem-tracking procedures. Service blueprinting is the method of depicting the entire service process in the form of a picture/diagram in order to ensure that all service process measures are protected.

A service manager will measure the efficacy of the service on paper since the service blueprint contains information on every single event and operation involved in the service. He has the ability to change the operation process prior to implementing the standard testing procedures (like test marketing, etc.). Improving service quality is not an easy or straightforward job.

Service quality can be improved by focusing on the following areas:

- Identifying primary quality determinants;
- Managing customer expectations;
- Managing evidence;
- Educating customers about the service;
- Designing a quality culture;
- Automating quality;
- Following-up on the service quality information system;
- Employing benchmarking wherever possible; and
- Keeping track of internal costs, external costs, and quality maintenance costs.

Nowadays, marketing is a difficult concept to grasp. Since much of the field has been combined with sales, what was once a field of analysis and research has now devolved into generalities? Marketing does not provide sales research, and sales do not merely provide information for marketing. CS is the group that has suffered as a result of this critical business development.

1.3.7. Service Quality-Measurement and Control

To rate or decide the level to which a service or the business as a whole meets customer expectations and draw a conclusion about service quality, the first step is to establish a norm against which service performance can be compared. Goal setting may be the first step in the process of identifying standards.

There are examples of objective criteria that have been placed in place to assess what could be considered "difficult to measure."

1.3.7.1. Company-Defined Standards of Service Delivery

In certain cases, businesses tend to set their own service delivery requirements. These are normally set within the limits of the company's capacity to carry them out. According to the service provider, this is the industry norm of distribution that is commonly prevalent or appropriate.

When a service provider is dealing with a large number of retail clients, the issue of setting standards becomes more severe. Even the establishment of internally developed standards, in certain respects, enables the service provider in self-evaluation and employee motivation.

However, in these two cases, requirements were established after considering the organizations and its employees' ability to provide the service, and generous allowances were made for the possibility of delay.

If a service provider does not know what consumers want, a discrepancy between consumer expectation and delivery experience exists. As a result, it is critical to inquire about the time span that the consumer considers suitable at the current level of rates or compensations. This level of expectation that consumers have in their minds varies over time. As a result, when customers equate the company's standards to those of a competitor, their service expectations change.

1.3.7.2. Customer-Specific Standards

It is important to establish criteria that meet the needs of customers. Setting criteria will include conducting a survey of current and prospective customers to learn about their preferences. In the case of a retail bank attempting to determine its operating standards, it can perform a questionnaire-based survey of established customers.

When consumers are given the option of either using automation technology or personal delivery, their preferences become apparent. Furthermore, it is often helpful to know whether consumers are prepared to pay for an enhancement in service quality because, typically, the service provider has to update facilities or raise staff strength, etc., to deliver the service to the required level.

The single most important aspect that will provide the service provider with the necessary platform on which to base quality standards is the calculation of customer expectations. There are two kinds of quality standards: hard standards and soft standards. Customers may have a 'hard' quality in mind if a courier company has regularly advertised and promised

overnight delivery within a nation. For example, they anticipate making the delivery by 12 noon and no later than 3 p.m. the following day. The day and time of delivery are hard standards with no space for negotiation or flexibility. Customers will consider the service substandard if it is not delivered within this time frame and can even claim a refund or reimbursement if it is not delivered within this time frame.

In contrast, the Post and Telegraph Department does not establish any standards for the distribution of ordinary mail (at least publicly). As a result, if there is a standard of service delivery, it might be as vague as soon as possible' or 'at most within a week,' and so on. The customer's expectation is very variable and possibly unspecific in this case. This is the 'soft' service quality level.

If the expectations are 'tough,' the degree of disappointment is naturally higher. In contrast, satisfaction levels are perceptibly higher when service delivery meets 'hard' expectations rather than 'soft' standards.

1.3.7.3. Comparisons

The term "benchmark" comes from the practice of land surveyors taking measurements of the surrounding land using a local reference or norm. Thus, benchmarking is desired when absolute criteria for quality measurement do not exist or when competition among various service providers requires that the service provider adhere to market or competition norms in order to survive.

Former Xerox Corporation CEO David Kearns described benchmarking as the "continuous process of comparing products, services, and practices against the toughest rivals or those companies recognized as market leaders." Continuous, toughest competitors, and market leaders are the main words here.

Standards must be developed to match or surpass those of market leaders or competitors. It is pointless to compare ourselves to the industry's laggards or strugglers. Then we can just fool ourselves into thinking we were competitive. Furthermore, since quality levels in goods and services are not static, the benchmarking process must be continuous.

For example, customers once considered Bajaj scooters to be of the highest quality due to their dependability. Today's two-wheeler market is flooded with motorcycles that provide faultless service with minimal maintenance and are regarded as being of extremely high quality by customers.

As a result of competition, the quality perception of Bajaj scooters has suffered. Similarly, as competition, including from WLL service providers, has increased, so have demands for the quality of mobile telephony services.

It is therefore in the service provider's best interest to conduct a periodic and frequent survey of competing firms' offerings and to follow the criteria that are critical for customers' high-quality perception. Internalization of the criteria requires getting them to the attention of both front-end and back-end staff.

It is a good idea to formally establish such expectations for employees and even post them prominently in the service setting to make both customers and employees aware of them.

The factors that contribute to quality perception which differ from one industry to the next, so each industry must recognize the particular factors that may contribute to this industry.

As a result, an industry-wide norm that evaluates the output of each participant in the process can be established.

For example, mobile telephony services in India would benefit from comparing themselves along service dimensions such as:

- Signal strength within the covered geographic area;
- The message's clarity;
- The frequency with which calls fail;
- The time it takes for the SMS to be delivered;
- Billing accuracy;
- The actual time elapsed between the physical issuance of bills and the due date for payment;
- Bill settlement accuracy.

1.3.7.4. Complaints Solicitation and Analysis

The customer perception of service failure and the company perception of service failure may be quite different. Therefore, complaints solicitation and analysis on an ongoing basis will enable the company to understand frequent and persistent service failures better.

It is for this reason that successful airlines such as Jet Airways solicit feedback at the end of each flight. They make a public announcement on the aircraft PA system to make the customers aware of the presence of the feedback or complaints form in the seat pockets in front of them. They

request the customers to drop the feedback forms in the boxes placed in the terminal or the Jet Airways counters.

The solicitation of the complaints serves many purposes:

- At the most fundamental level, it convinces the customer that the service provider values individual customer opinions. A customer is no longer a nameless entity but an important part of the family. This contributes to the self-esteem of the customer.

- It has a positive influence on the service delivery employees or the agency entrusted with it. For example, the Railway catering service in India is not known for either variety or quality of the food or beverages. To most travelers, it is a necessary evil in the system. In addition, individual customers feel powerless to do anything about the poor service. However, when a passenger asks for a complaint book from the restaurant or dining car manager, the employees would almost go to any extent to avoid lodgment of formal complaint. The service provider may decide to provide extra-special service to avoid a formal lodgment of the complaint.

- The nature of complaints and the frequency of the same complaint would enable the service provider to note the frequent service failures. It would also enable him to learn about the standards of service delivery demanded by the customers.

It is not that the service failure or lack of quality perception is only due to the front-end employee's failure. Many a time, a system failure leads to customer complaints. Due to the rules of the service provision, the employees may be even powerless to help the recipient customer.

Despite the complaint solicitation, it has been observed that only 4% of the dissatisfied customers actually complain about it. Thus, the extent of the problems could be much bigger and more serious than what apparently meets the eye. In addition, the dissatisfied customers who have not made a complaint may still narrate the unsatisfactory experience to many other potential or current customers. This causes a double loss to the service provider.

1.3.7.5. Lost Customer Analysis

A customer who has used the service before but decided to shift or actually shifted to another service provider in preference to the original provider is said to be a 'lost customer.' Thus, the customer could be lost temporarily or permanently.

The reasons for customer loss may be:

- Geographic movement away from the service provision location;
- Persistent inferior service quality falling below the adequate level of service;
- Poor value proposition;
- Inadequate features of the service.

The challenges for the service provider arising from lost customer analysis are twofold:

- Not many customers would like to announce in advance that they are planning to quit the service. Some may decide to switch suddenly. Since the absence of the customer is not immediately felt, by the time an attempt is made to contact the lost customer, it may be too late to do anything about bringing him back.
- The veracity and seriousness of the lost customer's feedback is open to different interpretations. After having stopped using the service, customers may give feedback that may not include the main reason for quitting the service in the first place.

Despite these limitations, the technique does provide valuable data and insights into the quality standards and service delivery process in line with the designed quality standards of delivery.

1.3.7.6. Critical Incident Study

The critical incident study technique is used to improve customer care. It is relatively simple and cost-effective for implementation. A critical incident is a defining, special, problematic, unpleasant, or even delicate incident which affects the customer perception of the quality of a service.

The advantage of this technique is that it enables both the customer and the service providers to put their fingers on something concrete, for it indicates the service perception to the customers. In an otherwise unremarkable service delivery scenario, both the high and low points of service delivery are straddled by critical incidents. A critical incident may be the final trigger that crystallizes the customer perception of service.

Service providers may actively seek details of critical incidents from the customers. For example, a number of hotels would provide extra space in a routine feedback or guest satisfaction form and urge the customers to report noteworthy incidents.

It has been noted by a number of service providers that in 80 to 90% of the cases, mere recognition by the service provider of the customer's predicament and an overdue apology are quite sufficient to make the customer dissatisfaction evaporate.

However, the critical incidents need to be taken seriously because amongst those who have been dissatisfied with the service, merely 4% to 5% actually decide to report it. Thus, incidents that are reported are merely the 'tips of the iceberg,' with over 95% of the mass hidden underneath. Therefore, each of these needs to be taken seriously. The front-end staff of the service provider may also be asked to report critical incidents.

The reasons for the failure need to be looked into to prevent recurrence of such incidents that generate a tremendous amount of dissatisfaction. Similarly, the pleasant incidents can serve as a guide to other employees and form the backbone of future service.

The critical incident study can also point the way towards the following:

1.   *Recovery:* It is the process by which the delivery that was missed or not appropriate the first time can be corrected the second time around, thereby regaining the confidence of the customers.

2.   *Reconciliation with the Customers:* A number of times, customers continue to remain annoyed despite being offered the recovery services. In such instances, it may be essential to provide some conciliatory offering as a compensation for the hardship suffered by the customer as a result of the critical incident.

This may include a discount offer, offer for a free repeat service, membership of a loyalty program, or even financial compensation.

The very fact that the management makes an effort to compensate them indicates a level of recognition and commitment to the customer. It gives him or her immense psychological satisfaction, and the customer may report it in a much more positive light to friends or acquaintances.

1.3.8. Models of Service Quality

For various concepts such as service quality, customer satisfaction, customer perceptions, expectations, and loyalty, different measurement parameters are needed. When evaluating these principles, they will need to use a variety of measuring scales, as well as a wide range of beliefs, attitudes, and behavior.

SERVQUAL, SERVPERF, Critical Incidents Technique, observation surveys, focus group discussions, and in-depth interviews are some current

approaches for assessing consumer preferences and attitudes, and these methods are evaluated in terms of their importance and appropriateness for services marketing in various contexts.

1.3.8.1. The Gap Model

The gap model of service quality is a blueprint which can help in understanding customer satisfaction. The model depicts the five big satisfaction gaps that businesses must overcome in order to fulfill customer expectations. Parasuraman et al. created a conceptual model of service quality in which they defined five gaps that could influence consumers' evaluations of service quality in four different industries (Figure 1.10):

- Retail banking;
- Credit cards;
- Securities brokerage; and
- Product repair and maintenance.
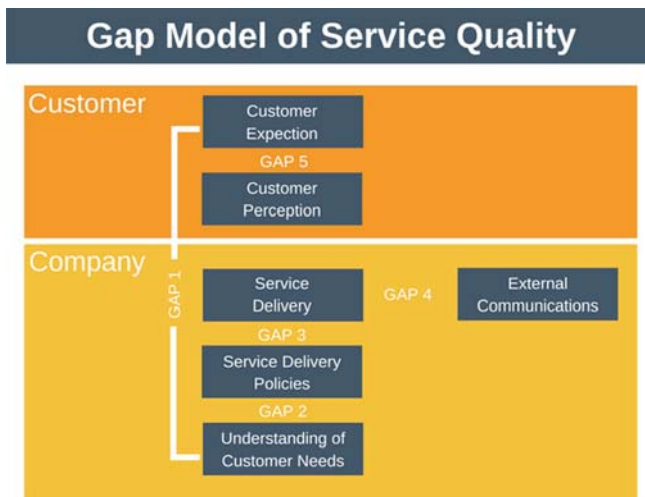
Figure 1.10. Gap model of service quality.

Source: https://expertprogrammanagement.com/wp-content/uploads/2018/03/Gap-Model-of-Service-Quality.png.

There were the gaps:

- ***Gap 1: Consumer Expectation-Management Perception Gap:*** Service providers cannot always understand what features a

service must provide in order to satisfy customer expectations, as well as what standards of performance on such features are required to provide high-quality service. As a consequence, customers' perceptions of service quality are influenced.

- ***Gap 2: Management Perception: Service Quality Specification Gap:*** This gap occurs when an organization determines what its customers want but lacks the resources to meet those expectations. Resource limitations, market conditions, and management indifference can all have an impact on this gap. These factors can have an effect on the consumer's view of service quality.

- ***Gap 3: Service Quality Specifications: Service Delivery Gap:*** Companies may have standards for providing good service and treating customers properly, but this does not guarantee high service quality efficiency. Employees play an important role in ensuring a positive view of service quality, and their efficiency cannot be standardized. This has an impact on service delivery, which in turn has an impact on how customers view service quality.

- ***Gap 4: Service Delivery: External Communications Gap:*** External communications have the potential to influence not only customer standards of service, but also consumer perceptions of the service provided. Companies can fail to warn customers of special measures to ensure quality that are not apparent to them, which can affect consumer perceptions of service quality.

- ***Gap 5: Expected vs. Perceived Service Gap:*** According to their findings, the secret to maintaining good service quality is matching or exceeding what customers expect from the service, and the distinction between high and low service quality is based on how customers view the actual output in the sense of what they expected.

Later, Parasuraman et al. created the SERVQUAL model, a multi-item scale designed to measure consumer expectations of service quality in service and retail businesses.

1.3.8.2. SERVQUAL Model

The SERVQUAL service quality measurement model is based on the groundbreaking work of Parasuraman, Zeithaml, and Berry. The model

discusses how a customer differentiates service quality by comparing the expected service to the perceived service.

Service = Service expectations – Service perceptions

The results of such comparisons can be classified into three types:

- confirmed or fulfilled expectations;
- Unfulfilled expectations; and
- Exceeded expectations.

Service quality is perceived to be:

1. *Satisfactory:* When service delivery = the expected service. In this way customer is happy, and there is no condition of surplus or deficit.

2. *Unsatisfactory:* When consumer needs are not met. The perceived service falls short of what is expected.

3. *Surplus:* When customer needs are met, the service level is satisfactory. This analogy is the foundation of this model.

Before beginning the measuring procedure, one must ensure that they understand what is being measured. When comparing expected and perceived service, it is critical to determine the measure used in the expected service that will serve as the basis for the comparison.

Customers use five principal dimensions to judge service quality:

- Reliability;
- Responsiveness;
- Assurance;
- Empathy; and
- Tangibles.

The SERVQUAL model is used to assess customer needs and perceptions of these five service dimensions.

Two experience ratings are compared to two consumer expectations scores. The obtained gaps are aggregated to produce a composite score of service quality.

The dimensions are given in greater detail below:

1. *Assurance:* This requires employees' expertise, competence, and courtesy, as well as their ability to instill faith and confidence in the customer in the service firm. Competency is described as the possession of the necessary skills and expertise to perform

the service. Courtesy entails the contact personnel's politeness, respect, friendliness, sincerity, and trustworthiness.

2. ***Tangibles:*** The presence of physical structures, equipment, staff, and communication materials are examples of tangibles. The physical facilities of the organization, their vehicles, the appearance of their employees, and the appearance of contact materials used to advertise their products/services are also included (Figure 1.11).
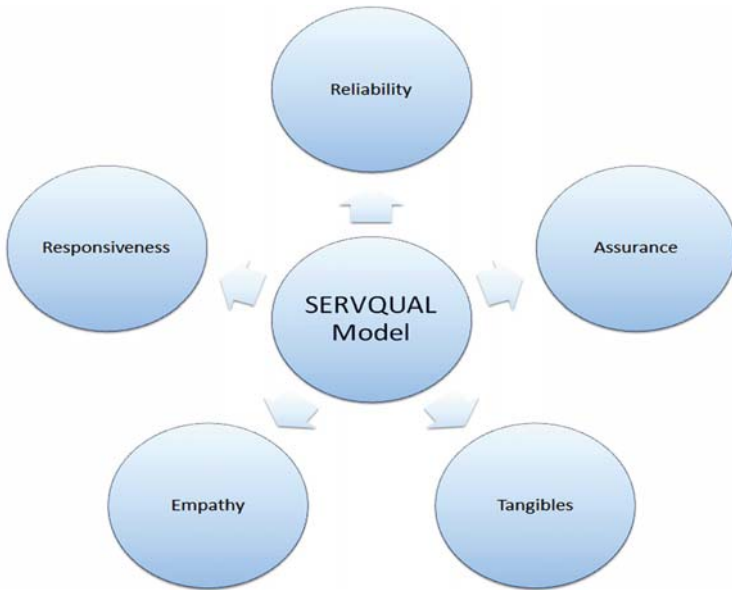
Figure 1.11. SERVQUAL model.

3. ***Responsiveness:*** This applies to the organization's employees' ability to assist customers by delivering timely service.

4. ***Reliability:*** The organization promises to provide dependable and accurate service. The service is done correctly the first time and keeps its promises.

5. ***Empathy:*** The firm's attention to the client is referred to as empathy. The focus should be compassionate and tailored to the client, including approachability, ease of communication with service providers, and attempts to consider the customer's needs.

These dimensions, which are also known as SERVQUAL dimensions, were discovered by the designers to capture the core features of service quality.

1.3.8.3. Critical Incident Model

A Critical Incident is described as any incident in which the effectiveness of the police response is likely to have a major impact on the victims, their families, and/or the community's trust (Figure 1.12).

Critical Incident Method

Review Incidents → Collect Facts → Analyse Data → Determine Outcomes → Evaluate Solution
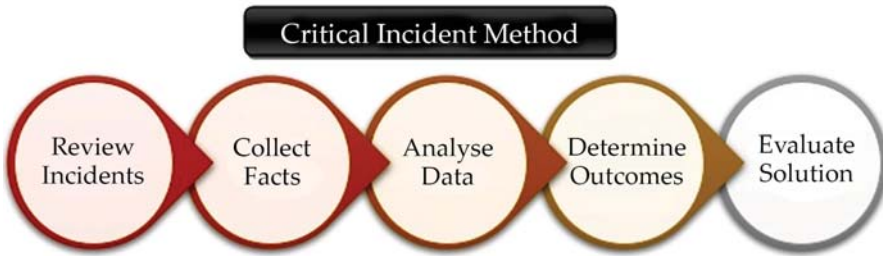
Figure 1.12. Critical incident model.

According to Lovelock, Patterson, and Walker, a critical incident is a technique used to extract information about services that "especially dissatisfy or delight customers." The data can be gathered through in-house comment cards, such as those used in hotels, or through one-on-one interviews.

The details and comments gleaned from the interviews recognize common issues or compliments lavished on the organization. Customers are not compelled to respond to predetermined possible issues, as is the case for other qualitative methods of gathering input. Customers are actually asked to write down the most unforgettable events from the operation.

According to Hope and Muhlemann, the method is beneficial in a variety of ways:

- It enables the identification (if specific attributes of service which have a massive effect upon customers).
- This can be used to reinvent the service delivery system around the most relevant quality attributes as viewed by customers.

Chapter 2

Service Design: Creating Best-in-Class Customer Experiences

CONTENTS

2.1. INTRODUCTION

Service design is a process in which designers develop long-term solutions and optimal experiences for customers in specific situations as well as any service providers involved. Design is the process of deciding and regularly incorporating all of the components and functionality of a service that provides a positive user experience. Likewise, service design is the determination of service components needed for providing a successful experience to customers, such as processes or physical proof, delivered in a consistent, attractive, and effective manner. The value to be generated is the focal point of service design. The service components are considered in service design, both as individual parts and in terms of their position in the overall value. Thus, service is thoroughly examined in terms of both manufacturing and customer or marketing aspects. This kind of service approach is especially important in the hotel industry. In order to cope with environmental challenges and build value, hotels develop a variety of techniques.

Service design is also essential for firms that want to develop and rely on product-based growth as one of their main strategies. Maintaining internal growth can be accomplished by improving quality, diversifying product offerings, developing a new service that appeals to several customers, or developing a new product for a new or existing market. Both of these approaches make use of design, with the most common design implementation being to enhance existing services such as accessibility, security, and reliability. Designing a service that does not yet have a demand, on the other hand, necessitates a different approach. The main service design techniques in hotels and many other service firms are similar: enhancement, copying, or alteration. These are the strategies with the lowest risk and expense, as well as those that are the most easily implemented. Services are continuously and steadily refreshed as a result of these policies. Service design strategy should be compatible with the firm's resources and capabilities, as well as its main objectives and strategies. This chapter will talk you through a solid service design process and which methods to employ at each point.

2.2. PERCEPTION OF SERVICE DESIGN

Essentially, service design is concerned with the overall service experience as well as the mechanism and strategy for providing the service. It focuses on innovating offerings through various touchpoints, such as the first point of contact, the interaction process, and the post-purchase experience (Figure 2.1).

Figure 2.1. An illustration of service design.

Source: http://bankingfrontiers.com/wp-content/uploads/2017/05/ServiceDe-sign.png.

To accomplish this, service designers define the main points of contact a customer has with a company, assess the customers' feelings and motives at each of these touchpoints, and then create a service that can complement and support the mutual customer and service provider interaction.

The service designer recognizes disconnected holes and points in the customer experience. Consider a plane trip. Service staff can do whatever they can to provide outstanding service and care for you during the flight, but if the couple next to you struggles with their crying baby the whole flight, the overall experience will not be one to remember favorably. Although a crying baby is an unpredictable consideration in this scenario, service designers understand and strive to prevent or mitigate the negative impact of such scenarios.

These guidelines will be followed by a high-quality service design:

- It will first look at who it impacts. This entails comprehending the consumers who will be affected by improvements in services and touchpoints, as well as the staff who will provide these services and interactions. It will concentrate on the needs of customers during their interaction with the company.

- It will take into account the touchpoints that customers have with the company in their interaction with it. A customer staying at a

hotel, for example, will engage with the brand when researching hotel choices, booking their reservation, checking into the hotel, staying, and then checking out. Articulating these various measures will assist those in the service sector in taking a holistic view of the entire customer experience. Consider the customers' expectations from step 2 again, and how they will be expressed at each of these touchpoints.

- A new service design would consider how the company wishes to interact with customers at each of these critical touchpoints. You must understand the relationship you want the customer to have, including not just the front-end, direct experiences with the company, but also the back-end. In other words, you must understand what occurs behind the scenes and how it affects the customer experience. You should explain how the service design meets the needs of consumers at each touchpoint with the company and how this represents the overall experience you want to develop.

- The service design should consider how these changes would affect the organization's business design. The company design and service design must work in tandem to develop a sustainable model that will grow the customer base and provide an exceptional experience for everyone.

- As your service concept starts to take shape, you can test your ideas with consumers, gradually rolling them out to see how well the principles of the new design and customer experiences match with the real customer experience. You will want to see how it affects their overall perception of the brand.

The service design will be able to fix situational vulnerabilities in this phase. The organization would be better able to understand how flaws in their systems, such as those behind-the-scenes practices that many companies overlook while preparing customer interactions, actually have a direct effect on customer impressions and perceptions.

This comprehensive view would provide business executives with a bird's-eye view of how their organization operates. They will position their brand to develop and prosper by finding vulnerabilities and modifying their processes to help achieve customer experience goals.

How to create best-in-class customer experiences with service design?

Following the introduction of the core principles of service design, it is essential to investigate how service design can be used to build best-in-class customer experiences. This necessitates the use of one of the most important resources in the service design process: the service blueprint (Figure 2.2).
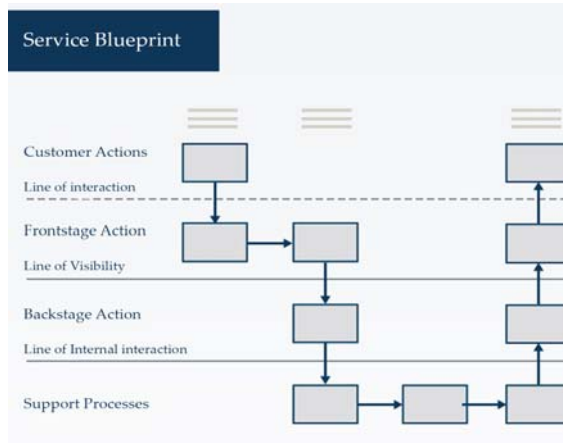
Figure 2.2. The service blueprint is a diagram that helps designers to see beyond the product and into the processes that make a customer's experience come to life.

In contrast to consumer path mapping, which mainly focuses on the customer's front-end interactions, service blueprinting also focuses on exposing the business's behind-the-scenes operations and, as a result, how the organization works internally. This behind-the-scenes perspective is then linked to the front-stage customer mapping to provide a 3600 overview of the entire service.

As a result, the service blueprint aims to reveal how the support systems beneath each customer journey function, the roles of internal players, the infrastructure that facilitates service development, and the policies that govern what can and cannot be accomplished.

There are at least three criteria for creating a service blueprint that incorporates both the customer journey and internal work processes:

- **Line of Interaction:** This is the point at which customers and service providers communicate.

- ***Line of Visibility:*** Within this line, the customer cannot see the actions and processes.
- ***The Line of Internal Interaction:*** Represents the interactions between partners required to develop and deliver the service.

The blueprint can be as complicated as you want it to be. This is determined by the type of service and its difficulty, as well as the degree of service design optimization in which you are working. High altitude diagrams, for example, are most useful if the aim is to quickly interpret a specific customer experience and propose minor design improvements. A low altitude map that outlines both internal and external processes, on the other hand, is needed if the case is to innovate and redesign the entire customer experience through multiple touchpoints.

Service Design Definition:

- "Service design articulates plans for coordinating the staff, equipment, and resources used within an enterprise to enhance its ability to deliver services and satisfy customers."
- Service design is a systematic process that considers not just the individuals involved, but also the goods they use, the conditions in which they will operate, and the processes they will go through as they aim to meet their customers' expectations."

2.2.1. What Makes Service Design Critical for Service Industry Businesses?

The service industry has been profoundly impacted by social media and interacting with a customer base that is constantly linked to the larger world instantly through the internet. Bad customer reviews will now propagate lightning quickly through different social networks, severely affecting the company's credibility and the probability of new customers choosing the specific business for their service needs. This can have a major effect on the performance of companies in the service sector.

For example, those in the restaurant industry understand that even though their food is fantastic, customers who are dissatisfied with their service might leave and bring other potential customers with them.

Customers who have a great experience, on the other hand, have the ability to affect the company's overall image and thereby entice more people to patronize the hospitality industry.

Brands that invest in their service design and look for opportunities to optimize what they have to give their customers will help prevent these possible pitfalls by carefully analyzing what the consumer encounters along the way.

- **What Makes Up a Good Service Design?:** To begin building the processes that the business will pursue, a quality service design will express what the consumer can expect with the company. Businesses that do not use this service design model, on the other hand, allow their organization's predefined processes to restrict and determine the services provided to customers. This reduces customer satisfaction and the company's ability to better model their business on the service they provide customers.

  This design will be based on a thorough understanding of the customers' requirements. It will provide value and a high-quality experience for everyone involved, particularly the customers. The focus will be on quality, developing service goals and processes that will delight customers, and assisting the organization in standing out as a customer-oriented business within the industry.

Simultaneously, the feedback of stakeholders will be considered as the company works to develop innovative and commercially viable solutions. Each service design will consider the feasibility and viability of the plans to ensure that the model not only works successfully to construct the brand, but that it is also something that the brand can reasonably adopt and continue to use for their organization.

At its heart, the service design would incorporate all of the elements that contribute to providing a meaningful experience for all of the organization's consumers and clients. It will construct a pleasant experience from beginning to end of the customer's relationship with the company. The customer will complete their interaction with the company and leave with a favorable view of the brand, which will help to spread the organization's well-regarded reputation. If the business grows in popularity, it can distinguish itself from the competition.

When it comes to developing a strong brand, companies in the hospitality industry must carefully consider the importance of service design. Understanding what consumers want to see and how to make the company stand out from the competition in a meaningful way will help companies develop good customer relationships and expand their organization.

2.2.2. Benefits of Service Design

The practice of planning and organizing people, facilities, communication, and material components of a service in order to enhance its efficiency and the interaction between service provider and customers is known as service design. The aim of service design methodologies is to design services based on the needs of customers or participants so that they are user-friendly, competitive, and important to the customers.

There are benefits of service design, such as:

- ***It is Safer to Notice a Mistake at the Start:*** System design ensures that the product and service are designed with customers and purchasing customers in mind.

  The delivery of value to the customer and the customer's customer is ensured by service design. System architecture considers service production from the customer's point of view. In the early stages of product growth, it depends on the consumer at best. This means that the product and service are designed with users and purchasing customers in mind. Service architecture considers both the consumer and the customer experience. The user interface emphasizes simplicity and convenience, while the customer experience leaves a lasting impression. As a result, UX is not synonymous with CX.

  The lengthy service design cycle begins with the functionality of the company's customer orientation and internal service to ensure customer orientation in service creation and nailing down the customer interaction of multi-channel customers. We believe that service design is so crucial that you can do it yourself rather than delegate it to someone else.

- ***Service Design Tears Down Barriers:*** Service design is often represented as a stage, with the customer acting as the audience. In other words, the consumer is not aware of, and is not required to be aware of, what is going on behind the scenes. The customer is unconcerned about what is going on inside the company. Instead, the customer is mindful of how things are handled behind the scenes. The customer can see the essence of the company's "internal operation." At its most comprehensive, service design begins with the development of the work community experience and the streamlining of team activities.

Large corporations, in particular, face the challenge of departments and employees developing a silo mentality centered on their own functions. In this case, development occurs within the same circles, with no new ideas being introduced. The danger is that people will only see things from one point of view, namely their own. Another risk is that when tasks are transferred from one department to another, they may fall into no one's domain. Service design addresses these issues by ensuring that silos are broken down, ideas are exchanged, and workflows smoothly without the customer noticing the changes between departments.

- ***With Service Design, You Lead How Customers Experience the Company:*** A customer's path is, at best, smooth, and pleasant. In this situation, the customer's experience is also good, and they are pleased to do business with the company- and might even tell their friends about it. The world is teeming with services and goods. Companies are now distinguishing themselves based on the customer's experience with the product, service, business, individual, or brand. People are gradually purchasing interactions rather than tangible goods. People's actions are influenced more by their emotions than by the fact that the problem has been resolved. Companies are now distinguishing themselves based on the customer's experience with the product, service, business, individual, or brand.

  Operating across various networks presents its own set of problems because it is challenging for businesses to navigate all of their channels. Customers now hold the majority of the power. Companies must maintain uniform quality of service and genuine customer orientation in order to hold the reins on leading consumers, regardless of which channel or platform the customer uses, as well as consider the customer's needs and recognize their routes as early as possible. Going through all of this once is not enough; you must constantly lead it, i.e., create, edit, and respond. There are so many variables that if you want long-term and meaningful performance, service design must be deeply incorporated into the heart of the company. True growth occurs when staff have the resources and expertise to support the broad range of services designed by them.

- ***By Adding Value to the Customer's Experience, You are Also Benefiting Your Own Company:*** Customers are reacting to

industry changes that are occurring at a rapid pace. Product and service lifecycles are at risk of being shorter, requiring businesses to be more adaptable to change. As a result, progress must be ongoing. Customers cannot really know what they want, which is a problem. One advantage of service design is that, while the customer is the focal point, service design does not bow down to the customer while turning its back on its own company; rather, it considers business priorities and resources.

- *Companies That Use Service Design are Customer-Focused and strive to have a Positive Customer Experience:* A good customer experience can only be generated in truly customer-oriented businesses where the fundamental principles and philosophy of service design are integrated into day-to-day operations. As a result, it is important to include the customer in the product creation process and analyze the operations through service design.

Despite this, many businesses pretend to be customer-oriented while also delivering goods and services in a company-oriented manner: businesses become so engrossed in their way of doing business that they are unable to see themselves from the eyes of an outsider. A customer-oriented business is only so if the customer is considered at all levels and stages of the organization. If the organization wishes to make customer orientation a permanent attribute, it is too late to begin including service design upon meeting the customer. As a result, it is important to include the customer in the product creation process and analyze the operations through service design.

2.2.3. Characteristics of Service Design

The specification and construction of processes that provide useful capacities for action to a specific customer is referred to as service design. The basic type of actionability in Information Services is assertions. It takes the basic form of medical tests and medications in Health Services. It takes the form of a pledge to create a new capacity for the consumer to make new commitments in Educational Services. The architecture of a service may be both tangible and intangible. It may include objects as well as communication, atmosphere, and behaviors.

By focusing on consumers and their interactions with service providers, service designers hope to better understand and enhance service experiences. In more depth, experts agree on the following pillars (Figure 2.3):

- Human-centric;
- Interactive;
- Iterative;
- Prototype-based.
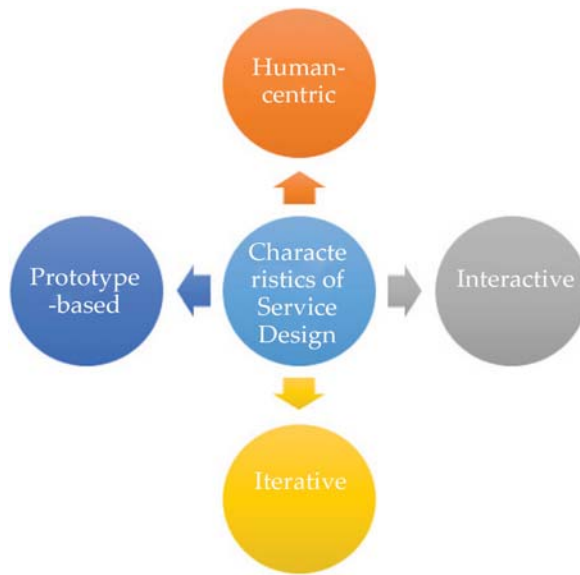
Figure 2.3. Characteristics of service design.

Some researchers acknowledge additional service design characteristics that endorse and complement these five cornerstones. They emphasize the importance of operating in interdisciplinary teams, for example, in order to accommodate a multi-perspective view of a service and its environment and to gain a wider variety of ideas for potential solutions. Furthermore, a visual representation of the interactions between parties involved in a service, such as ensuring the appropriate speed of service provision, is regarded as a critical component of service design.

1. ***Human-Centric:*** In industries, R&D traditionally encounters innovation projects from a technology standpoint and innovation departments apply a management perspective concentrating on market niches, key resources of an organization, revenue models, or whole business models. It is common practice to identify

customer segments, which are then included in the innovation phase. Service design takes a slightly different but similar approach, focusing on consumers as individuals rather than segments. This means that when designing new or enhancing existing services, service designers place themselves in the shoes of a customer or other stakeholders. As a result, if there is a "true north" in service design, it is this human-centric model. Everything that contributes to this idea.

2. *Interactive:* Service designers have a great desire to go out and connect as much as possible with consumers in order to position themselves in the shoes of other humans. As the following sections will demonstrate, service designers use a variety of strategies and methods to communicate with and learn from people. The aim of this intense engagement is to learn as much as possible about how people experience a service. Asking, observing, and participating in the actions of customers' yields useful insights.

3. *Iterative:* Understanding humans on an individual level, as well as the processes in which services are provided, can be difficult. To solve this uncertainty, service designers' view their work as highly iterative, i.e., as an ongoing learning cycle. Understanding people and systems, brainstorming innovative ideas, prototyping solutions, evaluating them with various stakeholders to receive input and benefit from it, and better understanding people and systems are all implemented from the start of a project. Steps can be quick, and intervals can be very fast in the beginning, slowing down as the project matures.

4. *Prototype-Based:* Prototypes are used by service designers in the service design process. According to researches, they regard prototyping as a central practice and use it for a variety of purposes, including visualizing services, communicating about them, engaging with users to discuss important needs and the broader meaning of services, and testing ideas. Thus, service designers use prototypes for problems understanding at the start of a project and nearly final prototypes for new systems at the end. The number and granularity of prototypes differ during the process. Many basic prototypes are used at first to gather more direct feedback from stakeholders. To show a possible final operation, fewer prototypes are used toward the end, but with much more information.

Prototypes are commonly regarded as physical drafts of concepts. Typical service concept prototypes take the form of scripted stories, comic-like visualizations, or role-plays. These types of designs present many obstacles to many service designers. They report complications with intangibility when prototyping social interactions, ambiguity between instances of role play, and unauthentic behavior of participants, among other things. Researchers tackled these issues by developing conceptual frameworks in order to obtain a better understanding of the specific shortcomings of service prototyping and contribute to their improvement.

2.2.4. Designers' Skills

Human-centricity and a holistic view of customers (stakeholders) are two pillars of service design. The use of design standards and processes allows service designers to adhere to cornerstones. This begs the question of why design concepts and practices assist us in adopting human-centric and holistic viewpoints. Recently, a growing number of businesses have opened design centers, even though they are not in the design industry.

Having a closer examination at the curriculum of a design study introduces that up-and coming designers get trained in different disciplines to acquire skills that help them to better understand humans as individuals. The curriculum includes subjects such as holistic thought, interdisciplinary thinking, and various creative practices, as planned and in accordance with the outlined cornerstones. Aspects of human sciences, social sciences, psychology, and similar approaches are also taught.

Meroni and Sangiorgi (2012), for example, highlight the importance of education in empathic design, experience design, and methods derived from ethnology, a branch of anthropology that studies people and their interactions. Observation of individuals, documentation of their attitudes, and documentation of their social structures are examples of related methods. Based on these disciplines and processes, designers gain the ability to look closely at people, record their observations, and extract insightful findings from them.

2.2.5. Service Design Efforts in Hotels

Despite the fact that service design is a relatively new idea in the hotel industry, innovation initiatives are not. This is due to the nature of hotel

service as well as the customers' relative dominance over the manufacturers. Customers' hotel preferences are influenced by a variety of factors, including innovation. They claim that, while service innovation is more important for leisure travelers, it is also important for business travelers, and that hotel managers should prioritize this service design. Customers are looking for alternatives that offer the best value rather than the lowest price, as was the case in the past. This means that price strategies are no more appealing as a form of service differentiation than the service itself. Service design is the primary means by which hotels accomplish their primary goals. Changes in the market, customer profile, and preferences, in particular, necessitate hotels improving their service production on a continuous basis. However, attempts to introduce new offerings that are usually focused on experiments, personal decisions, or previous experiences are also common in the hotel industry. All of these initiatives are evolutionary in nature, with short-term benefits, particularly when considering the common goal of imitating the services of competitors in the hotel sector.

Innovation is the fundamental antecedent of service design. Hotels that are innovative outperform their non-innovative competitors. Some attempts have been made as the foundation for service design in the sense of service innovation. Brand production, for example, has become a major marketing endeavor at the destination or individual company level. Hotels, on the other hand, have some experience with consistency implementations. Along with efficiency, the concept of service enhancement has gained popularity. However, improvements have only been made to specific areas of operation, such as quality and physical proof, and/or measures related to cost and price cutting.

Will Bourn, for example, mentions some front- and back-of-house areas in hotels that could be changed. Many studies on quality, operation, performance, change management, and re-engineering in hotels were conducted between the 1980s and the 2000s. Method research, materials management, re-engineering, and quality studies have also led to the enhancement of the technical service system. Another case discovered after the 1980s involved service design aimed at enhancing physical proof. Physical evidences in service delivery such as materials, instruments, equipment, space, and atmosphere make the abstract hotel service touchable/sensible/visible.

In this vein, the number of studies on hotel atmosphere/ambience design is growing. While physical evidences in hotels are extremely important for

the customer's perception of quality, they should be analyzed in terms of their overall position in service delivery.

Aside from the aforementioned research, there are only a few on emotional/psychological service design. As previously mentioned, these factors are primarily related to functional consistency and play an important role in hotel service. In other words, the experience as "the core" of the service product has not been adequately researched. Similarly, when research on service design and innovation in general are discussed, the focus is more on technological aspects of service such as esthetics, infrastructure, efficiency, or length, with concepts such as consumer needs or interactions being rarely considered. A narrow approach like this results in a different view of service design. In reality, in some businesses, service design is viewed solely as a tool for facilitating customer interaction. Hotel managers, in particular, have a long history of intensely focusing on professional service aspects and internal operations. Instead, they should concentrate solely on the operation, both in terms of product and process.

System design has emerged as an important term in service-oriented management. In large hotels, service design is a relatively formal operation. In terms of chain hotels, architecture, and hotels from a destination standpoint, and indicates that "the same service all over the world" trend is gradually becoming a drawback, and local amenities should be considered. As compared to large-size hotels, design efforts are less prevalent in small- and medium-size hotels, which account for a sizable portion of the sector (approximately 90%). To compete with similar and large-scale hotels, as well as small and medium sized hotels, they must prioritize service design and adjust design implementations to their size. Small and medium-sized hotels have some design benefits since it is reasonably easy to thoroughly review their offerings and make centralized decisions on issues such as finances, procedures, and so on.

The service design continues to evolve, although there are few investigations. More research on the efficacy of various approaches to hotel service design, such as service-dominant logic and co-creation, is required in relation to the current service and value approaches, including service-dominant logic and co-creation. The majority of the studies are exploratory, with only a few empirical studies, mostly case studies, being included. They usually concentrate on how to carry out service design. While hotel design is becoming increasingly important, researchers are ignoring this problem. Service design is primarily discussed in studies

pertaining to creativity, service efficiency, and improvement. Ottenbacher and Gray (2004), for example, examined the relationship between service design and firm performance in a sample of 185 hotels. They discovered that hotels that follow market-oriented and systematic processes are more competitive. They pay more attention to consumer needs, competitor tactics, and service employee views. Investigated the service design objectives in chain and independent hotels. It was discovered that chain hotels tend to include all consumers in their markets in design implementations and to use standardized processes in service design. Independent hotels, on the other hand, do not use formal systems and rely primarily on the views of current customers. The significance of employee empowerment in service design is also stressed.

There have been few studies of the ambiance in hotels as critical components of operation. They discovered that hotel ambience has two essential characteristics: individuality and a sense of fact (i.e., do not feel like imitation or fake). Customers typically need a certain amount of time to disclose their understanding of the environment. While experts are used in ambience design, the opinions of customers and staff can also be useful. Another interesting finding from that study is that there is a large gap between the views of managers and design specialists. Both parties, however, believe that the hotel ambience is connected to "the total perception." Emotional design in hotels was also addressed.

2.3. PRINCIPLES OF SERVICE DESIGN

Design is a synthesis of many elements that take inspiration from various fields and areas. Aside from feelings, intellect, and esthetics, technology plays an important role in today's world. Service design is one example of a digital design that is driven by marketing, project management, and user interface to improve services.

Professors Michael Erlhoff and Brigit Mager of Köln International School of Design coined the word "Service Design" in 1991 as a design discipline. Service design is an emerging process with no strict definition. In practice, however, service design can be characterized as 'the process by which the designer focuses on creating optimal service experiences.'

Thus, service design is a customer-first design that considers the customer's needs in order to create a design that is user-friendly, competitive in the market, and important to the customer.

Consider a Food Delivery App, where the primary goal is to link the restaurant with the customer (the one ordering food). There are a variety of workers here, including a delivery agent, the head of the delivery app, the restaurant manager, and a waiter. Service design concentrates on how the Food Delivery App integrates to the restaurant and provides it to the customer on time. This covers everything from placing the customer's order at the restaurant to onboarding new delivery agents and communicating with the delivery agent and the restaurant manager, as well as the manager and the waiter. Even if they are not directly involved in the consumer experience, each category plays an important role in the food that is delivered to the customer.

System Design is the practice of preparing and introducing change to enhance the quality of a service in order to satisfy the needs of its customers. It is a holistic, customer-centric approach that employs design concepts, software, procedures, and an empathy for customer needs.

There are five basic principles that must be followed for any service design initiative to be successful (Figure 2.4) are discussed in subsections.
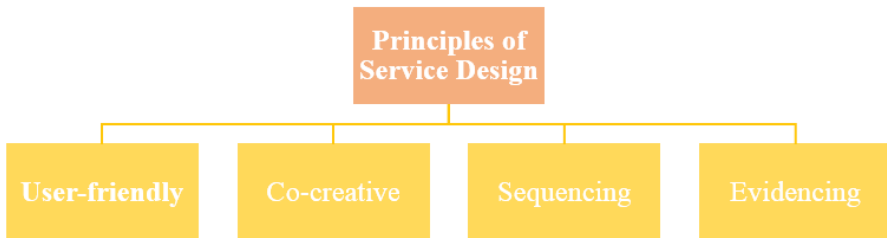
Figure 2.4. Principles of service design.

2.3.1. User-Friendly

Users are at the focus of attention and will be studied by qualitative analysis. In this context, 'Users' refers to both staff and clients of the company. Thus, service design takes into account not just the user/customer experience, but also the interests of all parties involved in the process.

Designing the offerings based on how they are perceived from the 'customer's point of view. The way an individual perceives and experiences the services provided by the organization is highly personal and unique. Understanding the consumers' perspectives on issues such as what they foresee once they have agreed to engage with the organization's services.

How they think about the experience of working with your company prior to receiving services. How they interpret and appreciate what was delivered and how it was delivered. In their opinion, the extent to which they perceive that what they wanted was actually delivered. These queries, and many others like them, are critical and necessary 'customer-centric' knowledge that underpins the long-term viability and performance of any service design project.

The first and most basic service design concept is user or consumer centricity. Understanding psychographics and behavioral drivers such as desires, consumption patterns, personal tastes, key decision-making forces, personal, and cultural values, and beliefs processes, and so on, lays the groundwork for understanding. Furthermore, wider demographic and data-driven knowledge about your current and future customers aids in designing your services with unique consumer desires and preferences as the 'center' of the service design process.

2.3.2. Co-Creative

Co-creative is basically a mash-up of the word's "collaboration" and "iteration." The term "collaboration" refers to the process of development by all contributors from various backgrounds. 'Iteration,' on the other hand, is used to describe that service design is an iterative (continuous) process that is constantly changing to keep up with market changes. The service design process should include participation from all stakeholder groups. Effective customer-centric service design and delivery necessitates the participation and dedication of all levels of an organization, as well as a potentially diverse range of external and ancillary service providers present in the 'service ecosystem.' Customer-centric service design and delivery necessitates that any customer interaction and touch-point in the customer's service experience journey be compatible and compliant with the customer-centric service design philosophies. Customer centricity should be directed from the top of an enterprise and should include all stakeholders in the thinking and innovative process for long-term success. Involving stakeholders in a co-creative service design process fosters greater cohesion, coordination, and loyalty to the customer as the core of the service philosophy.

2.3.3. Sequencing

Services should be regarded and treated as a series of interconnected acts or events. The delivery of services is a journey. Customers usually consider

either one or more contacts with your company and/or external suppliers or ancillary contact points to be a related part of the service delivery experience with the organization. Any contact with a customer is a service touch-point that influences their understanding and expectation of the benefit they will or will not derive from future involvement with that organization. The correlation and interrelationship between apparently random or disparate customer experiences and touch-points may not be instantly apparent or evident to different service providers within an organization, but from an individual customer's perspective, these interactions are all service interactions with the organization and should not be viewed as separate isolated encounters. From a customer-centric standpoint, every interaction is a part of their experience journey, and companies must develop services focused on providing reliable, high-quality, and seamless service experiences by breaking down complex services of a customer's journey into independent processes. This service division is normally performed logically, visually, and rhythmically. Sequencing aids in deciding a project's schedule, which is crucial for the consumer and aids in determining the outcome.

For example, if you have an e-commerce website that only sells goods in a specific region, it is critical to emphasize that deliveries will not ship internationally at first. This saves the consumer time because they will not browse your website, and you will not have to evaluate the journey of the customer who will not buy your product.

2.3.4. Evidencing

Services are fundamentally intangible in nature and should be represented by 'atomic components.' Creating and triggering ongoing good service memories and clear emotional connections with previous service experiences may have the effect of extending and improving customers' impressions of the service that they got. When appropriately planned and placed within the service delivery experience, incorporating 'physical elements' that serve as on-going memory triggers such as souvenirs, products, cosmetic samples, and professional photos of special events, etc., can be effective value adding contributors. Adding a "physical aspect" to a service or experience trip adds a "tangible" element to an otherwise "intangible" service. A well-thought-out and designed 'physical aspect' to a service design adds a non-perishable dimension to an immediately perishable service experience, i.e., once encountered, it is gone forever except in memories. The physical object tends to elicit memory triggers for a significant amount of time after the actual service encounter, so using service evidencing intelligently and

efficiently can have a beneficial impact on consumer satisfaction and referral rates. Having service encounters come to life by visualizing and acting on them. Simply stated, service is normally invisible or intangible, while goods are tangible objects. The goal of service design is to link the tangible and intangible so that the unseen becomes visible.

For example, if you own an organic cafe where all of the ingredients are sourced locally, how will your customers know it is organic? The solution is simple: you inform them. Until you tell your customers about the origin of your ingredients, it will remain an intangible service for them because they will have no idea what is on their plate or how it varies from another cafe's. Evidencing means that you are delivering a high-quality service to your customers. This, in fact, aids in the creation of your brand image as an 'organic' cafe.

The theory of integrating tangible and intangible resources underpins holistic service design. In this case, context is essential, as is considering the entire service experience. This means that each customer is unique and will take a different path to complete their journey.

As a service designer, it is critical to consider every factor and viewpoint and ensure that there are no gaps. That no matter which direction the customer chooses, the end goal remains the same.

Consider the whole world in which the service operates and is distributed. The holistic service design theory is straightforward: 'consider every aspect of the service system and leave nothing to chance.' Perhaps not so easy. In practice, service encounters include both subconscious perception and conscious awareness. Both have a profound impact and effect on how a unique individual perceives and reacts to any situation.

2.4. SERVICE DESIGN PROCESS

Service design is a relatively recent and still emerging area of design practice. It is difficult to find common definitions for service design because it considers diverse services and necessitates multidisciplinary design teams. One succinct meaning is: "Design for interactions that reach people through several different touchpoints and occur over time."

To successfully integrate service design processes into the company culture and business processes, you must first understand the steps involved in designing and ordering these processes, as well as how to get everyone on board with the new design (Figure 2.5).

Figure 2.5. Service design process.

- How Does Service Design Impact the Businesses Themselves?

  Within the business, gaps almost always arise between the business model and the service model. Companies may carefully consider the services they want to offer and how they communicate with customers. However, internal business procedures do not attract the same attention and may not be as closely aligned with the programs that the organization strives for.

  This can lead to a split between those delivering services and issues on the backend. Employees will be more dissatisfied, and inefficiency will result if these processes are not provided the same level of attention.

  By taking a comprehensive look at the customer experience, service design forces companies to discover these potential flaws. It will help companies understand how the services they deliver have a direct effect on the internal processes that their workers manage. Organizations are then primed to implement significant improvements that will allow for greater integration of these priorities. This enables the company to do a better job of providing a pleasant customer service (CS) that their customers can value.

At its core, this service design will look at:

- The fit for the organization. It will investigate the feasibility of the company implementing the goals suggested by the service design, as well as whether they can be implemented with the resources and environment available to the business.

- The desirability of the proposed changes. It will examine how any potential changes aimed at consumers will be received by the target audience, as well as whether they will have a positive effect on the company.

Through this thorough review, hospitality brands will have the opportunity to uncover a slew of potential issues within their business operations.

- They will identify inconsistencies or redundancies in how internal procedures are treated. This can increase productivity and employee frustrations, allowing them to provide better service.

- They can build clean, consistent workflows for all the people who contribute to the customer experience at each level. This would make the company run more smoothly.

- They will aid in the development of relationships and conversations with all parties involved in the customer experience. Rather than a division between those who work internally and those who work with customers, both workers would recognize their inherent synergy with the customer touchpoints that they directly affect.

➢ **How can Service Design be Implemented Effectively?**

A high-quality service design would consider employees at all levels of the industry. The priorities established within service design will have an effect on the experiences that customers have with the company at every stage of the process. From their first meeting with the company to the end of their stay, the people and processes they experience should surpass their standards. This ensures that everyone in the company must understand why and how they must modify their experiences with customers.

The service design can also help to put all of the team members together by assisting them in understanding their positions in customer care. Smoother workflows can only be achieved when everyone accepts the improvements that must be made.

At the same time, a quality service design must be functional and completely implementable. It must consider the following factors:

1. *The People Involved:* Know who will be involved in each contact with customers during their stay. Explain how you can help them achieve their goals and move more effectively, as well as your part in making customers happy.

2. *The Props and Environment:* The service design must take into account what is required to produce an excellent service design. For example, if a restaurant or hotel commits to using naturally sourced, organic products to produce higher-quality food, it must recognize the farmers and suppliers who will enable the degree of commitment and service.

3.   ***Workflows and Procedures:*** Your design must also consider how you plan to put all of these new designs to use. Consider each stage of the design process, as well as the people involved, and how it will affect the consumer. Keep in mind that both the front end and the backend have an effect on the customer experience. Do not disregard what happens behind the scenes simply because a customer does not see it explicitly.

With a service design that takes such a comprehensive look at how the hospitality company operates and works, it is easy to see how the process of detailing customer experiences and articulating how to enhance them will then elevate the overall function of the business. Rather than focusing on only one aspect of what makes a specific hospitality company effective, using a service design model will assist each organization in looking at the larger picture and developing a strategy that includes all that their customers want to see.

In the hospitality industry, brands must find ways to differentiate themselves from the competition. They must discover models that will allow them to better understand their customers and deliver experiences that surpass their expectations. The advantages of service design, which considers the entire customer experience and how it is influenced by various aspects of the company, allow organizations to do just that.

Consider how the advantages of using service design guidelines will assist you in creating a consumer experience that enhances their experiences with the company and positions you at the forefront of your industry.

2.4.1. Service Design for Destinations

Service design is a new tourism discipline. The consistent service and customer orientation of tourism businesses, combined with a growing body of academic expertise in both tourism and service design studies, benefits both service design and tourism.

Online customer feedback, decreasing brand loyalty among frequent consumers, and the uncertainty of tourism goods all contribute to the emphasis on perceived product quality as a key success factor for tourism. As a result, a holistic view of tourism products as a homogeneous tourism destination becomes more relevant, necessitating a similarly holistic review of all sequencing touchpoints between consumers and service providers within the complex tourism product. A relevant review must involve touchpoints not only during the actual service period, but also before and

after the service period. Pre-service touchpoints elicit such assumptions regarding a specific service product, whether these touchpoints occur directly between consumers and service providers, presumably with all associated marketing messages, or indirectly by feedback, such as word of mouth or the previously listed consumer ratings on web 2.0 platforms.

During the service time, consumers use all of their senses to feel the product and subconsciously equate it to their perceptions of it. Customer satisfaction (confirmation) is dependent on meeting or exceeding their expectations, while disparity contributes to dissatisfaction (disconfirmation). This process-oriented model of customer satisfaction (confirmation and disconfirmation paradigm) is generally recognized as a valid method for measuring customer satisfaction. As a result, some scholars identify three types of independent variables, each of which contributes to overall consumer satisfaction to varying degrees. These fundamental, efficiency, and excitement factors vary in terms of expectations and their ultimate impact on overall satisfaction (the holistic perceived product quality). Basic variables are distinguished by a high degree of expectation but a small effect on overall satisfaction. As a result, customers require basic factors, and their absence or poor performance leads to dissatisfaction, while superior achievement of basic factors contributes significantly to overall satisfaction only in exceptional cases. The influence of performance factors on overall satisfaction is proportional to their expectations, and therefore they can be categorized as unimportant or important. Excitement variables are distinguished by a low level of anticipation but a high effect on overall satisfaction. Their presence immediately increases overall consumer loyalty, but they cannot compensate for unsatisfied basic factors. As this definition is applied to service design methods, it results in the interpretation of touchpoints as variables (basic, efficiency, and excitement factors) that contribute to overall customer satisfaction, indicating the perceived product quality. A happy guest is not only more likely to return and ultimately become a repeat customer, but he or she is also more likely to recommend the product. This is critical for their post-service feedback, both face-to-face and online, which influence potential customers' buying decisions in their pre-service era.

Although the construction of services aimed at creating unforgettable and rewarding customer experiences is not unique, the deliberate design of service experiences as a distinct management discipline with its own values, processes, and tools can be considered novel. This is particularly valid when it comes to the holistic and interdisciplinary approach to service

design. The customer is the starting point for service design, so it is critical to learn as much as possible about their travel motivations, as well as which constituent services comprise their respective product package and which service products are key factors in the success or failure of the related tourism product bundles.

Although the terminology used in the literature varies, the service design process is generally divided into four phases. The initial process, also known as discovery or exploring, consists primarily of an overview of both the existing product and the current customers. Although the sophistication of tourism items impedes the first, there are numerous methods and resources available for gaining insights into the second. Personas are often used in service design to represent current customer segments. Personas depict identified consumer segments through stereotypes based on ethnographic fieldwork and/or quantitative assessments, and thus image these in a more plausible manner for the subsequent innovative stages of a service design phase.

Tourism product analysis is extremely difficult due to the diverse customer groups with varying travel motivations within the same destination (e.g., business vs. leisure tourists), the disparate nature of each respective service process consisting of different services provided by different service providers, and the multifaceted hierarchical touchpoint structure. The latter refers to the configuration of potential touchpoints within a destination. Service moments are service touchpoints that can be combined in terms of space, time, and subject, such as touchpoints within a specific hotel in a destination. However, the evaluated consumer journey demonstrates that it is a promising tool for gaining customer insights into complex tourism products.

2.5. SERVICE DESIGN APPROACHES

The emphasis on service design is on increasing the value offered to consumers, which means that high-quality goods, low prices, or a broad range of services are sufficient to drive value. Hotel customers typically view service as a whole, even though they place a premium on specific service components. As a result, service components should be treated in terms of their roles in the service value chain during the design process. Basic characteristics of the service, as well as the structure of service production and delivery, should be evaluated for good service design. As a result, the intended service value could be provided by an efficient

and effective organized service system. The consumer is at the heart of the modern design philosophy. Consumers, as the final customers of the service, play an important role in design. The design process is heavily influenced by factors such as their expectations and needs, characteristics, experiences, attitudes, and behaviors. Furthermore, employee experiences may provide valuable insight, as these people play an important role in the service system, especially in customer interaction. While the primary goal of design is to meet the needs of the consumer, other considerations should also be considered. The design is often influenced by the enterprise's internal and external environmental factors, such as the sector in which it operates, competitors, technology, social, and cultural dimensions, operating assets, and pricing policy. They argue that, while customer-oriented innovation is common, as shown by recent tourism literature, there is insufficient evidence that it produces the desired results. Indeed, customer expectations are useful in everyday management practices; but, when this is the only feedback for creativity, it can be dangerous. Customer expectations, for example, may not always be realizable/feasible, or customers may not articulate their expectations clearly. The service value, on the other hand, is focused on co-creation of the client and the service provider, as both sides' perspectives should be treated together. The correct analysis and understanding of customer preferences becomes critical in this context.

In light of the preceding debate, two fundamental approaches to service design can be described. The first is the consumer expectation-based approach, in which the basic design input is the customer's demographic characteristics, perceptions, complaints, requests, or needs; the second is the product/service-based approach, in which the basic design input is technology used in service development or distribution, laws, and regulations, products, the firm's core strategies, or politics. In both methods, the first step is to propose new service needs, which are then converted into service features that meet consumer standards. Since service design is a new sector, a wide range of suggestions have been made. The company strategy, employee credentials, and the organization's culture are the key organizational factors influencing service design. Furthermore, factors such as the intended goals of the service design, the complexity of the service design, and the available resources could contribute to the adoption of different approaches in the design process.

2.6. IMPLEMENTATION OF SERVICE DESIGN

Service design is divided into planned and iterative phases. According to design theory, design is a continuous process rather than a one-time project. A design is a proposed solution to a specific issue. The purpose of service design is to achieve the best solution possible by balancing the available resources among the goals of the service system. The value to be given to the customer is built in the service design. As a result, in a broad sense, service design is deciding the value to be delivered in terms of service requirements based on customer preferences and/or a product/service-based approach, and then translating those into service qualities. A simple product definition is insufficient for value design. Services, as is commonly agreed, are delivered, and consumed as part of a process. In other words, due to the service's simultaneity, the output, distribution, and consumption processes are inextricably linked. As a result, the service architecture incorporates both the manufacturing and distribution processes. This entails first addressing the two fundamental questions of service design, which are "what to be given" (product) and "how to be provided" (production and delivery), and then maintaining product and delivery continuity. However, it is debatable if service design, like physical product design, can be done with zero error.

The human factor is another dimension that is equally essential to the process in service design. Since the customer and employee coexist in service development, human factors in design should consider all individual roles and interactions. Previously, the human element in design was approached based on assumptions, such as "what customers might want," "how should the employee behave…" The contemporary design approach necessitates the involvement of those who would be impacted by the design in the design process. In fact, designing experience-rich services such as hospitality is difficult. Service design in the sense of customer engagement takes into account the following factors: the physical environment, service employee, service delivery mechanism, other customers, and back-office support. In the same way, the authors point out that predicting financial outcomes in experience-based service design is difficult.

Service design implementations that are not deliberate and systematic, depending on the idiosyncratic characteristics of the service, may trigger confusion and failure danger. Various perspectives on the best way to perform service design can be found in the literature. Service is evaluated in relation to product and distribution in service design. As a result, simply describing the service bundle in terms of product attributes is insufficient. The production

and distribution qualities of the service package should be specified. Following the conceptual analysis of the service, it can be analyzed in terms of the provider and consumer perspectives. The service must be measured in terms of real quality requirements in order to have consistent value. Those specifications may be revised or refreshed if necessary. Since a service is a process, the development and distribution processes should be analyzed from a value standpoint. Although service design normally necessitates changes to service procedures, this circumstance can necessitate changes to the service organization due to the employee's new experience, expertise, or location needs. Depending on the design philosophy and the service context, the following stages of service design may be carried out: concept creation, collecting customer and manager feedback, defining the service bundle, defining the quality features, reviewing/creating requirements, hiring designers and other experts, launching new operation processes, and monitoring the new service. As a result, the service is evaluated in terms of all major dimensions of the service structure. Techniques such as quality feature implementation, six sigma design, and service blueprinting can be used to efficiently enforce this method. These methods also make it easier to evaluate various alternatives when carrying out the service design. To effectively deal with the dynamic nature of architecture, it is also suggested to use visual resources for promoting issues such as tracking various processes, concepts, and so on. The stages of service design may be carried out sequentially or concurrently. A comprehensive design process is not recommended because it may stifle innovation and cause the launch of a new service to be delayed. Flexible service systems in the service system may be useful in order to enable accelerated implementations of technologies.

2.7. SERVICE EXPERIENCE

Experience is defined as the process of doing and seeing things and of having things happen to you (Merriam-Webster dictionary). The Oxford dictionary defines aspects as an event or occurrence that makes an impact on someone, encountering or going through (an event or occurrence) and feeling an emotion or sensation. In a nutshell, experiences are the takeaways from our service. Encounters and feelings are the components that are caused or recounted in our memories of our experiences.

When we use a facility, we all have an impression. The importance of a service offering is perceived by experience. Value is the assessment of the experiences. However, two people can purchase the same service offering but

have very different experiences. The perceived value of the service changes as a result. As an example, one person may be late for his flight, and another may be comfortable on his way home from work. The two individuals have had very different travel experiences. A significant point to remember is that the experience is not something that can be 'sold' independently from the offering, but rather is linked to "how" the service is provided. Offering alone is on the other side of the question of "what" the service offering is (Figure 2.6).

Figure 2.6. Experiences are one of the aspects to consider when designing a service.

Source: https://lmssuccess.com/wp-content/uploads/Customer-Experience.jpg.

They are critical components to comprehend and consider. The cumulative number of a customer's experiences with a service is referred to as the customer experience. The fact that experiences are personal and emotional makes them difficult to deal with in the context of a service. They involve variables beyond management's control, such as personal understanding of a situation based on cultural context, previous experience, mood, and many others.

Several authors describe a good CS experience. According to Pullman and Gross, an ideal experience is one that "the consumer considers unique, memorable, and sustainable over time, would like to replicate and expand upon, and enthusiastically promotes through word of mouth." Pullman and Gross use the word "Flow" to describe optimal service experiences. They use the term "Flow" to describe how great interactions arise when quality is achieved through various touchpoints in the service journey.

Customers do not recall every detail of their service experience. Instead, they recall the overall experience they had of the operation. This contains the pain and pleasure, the low- and high points and the end of the experience. It is said that the end of the experience has a greater effect than the beginning. A long line before paying in a store is one example. If the customer's payment and packing of groceries goes smoothly, he or she will forget about the line.

Experience may be divided into two groups. According to psychologist Daniel Kahneman, we have the experiencing self, which is concerned with what is happening in the moment-the here and now part. The other experience is the recalling self, which is related to the experience retroactively-how you recall the experience after it has occurred. As a result, the recalling self has a significant influence on future experiences and desires. Expectations for the future are shaped by memories.

People are more than mere rational beings. Customers filter interactions consciously and unconsciously when communicating with organizations, organizing them into a series of memories. This is done rationally as well as emotionally. Emotions play a significant role in the decision-making process when it comes to selecting programs- and choosing in general. We use our mood to get details by asking questions like, "How do I feel about this?"

The background is an important factor that influences the service experience. Pullman and Gross refer to this as the "services scape." The context can be divided into two parts: physical, which deals with the visible, and emotional, which deals with the relationship between the service provider and the client. Interacting with touchpoints creates experiences. Touchpoints are also known as hints in the literature and reflect something in the experience, its presence or absence. Small details can have a big impact on how people perceive and experience. Small details, such as failing to say "thank you" when a customer pays for a product in a store, may degrade the service offering.

For customers, a service is something that has been experienced. The service is viewed as a collection of processes and distribution by the organization that provides the service offering and facilitates the experience.

Chapter 3

Customer Service in the Hospitality and Tourism

CONTENTS

3.1. INTRODUCTION

Customer service (CS) is frequently at the heart of a company that strives to provide exceptional service that leaves the customer feeling valued and respected. Although providing an excellent service may necessitate additional resources, time, and money. CS is the backbone of the hospitality industry. It is the service that makes or breaks a hospitality industry. Customers' service expectations are shifting. On-the-spot CS excellence is required. It must be tailored at the service delivery point to meet the needs of a specific customer at a specific point in time. CS excellence necessitates the right combination of skills. It necessitates the knowledge and will to do the right thing the first time, every time, resulting in high customer satisfaction. Customer-employee interactions contain a significant emotional component, which frequently confounds training strategies. While it is well understood that good CS leads to better marketing results, much less is known about the emotional impact on those who provide that service. Great CS programs should prioritize treating customers with respect, answering questions, and exceeding expectations. This strategy assists businesses in engaging customers and developing strong relationships.

When guests visit a hotel, they all want to have a positive experience. So, what can a hotel do to impress its visitors? This chapter addresses a number of excellent ways to impress hotel guests.

As a result, both hotel managers and hospitality professionals will find something interesting here that will assist them in impressing their hotel guests. There are some ideas and suggestions for enhancing the hotel guest experience. Even so, delivering a memorable experience is what service in the hospitality industry is all about.

3.2. BASICS OF CUSTOMER

A customer is an entity, group of individuals, or organization who receives or may receive goods, services, items, or ideas from another person or business in exchange for value, which may be money or something of equal value. The customer is the lifeblood of every company. Typically, the greater the number of customers, the more successful the company, and vice versa. Business needs customers to buy the products. A customer does not purchase the product right away but may do so in the future, thus staying a member of the target customer group.

3.2.1. Types and Examples of Customers

Customers can be of different types based upon their ability to buy goods or services (Figure 3.1).

Figure 3.1. Types of customers.

Below are some different types of customers:

- *Potential Customer:* An individual who is very likely to purchase the company's product or service. For example, a customer searching for an apartment in a specific area becomes a potential customer for local realtors who might have a flat that meets the customer's needs. The customer can end up purchasing the apartment. Potential buyers may present a business opportunity to vendors, which can then be converted into a quote stage and ultimately result in an order or sale.

- *Loyal Customers:* Those who are loyal to a single company and make repeat transactions despite slight adjustments in criteria such as price, quantity, and so on. For example, a customer who buys the same airline ticket regardless of price.

- *New Customer:* A customer who has purchased a product or service for the first time from a specific company. These customers may be moving from a competitor brand or a new entrant into the

market. For example, an individual purchasing a car for the first time after receiving an increase in salary. A new company will attract new customers from the industry from the viewpoint of the organization, either by introducing an entirely new product category or by launching a competitive product offering in the market.

- **Discount Customer:** Those who purchase or use an offering solely because it is on sale or has a cash-back bonus. Unlike loyal buyers, these people are more likely to switch brands if prices fall. For example, a customer could choose a different flight based on the discounts available, even though their preferred airline brand differed from previous travels.

- **Former Customers:** Those who were previously buyers of one business but have now become buyers of a new business for various reasons. Since they have already tried the product or service, these people are still potential customers. For example, a person who used to buy a particular beverage moved to a healthier alternative offered by a competitor.

- **Internal Customer:** One who is associated to an organization and is internal to the organization. This includes, for example, the owners, staff, and other stakeholders.

- **External Customer:** An external customer is a buyer of services and goods who is not affiliated with the business. People purchasing the goods in the marketplace are an example of an external buyer.

- **Intermediate Customer:** Those who buy products for resale, such as supermarkets. Customers are a component of a larger supply or value chain.

3.2.2. Importance of Customer

A customer is the bedrock of every company. A company cannot survive without a customer base. A customer can pay for the business's offerings and keep it running. It is important for a company to treat its customers well because the same individual will become loyal and repeat, resulting in more business. These satisfied customers will lobby for and recommend the company to other potential customers, bringing in more revenue. In short, a company cannot function without customers, so the customer is critical to every business.

3.2.3. Customer Needs

A consumer need is a need that drives a customer to buy a product or service. The need can be understood (i.e., the customer can articulate it) or unknown, and it is the deciding factor of which solution the customer purchases.

Customer requirements can be classified into a wide range of different types and categories. For example, a customer can need a solution with specific features, that fits within a specific budget, or that provides a certain level of reliability. Finally, all consumer needs can be divided into three categories: functional, social, and emotional (Figure 3.2):

Figure 3.2. Types of customer needs.

1. ***Functional Needs:*** The most concrete and evident of the three key categories of consumer needs are functional needs. Customers normally assess possible solutions based on whether they can assist them in completing a specific task or function. The product or service that better meets their practical requirement is likely to be purchased or hired.

    Depending on the customer's purchasing requirements, functional needs may be general or extremely specific.

    A customer who is planting a garden for the first time, for example, might say, "I need a garden hose." Meanwhile, an experienced gardener can narrow their search by stating, "I need a hose long enough to reach my vegetable garden from my backyard spigot." Another customer who has experienced the annoyance of using a low-quality product can tailor their need differently, stating, "I need a high-quality garden hose that will not tear or kink from daily use."

    With this kind of insight into customers' practical needs, a garden hose supplier might create new items, such as hoses that come in a variety of lengths and do not kink.

2.   ***Social Needs:*** A consumer need that refers to how a person wants to be treated by others when using a product or service is referred to as a social need. Although social needs are not usually a customer's top priority when making a purchase, they may have an impact on their final decision.

Social needs are frequently more difficult for businesses to recognize, and they differ greatly from customer to customer. You can look for trends in your users by understanding different social needs. Consider how a specific need shared by a large number of your customers will inform your product creation, distribution, and marketing processes.

Returning to the garden hose case, suppose the customer is a member of a gardening club. Members of this organization are passionate about high-tech gardening equipment and often review new items they have tried. The customer can decide, consciously or unconsciously, to purchase a hose with advanced features, such as one that connects to a smart water controller, in order to bond with other members of the association.

If, on the other hand, the customer is an environmentalist who is involved with many groups, they could be more concerned with whether a hose is made from recycled products like their fellow environmentalists use.

3.   ***Emotional Needs:*** This including social needs, are often subordinate to functional needs. Whereas social needs are concerned with how a customer wishes to be viewed by others when using a product, emotional needs are concerned with how a customer wishes to feel.

Consider the reasons why the customer gardens once more, using the garden hose as an example. If gardening is a relaxing hobby for them, they will prefer a simple hose over a high-tech alternative. Alternatively, if gardening brings back memories of the customer's grandparents, they can choose a brand that evokes those memories.

Although identifying a customer's emotional needs may be challenging, businesses who do can use the knowledge to customize and refine their product messaging.

3.2.4. Customer Benefits

The consumer will profit from a genuinely customer-focused organization that puts the public at the center of service design and delivery by:

- developing an in-depth understanding of the characteristics of our existing and future customer groups and using this knowledge to best represent the customer and their expectations.
- Making customer consultation an essential part of continuously enhancing service and informing customers of the progress and actions taken.
- Analyzing customer journey mapping to gain a better understanding of how consumers communicate with the Council and making changes to reduce obstacles and increase access.
- Providing information to our clients and potential customers about the wide range of services we provide, including how and when people can contact us, how our services are managed, and who is in charge.
- Assessing how customers communicate with the company through different access channels will ensure that the Council provides services to everyone.
- Providing employees with instruction and direction on how to manage grievances and conduct fair investigations can increase the consumer experience and complainant satisfaction.
- Exchanging customer information with colleagues and collaborators within our company as soon as possible when needed, reducing unwanted interaction with customers.

3.2.5. Customer Satisfaction in the Hospitality Industry

If there is one sector where customers are likely to pay attention to the quality of service they offer, it is the hospitality industry. Your role as a hospitality service provider, from restaurants to hotels and all in between, is to keep customers happy and satisfied. To keep your hospitality company afloat, keep your customers at the forefront of your operational plans.

3.2.6. Customer Experience Expectations

Customers are no longer satisfied with simply hearing "please" and "thank you" or offering service with a smile. While these are ingredients in the

formula for proper etiquette, they are insufficient. Customers who are satisfied are searching for a memorable experience and dynamic service where it counts. Customers want to know that their company is valued, whether it is receiving prompt service or deviating from traditional procedures, such as expanding a guest check-out in a hotel or customizing a menu item in a restaurant.

Anticipate your customers' needs and be sure to make your workers perform accordingly if you want to be on the receiving end of their satisfied scores in polls and among their network.

3.2.6.1. Deliver on Promise

Delivering on your promises is a critical factor in keeping your guests engaged and returning. Do not drop the ball when it comes to what you say you will do, from being consistent to ensuring they get the same awesome service to doing what you say you will do. Customers are more likely to become dissatisfied when a major promise, such as special services or luxury goods, is broken. Avoid claiming to be a luxury brand if your offerings are mediocre or if you create gimmicks that entice consumers only to disappoint them in the phase of working with you.

3.2.6.2. Customer Happiness and Loyalty

Customers that are pleased with a product or service are more likely to return. It is important that you not only have excellent service, but also excellent goods. Make it a point to be on the cutting edge of customer trends, such as developing personal assistance systems for traveling customers or making special concessions for frequent repeat customers. Make sure you have enough things on hand so that when your customer needs you and your goods, everything is ready.

A customer who has to wait for you to do his part all the time, no matter how loyal, can get tired and go to the competition. Customers will remain loyal if you concentrate on them at all times.

3.2.6.3. Let Them Vent

Give your customers a way to tell you about bad experiences. When you have a client, who has had a bad experience, make it easy for them to not only tell you about it, but also get it off their chest to you and not anyone else. Customers should not be patronized when they are dissatisfied by shooting

them away with little or no redress. Make it a point to address problems that have arisen and to investigate those that could be improved.

Capture correspondence strategies for staying in touch with your customers so that you can notify them of updates and improvements.

3.2.6.4. Keep an Eye Out Online

Many clients can contact you directly, both with concerns and compliments. But do not forget to keep an eye on what people are saying about you online. Sites like Yelp and Trip Advisor have an infinite amount of reviews for thousands of businesses. Many of the reviews are remarkably insightful and educational.

Keep an eye out for feedback about your services; usually, you can respond to reviews with a thank you or a statement of concern and an offer to make things right.

You may also set up a forum for your business on Facebook, Instagram, and other social media platforms where you can show your wares and invite customers to ask questions or leave comments.

3.3. CUSTOMER SERVICE (CS)

Customer service (CS) can refer to the practice of giving customers a meaningful, helpful experience before, during, or after they purchase something. It may also refer to a company's department that works on these processes. Ideally, every worker should be able to assist clients and no client should face discrimination. Employees may interact with individuals in fact, over the phone, or via written correspondence. Many companies spend a significant amount of time gathering input and preparing their staff for this reason because it increases the likelihood of a customer being loyal.

The following are some basic ideas for evaluating the efficacy of CS excellence:

- **Customer Contacts:** which is the proportion of staff (managers and/or employees) who have direct contact with customers, or the number of staff (managers and/or employees) who have direct contact with customers. This is a count of the number of points of contact with customers. It can be used to gauge the strength of a company's consumer relationships. The more customer touch points there are, the more stable the relationship and the more opportunities for knowledge sharing there are.

- ***Training-Customer Care:*** In other words, the percentage of CS personnel trained in customer care techniques. This metric indicates how well employees are trained to provide CS.

- ***Customer-Communication:*** Namely the frequency of communication with the customers (for instance, meetings, product briefings, telephone calls, customer reports or visits). This metric indicates the strength of an organization's relationship with its customers.

- ***Customer Relationship:*** Duration, i.e., the average length of time of relationships with customers, or the timeframe of relationships with key or individual customers. This metric necessitates a precise description of what constitutes a customer relationship. The metric can be used to determine consumer loyalty.

- ***Customer Complaints:*** Number of, e.g., the number of customer complaints over a timeframe, or the number of customer complaints per million units sold or shipped, or the number of customer complaints divided by the total number of orders. This metric calculates consumer complaints as a percentage of units sold or orders placed.

- ***Customer-Retention:*** It defined as the number of regular customers over the previous year divided by the total number of customers, or the percentage of customers current in one cycle retained in the next year, or the value of repeat sales divided by total sales, or the percentage of contracts renewed. This metric indicates customer satisfaction, loyalty, or the importance of that loyalty.

- ***Customer Suggestions and Feedback:*** i.e., the number of suggestions or pieces of feedback received per customer in a given period of time, or the percentage of customers who make suggestions or provide feedback in a specified timeframe, or the percentage of customer feedback or suggestions that are incorporated or relied upon, or the average value of recommendations implemented, or the average lead time to response. This metric provides information for tracking customer feedback processes.

- ***Customer Loyalty:*** which is the amount of loyalty indicators such as repeat transactions, the number of different items purchased, relationship length, and loyal customers. This measures overall

customer loyalty and can be presented as an indicator in combination with other leading measures including customer satisfaction to forecast industry dynamics and evaluate current organizational success.

3.3.1. Importance of Customer Service (CS)

If someone is traveling for business or fun, the amount of CS she gets on her trip will influence whether she returns or advises her friends to avoid the business in the future. After all, when a traveler leaves home, he or she has a plethora of choices. Excellent CS is often the difference between a customer choosing you and a customer choosing your competition. And, in most cases, it will not cost you anything extra.

3.3.1.1. Customer Expectations

Travelers, especially those on vacation, want to be able to look back on their experiences with a smile. In hotels and tourist destinations, guests expect staff to be courteous, supportive, and polite. They also want staff members to be familiar with the city and its attractions. Remember that many visitors are unfamiliar with your area and are visiting for the first time. If your staff can guide visitors to attractions and sites, they will be able to assist tourists in creating the memories they want.

3.3.1.2. The Online Effect

Modern travelers are well-versed in the use of the Internet. They use their laptops and smartphones to research and book journeys, locations, and hotel rooms. When they are looking for hotel and activity ideas, the experience they have with your website is important. It is their first impression of you.

They will leave if your website seems uninviting, is obsolete, or is difficult to navigate. They also tell the world about their business experiences on online review sites. When guests book online, they often choose businesses with the best customer reviews within their price range. Bad CS reviews can be extremely damaging, and if enough visitors have negative experiences with your company, word can spread quickly.

3.3.1.3. Positive Attitudes

Apathy, complacency, and employees who complain in front of visitors can permanently taint their perception of your business. Smiling team members,

optimistic attitudes, and supportive, welcoming voices start and finish excellent CS. This is critical for both individual staff and teams, such as those that assist visitors with check-in-desk clerks, concierges, and porters.

These workers are the business's public face, and they are the people that visitors can interact with the most during their stay. Their upbeat demeanors would have a big impact on how much fun visitors have during their stay. Do not forget about happy goodbyes, as it is all too easy to hurry or ignore customers on their way out, but it is the last experience they will have of your business. Make goodbyes as friendly as hellos if you want it to be a good one.

3.3.1.4. Complaints Are Possibilities

The oldest CS adage is that the customer is usually right, even though he is completely wrong. This is not just about keeping customers satisfied and keeping them from going to competitors; it is also an opportunity to learn about any flaws or trouble areas the company might have. Helping a visitor solve an issue of courtesy also results in a loyal patron who is more likely to visit in the future. Consider complaints to be input from consultants who are testing the market. Then do everything you can to fix any flaws they discovered.

3.3.2. Excellent Customer Service (CS) Tips to Impress the Hotel Guests

These hotel guest impressing tips will assist hotel managers in ensuring that their guests leave with pleasant memories and recommend the hotel to others. Most hotel managers understand the value of service in the hospitality industry. Expectations are shifting right now. As hospitality managers, you are supposed to please customers at any touchpoint.

In the hospitality industry, customer support is the make-or-break aspect for all companies. A single aspect connects various sectors of the hospitality industry: offering outstanding CS. For a competitive advantage, the thought process and service delivery mechanisms must be reevaluated (Figure 3.3).

Figure 3.3. Excellent customer service.

Source: https://th.bing.com/th/id/Rb5fd7422e41593f18f452749ae52ccf4 ?rik=hBeQtXN6rCMG0w&riu=http%3a%2f%2fwww.coolbusinessideas. com%2fwp-content%2fuploads%2f2014%2f02%2fThe-Importance-of-Customer-Service.jpg&ehk=s7MpyVcpA6w0HYofdQFSCnH5IcSEwkEwP3 Qw26Ad9jk%3d&risl=&pid=ImgRaw.

1. ***Creating Emotional Triggers for the Delight of Hotel Guests:*** It is important to build emotional stimuli in the hospitality industry in order to provide outstanding CS. It is important to make wonderful memories. CS focused on trust and conveying a sense of belonging will work wonders.

2. ***Use New Ways to Impress Your Guests during Hotel Stays:*** It is important for all hospitality businesses to be reliable. Customers are attached to the brand, and CS should be able to do the brand justice every time. Regular customers of top hotel chains, for example, are more attached to the brand and quality of service. It may be a warm cookie at check-in, a favorite coconut welcome cocktail, items in the menu, or drinks from the mini-bar. Customer satisfaction is built on consistency. So, let us take a look at some of the best service tips for making hotel guests happy:

   Freebies-always strive to go above and above what is promised. It will undoubtedly impress your hotel guests.

– Addressing hotel guests by name often adds a personal touch.

– Sending thank you notes makes the guests feel extra special.

– Provide your guests with a free meal or a bottle of wine-Something extra always makes your guests happy.

– Pay special attention to children and the elderly-If children enjoy the establishment; visitors will undoubtedly visit.

– Become pet-friendly, or at the very least have a few pet-friendly rooms for visitors with canine companions.

– Have a free half-day tour—after all, it is the experience that they will remember.

– If it is not too busy, do not be afraid to upgrade your hotel's guest rooms. They will adore it.

– Keep track of birthdays and anniversaries and give out promotional offers.

– Stay in touch and continue to make hotel guests feel special with non-intrusive and intermittent emails and texts.

3. ***Use Technology to Wow Your Hospitality Customers:*** In the hospitality industry, technology is assisting in redefining the CS experience. It sparks a variety of hospitality ideas for visitors. One example of how technology is changing the hospitality environment is the use of chatbots for exceptional CS.

4. ***Listen to the Customers:*** It is important to always listen to customers. It is commonly stated that empathetically listening to customer complaints makes them more open to the solution offered. Furthermore, active listening aids in the avoidance of miscommunication. Active listening also means that customers' needs are clearly known. Listening to consumers will also help hospitality companies have a more robust and creative customer experience.

5. ***Make a Good First Impression to Impress Your Hotel Guests:*** Creating a positive first impression is critical for providing outstanding CS. This is the first step in making a guest comfortable in a hotel or other hospitality establishment.

The first experience is crucial. It builds a momentum that ensures all services are favorably received by the customer. Customers also complain less if they have a good first impression.

There are a few things to keep in mind to make a good impression on the customer during the first meeting.

  – Making eye contact;
  – Using positive body language;
  – Having a welcoming smile will work wonders;
  – Appropriate wording;
  – Active listening;
  – Appropriate furniture;
  – A gift or a welcome drink.

6. ***Take Daily Feedback and Act on it to Strengthen Relationships:*** Again, this is important if you want to keep impressing your hotel guests by improving your service levels. One of the most relevant hotel CS tips is to solicit and act on feedback. This is related to our previous argument about continuity. It is important to understand how consumers feel and whether or not they will return. Feedback is critical, but it is also critical to step away from the same old feedback types. It is possible to collect input without consciously requiring customers to write notes. Technology enables us to communicate with customers at any possible touchpoint.

7. ***Make the Customers Feel Valued:*** This is a critical point in the hospitality industry. The majority of the time, hospitality companies offer a service. Customers are more likely to bring back perceptions and memories than tangible goods. As a result, it is important to make customers feel unique. They will recall every time they were made to feel special and will return in search of the same memory.

8. ***Benchmarking Method for Enhancing Customer Service:*** Benchmarking for CS is important. The method entails researching competitors and the world in order to identify best practices and opportunities for change (Figure 3.4).

Benchmarking Model
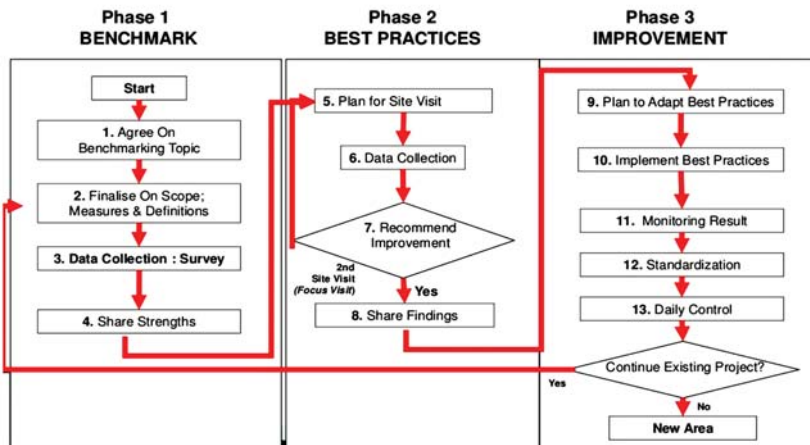
Figure 3.4. Benchmarking method for customer service.

Visiting different hospitality organizations, evaluating competition, incorporating consumer input into the model, and acting on the findings will improve CS dramatically. Benchmarking can be extremely beneficial in increasing the bar and shifting the curve of innovation.

9. ***Maintain Flexibility and Ingenuity in Generating Pleasure for Your Customers:*** In order to serve clients, it is critical to be highly adaptable. CS in the hospitality industry is heavily reliant on being adaptable and constantly innovating. Many hospitality companies become rigid in order to maintain orderliness in service patterns.

However, in the hospitality industry, versatility is essential for providing outstanding CS. Since no two customers are the same, there can be no common procedure. As a result, educating, and inspiring workers is critical in developing a more agile and creative workforce.

3.3.3. Important Customer Service (CS) Abilities

The hospitality industry revolves around providing excellent CS. You want to ensure that your guests have the best possible experience at your hotel

or restaurant, that they will visit while they are in town, and that they will recommend it to all of their friends and family. When CS is not handled properly, it has a significant impact on business, particularly now that visitors have higher standards for CS than ever before.

So, how do you know the skills and characteristics are needed to truly excel at CS in the hospitality industry? Simply stating that you are a "people guy" is insufficient. It is all too hazy. Here is a list of the most common skills that someone working in CS or hospitality should be familiar with:

- *Excellent Communication Skills:* Keep your communication with a guest brief and to the point. So that there is no confusion, there should be no question about what is planned and what will be received. Telling a customer that a fee or cost is "included" in the bill will lead them to believe it is "free," and you may be setting yourself up for future conflict. Be precise and straightforward in your communication with your guests.

- *Have Patience:* This is something that everybody says- and with good reason. It is important to take the time to truly understand what the customer is saying and how to better solve a problem. Make certain that you understand what they really want so that you can provide them with the solution that best meets their needs.

- *Maintain a Positive Attitude:* Instead of saying "can't" or "won't," most statements can be rephrased to begin with "will" or "can." For example, if a customer requests a special room accommodation, instead of saying you "can't" do it or that it "won't" be available, tell them what "will" be possible and what you "can" do instead.

- *Stay Cool:* Even if a guest is irate and demanding, note that it is not personal; keep your composure and solve the problem at hand. This goes hand in hand with the ability to "sense" people and consider their emotional states.

- *Think on Your Feet:* There will always be surprises that you did not predict. You must be able to think quickly and plan ahead of time what you would do if you come across something you have not seen before. For example, who is your "go-to" person when you do not know what to do, and how do you contact the appropriate person to solve the problem? You will be able to solve problems and please your visitors more easily and effectively if

you have this knowledge on hand.

- *Carry it Out:* Be the one who perseveres until the issue is resolved. Your work ethic should drive you to go the extra mile, no matter how long it takes. When you see an issue through to completion, the customer knows you went above and beyond, and it will come back to you tenfold.

- *Active Listening:* This is important for establishing relationships and resolving issues. It is the best way to better appreciate what you are dealing with because you are listening to what is said and still watching the general sound and unspoken desires of the guest. Simply "hearing" is not the same as actually listening.

- *Empathy:* It is important to not only hear and appreciate what your customer is thinking, but also to know how he or she is feeling. Put yourself in their shoes and consider how you will respond and how you would like to be handled. It is the "Golden Rule," and it still holds true.

What steps should you take to develop your CS skills?

- Improve your experiences with your guests by identifying areas of commonality or mutual interests. It endears you to your customers and provides them with a point of reference to which you can all connect.

- Make the customer feel understood by rephrasing their words and asking for clarification. Then you are both starting from the same place and can work together to solve whatever the problem is.

- Admit the error(s) and apologize, even though it was not your fault. It fosters confidence, allowing you both to concentrate on finding a solution.

- Maintain contact long after the situation has been resolved. Check to see if the guest is happy and let them know you appreciate their company.

- Strive for the "wow" factor by delivering out-of-the-ordinary amazing service that elicits an emotional response. Give the visitor/customer something unexpected (a room upgrade, a complimentary drink or dessert, unexpected tickets, etc.). You have now wowed them, distinguished yourself, and created a lot of goodwill.

3.3.4. Components of Good Customer Service (CS)

Several vital components go into providing excellent customer support. These elements foster excellence and all of the benefits discussed in the previous section, thus counteracting the negatives associated with poor CS. All of the following elements must be present in any CS:

1. ***Expertise and a Goal-Oriented Approach:*** Well qualified personnel are prepared to answer the customers' queries. This reduces returns and disappointed customers while also improving the team's understanding and appreciation of the goods and services. They are proactive in their customer-facing positions because they have a reasonable opinion of the goods and services and believe in them.

2. ***Patience and Empathy:*** Excellent workers possess two basic characteristics: empathy and patience. When consumers detect kindness, they know that the company really cares. Angry and irritated customers must be treated with empathy in order to reach them, consider their issues, and propose a solution.

3. ***Communication and Attentiveness:*** Not everyone is born with the ability to communicate. Employees that interact with customers are outstanding communicators. CS representatives should appreciate concerns and grievances and respond appropriately. Listening is an important aspect of communication because it allows you to understand the problem and respond quickly.

4. ***Professionalism:*** Customer support team is a team that interacts with customers. Customer support representatives are extremely knowledgeable. Professionalism includes their appearance, attitude, timely service, being hospitable, and being clear. That makes the workers realize how important their job is, and they are willing to give it their all.

5. ***Appreciation:*** Customers who feel appreciated are more likely to return for the goods and services you provided. Simultaneously, the customer-facing workforce is valued. Employees who are happy work well and are able to go beyond and beyond the call of duty. Give them the authority to provide discounts to customers, to replace or refund goods, and to provide additional products or services to customers. The authority motivates them to be better CS executives.

6. ***Body Language and Acting Skills:*** Your CS representatives are the company's public face. Their body language reveals a lot about your business to your customers. People who are confident and sincere have a very different body language from those who are bored or have a don't-give-a-damn attitude. Your employees' body language will tell your customers how much you trust them.

    Customers who can never be satisfied would be encountered by staff. Regardless of how irritated they are, they should be able to maintain a cheerful demeanor at these periods.

7. ***Understanding when and How to Apologize:*** As easy as this might seem, you would be shocked by how difficult it is for CS representatives to apologize to customers. Reliable teams understand not only when but also how to apologize. Although a simple "We are sorry for the inconvenience caused to you" will suffice in some situations, some customers expect far more. It is important to understand how to apologize, when to apologize, and how much to apologize.

8. ***A Customer-Friendly Website:*** Your company website, in addition to your customer support team, plays an important role in keeping your existing customers satisfied and attracting new customers. An engaging, user-friendly website that is attractive, offers all of the necessary details, and has a FAQ section so customers can get their questions answered right away is vital to providing outstanding CS.

9. ***Response Time:*** Excellent customer support entails responding promptly to inquiries, fixing questions, and resolving concerns as soon as possible.

10. ***Accessibility:*** Another important aspect of providing outstanding CS is accessibility-ensuring that customers can contact the business at any time of day or night. They are not put on hold or made to wait in line to get their issues resolved.

    Companies that have outstanding CS have a sufficient number of well-trained employees who are often available to answer customer questions.

3.3.5. Smart Ways to Implement the Customer Service (CS) Strategy

You now understand what excellent CS means, how to accomplish it, and the various approaches you may use to develop an effective strategy. The next move is to put this technique into action in your company.

Here are some points to consider:

- Increase the size of your CS team. Hire the best experts, train them thoroughly, and instill in them a thorough understanding of your goods.
- Track the team's success as well as the performance of individual team members. When necessary, provide additional training.
- Recognize and reward their efforts.
- Use customer relationship management (CRM) tools to ensure that the organization contacts and maintains contact with all customers.
- Make use of several channels of service. CS can be provided via mobile devices, social media, the company website, and even self-service solutions such as a FAQ page on your website.

CS representatives can do a lot to ensure that they have outstanding service. Here are several suggestions for support service workers to incorporate into their jobs:

1. ***Product Understanding:*** A thorough understanding of what you deliver is an important CS ability. You spend your whole day troubleshooting for your employers and customers, and the only way you can do your job justice is to be a product expert.

2. ***Positive Attitude:*** Remember that no matter how frustrating a customer is, the right mindset goes a long way toward delivering outstanding CS.

3. ***Problem Solving:*** If you can fix all of our customers' issues, they can stick with us. Improve your problem-solving abilities. Find new ways to fulfill their needs while still finding out how to solve their dilemma. For example, if your product was delivered to the incorrect location, you can send out a replacement product at no cost.

4. ***Respond Quickly:*** Do not make the customers wait. They are worried and upset and need to speak with you as soon as possible.

When they contact you, do not leave them on the phone while you solve their dilemma. Maintain their interest. Inform them that you are working on the issue and how close you are to resolving it for them.

5. ***Provide Personalized Assistance:*** Treat each customer as if they were your only one. Individualize your approach to them. Address them by name, know how to make them laugh, get them involved in the conversation, do not be afraid to deviate from the script, and personalize your time with them.

6. ***Give Your Customers Control:*** Some customers choose to resolve problems on their own. For such customers, self-service is an excellent choice. There are many technological solutions available today to help you help the customers help themselves.

7. ***Pay Attention Actively:*** Learn to actively listen. Listening to your client without interrupting is an example of active listening. Then, once they have done, repeat what they have said to ensure you have heard them. The next move is and ask questions to learn more about the issue they are dealing with. The more knowledge you have, the more effectively you will be able to assist them.

   When listening to customers, keep their emotional state in mind. Keep this in mind when responding to them, and react accordingly. The bottom line is that this customer must feel valued, noticed, and understood.

8. ***Keep Your Promise:*** If you make a commitment to a customer, make sure you keep it. You let your customer down if you do not deliver on your promises, and when you break your word, they lose confidence in you and faith in your business. Customers would not be particularly thankful if you deliver more than you promised, but they will be very disappointed if you fail to deliver what you promised.

9. ***Be Proactive:*** Do not be afraid to go above and above for your customers. Anticipate their desires before they tell you what they need, and anticipate how they feel before they show it to you. Anticipate and meet all of their needs. That goes a long way toward demonstrating your appreciation for them.

3.4. WAYS TO PROVIDE EXCELLENT CUSTOMER SERVICE (CS)

CS is the assistance you provide to your customers both before and after they purchase and use your goods or services, allowing them to have a simple and pleasant experience with you. If you want to keep customers and develop your company, you must have excellent CS. CS today extends far beyond the conventional phone support agent. It can be accessed via email, the internet, text message, and social media. Many businesses now provide self-service help, allowing customers to find their own answers at any time of day or night. CS is more than just answering questions; it is an integral part of the promise your brand makes to its consumers.

Since CS is a critical driver of business growth, it is time for companies to stop seeing help as a cost center and start seeing it for what it is: an opportunity waiting to happen.

Every person or organization will have their own concept of what constitutes good CS. Whatever you call it, these 8 tried-and-true CS concepts will help you transform your support operations and consistently have the best CS experience:

- Work as a team;
- Listen and share;
- Provide friendly, empathetic assistance;
- Be truthful;
- Develop empathy;
- Deep product knowledge;
- Timeliness;
- Identify ways to improve processes.

- *As a Team, Assist Customers:* Customer care is a team sport — and not just for the CS representatives. Accept that you will never have a complete understanding of any problem that comes into the help center. Maintain open lines of communication for your colleagues to stay on top of the big picture. Additionally, train all employees on your help desk program so that they can all chip in during peak hours. Sure, you will want to delegate highly specialized cases to specialists, but everybody should be able to assist. Successful startups would tell you that when everybody spends time on the front lines, it is easier to remain focused on

customers and sustain quality standards even when things get hectic.

- *Listen to Customers and Share Their Feedback:* There is nothing like speaking with a CS representative who really listens on all cylinders. Take the time to learn about the problems and how they affect the customer's company. People are more likely to stick with your brand if they know you respect their needs. Encourage CS representatives to ask questions while speaking with them. The more your agents understand about your clients and their needs, the more valuable they are to both your business and your customers. Your CS team can be a fantastic source of product creativity. At every company meeting, several popular startups have the CS team and present customer reviews.

- *Provide Warm, Personable Service:* People like robots, but they will rarely want to converse with one. Demonstrate to customers that you are not a computer. At the end of the day, it is all about how you make people feel. Do not be afraid to inject some personality into the operation, and inspire agents to do the same in their emails. Or to pass the time when they need to pull up account details by asking customers how the weather is or who their favorite sports teams are — something that adds a personal, friendly face to your support operations.

- *Be Truthful about What You Do Not Know:* Nobody enjoys being duped. A consumer has no right to expect anything other than the facts. You will win your customer's loyalty to your company if you maintain an open conversation and keep them updated at all times. If an agent is unsure how to troubleshoot a query, it is acceptable for them to inform the customer that they will contact the appropriate person and return when they have a response. Maintain an open line of communication with your customers and keep them updated at all times; this will win you their loyalty and commitment.

- *Practice Empathy:* Put yourself in the shoes of the customer, particularly in difficult circumstances. Customers will appreciate it, and the empathy will become a competitive advantage. An organization cannot be competitive if its culture is one of apathy. To provide successful CS, service agents, in particular, must master the lost art of empathy. When working on a case,

ask agents to put themselves in the shoes of the customer. Their empathy will shine through, and consumers will appreciate it.

- ***Know Your Product:*** The more information your CS team has about your product, the better they will be at servicing it. Make training an essential aspect of the CS operations. Some businesses have a one-week product boot camp to all new employees — not just sales representatives — to ensure they know their products inside and out. Be sure to schedule them for each new release as well.

- ***Keep in Mind that Every Second Counts:*** Customers despise having to wait. They gain confidence when you answer quickly and fix their problems permanently, and they are more likely to have an ongoing relationship with your brand as a result.

  As a result, provide your agents with the resources they need to provide the best possible service to your customers. After all, shortening the time it takes to support a customer directly shortens the time other customers must wait. At the same time, make sure to inspire agents to fully solve each problem; pace is vital, but resolution times can never take precedence over customer satisfaction.

- ***Improve as You Go:*** Seeing the same problems over and over? It is possible that there is a problem with your product or service, and you need to notify other teams so that they can address it. It may also be an issue with your manuals or help content. Investigate any ambiguities and update your knowledge base or FAQs. You can minimize interactions for many routine problems and increase customer loyalty by clarifying the messaging. Keep track of any decreases in service load and share your results.

3.4.1. Best Hotel Customer Service (CS)

The best hotels understand that good hotel CS is not only beneficial to increasing sales, but it is also beneficial to brand growth and customer retention. Unlike your venue, building structure, or facilities, you have full control over having the best hotel service experience.

1. ***Survey Your Guests:*** People enjoy expressing their views. As a result, guests will enjoy the opportunity to assist you in better serving them. Rather than relying on old-fashioned comment

cards for surveys, try one of these modern methods for gathering customer information.

i.   *Electronic Polling and Surveying Tools:* Send follow-up emails to clients after they book their rooms, when they sign in, and when they return home. The key is to keep the survey brief and to the point (think two questions, maximum). Allow them to write their own responses, but make sure they still have basic multiple-choice options.

ii.   *Just Ask:* When visitors check out, it is customary for the desk agents to inquire how their stay was. It typically results in pointless responses, similar to what you would say to a stranger when asked, "How are you?" Instead, incorporate detailed questions into your checkout process. Questions like the ones below help you get more intimate and gain a better understanding of how to enhance your hotel's CS:

- What were your expectations prior to staying at our hotel?
- On a scale of 1 to 10, how personally involved did you believe the hotel staff was in making your stay the best it could be?
- If you could change one aspect of our hotel's CS, what would it be?

These questions cause the visitor to pause and reflect on their experience. It also allows the hotel staff to correct any outstanding problems or put a little icing on top of a fantastic stay.

2. ***Empower Hotel Employees:*** Upper management cannot prepare for any of the most memorable "wow" moments. Instead, it is up to the workers to recognize and handle those opportunities when they arise on a daily basis. This means you will need to incorporate improvisation as a key skill in your regular employee training.

Improvisation is a method of moving with the flow that is structured. Having a protocol in place for specific circumstances is a great place to start. When those scripts get stale, it is time to branch out into more informal or imaginative responses.

Budgeting will help hotels inspire their staff to provide excellent CS in addition to offering adequate preparation. Set a rule that your workers are free to come up with some innovative solution

to a guest's request as long as the fix is $100 or less per person. When they have more authority to act, they would be better able to think on their feet.

3. ***Get Creative with Lost and Found:*** The only way to sour a holiday is to misplace something extremely important to you. Whether it is a diamond ring or a nostalgic doll, hotel guests will most likely check out stressed or upset about their loss. Although the hotel is not responsible for any missing things, they can also take responsibility for how they assist customers in dealing with the situation.

    For example, suppose a frequent business visitor loses their vital work hard drive while on the road. Instead of simply informing the customer that they will contact him if the item is found, allocate staff to the case. Request that they look over surveillance video. Alternatively, mail a substitute to the guest along with a handwritten note expressing their intention to help change the situation.

    Regardless of your budget, showing a hotel guest that you care as much as they do for their missing or stolen object would make all the difference.

4. ***Possess a Sense of Humor:*** There is a fine line between professionalism and lack of personality. Which is why charming headlines of hotel CS loosening their grip on us?

    For example, a guest who jokes about wanting a pony when asked what else hotel staff can assist him with today, only to have a printout of the most highly rated horse farms within a 25-mile radius slipped under his door. Or the customer who left their hotel room because it needed to be repaired, only to return to find an apology note and a chocolate wrench.

    These stories brought a smile to our hearts. And, though they retain the reputation of a well-known hotel chain, they also have a touch of levity that visitors would certainly enjoy and remember.

5. ***Interdepartmental Problem Solving:*** Creating team bonding between the different departments that make up a good hotel is not at the top of most people's lists when it comes to hotel management. But it really ought to be. There are several circumstances that could be resolved by contacting the appropriate person. Guests,

on the other hand, are always flustered and unaware of who to turn to.

Through informing every employee on what the hotel provides, who does what, and how they have already assisted visitors, the workers will be better prepared to provide five-star service without any additional work.

For example, your concierge can be unaware that a member of your housekeeping team is an expert at repairing ripped dresses, even if it is just hours before a gala. Perhaps your spa supervisor is unaware of the onsite recreational workers who can assist with children's craft hours for parents in search of last-minute day care solutions.

6. ***Be a Legend:*** How does one go about providing CS that stands the test of time? By venturing into territory where no hotel has gone before. There is a great story about a hotel valet who saved the day after learning that a woman had left her entire luggage collection at her house (a three-hour drive away). He took her house keys, drove the company car there and back, and returned her luggage to her before her dinner reservation that night.

That is obviously serious. And not every hotel can provide such personalized services, particularly when you need on-site staff on busy days. However, it is a perfect example of what sticks out in the minds of your visitors:

–   Going the extra mile. In this case, the employee rode for almost 6 hours, almost nonstop.

–   Doing something that no other hotel can. This story stands out for a cause. When the opportunity arises, consider, "Have I ever heard of a hotel doing this before?" Even if it seems nuts, it might be just what you are looking for.

–   Treating each individual guest as if they were royalty. This employee may have determined that this one guest's mistakes were unimportant compared to his presence on the premises. But, given her state of mind, his quick thinking and valiant deeds made her feel more than welcome at this institution.

If sending workers offsite to run errands for guests is not your thing, think about doing something easier but still press release worthy. Following the popularity of their pillow menu, the Hilton

in Chicago introduced a Sleep Menu. The Sleep Menu included everything from lavender bath bombs to cutting-edge sleep technology. Although there were several choices that guests had to pay for, there were also plenty that were complimentary.

Basically, do something unique in terms of CS that no other hotel has done before. It will seem overwhelming at first, but if you begin searching for these opportunities as they naturally present themselves, you will undoubtedly find one sooner or later.

7.   *Create Strategic Alliances***:** Upgrades and special treatments may also come from outside sources. It may be a gift for your loyal customers, a bonus for adding exclusive a la carte reservation pieces, or anything in between. Little information like these make you stand out without costing you anything extra.

For example, at check-in, you might have a free cheese platter from a high-quality local shop. The shop will promote itself while also assisting in the improvement of your hotel's CS. The same can be said for certificates to famous local attractions (such as wine tours and bungee jumping) and even free rental equipment such as skis. If you have local brands that fit with the vibe of your hotel and are able to offer services or products that will improve the customer experience, we say go for it!

3.5. QUALITY OF CUSTOMER SERVICE (CS)

A good CS experience is one in which the customer feels valued or heard. It is sometimes an intangible factor in why a guest prefers one tourism or hospitality provider over another. There is something about good CS that you cannot quite put your finger on — but you know it is there. And it is a critical factor in tourism success, both in terms of meeting ever-increasing customer expectations and achieving business profitability.

For example, in 2012, Cornell Hospitality presented a report from PKF Hospitality Research indicating that service factors such as employee attitude and the pacing and order of services provided have a significant impact on guest satisfaction. It discovered that the higher the client satisfaction, the higher the revenue for a given hospitality business, and that service plays a far greater role in the guest-purchase decision than price and location (Figure 3.5) (Cornell Hospitality Research, 2012).

Figure 3.5. Quality customer service.

Source: https://138787-402280-1-raikfcquaxqncofqfm.stackpathdns.com/wp-content/uploads/2018/05/L-customer-service-logo.png.

Training is essential for ensuring quality service and meeting these goals (Brown et al., 2009). Canada ranks highly in terms of human resource capabilities on a global scale. Unfortunately, due to the seasonal nature of many tourism and hospitality positions, as well as limited access to affordable and accessible training, the industry is not always able to capitalize on this opportunity (Blanke and Chiesa, 2009), as it can be difficult to attract, train, and retain reliable and qualified staff year-round.

Total quality (TQ) refers to a business strategy that involves all employees, from management to front-line workers, in a continuous learning process with the goal of increasing customer satisfaction. It entails reviewing all encounters and points of interaction with guests in order to identify areas for improvement. Total quality management (TQM) in tourism and hospitality is a process in which service expectations are set by the entire team, with management and employees working together to achieve this (Kapiki, 2012).

3.5.1. Key Challenges and Benefits to Employers

Many employers find it difficult to justify the time and money spent on training, particularly in a seasonal or high-turnover setting (Saunders, 2009). In reality, many of the benefits of training are intangible and therefore difficult to quantify, but there is evidence that training has a strong return on investment (ROI). Employee competence and work satisfaction, for example, are not always easy to measure, but they can increase efficiency and organizational profitability.

Employers must consider the benefits of training to their bottom line. Improved employee attraction/recruitment, retention, participation, and creativity can be among the key benefits. According to Saunders (2009), for training to be most successful, it should be geared toward developing employee potential rather than resolving deficiencies.

3.5.1.1. Benefits to Employees

CS preparation lays the groundwork for staff to provide successful service. Improved skills and attitudes; stronger communication skills; better understanding of workplace practices; increased morale, trust, self-satisfaction, and work satisfaction; increased participation; greater job/career development capacity; greater interest in and ability to engage in further training; and greater freedom are all potential benefits of this training (Grey, 2006).

Both groups prosper when workers obtain certifications and certificates that are accepted by employers. Employees now have a practical way to demonstrate mastery of service expertise and skills, and employers now have resources to aid in the recruiting and screening of new employees.

Customer-oriented experiences between customers and tourism staff, according to Kim (2008), affect the quality of the tourism experience. Let us examine the definition of customer orientation and what it entails in today's tourism businesses.

3.6. SERVICE RECOVERY

If a company fails to fulfill its customers' needs, the customer is likely to inform others about it, mostly via social media networks. An on-site problem that becomes an online complaint, moving from private to public, maybe much more harmful to business than the original problem. To keep problems from worsening, organizations and employees must work hard to fix concerns before the customer heads out the door — or takes out a smartphone to make an online posting.

Of course, it is not always possible to fix problems immediately. A customer's demands may exceed the service that the company can offer, or staff may not be approved by management to provide the means to address the complaint. Staff must also step up as service providers in these situations, understanding that their decisions when faced with a complaint may have a direct effect.

This is highlighted by online reviews, where reviewers are often more concerned with how an issue was treated than about the problem itself. In addition, prospective guests who read online complaints want guarantees that the same thing will not happen to them. If they cannot find it, they may ignore the company as a viable option and move on. The way a company treats complaints, both in-person and online, is vital to ensuring a full recovery from service failures (Figure 3.6).

Figure 3.6. After a service failure, service recovery happens when a customer service professional takes action that results in the customer being happy.

Source: https://th.bing.com/th/id/OIP.-b6ZrhSnpcX5fpfTWfbbNwHaFN?pid=ImgDet&rs=1.

Sometimes, service failures are not the fault of front-line employees, and in some cases, they are not even the fault of the company. Failure may be the result of a mistake made by another employee, the visitor, or a technical error. Customers have certain requirements for resolution when they bring an issue to the attention of the staff, regardless of where it started.

Customers who are dissatisfied often want:

1.   *An Empathetic Ear:* Often, they just want to yell. They want to know that the employee or manager is paying attention and is concerned.

2.   *An Apology***:** In certain cases, a genuine apology is sufficient.

3.   *A Solution:* Customers usually bring complaints to the attention of workers because they want them resolved.

4. ***Compensation:*** Customers who are dissatisfied also seek compensation, although this is not always the case.

5. ***Follow-Up:*** Some people want to know that their issues have been brought to the attention of management and are being addressed for potential customers.

6. ***Reassurance:*** Customers want to know that they are incapable hands.

In the age of social media, skilled service recovery is particularly necessary. Customers who are involved on social media are likely to be as outspoken about their satisfaction with service recovery when an issue is expertly addressed as they are about their displeasure with service when it fails to meet expectations (WorldHost Training Services, 2013).

Although service recovery is an important skill to have, all tourism and hospitality professionals should approach each experience with the intention of delivering exceptional service.

3.6.1. Guest Services Resources and Technological Support

Customer contact is closer than ever before in the age of technology, social media, and sophisticated automated systems. Restaurants have the potential to attract consumers without physical contact, and it is important that restaurants are technologically savvy. A combination of professionalism, timeliness, and innovation will pique people's attention and generate future company (Figure 3.7).

Figure 3.7. Technology has the potential to automate the guest experience and provide a more reliable and productive service within the confines of a restaurant.

Source: https://www.technology4hotels.com.au/wp-content/uploads/2019/10/Iot-banner.jpg.

3.6.2. Social Media

The effect of social media on the service process presents the industry with both an opportunity and a challenge. On the one side, online sites like Yelp and Twitter make information about your restaurant easily accessible to customers. They, on the other hand, create difficult environments in which restaurants are unable to control their public presence. The ability to create and provide reviews helps to meet customer expectations, but it also increases managers' responsibilities (Figure 3.8).

Figure 3.8. Online presence and online feedback will affect a customer's choice.

Source: https://www.teacherready.org/wp-content/uploads/2015/04/Feedback. jpg.

3.6.3. The Use of Technology

Restaurants use a range of technical services to improve their guest experience. Point-of-sale terminals, precheck terminals, self-service order entry kiosks, online shopping, and other technologies are examples of technology. The use of technology in a restaurant has the capability of storing information in a database in order to provide more reliable, personalized service in the future. It has the ability to automate service while eliminating human error (Figure 3.9).

Figure 3.9. The vast majority of companies depend on point-of-sale terminals, which are the fundamental hardware components of food service computer systems.

Source: https://www.electrosasecurity.com/wp-content/uploads/2017/02/POS-Terminal-and-Peripherals.png.

Point of sale terminals allow a secure system to input and exit orders, reconcile receipts, and compile sales data. Terminals can be placed in different locations in the restaurant and linked to payment terminals to form a cash management system. Touchscreens, keyboards, handhelds, and magnetic stripe terminals are all options.

3.6.4. Excellent Service

We have introduced the key ingredients of meeting customer expectations. However, in order for a company to be profitable, it must not only meet but also surpass standards. Remarkable service does not always necessitate a significant investment of money, time, or resources. People also remember the little things, the special attention from employees, and the personalized touches the most. There is no formula for providing exceptional service. It will be determined by the type of customer, the purpose of their visit, and the items they value. Finding ways to deliver exceptional service necessitates managerial support, acute observation skills, and a willingness to "go the extra mile" (Destination BC, 2013).

Understanding, identifying, and anticipating the needs of customers and working hard to satisfy or surpass them are all part of providing good service. The fundamentals of CS are also straightforward: make eye contact, smile, welcome warmly, and use the customer's name. These simple acts demonstrate to consumers that the company supports them and is willing to assist them. To meet expectations, the company must be on the lookout for ways to provide exceptional service.

Chapter 4

Service Innovation and Service Quality Orientation as a Business Strategic Tool in the Tourism and Hospitality Sector

CONTENTS

4.1. INTRODUCTION

The service industry has emerged as a key driver of growth in the tourism/ hospitality service industry. The learning provides insight into exploring the effect of service innovation orientation on alignment with business performances and strategic tools in the tourism/hotel sector, providing in-depth knowledge in the service innovation orientation that would boost the tourism/hospitality industry in order to address downturn specific opportunities that enable companies to thrive in downturns/tugs.

Through the tourism and hospitality sectors, the industry provides services such as food and beverage, tourism attractions, events tourism, sports tourism, medicinal tourism innovations, entertainment, and accommodation to both local and foreign travelers. While it is vital to maintain quality service delivery in all services offered by the tourism/hospitality sector, tourists visiting holiday resorts must be assured and have the right to expect the services they receive to be of high quality, which will improve business performance and contribute to GDP growth. Globally, the tourist and hospitality service industries use models such as the Service business model and business model innovation (BMI) to continuously and regularly review their operations in order to produce service innovation, deliver excellent service, and value creation.

4.2. SERVICE INNOVATION ORIENTATION

"Innovation orientation is viewed as a strategic orientation that influences organizational innovation in the hospitality/hotel sector and it has a diversity knowledge structure." Hurley and Hult define innovation as the firm's willingness to acquire new ideas and capability to change managerial systems. Innovation in the service concept is determined by the 6 Vs: value service maneuvering, value service creation, value service capture, value service quality, economic value, and value service delivery. Service innovation teaches about strategy execution, revenue, and profit sources, and financial ramifications in the service industry. "Innovation indicates the new development in the service industry that results in the improvement of commodities in the customer's favor and has a beneficial impact on business performance."

"Service innovation is defined as a novel way of offering services in an ordinary manner, or a unique or better mix of service production aspects in order to attract customers and expand business in terms of earnings and other benefits such as customer value and customer attraction." "Intangibility,

inseparability, heterogeneity, and perishability define tourism/hospitality services." "Service also includes processes and resources to benefit the customer, as well as a value creation co-creation model that symbolizes a relationship between suppliers and customers." The service's intangibility is that it cannot be physically touched, but can be sensed and experienced. For example, in a "hotel, a customer can enjoy a dinner." According to Gordon, there is a critical requirement for the service offering to have a new strategic instrument, and the BMI must be able to handle the service characteristic employing re-creation delivery and capture. "Perishability in service innovation, according to Gummerson (2007), means that services cannot be stored for later use, resold, or returned." Bettencourt suggests that "when customers are few, time can be devoted on facility maintenance and system administration." "Brinkley claims that leisure, prepositioning, redevelopment, and reading up on new developments are related to BMI processes and hence reinvention processes in connection to fixed cost." Namasivayam et al. stated that in tourism/hospitality, guest rooms and tourism destination centers can be renovated in such a way that they stand out among the essentials and solve perishability difficulties in the service industry.

Manufacturing has less perishability issues than tourism/hospitality; for example, fresh products have a limited shelf life. Chittum defines heterogeneity as the standardization of commodities that service quality can closely regulate so that the buyer can reap all of the benefits before making a purchase. Karmarkar maintains that, while commodity standardization is a trait of service quality, it is equally true in the manufacturing of commodities. Services can be standardized using the SBMI, depending on the service providing. According to Kim and Mauborgne, a service innovation attribute extends beyond the business' willingness to change their service delivery methods. The interaction and involvement with service innovation is not restricted to services. The inseparability feature for services has a narrow scope. Hotels, for example, are perfect instances of an industry that could profit from the application of service innovation. The most important part is service innovation since the service lacks a sense of ownership, and BMI comes in to address this difficulty because the service encounter is defined by the relationship between providers and customers.

There are, however, examples of no encounter, as well as countless variations and degrees of intensity between the near encounter and the no encounter. Gummerson's model, which depicts multiple roles and

interactions that are crucial in marketing but focus on the customer, is mentioned to describe interactivity in the service experience. The service encounter is about more than just marketing. It is also about manufacturing, distribution, customer service (CS), innovation, and administration, and the same employee frequently performs many jobs (Figure 4.1).
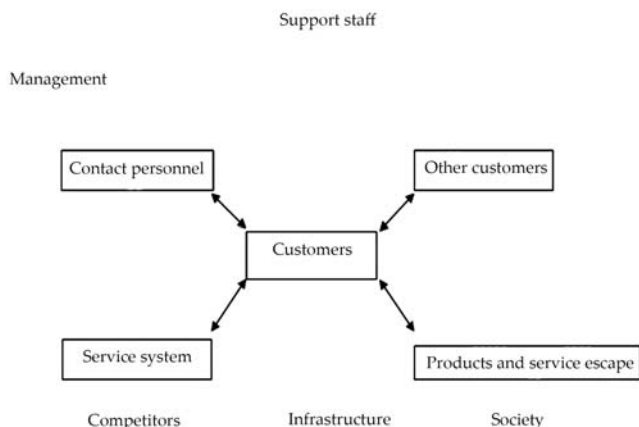
Figure 4.1. Illustration of interactivity in service encounter.

Because hotel service offerings are key contributors to the growth of the service sector and the overall economy, service innovation in the service industry becomes critical. The ability to innovate implies the possibility of adoption, and the application of innovation in the service sector is increasingly viewed as a factor in determining competitiveness. This capability in the hospitality/hotel sector results in a positive relationship that is consistent with the BMI notion in the service industry. There are, however, elements that influence BMI in the tourism/hospitality industry. These are market factors and competition, company (hotel) size, logistical innovation driven by suppliers, service innovation, and service delivery.

According to Durst et al. despite the growing body of literature on service innovation, there is a scarcity of empirical research that investigates the measurement of the impact of service innovation at the company level. Prior to implementing service innovation strategies, it is vital to build the capacity to monitor service innovation processes as well as the ability to analyze the impact of service innovation. According to Aigner, a service innovation outlines the value that a company provides to different consumers, as well as the competencies required to recreate the service offering. It also strives to generate lucrative and long-term revenue and value. The service innovation

provides a wide range of complete benefits to the consumer. According to Chesbrough and Rosenbloom, some service innovation features include value proposition, value chain structure, revenue generation and profit margins, and competitive strategy. The service offering incorporates a turnaround strategy that leads to service innovation, according to the innovation orientation. Because service innovation allows for the creation of excellence in the service offering as well as the development of more efficient cost structures, delivery, and technology systems, it is used as an effective strategic tool to generate competitive advantage for the firm or to regenerate growth in saturated markets.

4.2.1. Definition and the Innovation in the Hotel Industry

The act of introducing something new into the world is referred to as innovation. In general, innovation occurs to provide better products and services to customers while also earning organizational business. According to Jones (2008), "Innovation is new methods of doing old things, or unique or better combinations of manufacturing elements." Hoteliers use research and development to provide novel products and services in order to attract clients and grow their businesses. In comparison to chemical products, people prefer herbal products. For example, in body care products or food and beverage products, most individuals exclusively choose herbal and eco-friendly materials. In recent years, social activists, environmental authorities, and organizations concerned about the environment have taken measures and pressed all industries to limit their processes that are harmful to the environment.

There are five primary aspects in the hotel sector where innovation occurs. Product and service innovation, process innovation, logistics innovation, market innovation, and institutional innovation are all possibilities:

- *Product and Service Innovations:* Strategic development in the areas of product and service innovation is required for long-term success and a great bottom line.
- *Process Innovations:* Hoteliers are developing new ways to provide services to their customers. Customers are also considered for new roles in the one-of-a-kind service delivery process. Hotels are modernizing their work processes by implementing technology, such as automated front and back-office services. The efficiency of providing services to customers has improved as a result of process innovation.

- *Process Innovations in Information Handling (Logistics Innovation):* Information flows in organizations are becoming faster. Due to the busy schedules of guests, hoteliers are giving complete information on the internet so that they may reserve a suite from a single window. Now, hoteliers are managing supply chain relationships with travel agencies, courier services, and tourism to make it easier for guests.

- *Market Innovations:* Promotional activities are critical for any business. Hoteliers are now embracing new ways of communication in order to interact with their consumers. Developing a strategic partnership with tourism and travel agents to promote co-brand values.

- *Institutional Innovations:* New methods of financing the firm's investments are emerging. Firms require finances and cash to launch new products, conduct promotional marketing, and collaborate with possible partners.

4.2.2. Influencing Elements of Innovation in Hotel Industry

There are some influencing elements of innovation in the hotel.

Radical innovation necessitates thorough strategic planning, as well as adequate funds and capital. To inspire employees, a well-developed employee evaluation and compensation plan should be in place. Knowledge management, as well as training and development, are essential to motivate every employee in the company to contribute to the company's business strategy.

- *Size of a Firm (Hotel):* Firm size is also important in the innovation process. If a company is large and operates on a worldwide scale, its approach will be different.

- *Supplier Driven:* Hotels are a supply-driven business that strives for standardized commodities in order to maximize profit. The hotel's value is produced by its dependable suppliers.

- *Market Factors and Competition:* Firms must employ a well-developed marketing plan in order to compete effectively. The primary factors that a hotelier should focus on for strategically developing market efforts include building guest loyalty, giving greater customer pleasure, connecting with customer emotions, earning the high value of visitor experience, and embracing the latest trends in the hotel.

The way a hotelier treats a guest is the most crucial factor. The personal attention provided by the hotel's staff is always appreciated by the guests. However, it varies from person to person. Different kind of attention are necessary for different age groups. For example, children prefer gadgets to personal attention and insist on accompanying their parents to such a location. Loyalty programs provide a wonderful chance for customization by inviting a larger number of customers. Corporate programs are designed to not only treat guests as individuals but also to engage with their most critical clients in order to capture more chances.

A hotel guest has always expected the hotel to "offer me an experience." Guests looking for more activities when visiting a new location. Customers seek surprising experiences that go beyond their thoughts and feelings and interact with their senses. Hoteliers should focus on how to connect with emotions rather than rational, incentive-based incentives in their customer loyalty program. Most clients travel on vacation and prefer hotel services. Essentially, activity-based travel provides rich emotional experiences, which hoteliers can advertise to attract customers. Currently, there are several activity-based travel trends that are gaining traction in the industry. It might be a cultural club, because many people nowadays want to spend their vacations at the theater, visiting historic places, or participating in educational events. Customers' purchasing power is expanding as the economy grows, and as a result, they are willing to pay more money for higher-quality goods. One of the activity-based travel trends is adventure tourism. The major goal of this activity-based travel is to stay fit and healthy by visiting famous parks, hiking, and participating in other adventurous activities. Keeping this in mind, resorts are increasingly providing easy automobiles at a low cost or for free to guests in order to explore the surrounding areas. People visit heritage sites to commemorate any prominent neighborhood, community, or historical site.

People's ideas of price have shifted, and as the economy fluctuates, they are increasingly concerned about the goods and quality for which they are paying. As a result, individuals are weighing the value of what they are receiving versus the price they are paying. However, the most essential worry for hoteliers is increasing value while maintaining the same pricing, which necessitated innovation in product, process, logistics, marketing communication, and institutional communication. The following are the five most important things that add value to a customer's stay at a hotel:

- *Guest Room Design:* In terms of room size and comfort level, hoteliers can innovate in the guest room design. The hotel's staff should pay close attention to the cleanliness of the rooms and other moving areas of the visitors. The guest room should be adorned with traditional furnishings. The lighting system, drapes, and entertainment layout should all be tailored to the guest's preferences.

- *Physical Property:* The interior and outside architecture of a hotel contribute to its worth.

- *Interpersonal Service:* The hotel's staff must be service friendly and extra attentive to potential consumers. The professionalism and personal recognition displayed by personnel is always appreciated by the guests. These characteristics make guests happy and spread great news about the property.

- *Functional Services:* Everyone expects efficiency and speed of service from personnel in any hotel or corporation.

- *Food and Beverage Service:* This is the most significant feature that guests remember to identify their hotel experience. Food and beverage are the enjoyable and sociable aspects of a customer's stay. As a result, it is critical to leverage the hotel's food and beverage offerings in terms of quality and excitement in order to create value for guests. Food of high quality should be provided in a pleasant setting.

4.2.3. Determinants of Innovation Activities in the Hospitality Industry

We created a conceptual model to better understand the drivers of innovation in the hospitality business. Internal resources are determined to be the most essential determinants for innovation (Backman, 2014; Johansson and Lööf, 2008; Weiermair, 2004). A hospitality firm, on the other hand, is integrated in the regional milieu via numerous networks (personal and professional) and innovation systems (Hall and Williams, 2008). It is also affected by the magnitude and scope of the resources accessible in the surrounding environment.

To begin with, the firm, according to the resource-based approach, is made up of a collection of resources, skills, and knowledge that are integrated within the firm. The assets of the firm provide a competitive advantage and improve firm performance. Knowledge, skills, and learning-by-doing are

firm-specific, valuable, non-substitutable, and difficult to duplicate core assets that operate as essential drivers of the firm's performance and renewal (Penrose, 1959; Bharadwaj, 2000). In the hospitality industry, innovation is not largely determined by R&D intensity, market research, manufacturing, or commercialization, but rather by the firm's knowledge stock, which is acquired by learning by doing, utilizing, and interacting. Thus, firm-specific knowledge is developed by employees' human capital (education, experience, ability to solve problems, etc.). It is not simply the firm's stock of resources that are important for how the firm allocates and combines resources in order to innovate. Thus, innovation is the result of a firm's stock of resources as well as how those resources are used and redefined in a dynamic framework of renewal and learning (Eisenhardt and Martin, 2000). The ability to combine, adapt, and accept internal and external knowledge is critical in markets characterized by rapid change and volatility, such as the hotel business (Teece et al., 1997).

It is crucial for a firm's knowledge generation not just to develop internal information that may be used for innovation, but also to absorb external knowledge. The innovation process involves the collaboration of ideas, information, knowledge, and resources. Firms are typically unable to resolve the problems and obstacles associated with innovation merely through their own information, expertise, resources, and skills. External contacts enhance inter-firm collaboration, which is an important aspect of the innovation process (Rothwell, 1992; Vega-Jurado and Gutiérrez-Garcia, 2008; Bjerke and Johansson, 2015). The level of engagement between customers and suppliers, as well as other actors in the value chain, is a key part of service developments in the hospitality and tourism industries (Coombs and Miles, 2000; Lovelock and Young, 1979). Cooperation also increases the chance of learning through interaction (Cooke et al., 1997). As a result, cooperation becomes a critical resource for hospitality organizations in their innovation process since it allows for novel combinations of ideas, knowledge generation, and knowledge transmission. As a result, we consider the innovation process to be one that operates in an open mode. We construct our conceptual model, which leads to the empirical model, along the lines of Chesbroughs' (2006) open innovation paradigm. Furthermore, underpinnings come from Storper (1995); and Lundvall (1992), who both emphasize the impact of the external environment on a firm's ability to innovate and discover that the region itself is a significant component in constructing the framework required for both learning and innovation. As a result, because innovation is an interactive process in which information and knowledge are found and compiled

from various sources, whether internal or external to the firm, the external environment is critical because it establishes the rules and structure for the potential interactions that can occur. The presence of enterprises in an area, together with the interactions that occur there, indicates that it is a component of a regional innovation system (RIS). RISs are based on the economic and social interaction of economic actors in the private and public sectors, and they seek to generate and disseminate innovations in regions (Asheim et al., 2011). The geographical scale at which actors cluster and collaborate is also important for knowledge transmission and spillovers. According to Weidenfeld et al. (2010), physical proximity, product similarity, and market similarity all help to enable knowledge transfers and innovation spillovers within RISs. Firms that operate in environments that support and facilitate the RIS receive a competitive edge as a result.

Regional capital, which consists of enterprises, persons, formal, and informal institutions, cannot be readily replicated and so contributes to a location's long-term soft dimensions, which impact the attractiveness of inventive persons and boost creativity in a region (Florida, 2002; Marinova and Phillimore, 2003). These characteristics are location-specific public goods that generate positive spillovers and contribute to the attraction of the area as a tourist destination (Dwyer and Kim, 2003).

4.2.4. The Future Is Now: Innovations in the Hospitality Industry

Unless you have been living under a rock for the last decade, you are aware that the world has changed rapidly as a result of technological advancements.

Business practices have changed over the years, and the hospitality industry is no exception. Several technologies are transforming the way hotels, resorts, and other businesses in the industry operate. Here are a few advancements in the hotel sector that you should be aware of.

4.2.4.1. Easy Booking and Check-In

Almost every tourist uses an app or a website to book their airfare and accommodations. The ability to book online, whether through a third-party app or the firm website, ensures that the tourist has a place to stay at their location. Seriously, just being reachable through phone or text message will not suffice! Before picking where to stay, people look at photographs and reviews. This type of innovation can also be found in airlines. Bookings and even check-ins are simple using a smartphone app. Once the customer has

checked in using the app, all he or she has to do is drop his or her baggage at the counter, and he or she is ready to go!

4.2.4.2. Wi-Fi Access in Every Room

Right now, this should be rather straightforward. Internet access is essential for staying connected and getting around, and this is something that foreign travelers will undoubtedly require. People do not go to their hotel rooms to sleep or watch TV. They unwind, yes, but they also communicate with people back home when they are in their rooms. And it is only because they have access to the internet that they are able to do so.

Furthermore, with the development of internet outsourcing, many travelers are trying to get some work done while on the road. There is no question that a Wi-Fi is fairly much a staple need for accommodations.

4.2.4.3. Outsourcing of Services

One significant contribution of technology has been the closing of geographical gaps. You may now contact with people all around the world without having to wait weeks or even months for snail mail.

As a result, it is now possible to collaborate with people from all over the world. Sure, the hotel business requires the majority of its employees to be on hand, but there are undoubtedly occupations that may be outsourced so that not everyone is required to be in the same area.

Accounting is one such instance. Someone can handle the accounting for the company without physically being present. CS personnel who answer calls for ideas and complaints do not have to work in the same office. This service outsourcing helps the institution to make more room for other, more significant items.

4.2.4.4. The Universal Remote Control

When we say universal remote, we do not simply mean the one that controls the TV and the DVR! Nowadays, a tablet provided in each room can be used to operate the television, temperature, lights, and other hotel amenities. Guests can also use these tablets to browse culinary alternatives and order food service.

Virtual assistants are growing increasingly popular, and it is just a matter of time before Siri or Alexa take over hotel rooms and become the visitors' personal helper.

4.2.4.5. Automation-Enabled Self-Service

Guests at some establishments can serve themselves using a mobile app. With cellphones in almost everyone's hands, customers can conduct a variety of tasks without the assistance of a concierge or front-desk staff.

They may simply navigate the property with the use of a map, which can also show them exactly where they are. They can organize their own spa session or a taxi pick-up. This innovation allows guests to be a little more independent while yet having easy access to services.

The hospitality sector has altered dramatically in recent years. It is unsurprising that it will evolve further in the near future. Many businesses have been reshaped by technology, and the hotel business is no exception. Keep up with the times if you want to keep your business functioning properly.

4.3. TYPES OF INNOVATION

Innovation has become such a term that it might be difficult to recall what it actually means. Depending on who you ask, the bar for "innovation" may appear to be extremely high ("Let us be the next Netflix!") or far too low ("Let us hang some hammocks in our office!"). There are several ways for a company to innovate; in this section, they are classified into three broad categories: product, process, and business model. You can become a more effective and strategic inventor by limiting your attention on a single sort of innovation.

4.3.1. Product Innovation

Product innovation entails the development of new products or improved versions of existing products that increase their utility. This innovation can be in the shape of new technology, or it might be in the shape of the product's own functionality. Consider how frequently cell phone and automobile makers release new versions of their goods. Car manufacturers, for example, produce one new vehicle each year. Every few years, cell phone manufacturers release a new version of their phones. In doing so, the producer attempts to introduce something distinctive. Product innovation is all about improving on what already exists. You take customer feedback and incorporate it into a better product.

The following are some of the benefits of product innovation:

1.   *Expansion, Growth, and Gaining a Competitive Advantage:* A company that is able to differentiate their product from other companies in the same industry to a large extent will be able to profit. This can be applied to how small businesses can employ product innovation to differentiate themselves from competitors. Product differentiation is described as follows: "A marketing technique that emphasizes the distinctions between products. Differentiation seeks to increase the attractiveness of a product by contrasting its distinctive traits with those of competitors. Successful product differentiation provides the supplier with a competitive edge since customers perceive these products to be distinctive or superior." As a result, small businesses that can effectively use product innovation will be able to expand and grow into larger businesses while gaining a competitive advantage over their remaining competitors.

2.   *Brand Switching:* Businesses that can successfully use product innovation again will entice customers from competing brands to buy their product instead as it becomes more appealing to the customer. The introduction of the iPhone to the mobile phone industry is one example of successful product innovation that has resulted in brand switching (which has caused mobile phone users to switch from Nokia, Motorola, Sony Ericsson, etc., to the Apple iPhone).

The following are some of the disadvantages of product innovation:

- *The Opposite Effect of Product Innovation:* Not all businesses/ competitors create products/resources from scratch, but rather substitute different resources to create productive innovation, which may have the opposite effect of what the business/ competitor is attempting to do. As a result, some of these businesses/competitors may be driven out of the industry and will not be able to improve their product during their time in the industry.

- *Expensive and High Risk of Failure:* When a company attempts to innovate its product, it invests a lot of money and time into it, which necessitates a lot of trial and error. Constant experimentation may result in the business failing and incurring

significantly higher costs. Furthermore, it may take a company years to successfully innovate a product, resulting in an uncertain return.

- *Disrupting the Outside World:* In order for product innovation to occur, the business must change the way it operates, which may result in the breakdown of relationships between the business and its customers, suppliers, and business partners. Furthermore, changing too much of a company's product might lead to a less trustworthy image due to a loss of trust and consistency.

4.3.2. Process Innovation

Process innovation is the application or introduction of a new technology or method of doing something that assists an organization in remaining competitive and meeting customer demands.

Process innovation occurs when a company solves an existing problem or executes an existing business process in a fundamentally different way that results in something very valuable to people who perform the process, those who rely on the process, or both. A process innovation could be the addition of a completely new sequential manner to an existing production process that speeds up production by 100%, saving the organization money and time. At the forefront of their process innovation efforts, organizations today frequently bring in new information technology (IT) systems or find ways to use older systems in new ways.

In terms of scope and size, process innovation differs from incremental innovation. Whereas incremental or continuous improvements produce limited value, innovation produces improvements that increase value by up to 50%, 100%, or even more. Some people think of process innovation as bringing about radical or game-changing changes. Process innovation, in addition to the introduction of a radically new methodology or technology, often necessitates more planning time and the assistance of high-level management. It is also more risky than incremental improvements and necessitates a higher degree of cultural and structural change. Process innovation, on the other hand, typically affects a larger portion of an organization than incremental improvements.

Process innovation can create value for internal customers such as employees or the organization itself, as well as external customers such as business partners, end-users, or actual consumers. Reduced time to produce a product or perform a service; expanding the number of products produced

or services provided within a time frame; and lowering costs per product produced or service provided are all values derived from process innovation. Furthermore, process innovation can result in significant improvements in product quality and service levels. To be considered a true process innovator, an individual organization must see a significant increase in some of its key performance indicators (KPIs).

4.3.3. Business Model Innovation (BMI)

Business model innovation (BMI) does not always mean changes to the product or even the manufacturing process, but rather to how it is brought to market. According to decision innovation, "BMI is perhaps the most difficult of the innovation categories because it will most certainly provide an organization with considerable requirements for change." Often, the capabilities or processes that have been optimized to make a firm successful and profitable become the objectives for transformation. In other circumstances, these modifications can jeopardize components of the company's identity and clash with brand expectations or promises.

The process of developing a business model is a component of business strategy. The development, delivery, and capture of value by a company reflects its BMI orientation. There are numerous definitions and interpretations of a business model in the literature. Some people define business models as "the creation of organizational structures to carry out a commercial opportunity." Others broaden the "design logic" by stressing the procedures through which entrepreneurs develop and sustain successful firm growth. Any firm is founded on a certain business model that fits into its business units and provides a description of the architecture and capture mechanisms used by the business organization. Importantly, the business model outlines how the company gives value to consumers, persuades customers to pay for value, and transforms those payments into profit. Furthermore, management uses the business model to hypothesize on client desires and how an organization may arrange to best suit consumer needs. According to Chen, business models serve as recipes for strategic tools and inventiveness.

4.3.3.1. Components of the Business Model

Figure 4.2 depicts the six important elements of the BMI model. The BMI model is primarily used in the manufacturing industry as opposed to the service business.

Figure 4.2. BMI model.

4.3.3.2. Business Model Innovation (BMI) Occurrence

The business model design incorporating themes of the design perspective and design content give rise to business model occurrence. While design themes focus on the business' principal value creation drivers; the design content interrogates the planned activities providing scaffolding and sequencing of the activities.

4.4. STRATEGIC DIRECTION IN TOURISM/HOSPITALITY

The emergence of a business model is caused by the design of a business model that incorporates themes from the design perspective and design content. While design themes focus on the primary value generation drivers of the business, design content interrogates the intended activities by providing scaffolding and sequencing.

Strategic direction can be described as the extent to which an organization's innovation orientation adopts a turnaround strategy to achieve service innovation. It also provides organizational direction in accordance with aspects such as planning, designing, and recreating in order for innovation to occur.

Strategies are directional conduits that reflect the hotel's existence in the long and short term. They are more numerate, and plans can also be considered as a statement of the hotel's strategic orientation to satisfy the needs of a certain market. Strategies for competing and selecting markets, as well as decisions on advertising and hiring personnel in tourism/hospitality, may be developed. According to Hurley and Hult, service innovation requires

revamping and rebuilding techniques that provide the optimal answer, particularly in tough economic situations such as those faced by emerging countries. If planning, designing, and recreating are considered in tourism/hospitality as measurements in attaining service innovation and output performance, there is a dire need for innovation orientation strategies to be in alignment with the planning, designing, and recreating and responding to all the service innovation factors. Superior service may deter, but not prevent, customer defections to competitors, emphasizing the need of firms to have a successful customer retention program. In tourism/hospitality, retention (T/HR) is a continuous non-financial measure of a company's (hotel's) capacity to retain customers. T/mission HR's is to assist businesses in retaining as many Tourists as possible through customer loyalty and brand activities. T/HR retention begins with the initial contact a tourist has with a firm and continues throughout the relationship's lifetime. T/HR refers to the processes and efforts conducted by the company to keep tourists from defecting to competitors. Tourist retention gives a competitive advantage for the business by increasing revenue inflows to the service offering, cutting customer acquisition costs, and generating referrals to the firm when done correctly. Tourist retention is based on the percentage of customer relationships that, once established, are sustained on a long-term basis in coordination with the service offering and tourism/hospitality reputation, which stimulates re-purchase intention rates, which are critical in volatile industries with fluctuating prices and product values. Previous studies have revealed a favorable correlation between customer retention, Company performance, and market performance, and these favorable features of a good CR scheme on business success are especially true for the tourism/hospitality industry (Figure 4.3).
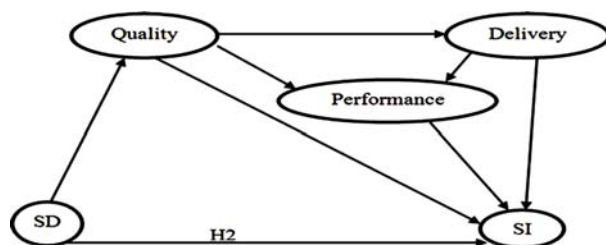
Figure 4.3. Illustration of strategic direction and service innovation relationships in tourism and hospitality.

4.4.1. Occupancy Rate

The occupancy rate has an impact on the performance of the tourism/ hospitality industry. The occupancy rate, according to Fitzsimmons and Fitzsimmons, is the number of hotel rooms taken out in comparison to the total number of hotel rooms. A hotel with a capacity of 100 rooms, for example, would have a 75% occupancy rate.

The occupancy rate in the hotel industry represents the percentage of occupied rooms within a given time period. The Occupancy Rate is typically stated as a percentage.

Number of Booked Rooms/Total Number of Rooms = Occupancy Rate (%)

Consider the following scenario: If Hotel A has 83 rooms and 70 of them are booked tonight, the occupancy rate is 84%. Occupancy Rate at Hotel A = 70/83 = 0.84337, or 84%.

You may compute the occupancy rate for any time period by dividing the total number of booked rooms by the total number of available rooms.

If any of your hotel's rooms are out of commission (due to maintenance, renovation, etc.), it is normal to deduct those rooms from the "total number of rooms" in order to maintain a higher occupancy rate.

4.4.1.1. How Do Hotels Increase Occupancy Rate?

Many hotels, on the other hand, do not struggle with a 100% occupancy rate every night. Several hotels actively aim to improve occupancy since a high occupancy rate has many advantages-at least when compared to a low occupancy rate. When your hotel has a higher occupancy, you have more guests in-house, which means more income potential at your F&B outlets, spa, shops, or other outlets, as well as a larger opportunity to raise brand awareness and promote guest loyalty.

Your hotel must book more reservations and room nights in order to raise its occupancy rate. Several strategies can be used by a hotel to improve the number of reservations- and thereby occupancy:

- Lowering the selling price (especially through promotions and discounts);
- Providing incentives for extended stays;
- Executing marketing campaigns;

- Collaboration with online travel agencies (OTAs) and travel agencies;
- Targeting particular categories of guests that stay for an extended period of time;
- Preventing cancellations by offering non-refundable prices.

4.4.1.2. Why Do Hotels Monitor Occupancy Rates?

Occupancy is an excellent metric for comparing a hotel's performance to that of its competitors as well as its own historical statistics. Knowing how your hotel is performing in comparison to other hotels in the market and past years can assist you in setting rates, predicting stay patterns, scheduling employees, and planning upgrades or maintenance. Based on your previous statistics, if you know a given weekend will have high occupancy, you can schedule extra employees and avoid scheduling a refurbishment during those dates.

Hotel owners and operators frequently establish occupancy rate, ADR, and RevPAR goals; therefore, occupancy rate is an important component in determining the overall performance of the hotel. As a result, occupancy rates can influence future capital expenditures, employee wages and bonuses, and brand partnerships.

Occupancy rates vary drastically by market category, based on the number of units or chain scale, and even within the same hotel for different types of hotel rooms.

4.4.1.3. Why Is Hotel Occupancy Rate important?

Occupancy rates are used by analysts when addressing elder homes, hospitals, bed-and-breakfasts, hotels, and rental units, among other things. The occupancy rate in a call center refers to the amount of time agents spend on calls in comparison to their overall working hours.

From the perspective of a real estate investor, occupancy rates are predictors of cash flow and give a means for comparing the financial attractiveness and performance of various parcels of real estate. Investors clearly prefer high occupancy rates. Low occupancy rates can suggest an issue with a piece of real estate.

Along with the average daily rate and revenue per available room, occupancy rate is frequently regarded as one of the top three most useful measures for hotel owners pursuing a revenue management approach. With

that stated, it has some limits as a KPI, thus it is critical to understand how to read it properly.

4.5. THEORETICAL DETERMINANTS OF LOGISTICS PROCESSES

Logistics includes the administration of procurement processes and the manufacture and distribution of products to end-users. It evolves into a new corporate philosophy whose primary duty is the displacement management of resources and potentials from their source to the final user (Zelenika, Pupovac, and Pavli, 2001, p. 270). Furthermore, logistics, according to Segetlija (2005), plans, and organizes, directs, and supervises product stocks and information flows within and outside the organization. The purpose of the logistics strategy, according to Kovai (2001, p. 325), is to continuously enhance material and information flows that connect procurement markets backed by business transformation methods with consumer sites in compliance with the company's aims. Logistics is being changed into the originator and creator of processes in modern corporate operations, beginning with procurement and production and finishing with the usage supplied by the final consumer. Aside from logistics, the modern market is inextricably linked to a value chain. According to Gudehus and Kolazab (2009), a value creation chain or value chain is a chronological flow encompassing processes done in the logistics chain that includes organizational units and logistical sites and results in a product or service of a specific value. A sustainable value chain is a link that enables the continuing execution of all connected links of the chain, provided that the value distortion of one link does not affect other networks (Figure 4.4).
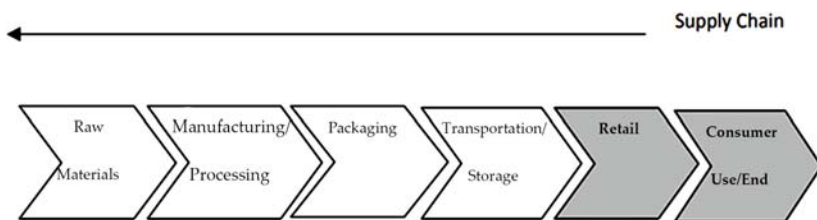
Figure 4.4. Sustainable value chain.

In rethinking development, a systematic approach to logistics (logistic model) is critical, which encompasses the need for ongoing adjustments and improvements, as well as the complexity of interconnections. According to

Mrnjavac and Ivanovi (2007), the modern approach to logistics addresses certain other elements that are considered logistics system elements, such as consumer or CS, packaging (for tangible products), processing, and transferring information, demand forecasting, production planning, supplying input materials and services for generating and logistics product, and so on. A value chain can be identified with a competitiveness model intended at profiling competitive levels based on innovation, which helps to multiply earnings. Profit must be re-invested in the generation of information and knowledge as a result of the new strategic orientations. Knowledge and capacity to implement it entails the development of logistical competing models that are ready to meet the expectations of guests in a timely manner on today's market. As a result of the volatile tourism business, the model is accelerating and becoming more sophisticated (Figure 4.5).
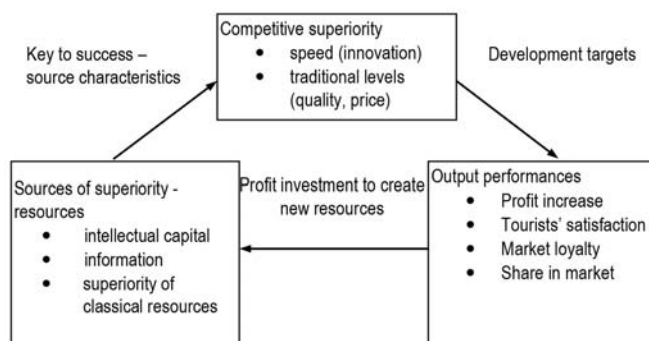
Figure 4.5. Model of competitive superiority.

Speed has emerged as a significant factor of competitive superiority in modern company operations (innovation). The major question is how to innovate the value chain and improve the logistics infrastructure that supports the company's growth. Control is applied to logistics processes in order to undertake efficiency measurement targeted at setting targets and defining corrective procedures targeted at operational optimization of logistics processes. At the same time, control signifies the start of a new time cycle in order to optimize processes.

4.5.1. Specificities of Logistic Processes in the Hospitality Industry

Logistics systems in the hospitality and hotel industry can be defined as a system of interconnected and inter-influenced logistic knowledge and

logistic activities that are supported and promoted by certain elements of production in the hospitality and hotel industry (Zelenika, Gri, and Skender, 2008, p. 128). Mrnjavac (2010, p. 251) describes the hospitality logistics subsystem as the optimization of information and products flows, as well as capital, knowledge, and visitors, with the goal of delivering a high-quality hospitality product that meets the needs of the user. The logistics procedures in the hospitality business are characterized by essential characteristics that are common to the tourism, hospitality, and hotel industries:

- Specificities of services: Intangibility, uniqueness, perishability, instantaneous preparation, and consumption.

- Tourist supply and demand behavior: It is not enough to just adapt supply to demand; supply must also predict future demand requirements, produce an innovative product, and attract potential tourists through proactive marketing in order to achieve a leading position.

- Globalization of hospitality industry characteristics is required, including connection, networking, and merger of hospitality companies. Innovations and new scientific solutions are not always readily adopted by the hospitality sector; people in the hospitality business are poorly compensated and educated; and the hospitality industry and tourism are extremely sensitive to environmental changes (political, social, economic environment).

- Because the tourism, hospitality, and hotel industries are major polluters of the environment, logistical systems must be geared toward new green technology and new solutions that will allow for the creation of an environmentally friendly company idea.

The features of the provider of the hotel and hospitality services (a family hotel, a national hotel chain, a foreign hotel chain, and hotels with majority state ownership) as well as their value system (corporate culture) and business philosophy influence the logistics processes in the hospitality industry to a large extent (focus on development, learning, and innovation). In terms of start-up products, each shape offers advantages and disadvantages in terms of future logistics process innovation in a competitive environment. Small family-run hotels understand the need of investing in and developing all logistics operations but are constrained by financial (dis)ability. Technology has further distinguished small hospitality organizations struggling to manage their supply chains with limited resources and budgets from major, multi-unit chains that can afford to invest in solutions to obtain visibility and control (Terry, 2007). Foreign chains engage consistently in logistics

process innovation in order to achieve uniformity and perfection, as well as to provide higher quality and distinctiveness. National chains are attempting to respond in terms of quality by reorganizing their businesses on the basis of new strategic orientations and expertise. Hotels with a majority state ownership raise the critical question of whether to engage the privatization and restructuring process, which could have a favorable impact on logistics process innovation.

A hospitality company's logistics systems must fulfill the environmental and globalization issues in terms of quality (a company has to follow the vision of the destination and emphasize its own peculiarities). The tourism sector's structure dictates the value chain and the interaction of all players in the destination's attractiveness, particularly those who are crucial for the hospitality firm and make up the supply chain in order to attain excellence for tourists (Figure 4.6).
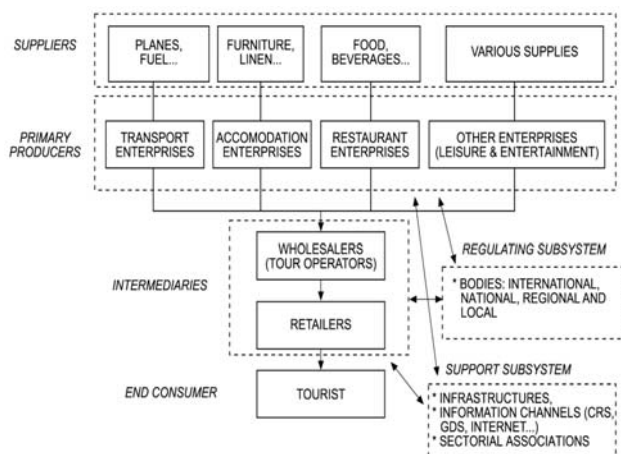
Figure 4.6. Structure of the tourism sector.

According to Stipanovi (2006, p. 123), the hospitality and tourism industries take on new shapes and meet very strict criteria for the assortment of tourist and hospitality products and services, as well as logistics operations, during various stages of development. The hospitality and tourist industries are continually being enhanced by new motives, which lead to significant changes in the aim and manner of spending vacations away from one's customary place of residence. Imagination and a need for something new, distinct, and unexpected will shape the future tourism demand and supply criteria.

Logistics aimed at the development of tourist destinations should evolve into responsible logistics with three branches: environmental preservation, life quality improvement for the local population, and economic effects, all of which should be reflected in the logistics processes of hospitality companies. Aside from the quality and quantitative development of tourist and hospitality product and supply, special emphasis is placed on sustainable development and ecology. Nowadays, the dominant providers are eco-companies (hotels, campgrounds) that implement ecological components in waste management, orientation toward alternative energy sources, energy efficiency… An ecologically-oriented supply chain is focused on zero waste, i.e., maximal waste recycling, i.e., the outcomes of hospitality firms' and tourism's business operations must not be harmful to the environment or the local community.

A hospitality organization must differentiate itself from the competition, which is accomplished through the innovation of logistics operations. The global economy has significantly expanded the number of competitors offering similar items, which is especially essential for tourism destinations' supply. According to Cooper (1994), a number of keys, but interdependent, factors have been responsible for restructuring the activities of major companies, including: market globalization, cheaper communication, and the removal of trade and foreign investment obstacles, accomplishing economies of scale in business, and logistics innovation.

4.5.2. Logistics Process Innovation in the Reconception of Company Development

The planned growth of a modern hospitality firm based on situational analysis and anticipating changes in the micro and macro environment characterizes the target system and prospers operating methods. The goal of logistics in the hotel business is to continuously optimize flows of commodities, people, information, energy, knowledge, capital, and waste in order to develop excellence in hospitality service and maximum client pleasure. According to Mrnjavac (2010, p. 195), two tiers of objectives and strategies are established in the hospitality industry:

- Logistics cost-cutting strategy (due to the large share of logistics costs in the modern hospitality business for the acquisition of a large number of different resources, managers must perceive the options of lowering logistics costs that will not have a negative impact on the process's quality); and

- Increased client satisfaction strategy (in the hotel sector, client satisfaction is of the utmost importance (e.g., manner, time, quantity, and quality of service); so, it is vital to develop the most efficient organization at no additional expense).

Investing in logistics process optimization is profitable as long as the amount of income generated by logistics process innovation exceeds the level of expenditure. According to Tigu and Calaret (2013, p. 106), supply chain performance in tourism, as well as the hotel business, is measured using both financial and non-financial metrics. So, in addition to profit, costs, market share, and so on, performance metrics in terms of customer satisfaction, effective internal processes, degree of innovation, staff satisfaction, and other indicators related to tourist movement must be met. Hotel firms must consider their performance in a broader context (from the perspectives of employees, customers, suppliers, management, and so on), rather than only financially, which is only the tip of the iceberg of all facets of success.

Logistic objectives must be aligned with overall company goals, which are achieved through the synergy of all value chain processes and operating strategies (the goal is not the best supplying function, but the best supplying function in interaction with the best operating strategies), while taking into account the nuances of procurement, supply, and distribution in the hospitality industry.

The fundamental principle of SCM (supply chain management), and thus of food SCM, is that organizations gain a competitive advantage by managing and improving the whole performance of the supply chain in order to provide better value to customers (Fearne and Hughes, 1999, p. 123). According to Vouk (2005, p. 1013), the supply chain's structure is substantially dictated by technology, particularly electronic data exchange, the system of rapid response delivery, and the system of efficient supply adjustment. As we enter the second decade of the 21st century, we are witnessing yet another shift in emphasis-from SCM to strategic SCM (Waters, 2010). There are compelling social, economic, organizational, and market reasons for a more deliberate effort to develop higher degrees of direct supply chain ties in the hotel business (O'Donovan, Quinlan, and Barry, 2012, p. 500).

The traditional procurement concept, in which the company focuses on low-cost suppliers, has been replaced by a strategy of just-in-time procurement that focuses on the development of long-term relationships with suppliers, the formation of partnerships, the continuous improvement of product

quality, and the reduction of costs. In contrast to globalized cuisine and fast-food restaurants, procurement in the hospitality industry (particularly small family-run hotels) must rely on local agriculture (family farms) and indigenous varieties offered in local specialties (connecting local agriculture and hospitality sector through the procurement function, joint promotion and entering the market-vertical linking of stakeholders). Regional and local cuisine, according to Randi and Rittig Beljak (2006, pp. 12, 101), accentuate uniqueness and bring together cultural indicators as part of each region's cultural identity. The Croatian hospitality sector's advantage must be built on local values, local foods, decoration style, and local coloring (no copy at all can be better than the original). In order to reposition and recognize firms and destinations, as well as distribution channels, all processes (production/supply, distribution) must be innovated in the continuance of the logistics chain, culminating in a promotional campaign utilizing new media and social networks (e-distribution, reservation information systems).

Reconception of logistics process development should be founded on a new corporate culture characterized by learning and knowledge, visionary mind, and knowledge management leadership, as well as employee self-realization. All employees should be included in the notion of development and important business decision making process through the change of the organizational structure, authorization, and teamwork so that they are more motivated to fulfill the business goals. The major consequence here, according to Brownell (1990, p. 194), is that managers should aim to create an organizational climate that encourages attempts to improve quality and improves the nature of communications between staff and consumers.

Organizational culture is particularly significant in hospitality firms since the consequence of these mutual norms, patterns of conduct, has an impact on visitor satisfaction, which always identifies contented employees as a result of predefined behavior patterns. Innovations based on creative ideas and new strategic orientations are required to create progress in all logistical processes.

4.6. TOURISM/HOSPITALITY THEORIES

Hospitality has a main focus on the administration of food, beverages, lodging, and entertainment. It is also an act of embracing kindness or bringing food and entertainment to a stranger. Social exchange theory, and expectancy theory of motivation, the Otus theory of demand and supply, rational exchange theory, practical theory of motivation, management

theory, service marketing theory, theory of innovation, learning theory, and Marlow's hierarchy of hotel expectations are all examples of hospitality theories.

4.6.1. Social Exchange Theory

The theory is based on social behavior as an exchange process, with the trade involving the maximum of benefits and the minimization of costs. According to the theory, an individual can forecast the possible benefits and drawbacks of social ties, and when the drawbacks outnumber the benefits, it becomes costly and reflects negatively in monetary value and time. The relationship provides enjoyment, friendship, companionship, and social support. Cook and Rice, on the other hand, argue that the theory is predicated on the insight that any sort of interaction that generates disapproval may be demonstrated by computing the level of reward or punishment resulting from interaction. This observation accords with Crossman's model for predicting individual reactions from given encounters. In the hospitality/hotel setting, managers can connect with potential consumers to create social interactions and, in the end, profit through repeat purchases of hotel services and products. Through social exchange theory, hotel management is also able to position services using potential tactics that can aid in financial performance and hotel reputation.

4.6.2. Expectancy Theory

Osteraker contends that in the tourist and hospitality industries, the theory focuses on processes aimed at increasing employee motivation and achieving it. Fundamentally, the idea supports the assessment and evaluation of employee knowledge, abilities, and attitudes through the use of a framework. According to Van Eerde, the expectancy theory enables management to evaluate the accrual of internal and external rewards to individual employees in accordance with performance. Due to biases connected with self-report measurements, it is believed that more attitudinal rather than behavioral preferences have a greater relation with the expectation hypothesis. Tien, like Van Eerde, believes that the expectation theory makes measuring employee motivation easier. According to Sansone and Harackiewicz, the expectancy theory is primarily a "process theory" because it deals with decision-making processes in determining the amount of employee motivation and its (motivation) link with stated productivity targets. Hotel personnel must have job knowledge, learning philosophy, time management,

and intellect in order to execute their work, as well as particular abilities that aid in the delivery of services. The theory is intended at hotel staff rather than hotel management. Without motivation, hotel personnel will fail in their professional goals, which will reflect on bad performance, the hotel's reputation, and financial performance.

4.6.3. The Otus Theory

The Otus theory of hotel demand and supply is based on the size and structure of the hotel at a given time. It states that there is a positive association between the contribution of the service sector to GDP and domestic leisure demand for hotels. Furthermore, according to the idea, the bigger the hotel supply in terms of size and structure, the larger the concentration of hotel in brands. Because of the changing environment and developments in the hospitality business, the Otus theory is useful in that, in order for hotels to run and contribute to GDP, a strategic direction that can address the changes is required. As a solution, service innovation can be used. According to Knowles, the macro- and micro-environments of the tourism and hospitality industries undergo considerable change, affecting corporate performance and posing obstacles. In line with Knowles' views, Nicola writes that the tourist and hospitality industries are undergoing transformations that have made life more globalized, uncertain, and dynamic. The formation of new markets, the interplay of emerging and developed economies, and the resulting extension and deepening of globalization and market shifts in business have intensified global competition. Climate change and sustainability in the tourism and hospitality business, whereby the "green argument" is introduced, drive new consumer behaviors that have a greater impact on perspectives, therefore influencing consumer decisions on spending on hospitality/hotel business services.

4.6.4. Management Theory

According to Mahmood et al. management theories can be classified into three types: classical, humanistic, and situational management theories. Classical management theories are distinguished by qualities such as chain of command, division of labor, unidirectional downward effect, autocratic leadership, and predictable behaviors. According to Atkinson and Stiglitz, the management theory arose from the need to focus on authority and structure for employees. The theory's hierarchies are intended to establish discipline, control, planning, and organization in the workplace. The management

theory's business aim is to measure work performance and recognize corporate culture. Tourism/hospitality management theories are derived from traditional management ideas and translated into service marketing theories, which inform tourism/hospitality management practices. In terms of planning, the idea proposes that management conducts a customer requirements analysis in order to satisfy the observed consumer needs. Management is responsible for ensuring that their employees are customer-oriented and provide exceptional service. Labor is divided into specialized service units in a tourism/hospitality setting, such as restaurant services, tourist attractions, housekeeping, and accommodation and entertainment.

4.6.5. Maslow's Hierarchy of Hotel Expectations Theory

Maslow's hierarchy of hotel expectations theory is based on Abraham Maslow's groundbreaking research paper on his hierarchy of hotel expectations published in 1943. The hotel expectancy theory, as defined by Mogelonsky, defines consumer expectations, perceptions, and reactions when they are dissatisfied with the service supplied. From the bottom to the top of Maslow's hierarchy, the idea tries to meet the wants of guests in accordance with the pyramid. At the root of the expectation is the fulfillment of physiological demands, as demonstrated by the availability of bedding and breakfast. This is followed by safety requirements, which in a hotel setting could include the expectation of good food, shelter, and security. The necessity to satisfy social demands, such as respect for guests' privacy, would be the next level of expectation. Following the satisfying of social requirements, the next phase in the hospitality/hotel setting would be to address self-esteem needs, such as the development of reputation and importance. The final stage would be to fulfill the needs for self-actualization. According to Siguaw et al. a learning philosophy in tourism/hospitality denotes the acquisition and transfer of knowledge, skills, and attitudes that enable tourist destinations/hospitality to innovate. In practice, learning philosophies in tourist destinations/hospitality are concerned with the prudent implementation and maintenance of operational standards that become instilled in all tourism/hospitality staff. As a result, a learning philosophy reflects managerial conduct and a true conviction in the contribution of people.

4.6.6. Theory of Reasoned Action (TORA)

Buttle's theory of reasoned action (TORA) is founded on the idea that humans make reasonable judgments depending on the facts that are available to them. According to the hypothesis, human decision making is influenced by the potential consequences of the decision's execution. TORA could be used as a business/marketing strategic tool in tourism/hospitality to measure the variance in the intention to consume tourism/hospitality services on the following business trip. Cedicci and Trehan go on to say that, of the two predictors in the TORA, attitudes toward the act are the most significant contributor, implying that attitudes revolve around service quality expectations and reflect the implications for business/marketing strategy (Figure 4.7).

Fishbein Aizen Theory of Reasoned Action
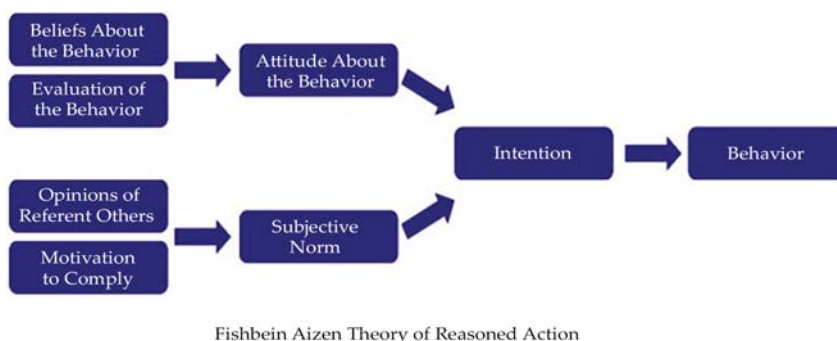
Figure 4.7. Theory of reasoned action.

4.7. ICE QUALITY ORIENTATION

The nature of service is defined as an activity that involves a good or a product and is provided as a solution to meet a customer's demand, and that quality is the consequence of being satisfied or not after evaluating whether a service as well as the service delivery met the customer's expectations.

"A service is an activity or series of activities of a more or less intangible nature that normally, but not always, occurs in interactions between the customers and the service employees and/or physical resources or goods and/or systems of the service provider, which are provided as remedies to customer problems." The following are the six important orientations for increasing a company's service quality:

•   Customer satisfaction and customer focus;

- Value;
- Total quality management (TQM) and service quality;
- Service as a key differentiator in manufacturing firms;
- New measurement systems that connect customer satisfaction to financial and operational goals; and
- Internationalization of services.

4.7.1. Customer Satisfaction and Customer Focus

Many of the traditional sources of corporate superiority—technology, innovation, and economies of scale—allowed businesses to focus their efforts internally and prosper. Many businesses' internal focus is shifting to an external focus on the customer. Companies are realizing that unless customer needs are considered in the design and delivery of both services and goods, all of the technical superiority in the world will not lead to success.

However, when customers are hard to obtain in an industry and competition accelerates, the customer gains power. When competition for master of business administration students became more intense in the 1990s, and Business Today conducted "customer surveys" of students to rank the finest business schools in India, the "customer" of the business school gained a more central position in these organizations.

Curricula, content, and peripherals linked with business degrees began to be driven by what students sought in courses and activities. MBA programs at business schools have been revamped to make them more relevant to students and the corporate environment.

Many business schools redesigned their programs' course material, identified their major stakeholders (students, faculty, administrators, alumni, and corporate recruiters), and recognized the necessity for research to understand their customers' expectations.

4.7.2. Value

Value is another important competitive issue that influences how services are purchased and offered. According to one industry observer, value marketing has "gone from a groundswell to a tidal wave." Value indicates a growing customer concern about getting more for their money, time, and effort.

Experts might cite a variety of reasons why value is so important to today's consumers, including economic difficulties, job losses due to

corporate restructuring, and a return to the real and practical. While the 1980s were easily labeled as the decade of excess, the customer focus of the 1990s is proving to be valuable. Companies must comprehend the demographic and psychographic shifts that represent this new perspective in order to thrive.

4.7.3. Total Quality Management (TQM) and Service Quality

Many experts deemed the 1980s to be the decade of manufacturing quality because attempts to enhance quality—to manufacture goods that met specifications—were initiated in some kind in many companies during that time.

TQM is the word most commonly used to describe the movement, while this concept can be used in a variety of ways. TQM is most commonly characterized as a management philosophy or manner of doing business centered on continual quality improvement.

TQM encompasses a broad range of quality techniques and initiatives, including statistical process control, employee participation, process management, management commitment and leadership, empowerment, and team development.

4.7.4. Service as a Key Differentiator in Manufacturing Firms

Many produced goods have reached competitive parity (for example, personal computers, video cassette recorders, and other electronic items, to name a few), which means that product quality alone no longer distinguishes one producer from another.

Low pricing as a differentiating approach is also fading, especially when corporations see that price wars accomplish nothing more than erasing their own margins. CS, broadly defined as creating strong relationships with customers, is one of the few remaining techniques that can distinguish one goods company from another. Goods firms in areas such as automobiles, computers, and the majority of industrial enterprises place a strong emphasis on service.

4.7.5. New Measurement Systems That Connect Customer Satisfaction to Financial and Operational Goals

Prior to the early 1990s, few businesses had measuring systems that focused on the consumer. While most businesses were drowning in data, the emphasis

was often on short-term financial success, productivity, and efficiency—rather than long-term customer happiness and value. The corporation made several adjustments as a result of focusing on the priorities of its consumers, one of the most significant of which was a company-wide measurement initiative emphasizing customer happiness.

When committing resources to improve service quality, company executives want to know that their investments will be profitable. Many firms have implemented measures that capture both the costs and benefits of service quality in order to document the payback.

4.7.6. Service Internationalization

Once upon a time—and not so long ago—the potential for global service provision was hampered by the idea that services could not be transmitted. That period has passed, as service globalization has become a reality. The aviation and financial services industries are probably the most spectacular instances of global service marketplaces.

Chapter 5

Creating Excellent Guest Experiences: Servicescape and Processes

CONTENTS

5.1. INTRODUCTION

Marketing is a continuous, sequential process in which management plans, researches, develops, manages, and reviews activities intended to fulfill the needs and desires of consumers while also meeting the organization's objectives. Morrison (2010) defines services marketing as "a concept focused on recognition of the uniqueness of all services; it is a branch of marketing that is directly applicable to the service industries."

Marketing in the tourism and hospitality industries necessitates a comprehension of the distinctions between marketing products and marketing services. Organizations must consider the particular characteristics of their tourism experiences, the motives and attitudes of traveling tourists, and the fundamental differences between selling goods and marketing services in order to be effective in tourism marketing.

The Servicescape of a hotel is more than just the physical elements. In reality, the mere presence of others inside the hotel premises may have a direct impact on customers' expectations and behavior, rather than direct contact with them (Kim and Lee, 2012). Customers tend to associate with workers who share their values (Martin and Pranter, 1989). Furthermore, process flow has a significant impact on the guest experience. Cleanliness, outstanding customer service (CS), an emphasis on required services, keeping up with visitors, and greeting guests all contribute to the overall guest experience (Power, 2016). Processes in areas such as food and beverage processing, housekeeping, front office management, and so on have a direct impact on the guests' experience and overall satisfaction.

5.2. SERVICES MARKETING

Service marketing is a form of marketing that sells services. They can be difficult to sell, and their marketing strategy differs significantly from that of goods. Some businesses provide both goods and services and may employ a variety of styles; for example, a computer store can also assist customers in selecting computers and provide computer repair. To attract customers, such a store must advertise both its goods and the ancillary services it provides.

When people sell services, the aim is not to get people to purchase a product, but to get people to do business with a specific company, often in a specific area. A restaurant, for example, provides a service: it serves food to customers, both on-site and, in many cases, to-go. When the restaurant markets itself, it must persuade customers that it is superior to other

restaurants and that its location is worth the ride. As with product marketing, service marketing addresses topics such as what is being sold, the price point, how it compares to similar things, and why customers should select that particular iteration over other choices. When it comes to services, which are often intangible in nature, customers must be persuaded by an advertisement that it is something they need and will provide some kind of benefit.

There are various approaches to services marketing that can be used, depending on how an organization wants to place itself and what kind of messages it wants people to take away from the marketing. If a company provides a service such as protection, it may want to project itself as dependable and trustworthy, or as fun-loving and adventurous when it comes to travel planning. People must be told why they will want to pay for what the business provides in all situations.

Marketing schools usually cover a variety of strategies that can be used in service marketing. People can also develop their own approaches as they practice marketing in the actual world and learn more about what people look for, how they shop for services, and what appeals to them. Sometimes, the aim is to develop a personal relationship with customers so that they can return to the company rather than going elsewhere in the future. Since the loyalty is mostly to the quality of the service rather than to a particular brand or logo, selling it differs from product marketing, where the appeal of the product is essential.

5.2.1. Planning for Services Marketing

Tourism marketers must be strategic in their planning phase to ensure successful service marketing. Using a tourism marketing system necessitates carefully weighing various options, selecting the appropriate activities for particular markets, predicting, and adjusting to challenges, and assessing progress (Morrison, 2010). Tourism marketers should adopt a strategic management mechanism known as the PRICE concept, where they are:

- **P:** Plan (where are we now?)
- **R:** Research (where would we like to be?)
- **I:** Implement (how do we get there?)
- **C:** Control (how do we make sure we get there?)
- **E:** Evaluate (how do we know if we got there?)

Marketers should feel more certain that they are strategically meeting both the needs of their customers and the goals of their company (Morrison, 2010). In the sense of services marketing, the relationship between business,

employees, and customers can be defined as a services marketing triangle (Morrison, 2010), as illustrated in Figure 5.1.
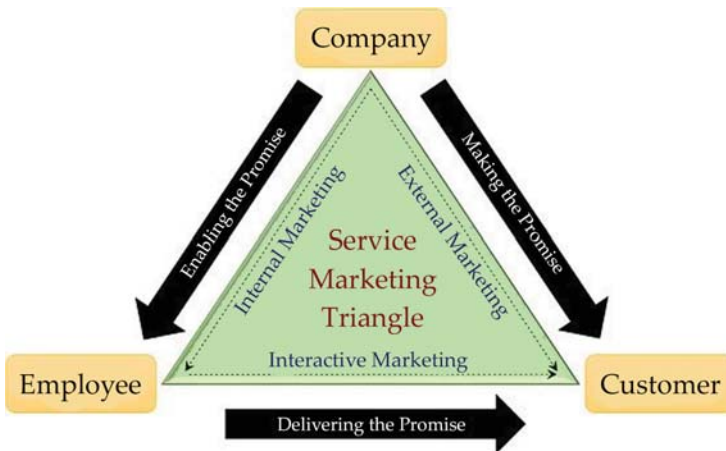
Figure 5.1. Services marketing triangle.

Source: https://theinvestorsbook.com/wp-content/uploads/2019/07/Service-Marketing-Triangle.jpg.

In traditional marketing, a business broadcasts messaging directly to the customer. Employees, on the other hand, play an important role in service marketing. The following is a summary of the communications between the three parties (Morrison, 2010):

- **External Marketing:** Advertising campaigns directed at potential buyers and visitors (creating a promise between the organization and the guest).
- **Internal Marketing:** Culture, training, and internal communications (enabling employees to deliver on the promise).
- **Interactive Marketing:** Direct interactions between workers and visitors (delivering the promise).

The direct and indirect aspects that a company or destination achieves its potential customers or guests can be categorized into 8 concepts known as the 8Ps of services marketing.

5.2.2. Eight P's of Service Marketing

Tourism marketing is unique in that the customer purchases a range of services but receives very little tangible value at the end of his journey. As a

result, marketing campaigns must stress the importance of memories, make a range of resources readily available, and add value through additional programming and other factors. A significant challenge is persuading prospective consumers that the item they are buying is a good value for the price and that the services will be as advertised and intended. The 8 P's of tourism marketing summarize the unique approach that is needed. Many small businesses sell tourism goods and use marketing tactics like these (Figure 5.2).

Figure 5.2. Eight P's of marketing mix.

Source: https://blog.lahar.com.br/wp-content/uploads/2018/05/8-ps-marketing-digital-700x542.png.

5.2.2.1. Product: What You Have to Offer?

The product is a set of resources with distinct features and advantages. The typical facilities of a hotel room, for example, are examples of standard features and benefits. Unique features, such as free breakfasts or free Internet, are added through good marketing.

A commodity is a set of products and services that make up the total offering. A hotel room, for example, includes the guest room, fitness center, pool, restaurants, valet service, concierge service, housekeeping service,

and so on. A restaurant meal includes food, the host/hostess, and the waiters, among other things. Finally, a travel experience is made up of a series of products and services that begin with the purchase and end with the return from the journey. Anything in between, including hotel service, restaurants, and transportation (including taxis and buses), has an effect on the overall experience.

Varieties, consistency, design, features/amenities, brand name, packaging, supporting services, and warranties are some of the variables that influence the 'product' decision. As previously mentioned, the proper combination of products and services is determined by the desires and needs of customers (the concept of marketing). A tradeoff must be calculated that offers the most utility for customers while remaining profitable for the company selling the commodity. Hotels are classified as full service or limited service based on the amount of facilities and services provided. Restaurants, valet parking, and concierge facilities are not available in limited-service hotels. There is also a classification that distinguishes hotels, motels, and inns based on the size of the property and the facilities available. Similarly, depending on the environment and quality of service, restaurants are classified as quick-service, casual, or fine-dining. Customers are often expected to conduct some of the service in quick-service restaurants since there are no waiters (e.g., get their own drinks). Finally, travel agents and tour operators build 'bundles' or 'packages' by combining the services of numerous suppliers into items of varying quality standards.

5.2.2.2. Price: What Customers Will Pay?

The price must correspond to the commodity, however good marketing makes the price seem more appealing. The operator may either add features to the product while maintaining the same price or offer a discount for the same features.

Price is the monetary value assigned to a good or service. Other words for the price portion of the marketing mix include charge, cost, tuition, premium, and toll. There are non-monetary factors to consider in addition to the more apparent monetary factors. Non-monetary prices include the time it takes to look for and analyze alternative goods or services, as well as the convenience of venue. If a customer travels to several places to shop for a product or service, there are costs associated with time, electricity, and vehicle depreciation. There may also be tolls for roads, bridges, and subways. Finally, the customer's perceived price or perceived value associated with

a product or service affects the purchase and level of customer satisfaction. The value tradeoff is the tradeoff between price and quality-the advantages received by the consumer for the price paid.

Discounts, allowances, and payment plans are some of the other factors considered in addition to the list price. Purchase quantity, time of purchase, customer recognition, purchase venue, and bundling are some of the potential explanations for price segmentation and providing discounts (Nagle and Holden, 2002). Allowances are most popular in the business-to-business segment of the distribution channel and are common in the travel sector between hospitality suppliers (e.g., hotels) and tour operators or travel agencies. Finally, credit cards and/or the opportunity to pay over time are the most common payment methods for large ticket transactions. For example, booking a cruise several months before the scheduled departure date is often required, requiring the customer to buy the service well in advance of its consumption. As a result, cruise lines allow passengers to pay a small deposit instead of the full amount. The remaining balance is due on the date of departure.

5.2.2.3. Promotion: How You Sell Your Wares?

The promotion includes information about the product as well as the price. The method of transmitting information, the content of the promotion, and the cost to the operator are the three most important aspects of your travel marketing strategy. The promotion has a target market, and the form and substance of the promotion must cater to those who see it. The price that targets market participants are willing to pay must cover the expense of promotion.

All of the communications associated with promoting a product or service are included in the promotion component of the marketing mix. Advertisement, personal selling, publicity, and sales promotion comprise the promotion mix. Advertising and publicity are types of mass media that use a number of mediums, including television, radio, newspapers, magazines, direct mail, and the Internet. Advertising is a paid form of mass communication with a specific sponsor, while publicity is a non-paid form of mass communication that does not have a specific sponsor (i.e., it is free and objective). Personal sale is a form of interpersonal contact that is funded by the company. A sales offer is a short-term incentive to buy a product or service. Contests, sweepstakes, premiums, and merchandise bundles are all forms of promotional promotions.

The promotion mixes used by hospitality businesses are determined by their clientele and trade areas. Restaurants typically attract consumers from the local or regional community and profit from the use of local media such as newspapers and radio stations. Only large chain restaurants will benefit from national advertisements in magazines and on television due to their extensive geographic coverage. Hotels, on the other hand, aim to attract customers from regional, national, and foreign markets. As a result, unless they are selling their restaurants on weekend packages, most hotels advertise in national media such as magazines and television. However, the Internet has provided smaller, independent hotels and restaurants with a cost-effective means of reaching out to foreign audiences. There are also variations depending on the market the hotel is aiming for. Larger hotels, for example, market their conference and banquet services to meeting planners through sales representatives, direct mail, the Internet, trade shows, and trade magazines. In comparison, using some of these same means for transient buyers (e.g., personal selling) is not cost-effective, and the marketing mix is mostly based on advertisements and some sales promotions.

5.2.2.4. Place: The Location of Your Company

The location where the customer purchases the package of services is referred to as place. The operator who sends out the promotion should ideally use it to persuade the potential customer to visit the operator's location and complete the order. With the ease of online payments, the operator can discover that directing potential customers to an appealing website where they can complete the transaction is the best strategy.

The delivery and logistics of manufacturing a product or service and making it available to the final customer are included in the position part of the marketing mix. The cost of services such as labor, raw materials, and real estate is used to decide the location of a manufacturing or wholesale plant. Furthermore, access to the preferred mode(s) of transportation for delivering goods to wholesalers and retailers is needed. The location of a retail establishment is determined primarily by the final consumers' accessibility. Services have relatively short distribution networks and devote the majority of their resources to identifying retail places that are convenient for customers. Restaurants, for example, prefer high-traffic areas near shopping and other attractions. Similarly, hotels place their facilities in areas accessible to their respective target markets, such as airports, commercial centers, manufacturing centers, and tourist attractions.

The type of channel, location, assortments, coverage area, inventory, and transportation are all factors in the 'place' decision. Many service providers fail to recognize the significance of this variable in the strategic planning phase. The channel of distribution for the selling of services is typically shorter than that for the marketing of products, and most service providers serve as both producer and retailer. Many managers in service firms believe that once the initial position is decided, the value of this variable diminishes. Hotels and restaurants, on the other hand, sometimes relocate their operations to a more advantageous venue. This is a big decision requiring company time and money, but if done correctly, it may result in long-term success and improved benefit. The Harborside Hyatt in Boston, Massachusetts is another clear example of a hotel's 'location' decision.

The hotel is close to the airport, and the usual path to the downtown area, which serves as a tourist attraction, government center, and financial district, is to battle airport traffic. In an effort to 'boost' guests' views of the hotel's location, the hotel decided to provide a boat shuttle to take them to the downtown area. Finally, Internet travel agencies such as Expedia and Travelocity have given hotels and restaurants, especially independent operators, a new channel through which to deliver their services.

5.2.2.5. People: Your Hidden Strength

People are a defining factor in the service delivery process since a service is inextricably linked to the individual who provides it. As a result, a hotel is recognized for both its food and the service offered by its workers. The same can be said for banks and department stores. As a result, CS training for employees has become a top priority for many businesses today. Since the product is a range of services, the people who deliver the services are critical to the transaction's success. To complete the sale and attract repeat customers, operators must provide excellent service.

5.2.2.6. Planning: Look Ahead

Planning is a critical service part of the tourism experience. The customer anticipates that the experience would be similar to what he ordered. The only way to ensure such contact is to follow comprehensive plans and have contingency plans in place for issues.

5.2.2.7. Programming: Meet the Needs of Your Customers

Offering unique programming, a technique known as service marketing, is one way to add value to a common product and differentiate a specific offering from competitors. Customers would buy a product that caters to their specific interests. Special programming can cater to certain tastes and attract new customers.

5.2.2.8. Physical Evidence

If possible, the availability of physical evidence that the customer encountered the particular tourism product can boost sales. Professional portraits of tourists at key events, as well as the distribution of advertised goods, are powerful techniques for marketing specific tourism products.

A service must first be delivered before it can be used. As a result, since one is purchasing something intangible, the method of selecting to use a service can be viewed as risky. This can be accomplished by maintaining clean, well-decorated, and tidy services. The physical proof presented by a company should be able to validate the customers' claims. While consumers might not be able to test the service before purchasing it, they may speak to other customers who have!

5.2.3. Marketing Environment

Environmental scanning is an essential component of every company's strategic planning. The components of the marketing mix are managed by the firm's managers. However, the firm cannot monitor the external climate, and changes in the environment result in both opportunities and risks. Savvy businesses should capitalize on opportunities while mitigating risks. The external environment is divided into five categories: economic, social, technological, political, and legal, as well as competitive (Figure 5.3).

Figure 5.3. External environment of marketing.

5.2.3.1. Economic Environment

The economic environment includes factors that influence consumer buying power and spending habits. Purchasing power parity (PPP) is a method of comparing incomes across countries by examining the prices of a collection of common goods using the exchange rate with the US dollar. Most service businesses, especially those in the hospitality and travel industries, depend heavily on consumers' disposable and discretionary income. Disposable income is the amount of money left over after taxes and other mandatory deductions have been deducted. Discretionary income is the amount of money left over after the customer has paid for essentials like lodging, food, and clothes. Consumers in developed countries have higher living standards and more disposable income than consumers in developing or underdeveloped countries.

Spending habits are also significant, and they vary by country and/ or culture. People in the United States, for example, save a much smaller proportion of their income than people in Asian countries such as Japan or South Korea. Furthermore, due to housing and transportation costs, US consumers have high debt-to-income ratios (i.e., automobiles). The ability of US customers to invest their disposable income and incur debt marks them as good prospects for hospitality and travel services. These customers, however, are vulnerable to shifts in the economy that led to inflation or a recession. Recent rises in fuel costs, for example, have reduced disposable income and the opportunity to buy travel services. In some cases, this means lowering the standard of living and taking cheaper holidays, and in others, it means foregoing travel entirely.

5.2.3.2. Social Environment

The changing patterns in the population in terms of demographics and cultural norms comprise the social environment. According to the US Census Bureau, the world population was projected to be around 6.5 billion in 2006, and it is predicted to rise to around 7.9 billion by 2025, with a current annual growth rate of 1.14%. The majority of the rise is projected in developing or underdeveloped Asian, African, and Latin American countries. Many companies in the United States, Japan, Korea, and Western Europe are focusing on high-growth markets such as China and India. The average age of the population is also projected to rise, as is a transition from rural to urban areas. It is critical for companies to assess how demographic and living standards shifts can impact their operations. Companies in the

hospitality and travel industries, for example, will devote resources to marketing to the aging population.

This social environment is most likely the least complex of the three external worlds. In other words, the majority of the changes occur over time and do not necessitate immediate attention. Cultures and subcultures' beliefs and standards have evolved over hundreds or thousands of years and are unlikely to change dramatically in a short period of time. However, some recent developments affecting the hospitality and travel industry include healthy diets, women's roles in society, physical activity (particularly for seniors), and environmental concern. This has resulted in improvements to restaurant menus and partnerships (for example, Weight Watchers and Applebee's), 24-hour room service, an increase in motor-coach trips, and an increase in eco-tourism.

5.2.3.3. Technological Environment

The technological world is made up of factors that influence how consumers live as well as the production and distribution of goods and services. The changes in the technological landscape have been unprecedented over the last 50 years, and the pace of technological change has been rising. Consumers benefit from increased product range and convenience as a result of these reforms. Electronics and telecommunications are two of the most technologically advanced fields. Hotels, restaurants, airlines, and car rental companies, for example, have also seen advancements in reservation processing and point-of-sale systems in the form of computer software applications that streamline the process and provide information for revenue management.

The Internet, in particular, has had a significant impact on hospitality and travel businesses. As previously said, the Internet allows hospitality and travel companies to enter new target markets (e.g., price-sensitive consumers). Firms can also build databases and e-mail lists in order to improve customer loyalty. Finally, modern technology has allowed businesses to delegate some of their service obligations to customers while still giving them a sense of control. For example, after purchasing an airline ticket, customers can use Internet web pages to choose their seats and print boarding passes. Consumers also profit from the ease of searching for details, comparing alternative goods, and making hospitality and travel purchases on the Internet.

5.2.3.4. Political and Legal Environment

The government, lobbyists, and other individuals and organizations involved in the development and enforcement of laws and regulations comprise the political and legal environment. Legislators establish laws and regulations to prevent unfair competition among companies, to protect customers from unfair market practices, and to ensure the safety of goods and services. Many critics, however, believe that excessive government regulation will result in an undue financial burden on businesses, barriers to entry for competition, and/or a lack of choice for customers, resulting in higher prices. Governments have had to deregulate certain sectors in the past, in addition to controlling them. For example, in the late 1970s, the airline industry in the United States was deregulated in an effort to increase competition, reduce costs, and increase overall volume.

Many sectors are influenced by government regulations, which include tariffs and quotas for imports and exports, as well as taxation. Hotels in the United States are subject to state and local government taxes that can range from the single digits to the high teens when combined. This has a particular impact on a city's ability to draw major meetings and conventions. Changes in tax credits for business meals and non-smoking laws have had an effect on the restaurant industry in the United States. These companies cannot, of course, regulate the government's decisions in these areas, but they can influence them by lobbying. Most industries have trade associations, such as the American Hotel and Motel Association (AHMA) and the National Restaurant Association (NRA) that hire paid lobbyists whose sole mission is to keep their members in a desirable operating environment.

5.2.3.5. Competitive Environment

Both entities and organizations selling identical, or replacement, goods, and services to the same target audiences are included in the competitive environment. These businesses compete for resources like labor and services, as well as sales volume and income. There are four basic types of competitive structures:

- **Pure Monopoly:** One seller and a large number of buyers.
- **Oligopoly:** A few sellers and a large number of buyers.
- **Monopolistic Competition:** A large number of sellers of distinct goods and a large number of buyers.

- **_Pure Competition:_** A large number of sellers of similar goods and a large number of buyers.

Monopolistic competition is the most prevalent economic system in developing countries with capitalist economies. To exist, pure monopolies and oligopolies typically require favorable government regulations (or a lack of regulations). When market profits have stagnated and weaker competitors are forced to decline, pure competition is more prominent during the maturity stage of the product life cycle.

Firms must be able to distinguish both direct and indirect, or "latent," competitors. Potential new competitors and replacement goods pose significant risks that should not be ignored. Restaurants, for example, face competition from other restaurants, but they also face competition from convenience stores and supermarkets that sell sandwiches and frozen meals. Similarly, hotels may assess their competition from other hotels, but they may underestimate the challenge posed by motels, inns, bed and breakfasts, and timeshares. Finally, major airlines must keep an eye on the activities of budget and regional airlines, trains, buses, and car rental companies, as well as other major airlines. The Internet has leveled the playing field for smaller, independent businesses, and this form of electronic trading has also made it easier for businesses and customers to compare alternatives.

5.2.4. Effective Marketing Strategies for the Hospitality Industry

The hospitality industry is well known for its low profit margins and high degree of competition, and this has never been truer than now. With so many small businesses failing in their first year, small businesses in the hospitality industry must look to differentiate themselves through marketing, while larger businesses, although having more wiggle room, must make every marketing dollar count (Figure 5.4).
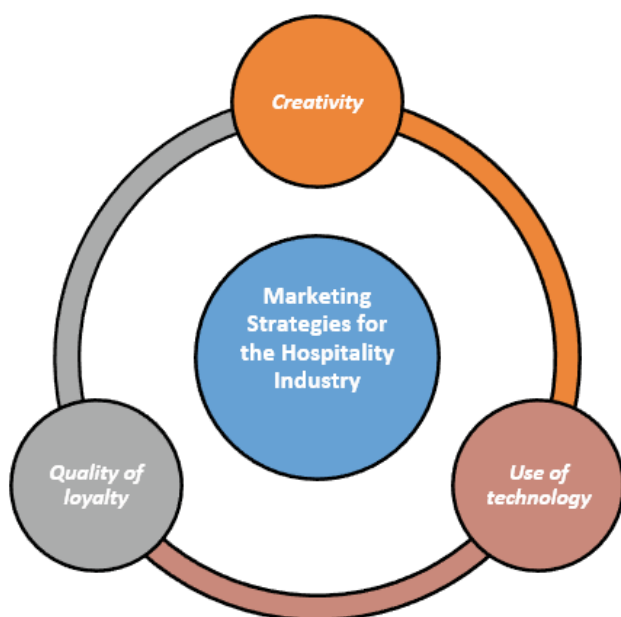
Figure 5.4. Marketing strategies for the hospitality industry.

5.2.4.1. Creativity

Creativity was once thought of as more of a marketing philosophy than a marketing concept in and of itself: company partners came up with innovative business concepts, and the marketing team focused ads on them. Restaurants such as Pret a Manger, on the other hand, have made a name for themselves in the industry by integrating ads with the restaurant's concept. Pret is an advertisement concept built into the restaurant design, with large exterior display windows emphasizing the unique concept of stocking sandwiches and entrees like a grocery store but providing a restaurant atmosphere for customers inside. The stores are located in high-traffic urban areas, allowing the store's location and design to advertise the clever idea to passers-by. Concepts that are innovative enough to double as marketing strategies enable each part of the restaurant to multitask. One example is Pret's store design; other tactics have included gimmicks that spread through word of mouth, such as Ed Debevic's rude waiters. It is difficult to make the restaurant idea its own commercial, but it is a very cost-effective marketing technique.

5.2.4.2. The Use of Technology

Most hospitality professionals would rather focus on their core responsibilities than on the company website. Whether you like it or not, most hospitality businesses need an online presence, a mobile presence, and leadership that understands how to use viral technology to spread the word about the establishment. According to Michael Wright, Content Marketing Director at Confident Authors, content is king on all websites, including hospitality home pages. In certain markets, focusing the marketing team on website development is a better use of money than conventional ads.

Mobile strategies are rapidly overtaking desktop strategies, and, shockingly to those in the industry, video has emerged as a highly successful means of disseminating information about a business. If the marketing team can link a hotel or restaurant to a viral video, they would have scored a big coup for relatively little money; a fun YouTube video is much less expensive to make than a television ad and, if done well, can have much greater impact.

5.2.4.3. The Quality of Loyalty

Any of the technical techniques mentioned above will aid in the development of that very old-fashioned cornerstone of a successful business: customer loyalty. Yes, a returning consumer is already aware of the existence of the business. However, with so many companies on the market and so much information on the internet, a lot of marketing's roles now includes ensuring that former consumers who have had positive experiences are reminded of them. As a result, technology must be maximized by personalization rather than simply used. Allow customers to complete surveys and include their names and favorite menu items in a personalized group email. Personalization of social media and email content interactions for consumers is part of making them remember the company—and, more importantly, they should feel remembered by the company.

Finally, nothing boosts loyalty, boosts innovation, and maximizes technology like a positive customer experience. If you have attracted your first clients, your strongest marketing strategy is to ensure loyalty with every aspect of operation. While content is king, word of mouth is still one of the best drivers of long-term business in the industry, particularly with yelpers lurking around every corner.

5.2.5. The Application of Service Marketing Strategy in Hotel Management

The hotel can be from two aspects of goods and services. The first is the portfolio of services, which the hotel requires according to the various consumers and adjusting the different periods of growth, the business demand for different product combinations, offer better service to customers. In the phase of product service, it is important to create a collection of products by combining the product's width, length, depth, and density. The number of different types of products offered by the hotel, such as lodging, room service, catering, and so on, is referred to as its breadth. The length of each product refers to the various services that are included, such as takeout services, meal service, and so on. Depth refers to the related types of services that each commodity includes, such as tea service and dessert service in catering services. The second factor to consider is the overall product service. This is from the overall product philosophy of the hotel, which includes the core products, shape products, and expanded products. The core product refers to the hotel's efforts to satisfy customers' needs to the greatest degree possible by product design, beginning with the core of consumer demand for goods and services, to determine the hotel's correct market positioning, and then carrying out different marketing campaigns to meet CS activities. The form product is the external packing form of the hotel product that includes the entity product and the invisible service. Customers can grasp the core culture of hotel goods directly through the type of products. And, to a large degree, the type of product is the costliest component of the consumer. Hotels can draw customers' interest during the marketing process by creating a variety of new and different types of products to increase customers' desire to buy. The term "extended product" refers to the added value and interest offered by the hotel to the customer.

Quality, price, psychology, and other factors, for example, can all influence how a consumer perceives value. The value of service talent is self-evident in addition to the service that the product will offer to the customer's satisfaction. Business competition is becoming extremely fierce in today's world. The hotel is a highly mobile enterprise, and cultivating high-quality service staff is not an easy task. Hotels also invest a significant amount of time and money in developing a skilled service worker. However, due to a lack of promotion opportunities and a poor wage standard, many high-quality service skills have been lost. As a result, in order for the hotel to fully implement the service marketing plan, we must pay close attention

to the preparation and reserve of the service staff. First and foremost, hotels should culture their service personnel in accordance with their distinct hotel culture, so that they can experience the allure of hotel culture and develop a sense of loyalty and belonging. As a result, they would be more likely to be frank and genuine in their hotel service. Second, the hotel should change its wage structure, focus on the use of compensation mechanisms, and train and retain excellent quality service staff. Finally, the hotel trains its service personnel on a daily or irregular basis to develop their service attitude and skills.

Figure 5.5. The implementation of a service marketing strategy in hotel management is dependent not only on service goods, but also on service staff.

Source: https://traveltechstrategies.com/wp-content/uploads/2015/10/Hotel-Marketing-Plan.jpg.

To provide service to the customer, the hotel should decide the particular based on their actual condition and the inner desires of customers, but not to blindly or highlight the strength in the service and other hotel competition, as doing so easily leads to high costs and is not conducive to improving the standard of service. And we want to significantly boost customer loyalty and support. It should look like this: First and foremost, hotels must perform market research. The aim of this section is to comprehend consumers' service needs, i.e., to comprehend consumer psychology. We must pay close

attention to the correct interpretation of consumer needs during the research process. We would not only waste time if we know the wrong number of terms, but it will also be difficult to produce successful results. Second, conduct the same types of hotel market research; there is a saying that good: "to know ourselves and know ourselves," understanding the service content of competitors is also very critical in improving hotel service quality. Third, a thorough examination of data records. After mastering the basic data details, it is important to evaluate and summarize it, as well as identify and enhance the service items that can be improved on this basis. Fourth, service quality management standards are developed, and the staff's performance is reviewed on a regular basis to ensure that the service can be carried out thoroughly (Figure 5.5).

We must rely on specific technological facilities and technical requirements to enhance hotel service quality. As a result, hotels should develop very specific service standards, such as service personnel civilized etiquette, rules, and regulations, service personnel dress requirements, violation of service quality punishment steps, and so on. The formulation of these contents is beneficial to improving the quality-of-service personnel, and because of their service level and incentive results, it can provide adequate attention to service staff. Furthermore, in order to have a good service experience for clients, the hotel should develop its own service facilities. For example, as customers wait to check-in or spend time on their credit cards, the hotel should set comfortable seats in the hall and arrange drinks, biscuits, magazines, and newspapers on the tea table to accommodate their needs. For example, the price of a variety of hotel rooms should be clearly marked to avoid the customer repeatedly asking, such as price standard rooms which is equipped with service packages, deluxe rooms and is equipped with service packages, members, and non-members enjoy the discount price and certain service packages, and so on, which is conducive to the customer choosing the most suitable service in the hotel. Simultaneously, hotel services should be changed on a regular basis to create a service atmosphere for customers.

There will always be errors made during the hotel management process. However, in the face of mistakes, administrators should not avoid or refuse to accept liability. Instead, they should use the service recovery technique the first time to minimize the impact of bad behavior on the hotel's image. First and foremost, in the process of service solutions, when it is discovered that the service fault is not at the time, we must be courageous enough to accept responsibility the first time, and we must never slack off. Accept genuine consumer complaints and critiques. Simultaneously, when resolving

the issue of poor service, we must connect with and communicate with customers in a timely manner, so that customers understand that the hotel values this issue and is actively resolving it.

To some degree, this will help the consumer achieve psychological equilibrium. When the issue is resolved, the consumer will be notified of the outcome. If the refund is not postponed, it is best to make up for the reparation as soon as possible. And the mastery of the period of remedies is a challenge that must be addressed in the application service remedial strategy. A hotel must have an efficient system to monitor and detect service deficiencies in order to be able to take corrective steps the first time. First and foremost, hotels should establish special departments and staff to oversee the job. Their primary responsibility is to listen to customer feedback and consider their customers' dissatisfaction in order to detect possible service deficiencies. There is also a need for them to summarize knowledge and strategies for these problem-solving issues, as well as provide routine service recovery training for service personnel, such as service recovery skills, service recovery mindset, performance adaptability, and so on. This type of training assists front-line service personnel in recovering quickly when confronted with unforeseen circumstances, as well as in recovering from the negative consequences.

5.3. SERVICESCAPE

The term "Servicescape" refers to the overall physical environment experienced by customers, which includes elements such as facilities, furniture, signs, temperature, noise, and cleanliness. The Servicescape of a hotel influences people's purchasing behavior and hotel market segmentation (Hee Lee, and Lee, 2015). Customers, however, have little knowledge of the facilities in a hotel due to the simultaneous consumption and manufacturing of hotels, which is due to the characteristics of the service industry. As a result, consumers must live with high levels of confusion. Customers face a danger as a result of this (Reimer and Kuehn, 2005). At this stage, Servicescape components will play an important role in the customer's understanding of the hotel industry and making an appropriate assessment of it.

Hotel guests often spend the majority of their time in the hotel for a variety of reasons. This is a more common occurrence, especially in hotels that use the all-inclusive scheme. Both consciously and unconsciously, hotel guests experience the atmosphere of service during their stay, which has a direct impact on their future intentions (Adyozi and Klutse, 2015). Furthermore,

consumers who have never visited the facility before are influenced by the Servicescape, and since they are in the relevant environment for the first time, the business-customer relationship can be established more firmly. Furthermore, when the consumer is experiencing something different, he or she may have a more emotional sense of value (Figure 5.6) (Dedeolu et al., 2018).

Figure 5.6. One of the most significant marketing priorities for companies is customer loyalty.

Source: https://www.swotdigital.com/wp-content/uploads/2017/10/Customer-Loyalty-1.jpg.

Customer satisfaction influences repurchase, positive word-of-mouth, and customer loyalty significantly (Ryu and Han, 2010). Of course, several factors influence customer loyalty in hotels. These factors include bed comfort, bathroom cleanliness, room size, location, and accessibility, food, and beverage quality, staff efficiency, service quality, and perceived value (Choi and Chu, 2001; Hu et al., 2009). However, considering today's market demands, concentrating solely on these elements may be inadequate to ensure customer loyalty in hotel businesses.

Tourism and hospitality goods can be thought of as a complex of all variables and activities put together to meet the needs and requirements of customers or visitors, which are provided in the form of a whole package or

small sections of services. As a result, tourism encompasses a wide variety of goods and services that are combined to form an overall impression or experience. This perception would eventually have long-term undeniable effects on travelers, impacting both their quality of life before the trip and their quality of life after the trip (Muzaffar, 2012). Certainly, this product has three key levels: core, tangible, and additional, each of which necessitates a different approach in attitude and management. A hotel's key commodity, for example, is its residential scheme, not its rooms. As a result, what a tourist expects from a hotel is a distinct residential space.

Other qualities and distinct advantages, such as spacious rooms or comfortable lobby seats, on the other hand, have been regarded as product sensibility. As a result, what can be known as sensible product characteristics refers to the product's distinguishing features and elements. However, additional goods may be introduced inclusively as unrelated facilities that benefit the product with subjective value while incurring no additional costs for visitors. One of these added product choices might be a free laundry room for washing clothes or allocating an ironing room to each floor of the hotel. This section emphasizes the existence and applicability of elements required to shape a tourism product in order to attract the interest of tourists in a way that demonstrates the priority of some necessary characteristics and underpins some others that boost customers' subjective values about the received product or service.

However, what is referred to as facilities in tourism literature, and more specifically as physical components, is referred to as Servicescape (Hudson et al., 2014). Though experts agree that Servicescape is more than just watching, it is also a method of sightseeing and describing reality (Atashinbar, 2009). Thus, it is a synthesis of the relationship between human perception, the world, and their experiences from the past to the present, and it includes narrative quotes and specific expressions (Mansouri, 2004).

Table 5.1 shows how the idea of communication and interaction between customers and employees will result in a different typology for Servicescape. Tourism and related services are clearly at a high degree of complexity, with many information and bilateral communication services. While tourism output consists of various layers, each of which has a different meaning and category in the minds of consumers, it requires more significant components to consider the significant situation due to its high complexity and reliance on interactions between tourists and employees. As a result, the idea of tourism Servicescape cannot be summarized in terms of environmental and spatial definitions and meanings, and the essential factors are those

definitions and meanings that create the appropriate perceptual field by linking them to the environment. At this stage, the principles of brand and branding are considered and applied to enhance the influence and efficiency of the tourism Servicescape.

Table 5.1. Typology of Servicescape Based on Organizations Providing Service

Types of Servicescape based on Communication	Physical Complexity of Servicescape	
	Elaborate	Lean
Self-service (customer only)	Golf land	ATM
Interpersonal services	Hotels & restaurants	Hair saloon
Remote services (employee only)	Telephone or insurance Co.	Automated voice messaging systems

Source: Bitner (1992).

5.3.1. Meaning of Servicescape

The term "Servicescape" refers to the settings in which services are provided and in which the firm and the customer communicate.

Service providers should develop environments that strike a balance between two primary goals:

- Create environments that cater to customer pleasure and arousal states while avoiding environments that foster submissiveness; and
- Create conditions that promote the firm's organizational ease and performance.

Several researches in the marketing and environmental psychology literature have explored the physical environment, but little study has been performed in the context of sport and recreation. Booms and Bitner created the idea of a Servicescape to highlight the importance of the physical setting in which a service process occurs. If you wanted to try to explain the differences a customer might experience when entering a McDonald's branch versus a small family restaurant, the idea of Servicescape might come in handy. A Servicescape, according to Booms and Bitner, is "the environment in which the service is assembled, and in which the seller and customer communicate, together with tangible commodities that promote service efficiency or communication."

The Christmas tree in a classroom is part of the physical environment of the service-the Servicescape. Since services cannot be tried before purchase or use due to their abstract existence, consumers search for physical evidences of the service. Shostack claims that an abstract image is used to judge a commodity, but that a service is already abstract. As a result, we will assess a service using rigorous or tangible criteria. Since the service is intangible, the peripheral hints would be assessed.

In schools, for example, man examines the buildings, such as classrooms or staff rooms. Servicescape is described by Bitner as the "physical environment" of the service experience or the "man-made, physical surroundings as opposed to the natural or social environment." This last term, however, does not perfectly align with the school Servicescape. Indeed, the natural surroundings of a school, such as the sea or a nearby mountain, can have an effect on the service.

Several research indicates that the physical environments can also affect the customer's overall satisfaction with the service. Certain classrooms, with pleasant decoration and materials on the walls, are more inviting to students than others, which are austere and disorganized, with a Spartan atmosphere. Students in a nice Servicescape are more likely to learn, and their understanding of the service is higher as a result.

Since the service is often created and consumed concurrently, the surroundings can have a significant effect on consumer understanding and, as a result, customer experience of the service. (Bitner) Because of this time consideration (services are generated and consumed concurrently), it appears that employee and customer satisfaction are closely related. Classrooms in some schools are extremely hot in the summer and extremely cold in the winter.

These poor climatic conditions in classrooms would have an effect on the teacher's working conditions and, as a result, the standard of service provided to their students. Environmental psychologists believe that people respond to places by avoiding them or approaching them (Bitner). Depending on the classroom, staff, and students will exhibit either a willingness to linger, explore, work, and affiliate or a reluctance to engage in these activities.

Employees and consumers, on the other hand, have different preferences and aspirations for their working environments. Teachers prefer to have their own classroom in order to have all of the resources they need to teach, while students will prefer to have their own classroom in order to avoid moving 30 students from one room to another each hour.

5.3.2. Types of Servicescape

Is there a structure for categorizing service organizations on two dimensions that captures some of the core differences that will affect Servicescape management? Organizations that share a cell in the matrix would face similar physical space problems and decisions.

Depending on those factors, the physical environment can be more or less critical in achieving the organization's marketing and other goals:

1. **Servicescape Use:** First, organizations vary in terms of who will be affected by the Servicescape. That is, who enters the service facility and is therefore theoretically affected by its design—customers, staff, or both? This dimension distinguishes three types of service organizations. At one end of the spectrum, there is the self-service world, in which the customer conducts the majority of the tasks and few, if any, employees are involved.

    ATMs, movie theaters, express mail drop-off centers, self-service entertainment such as golf and theme parks, and online Internet providers are examples of self-service environments. In these largely self-service settings, the company should design the Servicescape with a sole emphasis on marketing objectives such as attracting the right market segment and making the facility appealing and easy to use.

    The remote service, which has little to no customer involvement with the Servicescape, is at the other end of the usage dimension. Telecommunications, utilities, financial consultants, editorial, as well as mail-order services are only a few examples of services that can be delivered without the customer even having to visit the service facility. In reality, the facility may be in a different state or region.

2. **Complexity of the Servicescape:** Some service environments are extremely basic, with just a few components, spaces, and pieces of equipment. These are referred to as lean environments. Data about shopping malls Kiosks and FedEx drop-off locations are examples of lean environments since they all offer service from a single simple structure.

    Design decisions for lean Servicescape are relatively simple, particularly in self-service or remote service circumstances where there is no contact between employees and customers. Other Servicescape are extremely complex, with numerous elements and shapes. They are referred to as elaborate environments (Figure 5.7).

Types of Servicescapes

Servicescape usage	Elaborate	Lean
Self-service (customer only)	Golf course eBay	ATM Car wash Simple Internet services Express mail drop-off
Interpersonal services (both customer and employee)	Hotel Restaurant Health clinic Hospital Bank Airline School	Dry cleaner Retail cart Hair salon
Remote service (employee only)	Telephone company Insurance company Utility Many professional services	Telephone mail-order desk Automated voice messaging services

Figure 5.7. Shows the types of Servicescape.

Source: https://image.slidesharecdn.com/servicescape-final-111125045724-phpapp02/95/servicescape-10-728.jpg?cb=1322197584.

5.3.3. Roles of the Servicescape

The Servicescape will perform a variety of roles. An analysis of the various functions and how they communicate demonstrates how important it is from a strategic standpoint to provide sufficient physical evidence of service.

5.3.3.1. Facilitator

The Servicescape may also act as a facilitator in assisting people's performances in the community. The design of the environment can either improve or hinder the efficient flow of activities in the service setting, making it easier or more difficult for customers and employees to achieve their objectives. A well-designed, functional facility can make the service enjoyable to use for the customer and enjoyable to perform for the employee. Poor and inefficient design, on the other hand, can irritate both customers and employees.

5.3.3.2. Socializer

The Servicescape's architecture aids in the socialization of both workers and customers by communicating desired roles, attitudes, and relationships. A new employee in a professional services company, for example, will learn about her place in the hierarchy by noting her office assignment, the nature of her office furnishings, and her location in relation to those in the organization.

The facility's design may also indicate to customers what their position is in relation to employees, which parts of the Servicescape they are welcome in and which are only for employees, how they should behave when in the environment, and what types of interactions are encouraged. Consider a Club Med vacation experience that is designed to encourage both customer-to-customer experiences and guest interactions with Club Med staff.

The organization also acknowledges the importance of privacy, providing areas conducive to solitary activities. To elaborate, in some Starbucks locations, the company is experimenting with a more conventional coffeehouse atmosphere in which customers spend social time rather than coming in for a fast cup of coffee on the run. These Starbucks locations have comfortable lounge chairs and tables set up to facilitate conversation and staying longer.

5.3.3.3. Package

The Servicescape and other components of physical evidence, similar to a tangible product's box, effectively "wrap" the service and transmit an exterior representation of what is "within" to customers. Product packaging is intended to convey a specific image as well as elicit a specific sensory or emotional response. The physical configuration of a facility accomplishes the same thing by the interaction of several dynamic stimuli.

The Servicescape is the organization's external appearance and can therefore be vital in shaping first impressions or setting consumer expectations—it is a visual metaphor for the intangible service. This packaging function is especially important in setting standards for new customers and newly formed service organizations attempting to create a specific picture. The physical surroundings provide an opportunity for an organization to express a picture in a manner similar to how a person decides to "dress for success." The packaging function includes contact personnel's external appearance, such as uniforms or dress, as well as other elements

of their outward appearance. Surprisingly, despite the fact that the service package plays a number of important functions, the same care and resource expenditures are not commonly applied to package design in product marketing. However, there are several exceptions to this generalization.

Smart companies including Starbucks, FedEx, and Marriott invest a significant amount of time and money in relating their Servicescape design to their brand, providing their customers with clear visual metaphors and "service packaging" that conveys the brand positioning.

5.3.3.4. Differentiator

The physical facility's architecture will distinguish a company from its competitors and signal the business segment. Given their capacity as a differentiator, improvements in the physical environment may be used to reposition a company and/or attract new consumer segments. Signage, colors used in lighting and displays, and the form of music wafting from a store all signify the intended consumer segment in shopping malls.

Washington Mutual Bank clearly communicates its distinction as a bank for customers and families through its Servicescape. The first thing you notice when you walk into one of its branches is a mural of children. Then you will be greeted by a friendly, khaki-clad concierge. There is a play area for children as well as a retail store selling financial books, apps, and piggy banks, clearly distinguishing this bank from those that concentrate on commercial accounts or private, upscale banking.

A physical setting's architecture may also distinguish one location of a service organization from another. This is popular in the hotel industry, where a single large hotel may have many levels of dining options, each indicated by variations in design: Price distinction is often accomplished in part by differences in the physical environment. Larger rooms with more physical facilities cost more, just as larger seats with more legroom (usually in first class) cost more on an airplane. The addition of luxurious screening rooms with club chairs and waiters to movie theaters is a recent trend. Customers who are willing to pay a higher price to see the same film will take advantage of this option and enjoy the service in a completely different environment.

5.3.4. Importance of Servicescape in Physical Evidence

Customers also rely on tangible cues, or physical evidence, to evaluate a service before purchasing it, as well as to measure their satisfaction with

the service during and after use. Expectations and perceptions of service quality are influenced by physical evidence. As a result, any service agency must first consider the significance of physical evidence. Physical evidence necessitates careful preparation. The preparation approach should be related to the overall objectives and vision of the company. The planner must carefully devise a strategy that will aid in the achievement of organizational objectives.

5.3.4.1. Recognize the Strategic Impact of Physical Evidence

To be successful, an evidence strategy must be explicitly linked to the organization's overall objectives and vision. As a result, planners must first identify the objectives and then decide how the evidence strategy will help them. At the very least, the basic service model must be established, the target markets (both internal and external) must be identified, and the firm's broad vision of the future must be known. Since many evidence decisions are relatively permanent and costly (especially Servicescape decisions), they must be carefully prepared and executed.

5.3.4.2. Blueprint Physical Evidence of Service

Everyone should be able to see the operation mechanism as well as the existing physical evidence. The service map, or blueprint, is an effective way to depict service facts. The activities involved in service delivery, the dynamics of the process, the points of human contact that provide proof opportunities, and the observable representations present at each stage can all be read from the map. Photographs or videotapes of the process can be applied to the map to create a photographic blueprint.

5.3.4.3. Clarify Roles of the Servicescape

From the customer's perspective, the service-scape can play no role in service delivery or marketing. This is mostly true for telecommunications and express mail services. Clarifying the positions of the service-scape in a specific situation will help in defining opportunities and determining who should be consulted in facility design decisions.

5.3.4.4. Assess and Identify Physical Evidence Opportunities

Possible changes and enhancements can be established once the existing sources of evidence and the functions of the service-scape are recognized.

A strategy for providing more proof of quality to show consumers exactly what they are paying for could be created. Alternatively, depending on the overall strategy of the restaurant, pricing or facility design can need to be modified.

5.3.4.5. Update and Modernize the Evidence

Some aspects of the evidence, especially the Servicescape, need to be updated and modernized on a regular or at least periodic basis. Even if the company's vision, priorities, and objectives remain constant, time takes its toll on physical proof, necessitating change and modernization.

5.3.4.6. Work in a Cross-Functional Environment

A service firm's presentation to the consumer is concerned with transmitting a desired picture, sending clear and compatible messages across all types of evidence, and supplying the type of service evidence that the target customers want and understand.

A multifunctional team approach to physical evidence strategy is frequently required, particularly when making decisions about the Servicescape. It has been said that "Facility planning and management… is a problem-solving exercise that resides on the boundary lines between architecture, interior space planning and product design, organizational (and consumer) behavior, planning, and environmental psychology."

5.3.5. Functions of the Servicescape

Service environments, also known as Servicescape, refer to the style and presentation of the physical surroundings as well as other experiential elements that customers encounter at service delivery sites. Designing the service environment is an art that requires time and effort, and it can be costly to execute.

The Servicescape is mainly responsible for the following tasks:

1. **Image, Positioning, and Differentiation:** For organizations that provide high contact services or leisure services such as shopping malls, the design of the service environment and how activities are conducted by service contact staff work together to create a specific brand identity and shape the essence of the customers' experience. As a result, the type Servicescape is not only a means for conveying messages, attracting interest, and generating

effects, but it is also an integral part of the service experience and value proposition.

2. ***Facilitating the Service Encounter and Enhancing Productivity:*** Servicescape can be constructed in such a way that they promote service interactions and, as a result, improve productivity. Inclusion of child-care enclosures in the Servicescape of shopping centers, for example, is an innovative design innovation for promoting consumers' lengthy shopping experiences at these malls.

5.3.6. Effects of Servicescape on Perceived Service Quality

The main approaches for Servicescape are given as:

1. **Direct Observation:** Professional observers use observation techniques to create detailed accounts of environmental conditions and dimensions, as well as to observe and document the reactions and activities of customers and employees in the Servicescape. Researchers compared detailed accounts of gift-giving as observed and experienced in two different retail stores-the mouse house and baubles-using direct observation, depth interviews, and photography.

   The researchers were able to investigate environments, actors, activities, procedures, and artifacts associated with gift-giving over time and through extensive interaction with the stores. The benefits of direct observation are the range and precision of knowledge gained when performed by highly trained and experienced observers. The interrelationship of environmental elements, as well as the responses and experiences of participants in the environment, maybe captured in an unobtrusive manner, raising the validity of the results beyond what is usually found in a standardized survey.

   The results may be extremely beneficial in redesigning the Servicescape or comparing various facilities. Direct observation may also be useful when a particular Servicescape question needs to be answered, such as "What are the foot traffic flow patterns in the mall at peak business hours, and are also the new signs successful in guiding people?" The drawbacks to direct observation are mainly linked to time and money.

To begin, the researchers who observe the Servicescape must be highly qualified and specialized in ethnographic methods, which increases the cost of data collection. Second, they must be allowed to observe for a period of time, and interpreting their extensive records can be time-consuming. In contrast to the survey process, the data cannot usually be inserted into a computer and analyzed to produce good, clean quantitative results.

2. *Environment Surveys:* This asks people (either consumers or employees) to express their needs and expectations for various environmental configurations by answering predetermined questions in the form of a questionnaire. This is the type of research that was performed in a retail bank setting to assess the significance of various environmental dimensions and evoke customer perceptions regarding bank facilities.

    The survey polled 3,000 bank customers and 2,000 bank employees on 32 environmental variables divided into five categories: ambient conditions, esthetics, privacy, efficiency/convenience, and social conditions. Employees and customers had varying standards for the bank facility across the groups. Despite the fact that this study was performed in a particular environment, more recent research has established a general measurement scale to determine "perceived Servicescape quality."

    "The scale assesses three aspects of the Servicescape: ambience, design, and social conditions. The measure was generated by analyzing the experiences of 1,674 customers from 10 different industries. The ease of administration and analysis of findings are two of the benefits of surveys. Typically, data is obtained by standardized questions, and the answers can be easily inserted into a computer and interpreted.

    Thousands of questionnaires may be sent out or conducted over the internet, allowing for very broad sample sizes and the exploration of several environmental variables at the same time. The primary drawback of an environmental survey is that the findings may be less reliable than those obtained by other approaches, i.e., survey responses may not accurately represent how people feel or how they would act.

3. *Photographic Blueprints:* In essence, offers a visual representation of the service at each customer action Phase. A

slide, a photograph, or the entire service phase as videotaped from the customer's point of view may be used as the visual. Managers and other service workers can see evidence of service from the customer's perspective by integrating service blueprint with photographs. The photographic blueprint can be a powerful analytic method for starting to evaluate the service process.

Photographic blueprints are extremely useful in providing accurate and logical documentation of physical evidence as it appears in a given service situation. Before any modifications can be made, everybody should be aware of the current state of the physical evidence. The images and/or videotapes add depth to the process blueprint, and the blueprint imposes some logic on the physical evidence study.

The photographic blueprint will provide a detailed depiction of how things are. A photographic blueprint's biggest drawback is that it is just a starting point. It does not answer any questions on its own, but it can be asked a lot of questions. It does not provide any information about customer or employee desires or needs; however, it may be used as a catalyst for collecting customer and employee opinions.

4. *Experiments:* When it is critical to know real consumer and employee reactions to environmental changes or alternatives, experimental approaches are among the best ways to determine their true reactions and preferences. Experiments include exposing groups of customers to various environmental configurations and observing their reactions. The benefits of studies are largely in the validity of the findings, i.e., you will believe and depend on the results of the experiment is carefully carried out.

Since environmental dimensions frequently influence people subconsciously and a variety of dimensions combine to create a composite perception, it is difficult to obtain accurate answers to environmental questions in the absence of actual experience. The drawbacks of experiments, like those of direct observation techniques, are largely related to costs and time. In an ideal world, actual Servicescape prototypes would be created, and different groups of customers would react to the options.

This technique has been used by Marriott Hotels in the design of its hotel rooms. However, due to the high cost of building

real Servicescape, some type of simulation (verbal explanations, photos/slides, scale models, videos, and computer simulations) will almost certainly be used. Environmental psychologists and marketers have shown that virtual environments can produce effects that are comparable to those seen in real, built environments.

5.4. PROCESS MANAGEMENT

Customer satisfaction is not only achieved by introducing an appropriate Servicescape. Planning services are an integral part of achieving excellence because they allow the tourism industry to incorporate strategic planning. Such preparation leads to meeting customer expectations and improving results (Elbanna and Elsharnouby, 2018). While process design and planning are more structure-oriented than Servicescape, it is equally important that the processes can match customer demand in service design and meet their psychological needs. Fulfilling various demand criteria usually necessitates the addition of new service services, but basic needs should be met before considering others (Cheng et al., 2019).

Management processes (planning, quality, and so on), core processes (providing necessities and accommodation), and support processes (human resources (HR) and information handling) are all important considerations for a hotel (Ivasciuc and Epuran, 2015). Each major process category has its own set of subprocesses that must interact with one another in order to contribute to customer satisfaction (Ivasciuc and Epuran, 2015). Other processes covered by process planning entail service recovery, which includes managing service failures through the handling of customer complaints in order to integrate these issues into potential services (Figure 5.8) (Cheng et al., 2019).

Proper strategic planning entails strengthening customer relationships, which leads to overall quality improvements and customer loyalty, while service design considers delivery efficiency as well as strategic considerations (Yeng et al., 2018). Hotels that do not use TQM in flow and process planning will have their deficiencies rejected in their operations and will lose their competitive edge (Yeng et al., 2018). Similarly, proper flow and process preparation will result in organic development, as shown by market advancement and increased sales (Ivasciuc and Epuran, 2015).

Figure 5.8. Total quality management (TQM) enhances strategic planning while also improving process management, service design, and customer relationship management (Yeng et al., 2018).

Source: https://clientsarm.com/wp-content/uploads/2015/09/TQM.jpg.

Business process re-engineering, or the improvement of organizational processes and facilities, may enhance hotel guest service. The office phases of a guest's stay are as follows: pre-arrival, arrival, lodging, period of stay, and departure.

Multiple transactions and interactions with guests during the stay determine the quality of the front-office process (Zdemir et al., 2019). As a consequence, process flow contributes significantly to overall guest satisfaction.

5.4.1. Guest-Flow Management

The flow of guests is a vital factor that all hotels must take into account when planning their operations. Customers judge the quality of a service based on how it is sold and distributed. As a consequence, the flow of guests has an effect on the core service provision and its quality of excellence (Mansour and Ariffin, 2017). The optimization of guest flow exists not only in hotels but also in the surrounding area, which hotels must account for when planning occupancy rates. This can be influenced by hotels' ability to

coordinate tourism activity, such as coordinating transportation and location in a timely manner. Guest flows are critical because hotel attributes such as waiting times and proximity to places influence guests' perceptions of a hotel's worth (Román and Martn, 2016).

Any point in the hotel-visit process where there is even a brief wait period can be called a guest-flow process, and it must be regarded as equally critical as other more apparent attributes, such as restaurant quality and room service. According to one study, the importance of processes such as check-in and check-out service, as well as the ability to respond to customers and provide them with timely service, outweighs the importance of staff appearance and ambiance features (Mohsin et al., 2019). Other examples include travel time between other hotel facilities, travel time between rooms and the outside, waiting times for various hotel facilities, and the ability to accommodate many guests at the same time.

The smooth flow of guests contributes to their satisfaction; it also reflects the hotel management's ability to handle guests during peak hours. For example, the restaurant is a key location to observe a consistent rush of guests during peak hours. According to previous studies, guest satisfaction is linked to the restaurants and its employees' quality standards. In the event of an unfavorable or negative circumstance, guest reports must be handled promptly and considerately (Susskind, 2010).

Managing the flow of guests during peak hours can be one of the most difficult tasks for many hotels and resorts. A smooth flow of guests' increases overall service excellence by enhancing the guest experience inside the hotel and resorts'-built space (Servicescape) (Wu and Chen, 2015).

Chapter 6

Managing Customer Expectations

CONTENTS

6.1. INTRODUCTION

The term "customer expectations" has gained ample treatment among researchers in the service industry. Customer expectations have been studied in a variety of research contexts, but they have been most comprehensively investigated in customer satisfaction and dissatisfaction, and service quality research studies (Zeithaml et al., 1993). Customer expectations are any set of behaviors or activities that individuals anticipate while dealing with a company. Customers have traditionally anticipated basics like quality service and fair pricing, but current customers have considerably greater expectations, such as proactive service, tailored interactions, and integrated experiences across digital platforms.

To understand specific expectations and services, one must first comprehend the fundamental aspects of the hospitality industry. The services features include:

- *Perishability:* Services are perishable and cannot be saved for future use. Services can be partially saved for the future with the use of real items, but not entirely.

- *Intangibility:* Services are intangible, which means they cannot be touched or tasted. While the physical structure, as well as certain components of the hospitality offering, are visible.

- *Inseparability:* The particular feature of services is that production and consumption are inseparable. Services should be consumed as soon as they are produced.

- *Variability:* Services can be purposely modified to fit the distinct needs of individual customers.

Products and services that are cutting-edge one day are obsolete the next in this era of exponentially disruptive technological change. In this setting, a company's experience is becoming a more important differentiation. However, the scope of the customer experience is also changing. Companies must not only create outstanding marketing, sales, e-commerce, and service interactions to win hearts and wallets, but they must also demonstrate that they have the best interests of their customers in mind.

Customers have high expectations of businesses, and those expectations are rising as they connect with other sectors. As a result, firms must look beyond their industry to grasp the benchmarks against which they are being judged. This chapter tries to uncover the key factors of customer service (CS)

expectations, which will serve as the foundation for increasing customer happiness.

6.2. CUSTOMER EXPECTATIONS

Customer expectation refers to everything a customer expects from a product, service, or organization. Customers' expectations are formed in their brains based on their particular experiences and what they have learnt, as well as their prior experience and knowledge (Figure 6.1).

Figure 6.1. Customers have explicit and implicit expectations about the product or service they have purchased.

Source: https://previews.123rf.com/images/marigranula/marigranula1504/marigranula150400301/38833717-customer-expectations.jpg.

They will have performance expectations that include a dynamic component as a result of anticipated changes to the product or service over time. They will also have interpersonal and service-level expectations that are directly related to the customer connection and connection with a business or organization.

6.2.1. Importance of Customer Expectations

Customer expectations are beliefs about service delivery that act as benchmarks or reference points for performance evaluation. Because customers compare their impressions of performance to these reference points when evaluating service quality, service marketers must have a deep understanding of customer expectations. Knowing what the customer expects is the first and perhaps most important step in providing high-quality service. Being incorrect about what customers' desire might result in the

loss of a customer's business when another competitor hits the mark exactly. Being incorrect can also imply wasting money, time, and other resources on things that do not matter to the client. In a strongly competitive market, being incorrect can even mean not surviving.

Whatever method a company takes, there is no escape the truth that it is customer expectations that establish and increase the standard for CS and, as a result, satisfaction, or dissatisfaction. This certainly has an impact on customer loyalty, and if they are dissatisfied, they are unlikely to return. Customers who are pleased will return, but ecstatic customers will spread the word about the organization through every possible method. This occurs when the organization continuously outperforms customer expectations. Customer testimonials are excellent free advertising because they dispel the initial nagging worry that most prospective consumers have. So, what are some of the constants and universals of client expectations?

i.   Even before getting into a commercial partnership, clients have a preconceived picture of what they expect to gain from it. Customer expectations frequently include receiving more than what they expect and pay for.

ii.   Customers want businesses to be dependable, honest, timely, and courteous. Companies may exceed these expectations by providing that each experience a consumer has leaves them satisfied and understanding that the firm is committed to them.

iii. There are two tiers of customer expectations. One level is where people expect a certain type of service or product and are satisfied when they obtain it. The other level, which is the most coveted, is one in which people expect to receive more than what they are already receiving.

iv.   Relationship development is high on the list of customer expectations. Customers demand a personalized relationship with the company with whom they do business and like it when it is ongoing and consistent. They also prefer that the company contact with them to strike a deal, and once that is done, they expect to interact with the same person each time they connect with the company so that no information is repeated. This fosters a link and a sense of oneness, both of which are beneficial to the organization.

v.   Customer expectations involve corporations keeping their promises on all they commit to. Keeping in mind the com-

petitive marketplace in which everyone operates, it is always better to under-promise and over-deliver. Broken promises can have a major influence on customer expectations, leaving them irritated and maybe breaking the connection. Customer happiness is critical, difficult but not impossible to manage, and one of the metrics for doing so is controlling customer expectations. Companies must carefully develop and meet client expectations to avoid sour client relationships. If something appears to be out of control, it may be necessary to re-set or re-establish those expectations in order to better manage them.

6.2.2. Customer Expectation Management Tips

Understanding how customer expectations form and alter over time is a wonderful starting point for efficient customer expectation management. It should go without saying that understanding the customers' expectations is critical for business success. It should also be obvious how expectations differ. Customer expectations in hotels, for example, differ substantially from those of an insurance company (Figure 6.2).

Figure 6.2. Managing customer expectations.

Source: https://www.sheffield.ac.uk/polopoly_fs/1.750746%21/image/managing-expectations.jpg.

Here are some pointers to help you not only meet but also greatly surpass the customer expectations:

1. Transmit Information in a Clear and Honest Manner: As previously stated, your customers' expectations will have been shaped by what they have read and potentially seen. Because you as an organization have complete control over how you connect with your customers, make sure the information you provide is clear, consistent, complete, and honest. Lack of communication clarity has been frequently acknowledged as a critical issue that has a detrimental impact on customer experience.

Here are some basic guidelines:

- Make certain that the information on your website is accurate, thorough, consistent, and continually up to date.
- The language you use on your website and in all conversations with your customers must be appropriate. Do not confuse them with technical jargon. Use appropriate vocabulary and tone of voice to engage them.
- Your social media communications must be timely and relevant. What is said must be true, honest, and positive.
- Advertising and marketing must not be deceitful or deceptive.
- Brochures, booklets, and flyers, for example, must be accurate, honest, and clear.
- Any video and visual content produced by your company must be consistent with other forms of communication.
- Service representatives and any other personnel involved in direct customer interaction must be properly trained and skilled. Their information must be compatible with other channels of communication, and their style and approach must be appropriate.
- Inform your customers how long they will have to wait. People nowadays anticipate virtually quick responses, but this is not always possible, especially when working with a global consumer base. Setting clear expectations for your clients and avoiding disgruntlement can be accomplished by clearly telling them of how long they will need to wait.

*2. Develop Loyalty***:** Customer loyalty is extremely helpful to all businesses. It is significantly less expensive to keep an existing customer than it is to acquire a new one. Loyal consumers can also be extremely useful in discovering and defining evolving customer expectations.

Some basic strategies for increasing customer loyalty are as follows:

- Always use their names to customize messages.

- Ensuring that each customer is treated with respect.
- Always appreciating them for their patronage and loyalty.
- Communicating with them on a regular and normal basis.
- Pay attention to nuances that can influence customer expectations.

3. Keep an Eye on Your Market and Beyond: Clients and consumers' expectations will be highly influenced by what they have experienced from other businesses in your sector and elsewhere. If a consumer has previously used an online 'chat' facility on another website to get CS and received a response in less than 30 seconds, they are likely to expect the same from you when you install an online chat tool. Similarly, if a customer has previously received a quick response via social media from a completely unrelated organization or business, they are likely to obtain the same level of response from your social media platforms. You must be aware of these expectations and, ideally, strive to meet or exceed them. If this is not possible, you must communicate openly with your customers in order to realistically establish their expectations.

4. Be an Expert: Your employees must be recognized as specialists in what they do and provide. Every member of staff participating in direct customer engagements, from front-line service representatives to switchboard operators and sales professionals, must be appropriately trained and confident in their abilities to meet even the most exacting customer expectations.

5. Always follow Up: The extent to which an organization follows up after an initial contact can have a significant impact on the customer experience. For example, if a customer contacts a service desk through phone or online chat and receives a resolution to their problem, this should be followed up on, maybe via email, to confirm the advice and that the answer was successful.

Similarly, it is a good habit to call customers after a purchase to ensure that they are satisfied. Simple, convenient customer satisfaction surveys are an excellent approach to follow up and gather potentially useful consumer feedback.

6. Explore and Exceed: By building a rapport with your customers, you will be able to learn about their anticipated expectations. What do they have planned for the future? What do people expect from your industry's products or services? What are they going through that is shaping what they expect from you?

With this extremely useful insight, your company will be able to not only meet, but greatly surpass customer expectations.

6.2.3. Factors Influencing Customer Expectations

A variety of factors influence customer expectations, however there are a few major characteristics that are regarded as essential influencers on customer expectations (Figure 6.3).

Previous Customer Experience

Communication with Customers

Word of Mouth and Reviews

Previous Experience with Other Companies

Figure 6.3. Factors influencing customer expectations.

6.2.3.1. Previous Customer Experience

Prior experience with the organization is one of the most important elements determining customer expectations. If they are very satisfied existing customers, this establishes a high degree of expectation that must be upheld. However, if their previous experience has been subpar, they may lose faith in the firm and have low expectations.

6.2.3.2. Communication with Customers

Every piece of outbound communication from the company has the potential to affect your customers' expectations. Blog posts, tweets, site pages, emails, print advertising, radio, and TV advertising all contribute to your customers' expectations. It is critical that all of your messages be truthful, consistent, clear, and unambiguous.

6.2.3.3. Word of Mouth and Reviews

Because the internet is an excellent research tool, you can expect your customers to have done their homework before making a purchase. They will have read reviews of the product or service, as well as possibly reviews of your company. They may also have read what is being said in online

forums and on social media. What they learn from these sources will shape their expectations, so pay attention to what is said.

6.2.3.4. Previous Experience with Other Companies

People's expectations are heavily influenced by their previous interactions with other businesses and organizations. Customers nowadays expect the same high levels of exceptional CS from all businesses and organizations, regardless of whether they are in the same niche as yours.

6.3. WHAT ARE CUSTOMER NEEDS AND EXPECTATIONS?

Expectations are the anticipated circumstances of a purchase. They cover all stages of the customer journey, as well as all interactions with the company, as well as the impacts of the purchase and experience, practical benefits, and emotions. Customers evaluate a company's performance based on its ability to exceed their expectations.

What the customer wants is frequently a stronger motivator than what they require. When you listen to your customer and ask them why they want what they want, this becomes evident. Typically, individuals have a strong desire to obtain what they desire and merely want you to show them how to do so.

6.3.1. Customer Needs

It is critical for an entrepreneur or business to recognize and meet the demands of their customers in order to be successful. The majority of business ideas stem from an entrepreneur recognizing a demand for a product or service. An entrepreneur or small firm must address four major customer needs. These are price, quality, choice, and convenience (Figure 6.4).

Figure 6.4. Shows the major customer needs.

6.3.1.1. Price

Price is how much a company charges for its product or service. When acquiring a product or service, customers expect a reasonable price. Low prices usually attract a large number of customers, but people eventually demand value for money.

It is critical that a pricing correspond to the quality of the product or service being sold by the company. Customers will expect a high premium if a jewelry store sells rare diamonds. In this case, having a low price may turn consumers off. Customers may expect a low price if a bargain store sells its own brand of chocolate because they believe the product is of low quality.

6.3.1.2. Quality

The caliber of the product or service being supplied is referred to as quality. Customers, regardless of how much they spend for a product or service, always demand some level of quality. In general, individuals who pay a low price expect a lesser level of quality, whereas those who pay a greater price expect a higher level of quality. For example, if a person spends £15, they would expect a handbag to last six months. A person who spends £500 on a handbag, on the other hand, can expect it to last for 5 years or more. Similarly, the quality of service provided by businesses varies. Low prices

frequently indicate a lower-quality level of service, whereas higher prices frequently indicate a higher-quality level of service.

6.3.1.3. Choice

Choice is critical-many firms offer a variety of products and/or services to cater to different types of customers. When it comes to purchasing things, customers have a variety of demands and aspirations. They may like different styles or sizes, or even whole different things. A clothes store, for example, may need to have a variety of clothing designs as well as a variety of sizes for each item of clothing it sells. Similarly, a sandwich store would need to offer a variety of sandwiches in order to appeal to a wide range of customers. A vegan or vegetarian customer, for example, would not be interested in a tuna sandwich.

Businesses that use e-commerce have a greater selection because they are not limited by the display area in a traditional store.

6.3.1.4. Convenience

Customers and consumers want convenience and are frequently willing to pay a premium for it. Convenience refers to anything being easier, faster, or less of a hassle for customers. Customers are often willing to pay an additional delivery price for the comfort of being able to stay at home while purchasing clothes or food online rather than going to a shop or takeaway. Another example is a ticket-selling company that can display tickets on a smartphone app rather than needing clients to print out their tickets.

6.4. TYPES OF CUSTOMER EXPECTATIONS

Customers' expectations are the feelings, needs, and ideas they have about specific items or services. Customers' experiences are determined by what they expect from the items or services they pay for. Most successful businesses strive to meet or exceed their customers' expectations by providing high-quality products and services. They are the result of a learning process and once formed. These expectations influence product or service selection decisions, which might be difficult to reverse (Figure 6.5).
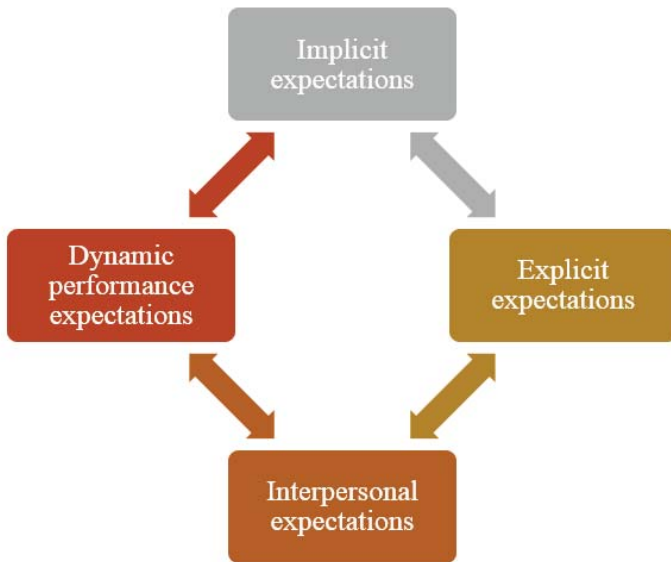
Figure 6.5. Types of customer expectations.

There are several forms of customer expectations, including:

- **_Implicit Expectations:_** This type of expectation is based on established performance norms. They are generated by experiences such as product comparisons and attentiveness to competitors' services.

- **_Explicit Expectations:_** These are the mental targets that customers have for the quality of the product, performance, and services provided. For example, when a consumer expects a printer to print 20 pages of high-quality color, but the product delivered only prints 10 pages of high-quality color.

- **_Interpersonal Expectations:_** Interpersonal relationships are critical in instances when items require assistance to ensure appropriate operation and/or use. They are concerned with the relationship that develops between the customer and the provider of the product or service.

- **_Dynamic Performance Expectations:_** This type of expectation is concerned with the change of a product or service through time. Dynamic expectations refer to the modifications that a product or service goes through in order to achieve business goals and also customer needs and desires.

6.5. MANAGING CUSTOMER EXPECTATIONS

Most successful businesses can keep their customers happy for a long time by managing their expectations properly. Some of the effective tactics they employ to manage expectations are as follows:

- ***Discuss Solutions Openly:*** If a product or service has potential, the provider should be well equipped with a variety of solutions so that customers have different options if they ask for the impossible. Customers are able to understand the complexities of any problem and become directly involved in its resolution as a result of this.

- ***Transparency and Honesty:*** The ability of customers to trust a company is dependent on transparency when managing customer expectations. Companies should encourage transparency and honesty in all situations to guarantee that customers have faith in their providers. Customers who understand what is going on will know what to expect and will be pleased with how circumstances are handled.

- ***Provide Clear Timelines:*** Customers will not complain if they know and understand why they are waiting. They understand that mistakes and defects happen, but they expect providers to be completely honest about it. They should clearly express how much time and effort is required to complete a task or find a solution.

6.5.1. Methods for Managing Customer Expectations

Meeting consumer expectations is critical in a competitive environment where little flaws can cost millions of dollars. The trick, though, is to ensure that you set the correct kind of expectations, ones that your team can meet. Customers build their expectations based on previous interactions with the company as well as the price they pay for your product. Expectations, on the other hand, are never static. They change with time in response to the needs of the moment. Different scenarios will necessitate different actions, and your staff must be ready to react to the circumstances.

Customers have two types of expectations. For starters, people expect complete value from the product or service for which they are paying. They do not want a bad product that causes more problems than it solves. Second, people desire a warm and humble interpersonal relationship with the brand.

Customers are compelled to call or contact the company from which they are purchasing, and they demand total attention and first-call resolution. To ensure the brand's success, an agent who will attend to the customer must meet this expectation.

Customers are individuals, but they also belong to a wider group of people who share their experiences with one another. They discuss their purchases as well as their personal contact with their service provider. In these social groups, a marketing cycle continues. If your goods and services exceed the customer's expectations, they should be spoken about in these circles, resulting in more sales and opportunities for your company.

As a result, it is evident that meeting expectations and setting the correct bar are critical. But how can one go about doing so? We have devised six successful methods for managing customer expectations (Figure 6.6).

- Transparency
- Interpersonal Relationship
- Learn and adapt
- Analyze and Improve
- Continuity
- Be Realistic

Figure 6.6. Methods for managing customer expectations.

6.5.1.1. Transparency

The buyer must understand what they are agreeing to. That is all there is to it. This is an ethical code that must be followed by all industries. Let us not forget that you, as a brand, have ultimate power over how you communicate. As a result, it is your obligation to clear the haze. Determine the elements that influence your business and ensure that you only offer what you can deliver. From the website to the product information page, every piece of data should be factual and not fanciful. All advertisements should be accurate and should not be deceptive. Explain the dependability

of your staff as customers dislike to wait in queues. To make sure customers are advised of the wait time. Finally, depending on the geography of the business, use adequately qualified, well-spoken agents who can connect with locals without the use of a translator.

6.5.1.2. Interpersonal Relationship

You expect your clients to trust you and to continue purchasing from you. It is a one-way street. Building a relationship is essential for ensuring loyalty. This means you cannot alienate the customer any longer. An effective omnichannel infrastructure will collect all consumer information and easily send it to the agent. When communicating with the human, the agent must be trained to use this data. To create a non-alienated environment, they should greet them with small information drawn from this data. The customer will feel recognized and will no longer be a stranger to your company. Your awareness will restore trust in this connection, and the customer will be more vocal and forthright about their problems as a result. This simplifies communication, builds trust, and regulates consumer expectations. They will keep coming back for more as long as they feel heard and seen.

6.5.1.3. Learn and Adapt

Every day, customers interact with a wide range of businesses. Some for financial reasons, others for healthcare, some for social security, and some for fun. Each of these companies has a system in place to ensure a smooth interaction. Consider how your consumer receives first-rate service from one of these companies while you fall behind with the same person. The customer will weigh their options and will most likely avoid your company. As a result, it is critical for you as a corporation to conduct market research. Learn more about your competition as well as your fellow businesses. Understand what they have to offer and stick with it. If someone offers AI-driven interactions while you still offer IVR queues, you will lose clients. The only way to stay informed and proactive is to be informed. And finally changing to the most recent ways in order to maintain service quality.

6.5.1.4. Analyze and Improve

You must not stop once you have met the basic expectations. Concentrate on your module and identify areas where you can outperform. Every firm has its own set of advantages. Determine such benefits and take advantage of them. These distinguish you from your competitors, making you an outlier

in your own game. Inquire about the strategies that have been adopted, such as demography, target audience, cost of acquisition in each place, and so on. Surround your company with these.

For example, if you can reduce the price of some products without sacrificing quality, do so. Do it if you can improve quality using USPs that are not yet on the market. Each business is unique and has the potential to expand if properly strategized. To achieve this better, use a variety of analytical tools to better understand your user demand, user workflow, and how to work around it.

6.5.1.5. Continuity

It is widely accepted that consistent effort yields the best results. Whatever services you offer and techniques you employ, make sure you stick to them regularly. You cannot provide the best service to the initial few consumers and then dismiss them once they become a regular buyer. No of how frequently or infrequently a consumer visits your website or purchases from you, you must continually engage, follow-up, assist, and interact. Many businesses make the mistake of dismissing former customers while focusing on new ones. This raises their turnover rate, causing them to lose more money over time. Invest in your existing clients to ensure that they remain a steady source of income for business.

6.5.1.6. Be Realistic

We frequently get carried away with our promises, and they are not always kept. Let us not make this a pattern for a company that is responsible for thousands of people. Businesses should address their target audience with realistic expectations. Promise them solutions that you can deliver on. Occasionally, a customer will present with an out-of-the-ordinary problem. To resolve the issue, the agent and the team must collaborate within the context of the company's policies. It is quite appropriate to be open and honest with the consumer regarding the status of their problems. If an issue will take longer than normal, inform them rather than delaying them.

Because of the COVID-19 scenario, several organizations have been pressured to satisfy expectations at a faster rate, yet have failed. Keep in mind that your customers are also people who are conscious of their surroundings. Be realistic and honest with them, and they will appreciate your candor.

Chapter 7

Managing Customer Relations for Service Excellence

CONTENTS

7.1. INTRODUCTION

Customer relation is prevalent in all aspects of a business, but it is most prominent in the customer service (CS) department. Customer care, assistance, customer success, and product development all play critical roles in developing a good customer relationship. Customer relations also include marketing and sales staff, as these departments have a direct impact on the company's interactions with customers. Businesses are now faced with the task of providing an outstanding customer experience that is consistent across all interactions.

To do this, many businesses are now concentrating on how they treat their customer relationships. Building strong customer relationships is an excellent way to cultivate customer loyalty and retain valuable, long-term customers.

CRM has a lot of promise in the hospitality industry. The hospitality industry thrives on two fundamental elements: segmentation and uniqueness. Apart from the standard promises of customer satisfaction, it is the hotel's identity, or rather its personality, that is important. Not to mention the distinguishing feature that each hotel has to offer in comparison to its competitors. Both of these factors contribute to the development of trust and customer satisfaction, as well as the subsequent extension of profitability.

Most hotels invest heavily in improving customer experiences through various marketing strategies. To entice customers, they offer loyalty programs and other exclusive benefits. But these promotions continue to become heavy on their pockets. As a result, incorporating a CRM mechanism into their framework will result in significant cost savings as well as a reduction in outreach efforts to social media's targeted reach, resulting in a win-win situation. This chapter will teach you the CS skills you will need to convey professionalism and respect, strengthen customer relationships, and gain a competitive advantage.

7.2. CUSTOMER RELATIONSHIP

Managing relationships with past, present, and future customers is what customer relationship management (CRM) is all about. Companies that manage their customer relationships well have meaningful customer interactions, which increase customer retention and encourage customer acquisition.

The letter 'R' stands for relationship in CRM. However, there is still difficulty in understanding the true nature of this relationship. This supplier-customer relationship is not a personal or one-time transaction relationship; for example, purchasing a refrigerator from a consumer outlet will not be considered a relationship (Figure 7.1).

Figure 7.1. Illustrating customer relationship.

Source: http://www.kellenkautzman.com/wp-content/uploads/2017/10/shutterstock_429110848-e1506984791908.jpg.

A relationship between two parties is the interaction or transaction that occurs between the two overtime or consists of a continuous sequence of synergistic episodes of interaction that occur several times.

This relationship occurs only when the two parties move from autonomy to reciprocity or interdependence. Getting a cup of tea from a café on occasion does not imply that there is a relationship. If a customer returns to the café and orders the same tea because he enjoys the environment, taste, or process of making tea, it appears to be a relationship.

Customers' relationships will change from time to time because they are formed in unique circumstances. The following are the stages through which a customer relationship will progress:

- *Exploration:* It is the mechanism by which a consumer examines or checks the capabilities and efficiency of a supplier or cross-verifies the utility of a product or brand. If the test results do

not meet the customer's expectations, the relationship will be severed.

- *Awareness:* It is the mechanism by which a consumer knows the supplier's motivating principles or the goods he sells.

- *Expansion:* It is the mechanism by which a supplier gains the confidence of a customer and the customer becomes fully dependent on the supplier. This is the time when there are more opportunities to do business with the specific customer and grow the business.

- *Commitment:* It is an important stage in which suppliers learn to adapt market rules and achieve success.

- *Dissolution:* It is a stage in which a customer's requirements abruptly shift and he seeks better options. This abrupt transition signals the end of a relationship.

Relationships can end for a variety of reasons, including the customer's dissatisfaction with the supplier's services or the customer's preference for other, better brands and items. Suppliers can also choose to end partnerships when customers refuse to participate to maximize sales volume or when the suppliers are involved in fraud cases.

In general, there are two distinguishing characteristics of an established relationship between supplier and customer:

- *Trust:* This in any relationship implies faith and security, and it is the most important investment in developing long-term relationships. When the two parties observe perfect and fulfilled intentions from each other, trust develops between them. As a result of learning more about each other, all doubts and risks are reduced, resulting in an unavoidably smooth market. Lack of confidence, on the other hand, weakens the partnership base and raises the likelihood of instability and conflict.

- *Commitment:* It is yet another milestone that must be met to establish a long-term shared partnership. Commitment can only be achieved when all parties have confidence and hold the same values. In a dedicated relationship, both suppliers and consumers tend to maintain the relationship and never want to leave, which results in the relationship becoming stronger and sharper. In reality, there is a significant cost associated with moving from committed relationships with one supplier to building new relationships with other suppliers from scratch.

Relationships are either cooperative or reciprocal, so both suppliers and consumers need to adhere to common guidelines to achieve better relationships with one another. There is a lot of money, effort, and time invested in developing relationships between the two parties, but the result is still unavoidable.

7.2.1. Important Reasons for Customer Relations

The key advantage of good customer relations is the ability to affect long-term customer retention. Building trust today entails offering customers what they want, both in terms of product performance and services provided by the company. Thinking through the whole customer interaction will assist in identifying any weak points that can lead to dissatisfaction. Finding and developing those skills in a comprehensive manner will contribute to increased customer loyalty over time.

The business will take a constructive approach to building customer relationships by investing in customer relations growth. It differs from CS operations, which are typically reactive and focused on the immediate concerns and needs of customers. It is important to be proactive in customer relations, but it is also crucial to involve customers in the process by gathering feedback and keeping communication channels open. Engaging customers gives them a say in the future course, enables you to predict future needs, and fosters immediate confidence.

Loyal customers may provide some of the most important input directly to the organization as well as to those they trust. Word of mouth may either benefit or harm a brand, depending on the experience of each customer. It is critical to find ways to make any interaction between a consumer and a brand meaningful. Product and branding can entice them to buy, but ongoing relationships are what keep customers or drive them away. Developing a customer relations competency can be a true differentiator for the company.

7.2.2. Types of Customer Relationship

Customer relationships are interconnections between a firm and potential, current, and former customers. Social interactions, correspondence, and user interactions with goods, facilities, and environments are all examples of this. The basic forms of customer relationships are as given in subsections.

7.2.2.1. Public Relations (PR)

The process of engaging with a company's stakeholders, which include investors, clients, staff, partners, media representatives, influencers, business insiders, governments, and societies, is known as public relations (PR). PR has an effect on a company's attitudes of future, existing, and former customers.

PR is a method for corporations, organizations, or individuals to improve their reputations. Usually, PR experts or PR companies handle this job on behalf of their clients. PR typically entails interacting with and through the media in order to portray clients in the most favorable way possible. It also often entails collaborative activities with other individuals and organizations to generate goodwill in the community and improve the client's profile.

- *Image is important:* The business world can be a brutally competitive place. Companies usually want to have something that distinguishes them from the competition, something that makes them more attractive and important to members of the public as well as the media. A positive image can boost a company's sales, while negative publicity can damage a company's credibility and reduce sales.

- *Public Relations (PR) Departments:* Consumers and the media will gain a greater understanding of how a company operates through PR. A PR department is also known as a public information department or a customer relations department within an organization. These departments assist customers who have issues with the business. They normally aim to present the business in the best way. PR teams can also perform research to determine how happy customers are with the business and its goods.

- *Tools Employed:* A PR department may use a variety of techniques and methods to improve a company's profile. Traditionally used resources include press releases and updates sent to the media, emails sent to clients, and appearances at public events such as trade shows or conventions. With the proliferation of the Internet, PR teams may now use resources such as blogs and social media networks to achieve their objectives.

- *Providing a Positive Spin:* Many people think of PR as a way to "spin" news and information, which means to present the news or information in the best way possible for the business. For

example, if a company announces layoffs, its PR department can say that the company is cutting costs and being more competitive in order to better serve its customers and offer cheaper prices. As long as those statements are accurate, the PR department is doing its job of protecting the company's integrity and image. Stretching the facts to establish a positive spin, on the other hand, will backfire if exaggerations or even half-truths are revealed.

- ***Working in Public Relations:*** Certain skills are advantageous to those who work in PR. That include excellent written and verbal communication skills. A PR professional must also be skilled at multitasking and time management. He or she may have some media experience or training to understand how the media works. Organizational and planning abilities are also necessary in PR.

    A PR professional must be able to operate well under pressure. He or she must be able to answer a barrage of questions from the media and the general public if appropriate. If an organization is verbally attacked, the PR department must take command of the situation. To maintain the company's integrity, the PR department must respond to criticism effectively.

    A PR professional will typically hold a related college degree, such as a bachelor's degree in communications, journalism, or marketing. Job opportunities in PR are very competitive. A talented PR professional may be able to advance from junior account executive to account director in around 5 years. The hours can be long, and the job can be exhausting, but competent PR professionals can earn a good living because businesses value their reputations.

7.2.2.2. Promotion

A promotion involves the change of an employee's rank or position in a hierarchical structure. Promotion in marketing refers to a particular type of progression. A sales promotion highlights the benefits of a specific product or service through advertisements and/or a reduced price. Product promotions are also known as "sales" or "specials."

Advertisements and events are examples of product and service promotion. This can affect how customers perceive you in areas like image, reputation, and quality.

7.2.2.3. Business Relationships

The relationships that exist between all organizations that participate in trade are referred to as business relations. This involves the relationships between different stakeholders of every business network, such as those between employers and staff, employers, and business partners, and all of the companies with which a company is associated.

Relationship building with business customers in fields such as sales, operations, and CS. Account executives are often assigned to business clients as a single point of contact for queries and inquiries.

7.2.2.4. Product Experience

The product experience is just a subset of the overall user experience. It reflects on the entire customer experience that occurs inside the product itself. It is the duration between the first time a customer logs in and the last time they use an application. Everything that happens within a product's digital "four walls" contributes to the product experience. Furthermore, in the era of free trials and fermium business models, customers testing products for themselves are now the primary way purchase decisions are made.

A focus on product experience is consistent with customer-centric approaches to product development and the adoption of design thinking. From the customer's point of view, the product is what they experience and how they experience it. It is not meeting demands if it does not do what they want and how they want it. Negative consequences may result.

Customer experiences with goods and services on a daily basis. A customer's product experience may either make them like your brand or make them dislike it. For example, a software product that frequently displays an error message to a customer, disrupting their productivity, can trigger frustration that harms the customer relationship.

- ***Why is Product Experience Important?:*** Product experience that is intuitive is more critical than ever. A poor product experience can drive consumers away or make them hate the fact that they must use a product to complete a mission. Meanwhile, positive product interactions boost use, loyalty, and net promoter ratings.

  As part of the distribution and acceptance cycle, many goods lack formal training or onboarding. Users are supposed to jump right in and work things out as they go. As a result, the product must be

simple, easy to find, and well-labeled. Help and assistance should be accessible from inside the app.

At the appropriate points, the product experience should direct, advise, and nudge users. There should be enough detail and meaning to keep them focused on the task at hand.

Another important aspect is the proliferation of subscription pricing models. Customers are no longer locked in or "stuck" with a commodity they have bought outright. As a result, businesses must have superior consumer experiences long after the initial payment has been made. So, for goods with free trials, it is even more important to have value right away.

- ***Elements of Managing the Product Experience:*** To build an ideal product experience, product teams have many resources at their disposal. Begin by learning what your customers want, how they feel about the product experience, and what they are doing.

  Brand teams should develop the product experience and consistently highlight the added value and improvements based on these inputs.

  - ***Feedback*:** What customers want, think, and feel about a product drives customer-centricity. Collecting and acting on their input is an essential component. Surveys, interviews, and site tours are both methods and channels for collecting customer input.

    Internal customer-facing teams should also mine for ideas. They will hear more complaints than compliments, illustrating weaknesses.

    Feedback can be collected on an ongoing basis, but determining what to do about it all presents challenges. The useful nuggets should ideally feedback into the product prioritization phase. This improves the product experience while also addressing consumer expectations and concerns.

  - ***Analytics*:** Companies are no longer forced to rely on personal findings and "gut instincts" to understand how their goods are being used by their customers. Analytics collects, aggregates, and analyzes user activity in a variety of ways.

Product teams may use analytics to determine causation. Which action contributes to the use of a specific feature? What factors contribute to increased frequency and longer sessions? Which interactions lead to cancellation or abandonment? It all comes down to data-driven decision-making, which will temper the demands and desires of overzealous stakeholders.

- *Prioritization:* It is needed in all product creation to decide what to create and when. Prioritization is guided by analytics and reviews in the form of the product experience.

  This is in contrast to prioritizing and planning focused purely on what the organization hopes to accomplish. Many wishes and desires of individual users may not contribute directly to the achievement of the company's strategic objectives and KPIs.

  It will not matter, though, if consumers are not pleased and happy with the product experience. Who would use those new features or contribute to new revenue sources if there is not a healthy, if not increasing, cohort of active, engaged users?

- *Engagement*: "Build it and they will come" may be valid in some situations, but it says nothing about having people to return and stay. This is where communication tactics come into play.

  New users need onboarding, which incorporates simple product education with prompting to complete initial tasks that lead to more meaningful use. Furthermore, as the product adds new features, you must notify users about its advantages and how to better access it.

  And, of course, if use falls or ceases entirely, encourage lapsed users to re-engage. This can include highlighting additional advantages, new features, or related success stories.

7.2.2.5. Customer Service (CS)

Customer service (CS) refers to any relationship between your brand and the customer that is related to the fulfillment of your responsibilities to the

customer. This can be a personal interaction, including a request to front desk staff at a hotel or even an interaction with a self-service tool such as an inquiry on a website.

7.2.2.6. Brand Experience

The end-to-end collection of experiences that affect a customer's perception of your brand is referred to as the brand experience. This may involve word-of-mouth or media coverage of your brand. It also involves how consumers perceive the brand, such as brand name impressions and visual symbols.

It is a term used to define a potential consumer's overall opinion of a brand. There is no such thing as a tangible object that can be described as a brand experience. The term refers to the overall brand experience, which may include commercials, actual use, reporting, or other experiences with the brand.

Experiencing the brand in a number of contexts creates a kind of profile in the mind of a potential customer, full of feelings and emotions about the brand, allowing the consumer to mentally anticipate what products associated with it are likely to be like. This is a highly useful idea for manufacturers of brand-name brands, as manipulating the experience will result in higher profits.

To be successful, a brand must have a consistent and cohesive experience. This implies, for one thing, that the products associated with the brand must tend to function as advertised, so the product's use does not contradict expectations. Furthermore, the brand must avoid cramming too much sense into the experience, as a complicated experience is likely to become blurred in the mind of the potential customer. It is commonly assumed that the most popular brands have a sharp and singular experience due to emphasis on all channels of visibility.

In certain cases, brand experience is linked to marketing and advertisement, which often seek to instill meaning in the brand, and therefore the product, by providing it with information and photographs. More subtly, this experience can be exploited by employing tactics such as selling brand-name items only in specific stores or designing sales displays that elicit a specific emotion. Anything connected to the brand will influence this experience, making it difficult to manage the resulting meaning in the consumer's mind.

One of the issues with the definition of brand experience is that there is no accurate scale for measuring it. It is possible to obtain a negative or

positive rating of the experience while surveying prospective customers, but it is far more difficult to determine what particular feelings, intellectual thoughts, and sensations are correlated with the brand. Although it is obvious that brand experience exists, it is not always easy or even practical to put it to use in a meaningful way.

The ultimate aim of manipulating brand experience is to influence future customers' behavior. In some cases, this means purchasing a product, but in others, it might simply mean becoming aware of the brand's existence. Some businesses, for example, make attempts to change this experience with items that are not widely directly consumed, such as airplanes or computer chips. It is obvious, then, that having a highly rated brand can be beneficial to a business regardless of whether or not this positive rating results in direct purchases.

7.2.2.7. Lead Users

A lead user is a customer who is so interested in your brand that they help to create it. Firms can engage users who are pushing the boundaries of their products to help direct design and marketing. Firms can also engage all customers as associates, or a culture, superculture, or subculture relevant to the brand.

7.3. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Customer relationship management (CRM) is a set of practices, strategies, and technologies used by businesses to manage and analyze customer interactions and data throughout the customer lifecycle. The focus is to enhance CS relationships, which will help with customer retention and sales growth. CRM systems collect customer data from various points of contact between the customer and the company, such as the company's website, phone, live chat, direct mail, marketing materials, and social networks (Figure 7.2).
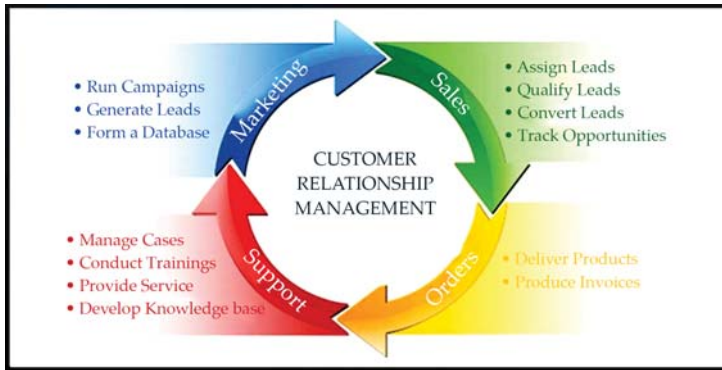
Figure 7.2. CRM systems may also provide accurate details on consumers' personal information, transaction background, purchasing habits, and complaints to customer-facing staff members.

Source: https://wearegrow.com/wp-content/uploads/2015/12/Customer-Relationship-Management.jpg.

CRM systems can support organizations ranging from small companies to large corporations by allowing them to:

- Having easy access to customer information such as previous purchases and interaction history can help customer support representatives focus on providing better and faster CS.
- Using reporting and visualization features, companies can detect patterns and observations about their customers by collecting and accessing consumer data.
- Automation of menial, but necessary, sales funnel and customer support tasks.

It is used in some areas, most notably the hospitality, hotel, and tourism industries. Tourists, or people who travel and stay in different places for business or pleasure, are defined by the Tourism Organization. It has grown in popularity as a recreational activity. Tourism, according to Chon and Sparrowe (2000), has grown to such an extent that it has become a major source of employment. The hospitality industry is a subset of the tourism industry. The term Hospitality Industry usually makes people think of restaurants and hotels, which are some of the places where visitors or guests can be entertained. According to Powers and Barrows (1999), the word hospitality encompasses more than just hotels and restaurants; it also applies

to institutions that provide people with food and shelter. The hotel industry, as a subset of the hospitality industry, is a vast and varied industry. It includes all businesses, from small to large, that make a significant contribution to the national and international economies. The hotel industry can be very complicated at times for a variety of reasons, including the following: First, the industry can be very complex because it has a wide number of categories. According to Jones (2002), these categories include hotel venue, such as rural or seaside, hotel quality, such as luxury, midrange, or first class, and hotel-style, such as resort or traditional. Second, the sector has become more diverse as a result of management association and structure. Third, the independent hotels that are owned and run cause an industry to be unequal or fragmented. According to Olsen (1996), measuring the number of bedrooms rather than the property will help to reduce fragmentation (Figure 7.3).
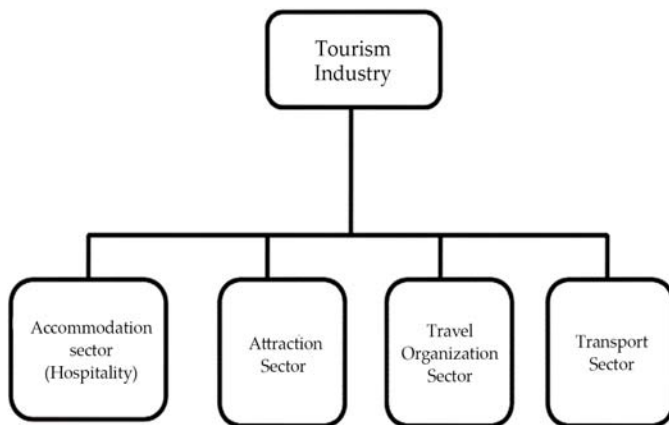
Figure 7.3. The main sectors of a tourism industry.

Source: Olsen (1996, p. 12).

From the above, it can be concluded that the hotel industry is experiencing increased competition and globalization, as well as an increase in customer demands, which is dependent on hotel management's ability to satisfy their customers effectively and efficiently. Since tourists have become more sophisticated, CRM has become a necessity for attracting customers in order to increase profits, and the term CRM has also become an agenda for management in order to achieve aggressive returns.

7.3.1. History of CRM

CRM was coined with the intention of combining terms such as CS, data mining, and enterprise resource planning. It is unknown who first used this word in industry, but it can be assumed that it arose from error approaches. Initially, there was a term called personal information manager (PIM), which was for a limited use where you could begin organizing your names, addresses, date of birth, time, and many other things, but it was gradually changed to contact management system (CMS). CMS managers are very bright because they provided adaptable productivity tools for any organization. CMS was later renamed sales force automation system (SFA), and it now serves as the foundation for CRM. CRM refers to a collection of tools and methodologies for managing customer relationships in a structured manner. Finally, CRM was developed as a strategy for maintaining excellent customer relationships by growing customer lifetime value (History of CRM, 2004).

CRM was focused on database marketing of catch phrases in the 1980s. This was done so that CS groups could engage with company clients on an individual basis. When it came to larger corporations, the lines of communication were available, and services were tailored to the needs of the customers. In the case of a cluttered database, there is an issue with a disordered database that is unable to provide clear insight (CRM, 2009). Organizations began their CRM with a two-way street in the 1990s. Rather than storing a vast amount of data for their own use, they have begun to provide data to consumers. They have also begun to provide better CS, such as gifts, rewards, and other perks in exchange for customer loyalty. Then CRM offered a perfect and successful way to boost revenue through aggressive CS improvement (CRM, 2009).

CRM originated as a data base marketing initially in 1980 where CS groups could connect individually with company clients, then it emerged as CRM in 1990 rather than gathering vast amounts of data for their own use the company began to provide data to customers.

7.3.2. Definition of CRM

CRM stands for customer relationship management. To get a better understanding of CRM, various authors have given different definitions, which are as follows:

CRM is characterized as "an organization wide integration of technology and functions such as data warehouse, Websites, intranet/extranet, telephone

support system, accounting, sales, marketing, and production" by Bose (2002, p. 15).

Swift (2001, p. 16) defines CRM as "an enterprise strategy for recognizing and manipulating customer behavior through positive interactions in order to increase customer acquisition, retention, loyalty, and profitability."

From the above, it is obvious that customer management is critical in CRM. Furthermore, this CRM aids in the maintenance and improvement of long-term relationships with consumers by optimizing income through good management and customer-focused applications.

7.3.3. Components of CRM

CRM software, at its most simple, consolidates, and records customer information into a single CRM database, making it easier for business users to access and maintain (Figure 7.4).
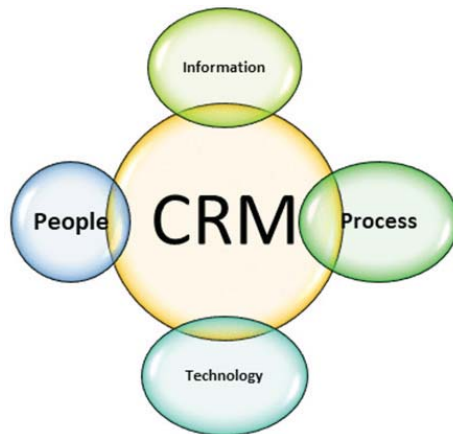
Figure 7.4. Components of CRM.

Source: https://indiafreenotes.com/wp-content/uploads/2020/11/crm-compo-nent.png.

Many new features have been applied to CRM systems over time to make them more useful. Some of these functions include: recording various customer interactions via email, phone, social media, or other channels; automating various workflow automation processes, such as assignments, calendars, and notifications, depending on system capabilities; and providing managers with the ability to monitor performance and efficiency based on information logged inside the system:

- *Marketing Automation:* CRM software with marketing automation capabilities can automate repetitive activities to improve marketing efforts at various stages of the lead generation lifecycle. For example, when sales prospects enter the system, it will automatically submit email marketing content in the hopes of converting them into full-fledged customers.

- *Sales Force Automation (SFA):* These tools monitor customer interactions and automate certain sales cycle business functions required to follow leads, acquire new customers, and create customer loyalty.

- *Contact Center Automation:* which is intended to minimize the monotony of a contact center agent's work, may include prerecorded audio that aids in customer problem-solving and information dissemination. Various software solutions that integrate with the agent's desktop tools can manage customer requests, reducing call length and simplifying CS processes. Chatbots, for example, are automated contact center tools that can enhance customer user experiences.

- *Geolocation Technology:* Also known as location-based services. Some CRM systems provide technology that allows for the development of regional marketing strategies based on the physical locations of customers, often in conjunction with common location-based GPS (global positioning system) apps. Geolocation technology may also be used to find sales prospects based on their position as a networking or contact management tool.

- *Workflow Automation:* CRM systems assist companies in optimizing operations by streamlining routine workloads, allowing workers to concentrate on more innovative and high-level activities.

- *Lead Management:* CRM will monitor sales leads, allowing sales teams to input, track, and analyze data for leads all in one location.

- *Human Resource Management (HRM):* CRM systems aid in the tracking of employee data such as contact information, performance reviews, and benefits within a company. This enables the HR department to manage the internal workforce more effectively.

- ***Data Analytics:*** Analytics in CRM help create better customer satisfaction rates by analyzing user data and helping create targeted marketing campaigns.

- ***Artificial Intelligence:*** AI tools, such as Salesforce Einstein, have been integrated into CRM systems to automate routine activities, detect consumer-buying habits, and forecast potential customer behaviors, among other things.

- ***Project Management:*** Some CRM systems have features that enable users to keep track of client project specifics like goals, strategic alignment, procedures, risk management, and progress.

- ***Integration with Third-Party Applications:*** Many CRM systems can connect with other applications, such as call center and ERP systems.

7.3.4. Different Types of Customer Relationship Management (CRM) Technology

CRM technology encompasses a wide range of systems and applications. Some technology is available as a free, web-based service for a limited number of users, whereas others must be purchased and installed on a computer for a larger number of users to have access. CRM technology can go beyond a defined program and interface to include the integration of various contact channels and social media networks, the development of applications for wireless devices, and business analytics.

CRM technology has grown in response to increased demand for a more reliable and efficient form of contact management. The most successful CRM technologies, according to business owners, enable sales representatives to improve CS, remove geographic barriers, and reduce advertising costs while increasing sales. New CRM technologies have emerged to allow for the rapid deployment of email marketing campaigns as well as mobile access for professionals on the go. CRM technology integration with social media networking has also improved the overall relationship between a business and a customer.

The most common element of CRM technology is freely available on the Internet. These open-source CRM applications are designed for general contact management. For tracking sales and productivity, a more advanced CRM program with access to a larger number of users is probably preferable, even if it comes at a cost. A web-based CRM program is quick and easy to use, and it integrates well with various email accounts to allow for the quick

integration of existing contacts; however, a comprehensive CRM strategy should not be limited to one type of CRM technology.

An extensive strategy for managing customer relationships should reap the benefits of the limitless amount of information available online about existing and potential customers via social media websites, in addition to a basic contact and email management CRM technology. Businesses can use social media to stay in touch with their loyal followers and alert them to promotions and special events. Many social networks have built-in tools for tracking new followers and sending automatic updates.

A wireless technology extension has pushed CRM technology to a new level, and location and a desk are no longer constraints. Many companies have a website, just as they have a phone number, but developing a mobile application is the next phase in effective CRM. Mobile CRM technology enables companies to remain more connected with consumers, learn more about their attitudes and habits, and even process transactions from beginning to end from the comfort of a wireless smartphone. The integration of mobile applications is a CRM technology that includes simple business analytics tools.

7.3.5. Advantages and Disadvantages of CRM

CRM refers to all of the strategies, techniques, tools, and technologies that businesses use to develop, retain, and acquire customers.

7.3.5.1. Advantages

CRM has several advantages, including:

- CRM systems provide a 360° view of the customer, making it easier to keep track of every client touchpoint. This allows for the creation of a strong profile for each client, allowing for the delivery of goods and services to customers in bulk.

- The on-premise option assists customers who require complete control and ownership over all aspects of the CRM application's installation and maintenance, as well as its infrastructure. Clients can achieve a higher level of integration with legacy and operational applications, allowing them to customize the installation as they see fit. Customers will also be able to protect their personal information from external exposure and avoid embarrassment as a result of a third party's error. Finally, a

number of CRM providers and dedicated third parties offer superior customized vertical industry solutions that broaden on-premise installations with a level of complexity that on-demand services cannot match.

- The on-premise approach includes all of the benefits and drawbacks of the CRM approach, as well as the added benefits of smaller installations and access to external expertise. Customers can reduce the time required to run the system in comparison to traditional on-premise installations, as well as the time required to reduce the staff learning curve. In turn, the retailer can improve functionality through custom and business-specific installations that do not require ramp-up time.

- Multi-tenant On-Demand SaaS (Software-as-a-Service) is a better option for clients with limited capital resources and variable workforce requirements who want to commit to a specific CRM application. Changes and updates are completed easily, often without the customers' knowledge, reducing maintenance for IT staff.

- SaaS options can be generated using a Private On-Demand model for a class of customers who are unaware of the SaaS option. Clients from highly regulated and authentication businesses are included, where any type of shared-space installation would be dangerous. These clients can enjoy all of the benefits of SaaS without giving up control, such as quick implementation, easiest functionality, expert service, and variable cost.

- CRM encompasses all of the tools that businesses use to manage customer relationships, including client data analysis and capture, as well as analytics to drive that data toward improved sales performance.

7.3.5.2. Disadvantages

CRM has some drawbacks, including the following:

- The main disadvantage of on-premise installation is the cost and time involved. Purchasing software and hardware infrastructure is both costly and time-consuming. However, if the client installs the application widely over a long period of time, this problem can be overcome. Customers' options for transferring to other

CRM applications are also limited due to the need to calculate a return on investment (ROI) on the initial investment.

- The main disadvantages of on-premise deployment are cost and time. Purchasing hardware and software infrastructure is both costly and time-consuming. However, if a customer deploys the application widely over a period of years, and on-premise deployment may be the least expensive option over time. Deployment times for highly customized applications can take a year or more and may necessitate the use of dedicated IT resources as well as external consultants. Customers' options for migrating to other CRM applications are also restricted due to the need to realize a ROI on the initial investment.

- Even though service providers have customization capabilities, software as a service cannot be modeled to meet the needs of the customer, as the on-premise model guarantees. In the SaaS model, customization is usually handled using a high-level programming language or a proprietary toolset. When data is hosted offsite, data ownership problems arise. This necessitates paying close attention to the contractual obligations. Since SaaS costs are typically considered operating expenses, the costs will have the least impact on profitability.

- The cost of a private on-demand service option is justifiably higher than that of a multi-tenant SaaS, since a private on-demand service provides low per-user charges and minimum-user guarantees. Customers cannot expect to have power over customization and updates in the same way as they do with on-site installation.

7.3.6. Measurement of CRM

CRM metrics are primarily used to increase profits, sales, and new customers, as well as to reduce costs. These factors' data can be obtained from balance sheets or sales reports (Figure 7.5).

Figure 7.5. The measurement of CRM.

CRM can be measured or evaluated using the 10 factors listed below:

- *Attitude to Serve:* It refers to the attitude of a selling company's employees indicating that they are still present for their customers.

- *Understanding Expectations:* The main key to attracting customers is to deliver the product to meet the customer's expectations, which plays a larger role in understanding the customer's expectations and needs.

- *Quality Awareness:* In order to provide the best quality product to customers, the product selling organization must be well aware of the product's quality.

- *Reliability:* The selling organization must gain the trust and faith of the customers in order to maintain the relationship of trust and faith for a higher quality product (Jain and Dhar, 2003).

- *Communication:* The representatives of a selling organization must communicate effectively with their customers, and they must avoid making either under or over promises to them.

- *Customization:* In order to meet the needs of their customers,

selling organizations must provide a higher-quality product.

- *Recognition:* This is the most important factor in CRM evaluation; it means treating customers with respect and making them feel important.

- *Keeping Promises:* The loyalty to the product, which may be the guarantee duration of the product; such promises must be kept in order to maintain good relationships with consumers.

- *Auditing Satisfaction:* For an effective CRM implementation, organizations must solicit customer reviews and assess customer satisfaction on a regular basis (Jain and Dhar, 2003).

- *Retention:* In relationship management, retaining old customers means providing excellent benefits to both buyers and sellers.

7.3.7. Need for CRM in the Hotel Industry

The need for a proper CRM in a hotel is just as important as it is in any customer-driven industry. We will look at why this is the case in this section. Customer satisfaction is well-known to play a critical role in any business. The success of a product or service is determined by customer feedback, which converts into profit for the company. This is particularly true for service industries such as hotels, tourism, and transportation. Today's successful businesses rely on customer relationships rather than the quality of their services alone. In today's competitive market, it is critical to identify, create, and maintain a loyal customer base.

CRM not only creates a robust database containing all customer information, but it also helps the company's long-term growth by forging close links with the customers. These customers become brand ambassadors for the company, resulting in more referrals.

CRM processes that are well-designed can help an industry's sales, marketing, and service departments maximize profit margins. It works by partnering with select customers and providing them with an unparalleled experience in terms of both quality and the manner in which their needs are met. This customer-centric approach is important in the hotel industry because it aims to retain customers and build long-term relationships with them (Figure 7.6).
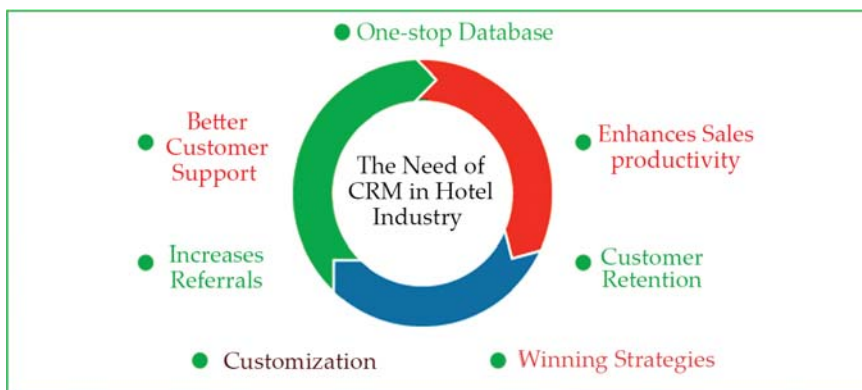
Figure 7.6. Need of CRM in hotel industry.

It is not only the core CSs such as pricing, quality, and delivery that are important; it is also the friendly approach, timely problem-solving, and versatility in choices that make a significant difference. This expanded customer support gives a business an advantage over competitors because it raises the customer's perceived value of its services.

This is critical in the hotel industry because it allows a business to meet its customers' standards by improving the esthetic value of its services and allowing for the development of positive interpersonal relationships.

7.3.7.1. Database at a Glance

A CRM Software includes all applicable customer data that is continuously updated to accommodate any changes. This allows for the easy identification of customer data, which helps in faster problem-solving.

7.3.7.2. Increases Sales Productivity

CRM allows for the automation of repetitive sales activities such as sending bulk e-mails and producing reports. CRM mobile access enables hotel sales teams to have ready access to their customers' tastes, allowing them to generate more lucrative deals for their clients.

7.3.7.3. Retention of Customers

While rivalry and product dissatisfaction account for just 9% and 14% of customer loss, respectively, 69% of consumers switch from one brand to another due to a lack of a personal connection with the company. As

McKinsey and Company's Rob Yanker puts it, "regaining a missing customer will cost up to 50–100 times as much as keeping a current one happy."

7.3.7.4. Winning Techniques

CRM implements tactics such as cross-selling, which entails providing consumers with services that complement their original purchase and develop their interest in the company's other goods. Offering enhancements or additional facilities, such as sightseeing packages, falls under the category of up sale. CRM strategies can also provide perks such as a two-day all-inclusive bundle at a reduced rate for loyal customers. Both of these schemes boost the company's profits while improving the customer's purchasing experience.

7.3.7.5. Personalization

Good CRM software enables the hotel industry to tailor goods to the needs of the target audience. Although value for money is important to some consumers, luxury, and overall experience are important to many others.

7.3.7.6. Boosts Referrals

CRM builds a strong referral base by focusing on customer loyalty. Satisfied customers leave positive feedback, which help to solidify the company's credibility.

7.3.7.7. Improved Customer Service (CS)

CRM creates a quick and efficient customer support system that assists clients via phone, chat, e-mail, and even in person. CRM is ineffective when used as a technique or software; for the best performance, it should be implemented as a company philosophy.

7.3.8. Why Tourism-Related Business Needs Customer Relationship Management (CRM) Solutions?

Customer behavior is changing, as are their expectations in the tourism industry. People want to participate in activities that are vastly different from what tourists required a decade ago. It is no longer just about making travel arrangements and booking hotel accommodations. As a result, tour operators, hotels, and restaurants that cater to tourists must upgrade accordingly.

What positive effects do CRM systems have on the tourism industry? Simply put, the software can assist at the collaborative, operational, and analytical levels.

7.3.8.1. Helps in Making the Organization Customer-Centric

Throughout the journey, tourism companies must establish an ongoing relationship with the traveler. To accomplish this, executives must understand customer preferences, the services that they value, and the price point that they can afford.

The consumer relationship management system is critical in gathering this information and creating cost-effective packages for customers. Even the smallest local players now rely on the tool for survival and success.

CRM's integration capabilities allow it to integrate with all existing systems. Complicated data is gathered and displayed on an easy-to-use interface for the customer-facing executive to access.

A CRM system aids in the development of relationships, which in turn improves customer retention and creates loyalty.

The software is critical in making tour operators and hotels more customer-focused and efficient. CRM implementations by small and large players to improve service standards result in increased productivity.

7.3.8.2. Getting the Best Out of the Available Data

As previously mentioned, the number of journeys, countries, and types of tourist attractions visited, preferred hotels and airlines, and so on can all aid in better understanding the clients. Some frequent travelers willingly provide information and preferences to the locations they visit.

Tour operators and hotels must recognize and sell packages that cater to the emotions of their customers. CRM aids in the task by illustrating behavioral, psychographic, and demographic characteristics of visitors using available data.

Tourism companies have access to the database from other hotels, restaurants, transportation companies, and tourism authorities from different countries, in addition to the information provided by customers. With a functional CRM in place, this data will assist in profiling and categorizing customers in various categories such that specific packages for cross-selling can be highlighted.

Even on busy days, the CRM app ensures that customers are handled in a personalized manner.

7.3.8.3. Social CRM

According to studies, a sizable proportion of social networking site users base their travel purchasing decisions on social media interactions and feedback. As a result, some of the top players in the hospitality and tourism industries have already begun to use social media as a platform to boost CS and sales.

7.3.8.4. Characteristics of Operational, Analytical, and Collaborative Functions

Customer care, sales, and marketing are the primary goals of organizational CRMs. Since it automates many procedures, the solution improves the performance of the company's operations.

CRMs designed to conduct analytical activities such as pattern detection, data mining, and highlighting industry patterns, and so on assist upper management in understanding the needs of consumers. Using an algorithm also allows restaurant and nightclub management to review bookings for the day and monitor previous orders of guests to make a guess about future orders for the day.

Software systems with a greater emphasis on teamwork functionality are intended for organizations with offices in different locations. Data from different locations can be combined. The same data should be spread across all locations of a given hotel, restaurant, or nightclub so that staff are always up to date and can get the best 'VIP' service possible.

7.3.8.5. A Knowledgeable Employee Ensures a Positive Customer Experience

Booking through CRM provides restaurants and nightclubs with a comprehensive view of who they represent. They can view the customer's image, favorite drinks/foods, products served during the previous visit, and personal interaction notes left by previous attendants. It assists retailers in converting once-in-a-blue-moon customers into repeat customers.

Making data available to customer-facing workers gives them the confidence to talk confidently. The framework analyzes past and current consumer engagement data, purchasing history, reactions to marketing

promotions, and other data to present the best possible cross-selling deals to executives as they communicate with the customer.

Customers often get the impression that they are dealing with the right person, someone who is knowledgeable about the company's goods and services as well as their long-standing relationship.

7.4. TYPES OF CRM TECHNOLOGIES

CRM is a technology that helps businesses manage their relationships and interactions with current and prospective customers. The aim is straightforward: improve business relationships in order to expand the business. A CRM framework assists businesses in staying linked to consumers, streamlining procedures, and increasing profitability. CRM technologies are classified into three categories, according to Trepper (2000). They are given in subsections (Figure 7.7).
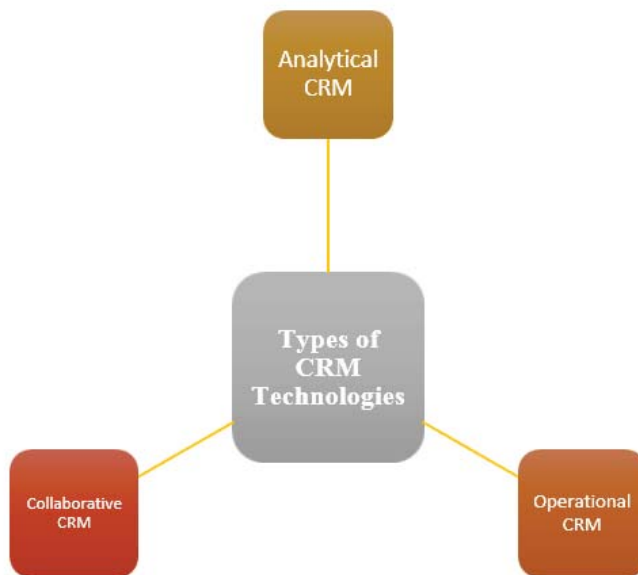
Figure 7.7. Illustrates the CRM technologies.

7.4.1. Analytical CRM

Analytical CRM is primarily concerned with evaluating customer data using a variety of methods. According to Dyche (2002), the consumer data that

needs to be processed is stored in a data center, which provides information about the business that would be useful to the customers. As a result, it is critical when collecting company data because it is readily understandable by the customer. According to Dyche (2002, p. 22), "a single version of truth" means that all data that must be stored in a data warehouse must be stored in a database. The database is nothing more than a data warehouse that contains both current and historical information, as shown in Figure 7.8.
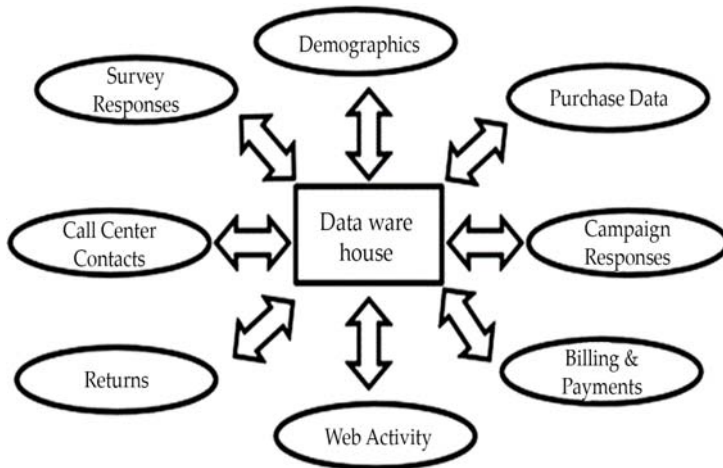
Figure 7.8. Integrated customer data on a data warehouse.

Source: Dyche (2002).

Data can be collected from customers, internal company sources, and third-party sources. More data can be stored in a data warehouse. The data warehouse is essential in CRM because it can analyze customer behavior by collecting data from the data warehouse. As a result, the data in the data warehouse must be integrated in the correct order in order to make accurate decisions about the customer. If the data obtained is not properly integrated, the relationship between the company and the customer tends to suffer. According to Lawrence (2001), Business Intelligence is the process of analyzing the performance of a business using a data warehouse. Most people mistake CRM and business intelligence for the same thing, but there are significant differences between the two. The main distinction is that CRM integrates data with business action. It is critical for management to analyze the customer's past data in order to forecast the customer's future performance (Lawrence, 2001).

From the above, it can be claimed that the need of the Analytical CRM is to take better indication on customers. This evaluation assists the organization with customer targeting, marketing, and planning. Management can motivate their customers by developing new products that will generate a lot of marketing for the organization.

Customers are analyzed differently by each company (Lawrence, 2001). Here are a few examples:

1.   *Focusing on Profitability Analysis:* This analysis focuses primarily on the customers who are extremely valuable to them. This analysis is detailed in the points below:

   –   *Propensity to Buy Analysis:* Estimate the product that a specific customer is likely to purchase.

   –   *Next Sequential Purchase:* Assumes the commodity that a consumer would most likely purchase in the future.

   –   *Dynamic Pricing:* The management reduces the price to some degree for a particular customer.

   –   *Product Affinity Analysis:* Identify the product which can purchase together.

   According to Newell (2000), assessing profitable customers is a difficult task that necessitates the use of the proper equipment. There are two methods for identifying an individual. The first is to identify deal-leaning customers, and the second is to concentrate on price. Using digital technologies, the company will raise revenues by offering average discount sales on a specific product, resulting in an increase in customers. The organization should recognize consumers who are valuable to them in order to strengthen their relationships. These customers can be classified into three categories:

   –   More profitable customers;

   –   Customers that generate a decent profit and have the potential to become a top profit in the future;

   –   Customers that generate profit, but only to a certain extent.

   Dyche (2002) gives an example of a customer who does not generate any benefit for the organization but refers to the most valued customer in the business, thus increasing the customer's value. Companies provide value to their customers by using metrics such as.

- Potential value;
- Customer life time value (LTV);
- Competitive value (or wallet share).

2. ***Focusing on Data Analysis:*** There are numerous methods for analyzing data. Two of them are explained further below:

   i. ***Data Mining:*** According to Dyche (2002), can be used to identify relationships from gathered data, models, and rules. It can generate knowledge about a model without knowing anything about it. As a result, it is an excellent method for gaining information from it.

   Data mining is divided into three categories. They are as follows:

   a. *Predictive Analysis:* It can analyze the product's potential prospects based on historical evidence.
   b. *Sequence Analysis:* It identifies the variety of acts that are performed in a certain order. This allows it to determine if the customers are performing actions in a specific order.
   c. *Association Analysis:* It identifies objects that can be combined with others. This analysis is often used to generate money for the company by offering discounts on some goods that are a blend of two items.

   ii. ***Online Analytical Processing (OLAP):*** As described by Dyche (2002), is an abbreviation for OLAP. The most common form of decision-support analysis is OLAP. OLAP provides a range of database features such as location and time. For example, a company can increase the demand for a specific product by sending its employees to residential areas; this can also benefit the company by directly obtaining customer feedback. As a result, it is understandable that for OLAP to provide model recommendations, an analyst with prior experience in that field is needed. In OLAP, the product that a home office employee will buy should be predicted first, and then the clients should be listed. Consider the following example: for OLAP, the company must first evaluate the items that are commonly used by its clients, and then classify those clients based on that analysis. Data mining, on the other hand, recognizes consumers by collecting

data on a specific product, such as home office workers who buy printers and PCs.

7.4.2. Operational CRM

According to Lawrence (2001), operational CRM entails the process of automating business processes such as CS, SFA, management orders, service field, and marketing automation. To be successful in this field, the company should focus on the needs of the customers, and the employees should have the necessary skills to satisfy the customers. To improve the efficiency of consumer interactions, this CRM should include client-facing requests that combine mobile-, front-, and back offices.

An operational CRM gives you a comprehensive view of every customer's communication history with the organization. This allows you to manage the customer relationship and interactions directly.

The primary function of this CRM is to automate various business processes such as sales, marketing, and service. It is also used to generate leads, convert them into customers, collect their information, and serve them throughout the process. In the business-customer partnership, this CRM serves as a problem solver.

The following are the features and benefits of the operational CRM type:

1. ***Sales Automation:*** It enables companies to automate their sales processes. You can ensure that you gain new customers while also dealing with existing ones by establishing service standards through sales automation. You can organize information so that the company can meet the needs of its customers while also increasing sales more efficiently.

2. ***Marketing Automation:*** The system's primary goal is to automate the marketing process. It enables advertisers to determine the most effective way to promote and sell their products/services. The majority of marketing automation is concerned with campaign management.

3. The organizational CRM automates the way you handle leads and potential customers. It allows you to choose the most successful channel, such as email, social media, phone call, SMS, and so on.

4. ***Service Automation:*** It all comes down to satisfying the customers. This method is intended to assist you in assisting consumers in order to reach higher levels of satisfaction. Customers are not

all the same; they choose different ways to communicate with businesses based on their convenience. If a customer has a problem, they can contact the company via email, FAQs, toll-free numbers, social media, and so on.

5. ***Contact Management:*** Gone are the days when you had to keep track of leads in your head or manually record them. You can handle client data in a centralized platform with operational CRMs. When anyone communicates with the company, the CRM automatically updates the contact information.

6. Any interaction that occurs can be tracked by the entire team. Any member can pick up where another member left off, ensuring that no customer is left out of the conversation.

7. ***Lead Scoring:*** Using machine learning and AI, operational CRMs can automate the process of lead scoring and predict lead qualification. As a result, you will be able to determine which leads are worth nurturing with a personal touch.

7.4.3. Collaborative CRM

It primarily focuses on consumer-to-business contact. The one-way contact between the customer and the business should be replaced by two-way communication in which the consumer is involved in issues concerning purchasing behavior. CRM, according to Greenberg (2001), could result in a job involving an interaction between a dealer and a customer. From the preceding discussion, it is clear that Collaborative CRM will increase their effectiveness in performance by meeting the needs of the customer. As an example, consider electronic communication. From the preceding discussion of CRM technology, it is clear that Analytical CRM analyzes customer data using a variety of methods such as OLAP and data mining. Operational CRM automates business processes, while Collaborative CRM automates customer contact.

Collaborative CRM systems, as the name suggests, allow communication between different organizations involved in CS. This may include various departments within the company (for example, marketing, distribution, CS, and technical support), as well as external stakeholders, manufacturers, suppliers, and distributors.

This CRM's primary role is to streamline workflows and processes through organizational structure and hierarchy. It is normal for there to be some conflict or opposition as ideas are passed from one department to the

next. For example, it is critical that the marketing team provides leads to the sales team on time. Likewise, the sales staff must provide sales activity reports to the support team, and so on.

This can seem easy and straightforward, but it takes a lot of teamwork, and any gaps will cost you a lot of money. All routine tasks are handled by collaborative CRM tools by automation. This streamlines the back-office process, customer interactions, and internal communication within the company, resulting in greater accountability among the organization's teams.

Collaborative CRMs bring the whole company together to accomplish a common goal: to improve customer experience and increase satisfaction.

The following are the features and benefits of the Collaborative CRM type:

1. ***Interaction Management:*** The more you know your clients, the better you can please them, and a shared CRM allows you to do just that. It goes without saying that not all teams have direct contact with customers. A single access point to customer data and contact history simplifies CS.

2. ***Channel Management:*** Customers can communicate with or contact the company through a variety of channels. As a result, it is important to keep track of their preferred mode of communication. Collaborative CRMs track how your customers contact you and enable you to respond to them using the same channels.

3. ***Document Management:*** Collaborative CRMs also help document management systems, so you do not have to worry if any of the team members wants to access any structured documents such as contracts, technical documents, plans, and so on.

You should opt for collaborative CRM:

*   To improve inter-departmental communication;
*   Increasing customer satisfaction and loyalty;
*   Sharing customer information with third parties;
*   Understanding the needs and preferences of the customer;
*   To foster a customer-focused community.

7.5. APPLICATIONS OF CRM

CRM's goal is to centralize that information, analyze it, and make it available to all departments. CRM applications include the following (Figure 7.9):
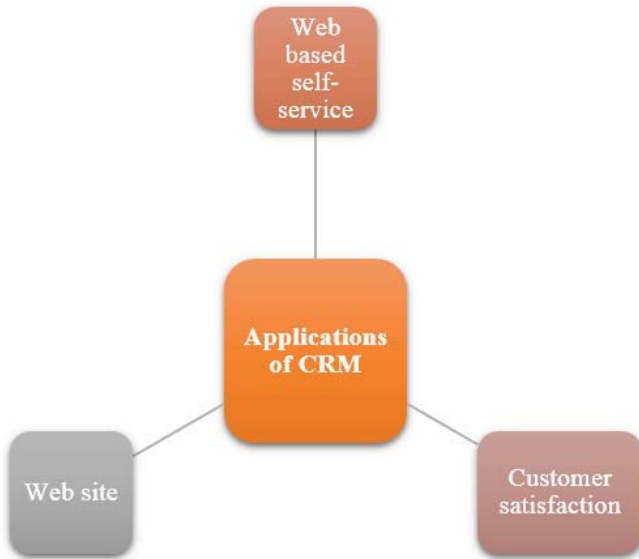
Figure 7.9. Applications of CRM.

1.   ***Web-based Self-Service:*** These services do not necessitate the assistance of a live person. This can help them resolve problems or issues with their queries by using the web. This reduces the amount of time spent on traditional processes that involve various verbal and written interactions (Chaudhuri and Shainesh, 2001).

2.   ***Measuring Customer Satisfaction:*** CRM also aids in the conduct of surveys to assess customer satisfaction. As a result, this type of survey tracks customer satisfaction and allows the organization to fine-tune how it communicates with its clients or customers based on their preferences.

3.   ***Web Site:*** This is the most effective and efficient way for the organization to provide information to its customers via the World Wide Web. The information about who created the website will be presented in an easy-to-understand format, and the main benefit of this website is its ease of access and usability with simple tasks. SFA, CS, sales and marketing management (SMM),

and Contact and Activity Management are some other CRM applications (Emerging Market Technologies, 2000).

7.6. MARKETING MIX IN HOTEL INDUSTRY

The fundamental goal of any business is to serve its customers. This basic rule has determined the success or failure of merchants for as long as there have been merchants. CRM is a method of accomplishing this through the use of technology.

According to Kotler (2000, p. 52), the marketing mix is "the combination of controllable marketing variables that the company employs to achieve the desired level of revenue in the target market." According to Haley and Watson (2003), CRM toolbox contains its own as any self-respecting. CRM success in the hotel industry necessitates four strategic fundamentals (words starting with the letter P) (Figure 7.10). They are as follows:

- Profiles;
- Precision;
- Property; and
- Preferences.
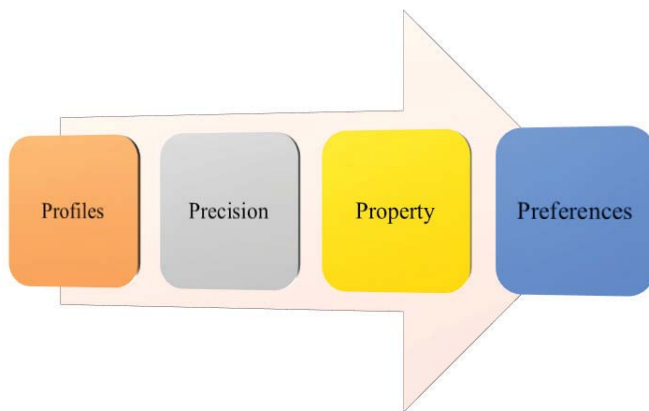
Figure 7.10. Marketing mix in hotel industry.

7.6.1. Profiles

Effective profiling is needed for one-on-one contact with hotel guests or customers. Police officers are less interested in this business because their primary goal is to determine whether or not to stop anyone. Their job is

to collect information about visiting visitors or customers and to evaluate actions, both registered and observed. The critical strategic option in a hotel with a CRM scheme is taking into account the information elements to keep and retain them (Haley and Watson, 2003). The misunderstanding is between holding data that a service relief is overwhelmed and not holding enough data that has nothing to do. The details of the visitors or clients is kept private in order to prevent actual privacy violations. The following are some of the most important factors in maintaining a positive profile (Haley and Watson, 2003).

- Payment methods, such as credit card numbers;
- Telephone numbers as well as multiple addresses;
- Family unit composition;
- Former visiting details those are available;
- Observations;
- Ranking measurements indicating the brands (Haley and Watson, 2003);
- Correspondence accounts.

7.6.2. Precision

Precision is a must for any industry that involves CRM. Consider some records that contain precise address and observation fields (with a standard input). There are numerous differences in addressing, abbreviating, and arranging. It is critical to keep records that correspond to previous visitor visits (Haley and Watson, 2003). However, the older records do not correspond to the newer ones; for example, the IBM (new record) is written as I.B.M. (old record). As a consequence, the data input is standardized.

Incorporate management, data inputs such as address, observation, and other fields are taken into account. Whereas the Property Management is in charge of reservations in trains as well as data from front-office managers based on standards and improving their use (Haley and Watson, 2003). Internet reservations and the global distribution system (GDS) frequently use non-standard addresses that must fit the guest's previous records. Corresponding algorithms and refined knowledge exacerbate accuracy problems, but taking preparation and supporting data into account is a good therapy. The use of a property management system (PMS) would exacerbate the issue of matching older records with newer ones. As a result, data input

specifications will mitigate the negative impact of previous logic systems (Haley and Watson, 2003).

7.6.3. Property Management System (PMS)

Many hotel industries are turning to third-party services or systems to improve their CRM schemes. Guest Ware is one of the systems used in the hospitality industry. Dealer groups include Group, Pivotal, Seibel Systems, and others. These are CRM standards modules. CRM's primary approach is not only to push processes, but also to handle customized contacts and analyze data (Haley and Watson, 2003). The face-to-face interaction in a hotel with visitors or guests can be used to assess service quality. The key goal of the PMS is to interact with the visitors. The main task of an employee is to collect data and favorites from visitors, which is a necessary component in maintaining them so that they can have a genuine connection. False or incomplete data triggers service failures, which cannot be avoided by maintaining a good profile or expectations in the hotel.

7.6.4. Preference

This knowledge can be observed as well as recorded. Take, for example, a preference for golfing; the profile form is completed by visitors who register for regular programs. One common task concerning preferences is that each visitor's preferences vary depending on their tour and intention. The hotel industry's strategy is to learn about the tourists' local expectations as opposed to their global preferences (customers). From the above, it is clear that there are four tactics for the marketing mix in the hotel industry. There are: profile, precession, property, and preferences. An effective profile is required to allow one-on-one contact with guests or customers. Precision is important in CRM in any sector. To enhance the CRM scheme in any hotel industry, a PMS is needed, and priorities must be prioritized as they change based on customer preferences.

7.7. RETURN ON INVESTMENT (ROI) IN CRM

According to Dyche (2002, p. 47), "Measuring ROI in case of CRM can be very subjective, but it will provide a company with the ability to identify which component of CRM improve customer relations." Several CRM implementations take a longer period of time because the ROI is not immediately apparent and a significant upfront outlay is required.

7.7.1. Short-Term Results

In general, the long-term return on CRM is visible through changes in industry tactical objectives. According to Peel (2002), the current market situation has slowed, and as a result, industries are focusing on short-term outcomes and economic measures. Line and division managers must demonstrate immediate benefits for this. When divisions fund a project, policies must be strict. Line managers, according to McNulty (2003), must determine the goals rather than invest in employees and marketing based on their existing raw data.

The most important thing to remember is to avoid combining CRM program outcomes and ROI. According to Lee (2001, p. 48), "the company may save money; however, the competition is gaining market share because they have taken the CRM plunge and gained an advantage." As a result, in such cases, CRM becomes critical to surviving in the hotel industry.

7.7.2. Long-Term Payback

This primarily focuses on the dealings of customer relations and the clients' life span value. The hotel industry needs to increase the number of Net promoters in order to assess the current situation. The Net-promoter number can be calculated by subtracting the proportion of visitors who are uninterested in making a suggestion from the proportion of visitors who are expected to do so. In many businesses, especially those in the service industry, there is a clear correlation between the percentage of promoters and the industry's growth rate (Reichheld, 2003). eBay and Amazon have strong referral rates because they are customer-oriented and supported by cutting-edge expertise. Additional CS, as well as automated report and guest monitoring, improves customer reliability. During a customer's stay in a hotel, the check-in process may be casual, but the customer notices an upswing at this point. The analytical CRM can be calculated using one of two methods. First, there is the soft aspect, which improves the report's reliability due to clean and reliable data. Second, despite manual data, the hard factor is saved via automatic report creation (Peel, 2002). The tasks conducted can be calculated in terms of time and money saved on labor costs. Human error can be reduced with the aid of automated systems. According to the above, short-term results will obtain immediate gains to a client-oriented strategy that is difficult to quantify in terms of revenue. The arrangement of knowledge yields accurate coverage and the best outcomes. Long-term paybacks can address consumer relationships and customer lifetime value.

7.8. ROLE OF CRM IN HOSPITALITY INDUSTRY

Hospitality industry tends to lag behind in employing the CRM results as hospitality industry is largely alerted and built on PMS. CRM in the hospitality industry has two primary goals: opportunity and challenge.

7.8.1. Opportunity

According to Piccoli, O'Connor, Capaccioli, and Alvarez (2003), employing CRM is very difficult in the hotel industry because building and maintaining a customer database is very expensive and the results are not definite. Customers are not accepting of the change, despite the fact that organizations' values must change. Hotel industries, according to Dowling (2002), have also maintained a good bond with their guests, but another element is to maintain a bond between the hotel and the client. As a result, loyal customers stay at the hotel and spend their money. CRM's next consistent step, according to Reinartz and Kumar (2002), is that the hotel industry initiated regular tourism programs for loyal customers. Customers who use the internet extensively can easily obtain comparable charges and services that are unpleasant.

7.8.2. Challenges

The current industry faces two major challenges when it comes to implementing CRM: a lack of consistency and the incorporation of information technology (IT) systems into every brand or even hotel. This necessitates an examination of various procedures as well as a close examination of the CRM software. The hotel industries face information collection issues when analyzing current conditions. According to Shaw, Tan, and Welgy (2001), cleaning up records (i.e., information) and beginning with a clean and consistent system are critical because data entry has some issues that reduce the data, value of data warehouse, and thus the value of future models. The two most common causes of data inadequacy are missing data and incorrectly entered data. Consider incomplete or incorrect details first. For example, creating a record that includes the clients' occupation is difficult when there are just a few visitors' databases limiting the data. At the time of check-in, data from the hotel (business) is obtained; however, visitors expect this process to be completed quickly. According to Magnini, Honeycutt, and Hodge (2003), collecting business cards helps with this problem because it provides the necessary data. Second, incorrect data entry complicates data interpretation. If there are errors in the database, this gives

the customer a negative opinion of the hotel. According to Stevens (2001), accurate formats, redundant codes, and test cases can help to alleviate the aforementioned issue. Modern CRM systems that carry a wide range of databases, i.e., cleaning the unwanted data, are used in globally operating hotels. These automated CRM systems detect errors such as:

- Valid values are considered based on the data domain;
- The data elements used must be acceptable;
- Correct gender and language recognition;
- Differentiating between dummy values.

Based on the foregoing, it is possible to conclude that the opportunity and challenge of CRM are critical in CRM. CRM can be achieved through the hotel industry's highly adapted services that keep in touch with customers. One of the challenges of CRM is to focus on the quality of primary data entered, the perfection of automated systems, and the overall excellence of data.

7.8.3. IT (Information Technology) Role in CRM

Data warehousing and data mining are the most widely used and essential systems for providing CRM capabilities. Furthermore, it is used for defining, expanding, and organizing the segment of one. This is for the purpose of wading through the volumes of the progression and decoding the information. Patterns and associations derived from disparate data in the form of bits are critical and valuable tools for consumer demographics, trade patterns, advertise segments, involvement restrictions, consumer lifetime, and so on (Chaffey, 2003). ICT (information and communication technology) is a device that stores consumer data. The interaction could take place in a variety of ways, such as a call center, a website, or a kiosk. However, in order to obtain the latter, a cutting-edge ICT infrastructure is required. This ICT also aids in the creation of secure client records. CRM, like many other technologies, has been influenced by merchant advertising and stories of realization failure. Chaffey (2003) presents a three-stage CRM model that demonstrates how consumer affiliation knows how to complete the data. This representation suggests that clients be acquired first through an understandable message of a commanding value suggestion. They are kept by conducting thorough research, and the relationship is strengthened by the introduction of new products/services. Obviously, as CRM is used in ICT, clients will segment their earnings. The performance of CRM is dependent on the collection and analysis of customer information, which

can then be used to increase adapted contributions. The control of data is critical in CRM (Chaffey, 2003). Often evidence is mixed up with reality. When information is examined, knowledge is created.

According to the information reported above, ICT is more relevant in large hotels than in small hotels, and staff morale, culture, and change all play a role in CRM success. CRM is influenced by various strategies; CRM in small hotels is discovered on a daily basis and is introduced by administrative staff, while in large hotels, customers profit more because management provides better services while minimizing costs.

Chapter 8

Human Resource Management in a Hospitality Environment

CONTENTS

8.1. INTRODUCTION

The human resources (HR) of a company or business is mostly one of the most significant costs within businesses of the hospitality industry. In many hotels, the payroll is the most expensive part, followed by the restaurant and bars. Furthermore, employees are usually the first point of touch for visitors and travelers within a tourism enterprise. As a result, successful human resource management (HRM) is critical to success.

Furthermore, managers in the hospitality industry often perform a variety of roles within an organization. The most difficult activities are usually related to so-called people management. Finding, recruiting, and keeping outstanding staff members is often a difficult challenge in the hospitality industry, but every manager must deal with it. Rising labor costs, evolving job attitudes, increased competitiveness among employees in terms of productivity, changing economies, and laws governing HR are just a few of the factors emphasizing the importance of HRM. HR management primarily for the hospitality industry has been designed to assist in meeting the complexities and difficulties of training a technical HR management to business.

This industry's management needs HR managers who are adept at understanding HR -related issues ranging from different talents, different expertise levels, and different employee backgrounds. Workers in the hospitality industry can have backgrounds ranging from entry-level to highly qualified and proficient in specialized management fields such as marketing, management, finance, and production or control.

8.2. BASICS OF HRM

HRM is the efficient use of employees to achieve two primary goals within a company or other organization. The first is to effectively use each employee's talents and abilities to meet the operational objectives that are the organization's ultimate goal. In addition, the practice aims to ensure that individual workers are comfortable with their working conditions as well as the pay and benefits that they receive.

The two major HRM roles seem to be at odds with one another at times. There are certainly times when it is impossible to find solutions that satisfy both the company's goals and the employee's desires. When this occurs, effective managers are faced with the task of finding a solution that protects the company's interests while also providing an acceptable level of

satisfaction to the employee. This method can often necessitate a significant amount of experience on the part of human resource professionals, but it can eventually help determine the best solution for all parties involved (Figure 8.1).

Figure 8.1. Basics of HRM.

Source: http://www.managementguru.net/wp-content/uploads/2014/02/hrm-1.jpg.

Among the HR issues that HR management personnel typically handle are the creation of position descriptions for all levels of employment within the company, the establishment of standards and procedures for hiring new employees, and the determination of benefits that are extended to existing employees. Disciplinary procedures, as well as procedures for recognizing employees for outstanding performance, are also within the purview of HRM. Given the company's current financial situation, the HR department frequently strives to provide the highest quality benefit packages possible. Personnel will typically seek the best in group health insurance, retirement programs, profit sharing, and vacation and personal days to this end.

HRM is frequently in charge of establishing and maintaining a company employee handbook. As part of that process, the management team will ensure that all regulations and legislation contained in the text are in accordance with local, regional, and national laws affecting employee status. Managers will also give all employees the opportunity to understand

the provisions in the handbook, both during new employee orientation and as part of an ongoing employee education process.

HRM and administrators are often called upon to mediate conflicts between workers and their immediate superiors. In these cases, the mediator would aim to represent the best interests of the organization, to ensure that the dialog and procedure are in accordance with the laws regulating jobs in the country of residence, and to effect resolution and reconciliation of both parties.

8.2.1. Definition of HRM

"HRM is concerned with the people dimension" in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance, and ensuring that they continue to maintain their commitment to the organization is essential to achieve organizational objectives. This is true, regardless of the type of organization – government, business, education, health or social action."

—Decenzo and Robbins

HRM is "planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance, and separation of human resources to the end that individual, organizational, and social objectives are achieved."

—Edwin Flippo

8.2.2. Development in HRM in Hospitality and Tourism

It is widely accepted that HRM efficiency is defined in the majority of organizations, ranging from small to medium-to large-scale companies. Human resource (HR) managers today have direct influence over the strategic direction and decision of both private and public sector organizations. Tourism is the broad umbrella by which relevant indicators in local and national economies are driven. Tourism strategies and activities in the public and private sectors inspire hospitality organizations. The advancement of telecommunication technology, as well as the growth of international hospitality organizations, has resulted in a global awareness of tourism policies. Sustainable tourism is a long-term shared structures approach to developing and sustaining pleasant-sounding relationships between hospitality/travel-related organizations and the social, cultural, and environmental aspects of tourist destinations.

Although the process of sustainable tourism entails the establishment and preservation of harmonious relationships, the ultimate aim is the creation of

ongoing possibility and growth of tourism-related entities. People in favor of sustainable tourism see sustainable tourism as a process of achieving a mutually beneficial equilibrium between the microenvironment (social, cultural, and environmental aspects) and the microenvironment (internal workings of a specific organization).

Human assets, or, to put it another way, human capital, are one of the most important costs for most hospitality businesses. In most hotels, payroll is the single most expensive thing, while in restaurants and bars, it is typically only second to material costs. Furthermore, HR are often the first point of touch between a company and its customers. As a result, successful management of these human capital is critical to the enterprise's success. Line managers, who are often the owners of the company, oversee the workers of smaller businesses. Human resource or personnel administrators will support line managers with staff management problems in larger organizations (Figure 8.2).

Figure 8.2. Human resource policies are typically part of an organization's overarching strategy, and may include several elements.

Source: https://image.slidesharecdn.com/hr-141225230122-conversion-gate02/95/human-resource-management-policies-of-tcs-and-pantaloons-3-638.jpg?cb=1419548747.

The degree to which they are a subpolicy or an integral component of the overall strategy can be an important measure of how a company views

its human assets and its human resource or personnel role. Almost every management decision has an effect on the people who work in the company, to varying degrees. The majority of decisions are taken within the context of an organization's policy structure, whether explicit or implied. Policies reflect an organization's goals, objectives, values, or intentions and serve as the basis or guidelines for management decisions. Policies, which are often referred to as 'mission statements,' may be written down, as is the case with many larger organizations. Alternatively, they can simply be inferred from decisions made. Some hotel and catering firms, such as McDonald's, have a strategy of operating in a specific product-market. Other firms, such as Whitbread and Accor, have a strategy of operating in a variety of market segments. These policies provide the basis for management to make decisions, such as where to expand, when to divest, and how to expand, such as by organic growth, franchise, or merger and acquisition.

8.2.2.1. Personnel Management as a Specialist Function

Personnel management, as a distinct management discipline, is relatively modern, and as a result, its specialist position and concept differ much more than those of older developed specializations such as management accounting. Furthermore, since it is heavily based on the social sciences, its meanings and responsibilities are more fluid.

Personnel managers are often seen as nothing more than a cost center, or as the company's social conscience, by those managers who have to "make the money." This should not be the case, since most organizations have two major functions: one is to achieve 'group objectives,' such as increased revenue or revenues, or, in the public sector, to provide services; the other is 'group maintenance,' which is the responsibility of developing and sustaining the group so that it can achieve its goals. Personnel managers help management accomplish their goals in the most efficient way possible by ensuring that the required labor force is attracted, retained, motivated, and committed.

8.2.2.2. Human Resource Policies

Human resource policies, on the other hand, do not emerge in a vacuum. They are an expression of the style of management of an organization, an expression of its values. Human resource practices should be dynamic, evolving in tandem with and causing shifts in the workforce's and the organization's actions. The role that a personnel department will play in

assisting with the formulation of human resource policies is highly dependent on its current position within the company. However, its significance can often be calculated by examining the levels of risk in which the function is involved.

8.2.2.3. People at Work

The study of people at work comes under the purview of the social sciences, which are concerned with the relationships between individuals, groups of individuals, and their surroundings. The information gained can be applied in two ways: to understand and anticipate changes, i.e., to focus on 'content,' and to effect change, i.e., to focus on 'process.' The basic conclusion to be drawn from the work of behavioral scientists, especially Abraham Maslow, is that humans are satisfaction-seeking animals driven primarily by biological needs. Hotel and catering operators should be more aware of this than the people. Furthermore, unlike most species, once humans' biological needs are met, new needs arise, mostly of a social type. This manifests as a desire for prestige, security, power, and other outward signs of success. Most people are not aware of the needs that push or inspire them. If management recognizes them, however, they may take reasonable measures to ensure that these motivating forces can be used to the benefit of both the company and the employee.

8.2.3. Human Resource Planning (HRP)

Human resource planning (HRP) is the procedure of forecasting the organization's human resource requirements and ascertaining how the organization's existing human resource capacity can be used to meet these requirements. It thus reflects on the fundamental economic principle of demand and supply in relation to the organization's human resource capability.

It is the HRP process that assists the organization's management in meeting the organization's future demand for HR by supplying the appropriate people in the appropriate numbers at the appropriate time and place. Furthermore, only after a thorough examination of the HR requirements can the management initiate the recruitment and selection process. Moreover, HRP is critical to achieving the organization's goals and objectives. Indeed, with the element of strategies and long-term organizational objectives increasingly associated with HRP these days, HR Planning has now become Strategic HR Planning (Figure 8.3).

Figure 8.3. Importance of human resource planning in hospitality industry.

Source: https://image.slidesharecdn.com/hrmpresentationhotelindustry-140921135922-phpapp02/95/human-resource-management-in-hotel-indus-try-5-638.jpg?cb=1411308544.

Though HR Planning may appear to be a simple process of managing the numbers in terms of the organization's human resource requirements, the actual activity may require the HR manager to face many roadblocks due to the effect of the current workforce in the organization, pressure to meet business objectives, and the current workforce market condition. As a result, HR planning benefits the company in a variety of ways, including the following:

- HR managers are in the process of anticipating workforce requirements rather than being caught off guard by a change in events. Prevent the company from falling into the trap of a shifting labor market, which is a common concern across all industries and sectors.

- Work proactively because the globalization of the labor market does not always coincide with the organization's workforce requirements in terms of technical experience, talent needs, abilities, and so on.

- Organizations in the growth phase may face the challenge of meeting the need for a critical set of skills, competencies, and talent in order to meet their strategic objectives and be well-prepared to meet HR needs.

- Taking into account the organization's goals, HR Planning enables the identification, selection, and development of needed talent or competency within the organization.

As a result, it is appropriate for the organization to choose HR Planning to avoid any unnecessary stumbling blocks in its workforce needs. An HR Consulting Firm can provide the organization with a thorough HR assessment and planning to meet its future needs in the most cost-effective and timely manner.

The following four broad steps comprise an HR Planning process:

1. **Current HR Supply:** The first step in HR planning is to assess the organization's current human resource availability. It requires a thorough examination of the organization's human resource strength in terms of numbers, abilities, strengths, competencies, credentials, experience, age, tenures, performance scores, designations, grades, compensations, benefits, and so on. At this stage, the consultants will perform in-depth interviews with the managers to better understand the critical HR issues they are dealing with and the staff skills they consider basic or critical for different business processes.

2. **Future HR Demand:** The second step in HR Planning is an analysis of the business's future workforce requirements. When deciding potential HR demand, all known HR variables such as turnover, layoffs, foreseeable vacancies, retirements, promotions, pre-set transfers, and so on are taken into account. Furthermore, the spectrum of study includes some unknown employment variables such as competitive conditions, resignations, sudden transfers, or dismissals.

3. **Demand Forecast:** The next step is to balance current supply with potential HR demand and build a demand forecast. It is also important to consider the long-term corporate plan and priorities so that the workforce demand projection is consistent with the organizational goals.

4. **HR Sourcing Strategy and Implementation:** After analyzing the gaps in HR supply and demand, the HR Consulting Firm creates strategies to fill these gaps based on their demand forecast. This can include employee engagement services, transfer, talent development, recruiting, and outsourcing, talent retention, training, and coaching, and policy revision. The proposals are then executed with the managers' trust in order to make the implementation process smooth and effective. It is necessary to remember that all regulatory and legal compliance are observed

by the consultants in order to avoid any unfavorable situations arising from the employees.

8.2.4. Importance of Human Resource in the Hospitality Industry

HRM is critical in the hospitality industry. Staff satisfaction is at the heart of operation when it comes to increased performance, as it is in any other service industry. The growth and development of a company in the hospitality industry is heavily reliant on its employees. Hotels that provide opportunities for employees to advance in position or that provide training so that employees can gain the skills required for a more advanced position are critical to employee retention.

HRM is also important in the case of employee services for hotels. It is easier for employees to work in good conscience if they know they can go to the HR manager whenever they have a problem or an issue. There are lots of ways that the HR department can improve the smoothness and efficiency of a hotel. As a result, it is important not to undervalue the manager's significance. A hotel is not the same or as appealing to guests and staff without a HR manager.

Some of the benefits of HRM include:

- Employees are the most expensive part of any organization's revenue;
- Employees are a volatile resource; they can leave at any time;
- Employees serve as a repository of business information as well as a means of service delivery;
- Keeping and developing good employees helps you to put your talents to work and grow as a company;
- People should contribute more than they cost;
- In the industry, customer service (CS) is important, and it is provided by workers acting as representatives.

8.2.4.1. The Importance of Strategic Human Resource Management (HRM) in the Hospitality Industry

The hospitality industry is one of the most diverse industries, requiring a wide range of skills and abilities. This sector, which includes everything from hotels and restaurants to clubs and tourism-related jobs, necessitates

meticulous HRP and management. Companies require a highly effective and strategic HRM department that can synergize business activities in order to achieve the organization's bottom line.

The hospitality industry is human-centric and revolves around dealing with people. This necessitates a high level of commitment, sincerity, and talent. The staff wants adequate knowledge, skills, and experience to win over clients so that the company can continue to develop and expand across boundaries.

HRM is becoming more important as it assists hospitality operators in recruiting, educating, and empowering good people. In reality, in today's highly competitive world, implementing HRM is one of the most important factors in gaining a competitive advantage. This is why most businesses today employ strategic planning advisory services.

The need for effective HRM in the hospitality industry stems from two critical factors: it is a customer-driven and quality-focused industry. The human element is critical to the overall success of any company, but particularly so in a service industry like the hotel industry. Several members of the staff (such as waiters, waitresses, and receptionists) have regular interaction with visitors and therefore play an important role in achieving the hotel's goals. The level of service provided is determined by both the attitudes of the workers and their abilities.

In reality, the quality of food and beverage, lodging, and other hotel facilities affects customer satisfaction just as much as the staff's service, courtesy, and personal qualities. As a result, it is the interaction of both skills and worker attitudes that helps to fulfill customer demands satisfactorily. This emphasizes the importance of HRM.

Top Business Consulting Firms agree that the right HRM activities can have a significant positive effect on the company's success. HRM includes five main practices: HRP, recruiting and selection, training, and development, performance management, and effective communication.

It is the HR department's duty to ensure that the right people are assigned to the right roles in which they excel and to concentrate on developing the skills of the current workers. The development of proactive workers who can make the right choices on the spot and fulfill the customer's expectations on time is also prioritized.

Training and development initiatives are a component of HRM that aid in the enhancement of employees' skills and abilities. These services provide

opportunities for enterprising and intelligent workers to advance in their careers. Furthermore, the involvement of HRM allows workers to receive the required support and encouragement to manage day-to-day activities and related issues.

Strategic policies are put in place to inspire workers by incentives and recognition. Employee morale has an effect on productivity, the quality of service provided to clients, and, eventually, the organization's performance. Engaging staff, presenting them with appropriate resources, and honoring their efforts all help to increase productivity and retain talented employees.

A thorough understanding of the people at work, as well as their disposition, is essential for inspiring teamwork. Using a holistic approach, HR management is tasked with developing policies and strategies that promote healthy management-employee relationships. These are aimed at addressing problems that arise during routine operations and facilitating smooth operation that benefits the organization.

To keep up with evolving market patterns, every industry must implement changes in their processes and operations at some stage. This necessitates the use of Change Management. Through aligning the firm's resources with the corporate target, change management assists in bringing about the desired transformation or change. Top change management consultancy firms have strong change management concepts that ease organizational changes and put the business on a growth path.

According to the previous discussion, HRM, including change management, is a critical component in the hospitality industry. To meet the goals set, businesses need strategic planning and strategies that can unite the efforts of an organization's various departments against a common objective.

8.2.5. Scope of Human Resource Management (HRM)

HR are without a doubt the most important resources of any organization, as well as the easiest and most difficult to handle! HRM objectives range from assessing manpower requirements to managing and retaining employees. To that end, HRM is in charge of the efficient design and execution of different policies, processes, and services. It is all about developing and managing knowledge, skills, creativity, aptitude, and talent, as well as making the best use of them (Figure 8.4).

Scope of Human Resource Management

The scope of HRM covers but is not limited to the following functions:

Training and Development

Industrial Relations

Grievance Handling

Hiring (Recruitment and Selection)

HR planning

Payroll Management

Rewards and Recognitions

Legal Procedures

Therefore, HRM is about developing and managing harmonious relationships at workplace and striking a balance between organizational goals and individual goals.

Figure 8.4. Human resource management is more than just managing and optimizing human intellect.

HRM also focuses on managing employees' physical and emotional capital. Given the complexities involved, the scope of HRM is expanding by the day. It includes, but is not limited to, HRP, hiring (recruitment and selection), training, and development, payroll management, incentives, and recognitions, industrial relations, grievance handling, legal procedures, and so forth. In other words, it is about developing and managing harmonious workplace relationships, as well as striking a balance between organizational and individual goals.

HRM has a broad and far-reaching scope. As a result, it is extremely difficult to describe it succinctly. However, we can categorize the same under the given subsections.

8.2.5.1. Human Resource Management (HRM) in Personnel Management

This is typically direct manpower management that includes manpower planning, recruiting (recruitment and selection), training, and development, induction, and orientation, transfer, promotion, compensation, layoff, and retrenchment, employee productivity. The overarching goal here is to ensure individual growth, progress, and effectiveness, which contributes indirectly to organizational development. It also includes performance evaluation, skill development, wage distribution, incentives, allowances, travel policies and procedures, and other related courses of action.

8.2.5.2. Human Resource Management (HRM) in Employee Welfare

This element of HRM is concerned with working conditions and workplace facilities. This covers a wide range of roles and programs such as public safety, community care, welfare grants, social security, and medical care. It also includes the hiring of safety officers, making the workplace a pleasant place to work, eliminating workplace risks, top management assistance, job safety, equipment safeguarding, cleanliness, adequate ventilation and lighting, hygiene, medical services, illness insurance, employment injury benefits, personal injury benefits, maternity benefits, unemployment benefits, and family benefits.

It also pertains to employee therapy, maintaining harmonious relationships with staff, education, and training. Employee welfare entails identifying workers' true needs and meeting them with the active participation of both management and employees. It also looks after canteens, crèches, rest, and lunchrooms, accommodation, transportation, medical assistance, schooling, health, and safety, recreation facilities, and so on.

8.2.5.3. Human Resource Management (HRM) in Industrial Relations

Since it is a highly sensitive environment, it necessitates cautious dealings with labor or employee unions, discussing their concerns and successfully resolving conflicts in order to preserve peace and harmony in the company. It is the art and science of comprehending employment (union-management) relations, joint consultation, disciplinary proceedings, problem solving through collaborative efforts, comprehending human activity, and sustaining work relations, collective bargaining, and conflict resolution.

The key goal is to protect employees' interests by ensuring the highest degree of awareness to the extent that it does not have a detrimental effect on the company. It is about developing, increasing, and fostering industrial democracy in order to protect both employee and management interests.

8.2.6. Functions of HRM

HRM is frequently viewed as an additional cost for businesses; however, the opposite can be true. To successfully attract and retain good workers, regardless of the type of business you run, you must have a good understanding of effective human resource practices and implement those

practices in your business. A well-planned HRM program that is tailored to your organization and employees can actually improve the bottom line of your business. Employers in the hospitality industry are increasingly recognizing the importance of, and challenges associated with, attracting and retaining good employees, and are prioritizing HR issues at the top of their priority list.

Business success is never accomplished by a single person; it requires a team- and the right team for you and your business. So, how do you go about finding, attracting, and retaining the right people to work for you and your company? You accomplish this by prioritizing employees. Higher employee satisfaction, lower staff turnover, superior CS, and, of course, increased profitability is some of the overall benefits of good HR practices. In short, the primary goal of a human resource department is to implement a variety of functions that are driving organizations to both attract and retain an effective workforce.

The majority of HRM programs fall into one of the following categories:

- **Human Resource Planning (HRP):** Organizations can forecast short- and long-term staffing needs and the strategic use of human resource functions to meet those needs through job analysis and strategic planning, which includes an assessment of the environment and projections for future business.

- **Job Analyzes and Job Descriptions:** Job analyzes are used to define the tasks and responsibilities of each job, as well as the qualifications required to successfully complete the job requirements. The resulting documents are job descriptions. They serve as the foundation for all other HR functions.

- **Recruitment:** A variety of methods are used to attract qualified candidates from labor pools.

- **Selection:** The selection process is used to recruit the best candidates for the jobs that they are best suited for.

- **Orientation:** A new employee's first introduction to the organization offers critical details while still creating a positive first impression.

- **Training and Development:** These roles promote the development of expertise, skills, and attitudes necessary for employees to succeed in their current role and/or plan for advancement.

- *Compensation, Rewards, and Recognition:* Companies must decide the necessary forms and levels of remuneration and incentives, such as salaries, structured benefits, and perquisites (perks).
- *Performance Management:* Giving workers input on their job performance facilitates and promotes change. Coaching is also part of success management. Progressive discipline is a distinct method meant to be used as a systematic punitive procedure to remedy unsatisfactory actions or job results.
- *Termination:* As the final stage of progressive discipline, businesses must control the process of workers leaving the company with just cause or termination.

8.2.7. Processes in Human Resource Management (HRM)

Each company strives to achieve a single vision. The HR department accomplishes this by developing specific strategies and putting them into action. Various processes are at the heart of this strategy formulation, and the effectiveness of the former is dependent on the meticulous design of these processes. But what exactly are these processes and what do they entail? Let us continue to read and investigate. The various HR processes are given in subsections (Figure 8.5).

1. Human resource planning (Recruitment, Selecting, Hiring, Training, Induction, Orientation, Evaluation, Organizational Challenge, and Layoff)

2. Employee compensation and Benefits Administration

3. Performance Management

4. Employee Relations
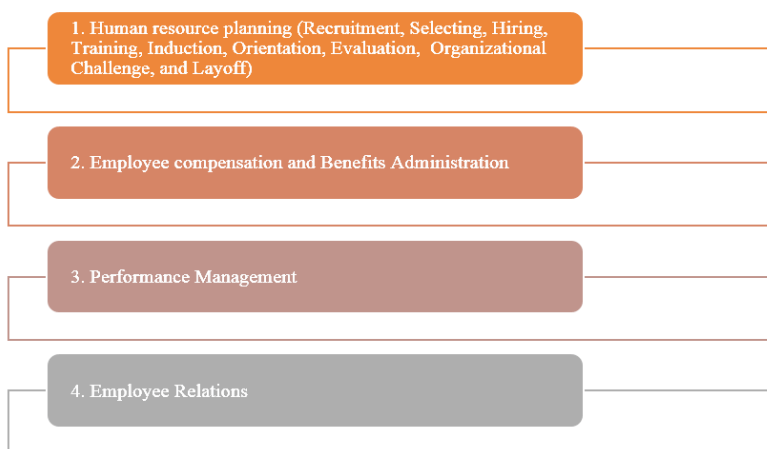
Figure 8.5. The various HR processes.

The degree of correspondence of each of these, among other things, determines the efficient design of these processes. This means that each

process is dependent on the others. You begin with HRP and continue to add value at each step. To illustrate, the PMS (performance management system) of an organization such as Infosys would differ from that of a company such as Walmart. Let us look at each process separately.

8.2.7.1. Human Resource Planning (HRP)

In general, we define HRP as the process of forecasting people. Right, but insufficient! It also includes the evaluation, promotion, and layoff procedures.

- **Recruitment:** Its aim is to recruit applicants who meet certain job requirements.
- **Selection:** The next level of filtration. The aim is to shortlist applicants who are the closest match in terms of credentials, experience, and potential for a specific job.
- **Hiring:** Choosing the final applicant for the role.
- **Training and Development:** The processes that focus on bringing an employee on board in order to improve his or her skills and abilities.

8.2.7.2. Employee Compensation and Benefits Administration

The method entails deciding on salaries and wages, incentives, fringe benefits, and perquisites, among other things. Money is the primary motivator in every work, emphasizing the significance of this operation. Employees who perform well expect promotions, higher pay, and bonuses.

8.2.7.3. Performance Management

Its purpose is to assist the company in training, motivating, and rewarding employees. It is also intended to ensure that organizational priorities are reached efficiently. The process involves not only the staff, but also a group, product, service, or customer process; all with the aim of improving or adding value to them.

Nowadays, there is an integrated PMS that contains all of the knowledge needed to assist managers in evaluating employee performance and assessing their training and development needs.

8.2.7.4. Employee Relations

Employee retention is a headache for businesses, particularly those in highly competitive industries. While there are numerous factors that influence an individual's decision to stay or leave an organization, only a few are beyond our control.

Employee relations include Labor Law and Relations, Working Environment, Employee Health and Safety, Employee-Employee Conflict Management, Quality of Work Life, Workers Compensation, Employee Wellness and Support Services, and Occupational Stress Counselling. Apart from money, which is merely a hygiene factor, all of these are critical to employee retention.

All processes are critical to the survival and success of HR strategies, and no single process can function in isolation; there must be a high degree of conformity and cohesiveness among them.

8.3. ISSUES OF HUMAN RESOURCE MANAGEMENT (HRM)

HRM is an important component or function in any organization, but especially in the hospitality sector, which relies on CS and other people-related services as part of its USP or Unique Selling Proposition.

Indeed, HRM is the most important function in the hospitality industry, as firms such as Hotels, Tour, and Travel Operators, Restaurants, and Holiday Resorts all rely on their employees as sources of distinct competitive advantage. Thus, HRM in the Hospitality Sector must be well practiced in order to ensure the commercial viability of the sector's firms.

Some of the issues that HR Managers in the Hospitality Sector deal with are intercultural management, people empowerment, and people enabling, all of which are critical to ensuring that employees of hospitality firms carry out their responsibilities and provide stellar and superlative CS.

Previously, HRM in the Hospitality Sector was focused on personnel management; however, SHRM, or Strategic HRM, or the treatment of employees as strategic sources of competitive advantage, is now the norm in the sector.

In terms of the specific cultural challenges related to intercultural management and cross-cultural communication that HR Managers face in the hospitality sector, it is a reality that hotels, airlines, restaurants, tour, and

travel service providers, and the like rely on foreign tourists and travelers from all over the world to make a profit.

As a result, their employees must bridge cultural gaps and cross the gap between different cultures. Some people believe that cross-cultural management and intercultural communication are only concerned with foreign language proficiency or the ability to communicate with foreign visitors in their native language.

However, while being multicultural can help employees in the hospitality sector, what is required is an ethnocentric approach to intercultural management in which staff in the hospitality sector must put themselves in the shoes of their guests and talk to and communicate with them from the perspective of the guests' culture. This means that HR Managers must emphasize the importance of bridging the cultural gap by reaching out to guests in ways that go beyond multilingual capabilities.

- Furthermore, HR Managers in the hospitality industry frequently face challenges related to employee motivation. Most jobs in the sector are highly stressful and require constant vigilance and attention from employees; as a result, the sector has a high burnout rate. To avoid high attrition as a result of stress and demoralized employees as a result of fatigue, HR Managers in the sector must devise innovative and inventive policies to keep employees motivated.

- Because the job is also a 24/7 with a constant rotation of shifts to ensure round-the-clock service, HR Managers must rotate duties of employees in the most humane manner possible so that the same employees do not end up doing the night shift all the time in addition to being stressed out because they have been in the shift with the most workload.

- As a result, there is a need to keep employees' spirits high, and HR Managers can help by aligning rewards with performance in a way that brings out the best in their employees. Paying performance-linked bonuses and variable pay linked to performance, for example, can help employees improve their performance, as can pay and benefits such as transportation to drop employees' home (especially women and those working the night shift), weekend offs so that employees can relax and unwind, and job rotation and role rotation so that employees learn new skills.

Indeed, some of these policies are already being enforced in many foreign hotels and tour and travel companies, where such policies are based on detailed research into the high-performance qualities of hospitality employees. Furthermore, such strategies ensure that workers do not often jump ship; in other words, high turnover, which is a feature of the industry, can be avoided.

1. *Recruiting:* In order to attract the best applicants, HR departments must develop short and long-term recruiting strategies that are adaptable to both external and internal changes. For example, if a company intends to launch a new product line or enter a new market, the HR department must plan ahead of time and have eligible candidates ready to begin. If an organization is struggling, the HR department must devise downsizing strategies to avoid losing important company knowledge or money. HR management teams must adapt to the technological landscape and find new, unconventional ways to recruit candidates in the age of the Internet, such as online social networking groups and media.

2. *Retention:* When the Baby Boomers first joined the workforce, they usually began and ended their employment at just one or two businesses. However, times have changed, and workers now routinely "job jump" in order to obtain higher pay or promotions. HR departments in the modern era must look for ways to keep top performers. Implementing career paths and plans, teambuilding events, and extensive cross-training classes are some of the methods that can be used to motivate employees to stay with a company on a long-term basis.

    Hiring employees is only one of the challenges that HRM faces; keeping them is another. Employee retention is critical for reducing employee turnover. This is a significant challenge for HRM for the following reasons:

    i. *Contingent Workforce:* Part-time, temporary contract, and work-from-home workers are also part of the contingent workforce. It is difficult to keep such workers because they are less committed to the company. As a result, it becomes a major responsibility of HRM to make certain workers feel like they are a part of the business in order to keep them long term.

ii.   ***Demand of Expert Employees:*** Personnel with greater professional and technological experience are in high demand in the job market because they can keep their business ahead of the competition. Such employees are a valuable asset to any business, and HRM should prioritize their retention.

8.3.1. HR Issues in Hospitality

For many small business owners, owning a company in the hospitality industry can be difficult. Although working in this industry can be very rewarding for those who enjoy being around people, the fast-paced nature of the industry can make it difficult for owners to keep up with. A successful hospitality-oriented business owner must be able to think quickly under pressure and understand the importance of staying up to date on continuously changing rules and regulations (Figure 8.6).

Figure 8.6. HR issues in hospitality.

8.3.1.1. Management Skills

Employees in the hospitality industry are frequently promoted to positions of management without receiving adequate training. A company will suffer if a manager is unable to do his job properly. The manager must have interpersonal skills in order to relate to both employees and customers. He should also have prior leadership experience so that he is comfortable leading and managing the team. It is unrealistic to expect a long-term employee to know how to be a manager simply by promoting him to a leadership position.

8.3.1.2. Policies and Procedures of the Company

Many small businesses in the hospitality industry require a basic set of policies and procedures for employees to adhere to. This cannot only cause confusion for members of your staff, but it can also cause health and safety issues for the company. You should have a set of standard operating procedures in writing so that your employees know what is expected of them. If an accident occurs or a legal complaint is filed against your company, you may be required to use your set of policies and procedures as part of your legal defense. Many employees in the hospitality industry have taken their employers to court over job-related issues and won because the company did not have a set of written policies and procedures to use as a defense.

8.3.1.3. Theft

Employee fraud is a big problem for many companies in the hospitality industry. Your employees have access to the products required to operate your business. This includes things such as food, alcohol, decor items, and even cash in the case of a restaurant. A dishonest employee can find it reasonably simple to steal these things from you. It is important to check inventory levels and track employee activity on a regular basis to ensure that the company is not a victim of employee theft. If a member of your staff steals from your company, it can have a significant effect on profit levels and the financial health of your company.

8.3.1.4. Training

High turnover in the hospitality industry often results in staffs made up of poorly trained workers. If the company is short-handed, the first thing that comes to mind is putting a new employee to work rather than training him how to do his job properly. Although this can provide a short-term solution to your staffing problems, it will ultimately harm your company. Employees who have not undergone adequate training are unable to perform their duties correctly, which can lead to safety risks, dissatisfaction, dissatisfied clients, and disgruntled senior staffers.

8.3.1.5. Employee Morale

To provide good CS, the staff's morale must be strong, which can be difficult to accomplish in the hospitality industry. Employee morale will suffer as a result of high turnover. This is due to a combination of skilled and unskilled

staff, which can be very difficult for professional employees. Long hours and stressful working conditions have a negative effect on employee morale, particularly if your company is understaffed.

8.4. HUMAN RESOURCE MANAGEMENT (HRM) CHALLENGES

Challenges of HRM are important functions of any organization. It is the practice of managing a team to gain better performance. These HR challenges might be environmental challenges, organizational challenges, and individual challenges, etc. Also, remember that these challenges are not associated to the single dimension; instead, they are directed towards multi-dimensional challenges that should be addressed with immediate care. The general categories of HRM challenges in today's competitive world are given in subsections (Figure 8.7).

Figure 8.7. General categories of human resource management challenges.

8.4.1. Environmental Challenges

The environmental challenges are associated with the external forces that pertain in the outside environment of an organization and can affect the performance of the management of the organization. These external forces

are almost out of control of the management of the organization. These can be classified as threats to management and should be treated in a proactive manner. The list of HRM challenges that are considered environmental challenges is as follows.

- Rapid transformation;
- Diversity in the workforce;
- Globalization;
- Laws and regulations;
- The use of technology;
- Job and family responsibilities;
- Lack of skills.

8.4.1.1. Rapid Transformation

Because change has been constant for centuries, the world is changing at a faster rate. As a result, organizational management must be quick to adapt to changing environmental requirements or risk becoming obsolete in the market.

An organization's HRM plays a critical role in responding to environmental change. The HR department should implement policies that take advantage of new opportunities in the environment while also protecting the organization from newly emerging threats.

8.4.1.2. Diversity in the Workforce

The changing environment presents both opportunities and threats to the organization's HRM. The HR manager should implement policies that allow for a diverse workforce of employees. While diversity poses a significant challenge on the one hand, it benefits the organization's long-term sustainability and success.

Managing diversity entails being mindful of common employee traits while still managing these workers as individuals. The most critical aspect of diversity management is valuing diversity at work, followed by cultivating an acceptable culture, organizing necessary opportunities, and providing effective leadership.

Creating an appropriate culture:

- Promoting mutual respect and a sense of belonging;
- Tolerating variations;

- Including opportunities for diversity training;
- Maintaining equity in performance goals, compensation, and benefits, and other areas;
- Increasing the number of ethnic workers.

Creating a necessary opportunity:

- To learn new skills;
- Assisting in the ascension of the rungs of the corporate ladder;
- To encourage people with disabilities and minorities; and
- To encourage affirmative action.

Providing effective leadership:

- Treating all workers with respect;
- Recognizing all workers' talents;
- Nondiscriminatory support for all workers;
- Respecting all workers' cultural values and needs; and
- Tolerating people who speak a different language.

8.4.1.3. Globalization

Globalization is one of the most serious problems confronting today's organizations. The world is becoming a global business, and fierce competition between domestic and international firms has begun. As a result of such competition, the organization's productive workforce is reduced. The HR department will play an important role in maintaining the organization's global and broader culture.

As domestic markets contract, several businesses are looking for opportunities in foreign markets to expand and prosper. Globalization refers to the trend of opening up foreign markets to international trade and investment. Globalization has had a massive effect on corporate and HRM.

Impact of globalization on HRM:

- Human resource managers must balance a complex collection of issues relating to various geographies, cultures, employment laws, and business practices.
- Human resource managers find it difficult to assess international workers' expertise and abilities, as well as how to prepare them.
- Foreigners' diverse languages and cultures complicate matters.
- Relocating managers and employees is a significant obstacle.

- It takes time to train managers on international cultures and procedures before they take on foreign assignments.

Compensation arrangements must be adjusted to ensure fairness among workers stationed in various parts of the world.

The most difficult challenge is keeping workers in the face of cultural shock experienced by employees and their families.

8.4.1.4. Laws and Regulations

It is an old environmental issue that the company has been dealing with for many decades. Certain labor laws are enacted by the government for the good of working employees. Some of these regulations are detrimental to the interests of the organizations, so implementing any of these labor laws within the organizations is one of the major challenges for HRM. If such a law is broken, the responsible government body may take serious measures, which could result in serious penalties for the organization's management.

8.4.1.5. The Use of Technology

Technology is also advancing at a rapid pace, especially in the fields of computer and telecommunications. New techniques are rapidly displacing older ones and rendering them obsolete. As a result, the skills needed by employees change with the evolving technology, requiring workers to advance their skills three to four times during their working lives. As a result, the HR department is under pressure to keep its employees' skills and qualifications up to date.

The impact of technology on HRM:

- As technology advances, the number of jobs requiring less skill decreases while the number of jobs requiring high skill increases.
- The transition from "touch labor" to "knowledge workers" has necessitated retraining of employees with increased responsibilities.
- Knowledge-based training has grown in importance.
- HRIS has evolved into a powerful tool for reducing administrative costs, increasing productivity, shortening response times, and improving decision making and CS.
- Information technology has resulted in the automation of routine activities, the reduction of administrative burdens, the reduction of costs, and the improvement of productivity in the HR department.

- Because HR managers can access employee records directly, delays, and waste of stationery are reduced.
- In addition to routine activities, software is used to recruit, screen, and pretest applications online.
- Setting goals and assessing success can also be done online.
- Since repetitive HR tasks can now be completed easily and efficiently through computerization, HR managers can focus more effectively on the firm's strategic path, such as predicting workforce requirements, job, and promotion preparation, and assessing the impact of firm policies.
- HR managers can influence production managers to develop better production practices and cost-cutting solutions by exchanging information online with the production department.

8.4.1.6. Work and Family Responsibilities

Dual-career families, in which both the wife and husband work, have become more common in recent years. This places a significant burden on the women, who must also devote time to their families. Human resource practices in many businesses support long-term work of more than 10 years. Organizational operating hours are often rigid and constrained for workers.

Furthermore, the selection and training processes are both difficult and time consuming, so most talented women are hesitant to enter any organization, resulting in a waste of talent and ability. Working men are also harmed by these job policies because they do not devote enough time to their families. As a result of this particular problem, the challenges for HRM develop, and special favorable working policies must be implemented in all organizations.

8.4.1.7. Lack of Skills

The service sector is which for a variety of reasons, including changes in consumer tastes and expectations, technological advancements, regulatory changes, and so on. All of this has had an effect on the structure and management style of business organizations.

The skills needed for jobs in the service sector are also evolving, but graduates of technical colleges and universities are trained in accordance with the most recent requirements. As a result, the majority of employees lack the standard necessary skills to perform their duties, making it difficult

for HRM to adequately train these new and old employees to become productive and effective workers.

8.4.2. Organizational Challenges

The organizational challenges for HRM are linked to factors found within the company. While these issues emerged as a result of environmental challenges, they can be managed to a large degree by the organization's management.

Proactive HR administrators identify certain problems ahead of time and take corrective action before they become significant issues. HRM problems within the company include competitive position and flexibility, organizational transformation and downsizing concerns, the use of self-managed teams, the creation of an appropriate organizational culture, and so on.

When an organization's workforce is used efficiently in conjunction with other factors of development, environmental opportunities are realized, and risks are avoided. HR policies can affect the organization's competitive position in the following ways.

- Controlling costs;
- Improving quality;
- Developing distinctive skills;
- Reorganization.

8.4.2.1. Controlling Costs

A company can take advantage of its competitive position by lowering its costs and improving its cash flows. To that end, the organization's labor costs are kept to a minimum by implementing an appropriate incentive scheme that employs creative reward mechanisms for good results. Employees' positive attitudes are compensated in this manner, giving the company a competitive edge.

Furthermore, wage plans should keep labor costs under control. Effective workers who stay with the company for a longer period of time should be chosen, and adequate training should be given to these employees. Along with improving the working environment's health and safety, the HR department should also restore employees' jobs. All of these efforts will help to reduce labor costs.

8.4.2.2. Improving Quality

Quality enhancement can help a company gain a competitive advantage. Total quality (TQ) control systems are used to enhance all procedures within the enterprise, which leads to an increase in the final product or service.

8.4.2.3. Developing Distinctive Skills

Another way to achieve a competitive edge is to hire people with distinct abilities to acquire exceptional expertise in particular fields.

8.4.2.4. Reorganization

Another approach is organizational transformation, in which the processes of executing various tasks are positively changed. The bulk of roles in the HR department are now conducted within the company.

In certain organizations, the main functions of the HR department are now delegated to third parties by outsourcing, shared service centers, and other means. Since most roles are performed by outsiders, the size of the HR department in such organizations is decreasing. However, in most organizations, the HR manager handles all related HRM roles. The HR department is now actively engaged in mission-oriented and strategic activities.

8.4.3. Individual Challenges

The decisions relevant to the particular individual employees are also included in the individual challenges for the HRM. The way workers are handled inside organizations has an effect on organizational issues. The following are the issues at the individual level.

- Productivity;
- Self-determination;
- Brain drain;
- Social responsibility and ethics;
- Job insecurity;
- Matching people and organization.

8.4.3.1. Productivity

Productivity is characterized as the amount of value that an employee may contribute to the organization's final product or service. Increased

productivity is a result of increased production per employee. Employee productivity is influenced by two essential factors: ability and motivation.

Hiring and replacing employees, as well as adequate training and career growth, can both help to enhance an employee's ability. On the other hand, a high level of work-life acts as a catalyst for workers' motivation.

8.4.3.2. Empowerment

Many companies nowadays make improvements such that their individual workers have more say over their jobs than their supervisors. This individual control of workers is referred to as empowerment, and it allows employees to work with passion, determination, and to learn new skills so they can make more normal decisions about their work on their own and therefore enjoy their work.

8.4.3.3. Brain Drain

One of the challenges for HRM is the detachment of key future workers from the company as they seek higher remuneration from competitors, etc. In such cases, the company loses its intellectual property, and in many cases, leaving workers at higher levels often take future lower-level employees with them. This brain drain is becoming a major problem in high-tech firms.

8.4.3.4. Social Responsibility and Ethics

In response to this challenge, companies make an attempt to serve a segment of society. It is now considered the organization's social duty to demonstrate positive attitudes against society. The guiding concept for the social conduct of organizations is ethics.

HR divisions within companies create a code of conduct and principles of the code of ethics that serve as guidelines for the personal actions of the organization's employees. Employees also want managers to make good decisions.

8.4.3.5. Job Insecurity

In recent years, consolidation, and downsizing have created a sense of job insecurity among organizational employees. How many workers want a stable job rather than a job with a chance for advancement?

Also, the most profitable companies lay off workers during a time of intense competition. When layoffs are made, the stock market performs

well as well. Both of these factors cause workers to be concerned about the uncertainty of their employment, which hinders their ability to work effectively.

8.4.3.6. Matching People and Organizations

According to research studies, the HR department contributes to the profitability of the company as it implements employee selection policies that recruit and retain employees that best fit the culture of the organization and its goals.

For example, research has shown that such workers will benefit high-tech companies that can operate in a risky, unpredictable environment with low pay. In short, it is a significant task for the HR department to recruit and retain workers whose skills and talents fit the organization's needs and circumstances.

8.5. THE ROLE OF THE HUMAN RESOURCES (HR) DEPARTMENT IN A HOSPITALITY ORGANIZATION

One of the most daunting challenges in the hospitality industry is employee retention and satisfaction. In the hospitality industry, reputation can make or break a company, and with CS at the forefront, employees are on the front lines. As a result, the role of HR is critical for businesses in the hospitality industry.

8.5.1. Human Resources (HR) in the Hospitality Industry

Human resource managers, according to the U.S. Bureau of Labor Statistics, are in charge of recruiting, interviewing, and hiring workers and act as a liaison between management and employees. HR must not only develop a professional and committed talent pool in the hospitality industry, but also maintain it in a competitive job sector.

Human resource managers are in charge of the company's administrative functions. Although several others are required to carry out these tasks, HR seeks to recruit, inspire, and place workers in the best-fitting roles. Employees that are satisfied and empowered have the quality of customer support needed for the success of the company.

HR plays an important role in the hospitality industry: HR keeps workers happy so that the company's excellent image is maintained, and HR keeps

customers happy by ensuring employees behave properly and in accordance with company policy.

8.5.2. Unique HR Challenges in Hospitality

Employee retention is difficult to sustain in the hospitality industry since most positions are hourly rather than salaried. Employees work a variety of shifts, including evenings, weekends, and holidays. Furthermore, customer-facing positions present their own collection of specific challenges.

These roles are physically and mentally taxing due to the high expectations from the company and customers- and with such a strong emphasis on CS. When a company is understaffed, workers lose scheduling flexibility, which leads to dissatisfaction and burnout.

8.5.3. Recruiting Hospitality Industry Employees

The job posting is the first step in attracting professional workers. Detailed job postings that outline the desired skills, experience, and benefits of the position ensure that applicants understand the job and are aware of whether their qualifications match the criteria.

Where there are shortages, HR can recruit seasonal workers. Alternatively, human resource managers in the hospitality industry can seek assistance from staffing agencies to address staffing shortages. Any of these workers will eventually become permanent if they meet requirements and a need occurs.

8.5.4. Employee Satisfaction and Retention

Employees in the hospitality industry must be professional and satisfied because their attitude reflects heavily on the business. HR are normally in charge of this function.

Offering good benefits and offering bonuses is a good place to start. Employee recognition schemes and discounts on the company's own services effectively improve employee satisfaction in the workplace. Employees, on the other hand, want to know that there are prospects for advancement within the company if they remain. They also want assurances of retirement benefits or health care.

New employees will see a future in the industry by participating in in-house professional development programs and being hired from within. Preparing workers for potential leadership roles within the organization

demonstrates to them that their tenure with the company will be a viable career opportunity.

8.5.5. Bringing Management and Employees Together

In the hotel industry, HR often acts as a liaison between management and employees. To reduce the possibility of misunderstandings and frustrations between the two, HR should look to streamline communications.

According to the Best Practice Institute, removing information silos at all levels of a company allows for expertise and knowledge to be readily accessible, increasing efficiency and employee satisfaction.

Employee satisfaction and retention are heavily reliant on pay. HR should ensure that compensation is focused on regional market rates and assist employers in complying with the federal tax code about tips. Another way to improve employee satisfaction in the hospitality industry is to offer cash incentives for increased productivity.

8.5.6. Human Capital and Liability

To ensure that the company complies with state and federal employment laws, the HR department must recognize them. Jobs in the hospitality industry can be dangerous and must follow Occupational Safety and Health Administration (OSHA) safety regulations. Businesses that fail to follow safety codes can face penalties, fines, and litigation.

It is also the duty of HR to investigate misconduct allegations, implement appropriate corrective procedures, and ensure companies adhere to a zero-tolerance policy against discrimination.

Furthermore, human resource managers ensure that the company abides by the National Labor Relations Act as established by the National Labor Relations Board. Many workers belong to a union. It is the duty of HR to ensure that employers do not exclude workers from joining or participating in unions. HR is also a key player in talks between union leaders and management.

8.6. THE ROLE OF INFORMATION SYSTEMS IN HUMAN RESOURCE MANAGEMENT (HRM)

"Continuous technological advances are ganging the way HR work is accomplished." These technological advancements enabled the development

of a real-time information-based and collaborative work environment. Personnel information systems have progressed from simple employee record-keeping to more sophisticated monitoring and decision-making systems.

We could only focus on administrative problems in a typical HRIS, such as monitoring absences, pay structures, training information, recruiting, media response, accessing current information, medical information, as well as global administration.

However, we watched a break with the past and an increase ineffectiveness. HRIS enables us to adapt to changes and decision-making needs more quickly. Budgeting, tracking, and screening, skills matching, appraisals, feedback, manpower preparation, succession planning, skills monitoring, training needs analysis, and global analysis are all possible with HRIS.

The key problem is defining the true implications and role of information systems in HRM. HRIS, when implemented into an HRIS scheme, can be used in a variety of ways (Figure 8.8).

Figure 8.8. Areas of application of HRIS.

According to Kavanagh et al.; HR professionals spend the majority of their time improving business processes, talent acquisition processes, workforce indicators, HR policy, workforce management and preparation, and competency management. We will now look at some examples of information system applications in the functional areas of HRM.

8.6.1. Strategic Human Resource Management (HRM)

Strategic HRM is distinguished by the adoption of a dynamic vision of the resources it manages. It includes not only the planning and execution of actions, but also the monitoring of results, which must be related to the organization's strategy. We can find information at the following levels in HRIS:

- *Environmental Scanning:* Monitoring internal and external environments for opportunities and threats that may have an impact on organizational plans.

- *Quality and Productivity Improvements:* Analysis and development to confirm the development of HR quality and productivity.

8.6.2. Workforce Planning and Employment

HR professionals place a high value on HR planning, which reveals different skill profiles and work schedules, allowing the organization to have the right people, in the right amount, at the right time. It reflects the organization's interests and perspectives, as well as the aspirations of the candidates and collaborators. HRIS data can provide us with the following information in this area:

- *Promotions, Transfers, Hiring, and Termination Rates:* Collects and analyzes data to make workforce planning and employment decisions.

- *Work Analysis and Definition:* Allowing employees in geographically dispersed locations to collaborate.

- Recruitment and Selection: The ability to support processes by developing more agile tools that enable online work.

8.6.3. Human Resource Development

Aside from the need for work organization and decision-making, what will enable companies to improve their levels of productivity will be the

planning and encouragement of their employees. In this sense, human resource development will be a factor of competitiveness and, in some cases, survival. "Organizational development is inextricably linked to human resource development." In these cases, the knowledge we can glean from HRIS is as follows:

- *Career Development:* Analysis of careers, their evolution, development of career plans and the achievement of objectives outlined.

- *Education, Knowledge, and Training Programs:* Competency analysis and recognition, training needs identification, remote access to training material.

- Evaluate employee performance by defining performance targets, designing assessment criteria, evaluating performance, and providing input on outcomes.

8.6.4. Total Rewards

Reward programs provide both material and immaterial equivalents that workers will earn based on the quality of their results, commitment to the development of the company, and identification with the organization's values. HRIS enables us to classify the following reward-related information:

- *Salary Information:* Salary processing, holiday management, absences, and automated wage part assessments.

- Retirement planning entails identifying succession plans, insurance, and streamlining untying services.

- *Benefit Administration:* Attribution of benefits, analysis of attributed benefits, cost-benefit analysis.

- *Salary Analysis:* Analysis of salary developments, salary comparisons.

8.6.5. Labor and Employee Relations

HR practitioners play an important part in the social relations system. They serve as a bridge between the company, staff, labor unions, and workers' committees. HRIS can assist us in a variety of ways in this area:

- *Employee Disciplinary Records:* Access to and management of disciplinary proceedings, as well as disciplinary proceedings reports.

- **Union and Labor Distribution:** Knowledge processing for trade unions and workers' commissions, job distribution, and review of work and labor relations indicators.

- **Attitude, Environment, Culture, and Commitment:** The ability to automatically query the whole company and analyze attitude, climate, culture, and commitment.

8.6.6. Risk Management

Improvements in safety and working conditions are areas with difficult profitability to assess and considered as real investments for the business, being considered a particular domain of HRM. As a result, there must be a high level of continuity between the behavior produced and the other areas of HRM. HRIS can help with risk control by examining the following factors:

- **Accident and Illness:** Assessment of trend on accidents and illness; managing reports.

- **Safety, Insurance, and Workers' Compensation:** Process agility and support, record management, and reporting of high-risk situations and injuries.

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INDEX

Service Excellence in Tourism and Hospitality

The hospitality industry thrives on customer service (CS) because it cannot function without customers. Hospitality includes lodging, tourism, transportation, and even something like a theme park. All of these businesses rely on customers to succeed. In fact, great customer service leads to better customer loyalty, higher revenue, and lower costs. Service excellence is an important area where many in the hospitality industry need to investigate and uncover new opportunities for adoption and development. Service excellence is described as meeting and slightly exceeding the customer's expectations. Most businesses offer decent customer service, but consumers return to those who go above and beyond to provide service excellence. This book is organized into eight chapters. Chapter 1 aims to investigate the impact of service excellence on customer satisfaction. Chapter 2 is service design. It focuses on service design techniques in hotels and many other service establishments. Service design strategy should be compatible with the firm's resources and capabilities, as well as its main objectives and strategies. This chapter will take you through a solid service design process and which methods to employ at each point. Chapter 3 focuses on customer service in hospitality and tourism. This chapter addresses a number of excellent ways to impress hotel guests. Chapter 4 sheds light on service innovation and service quality orientation as a business strategic tool in the tourism and hospitality sector.

Chapter 5 is creating excellent guest experiences. Organizations must consider the particular characteristics of their tourism experiences, the motives and attitudes of traveling tourists, and the fundamental differences between selling goods and marketing services in order to be effective in tourism marketing. Chapter 6 aims to uncover the key factors of customer service expectations, which will serve as the foundation for increasing customer happiness. In addition, Chapter 7 focuses on managing customer relations for service excellence. As a result, incorporating a CRM mechanism into their framework will result in significant cost savings as well as a reduction in outreach efforts to social media's targeted reach, resulting in a win-win situation. Finally, last Chapter 8 deals with human resource management (HRM) in a hospitality environment perspective. The book serves as a reference guide and supplementary reading for students and researchers. Practitioners and educators also will find this book to be invaluable in their businesses and in preparing students for the business world.

Sophea Tieng is a full time lecturer of Sustainable Tourism and Tourism Geography at Saint Paul Institute, Cambodia. Sophea graduated from Victoria University of Wellington, New Zealand, in Tourism Management, in 2016. Sophea has several years of working experiences in community development and had conducted research project on Community Based Ecotourism in Cambodia to complete a Master Degree.

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