



Hospitality In Perspective  
Essay

*Objective recognition in the hospitality industry:  
How employees, employers and the society can  
benefit from the crowd's wisdom.*

**Prepared for:** Dr. Daphne Dekker & Dr. Glen Hepburn

**Course name:** Hospitality in Perspective

**Programme:** Master of Business Administration in International Hospitality Management

**Campus:** Hotelschool The Hague, Amsterdam

**Date submitted:** 1 November 2015



**Student name:** Rachele Donzelli

**Student number:** 659508



# **Abstract**

This essay studies how current online customer's reviews aggregator do not consider the human factor properly. It is well known that frontline employees are the most important resource in the hospitality industry both for companies and for the customer. Through the consideration of the importance of the wisdom of the crowd and the influence social media have nowadays, a new solution is proposed based on the fact that when the employees are recognized and correctly awarded, they benefit from it as well as the company they work for and the whole society. The spread of recommendations, possible at this stage of technological development, allows the society to benefit from other customer's experiences to start a cycle of improvement.



# Introduction

We all know the power of a smile, the return factor caused by excellent customer service, and the importance of human connection. There is already literature asserting that the most important asset that any employer has, is not money, product, or profit, but people: his or her employees (Honore, 2009).

In the hospitality industry structures such as hotels and restaurants, frontline employees link the customer to the company itself, and they have the responsibility to influence the whole customer's experience as well as respect and transmit the company's values.

Although many companies state that employees are their most important asset, there is no evidence of an objective and useful instrument able to evaluate good employees.

Have you ever experienced to prefer a place to another because of the frontline workforce of the hospitality structure? Express preferences based on the quality of the frontline service is a common aspect customer consider while deciding to which structure refer to and, in The Netherlands, an expression indicating the quality of employees to attract customers exists: the "Gunfactor".

In the current stage of technological development, many online platforms allow customers to review the employees of any hospitality structure. These platforms, however, do not give to employees the attention they deserve.

This essay aims to give a solution to the recognition of employees considering current online customer reviews aggregators and the power of the electronic word of mouth.

The use of rating systems such as Tripadvisor or Yelp increased in the last years, and customers are more and more using these instrument as feedback for selected business such as hotels or restaurants. (Cabiddu et al., 2014)

The scope of this paper is to explore the power of employees in the hospitality industry, and the huge help social media can give to analyze the gap current online open platforms present and give a solution.

Firstly, the fact that employees are a valuable asset connected to guests satisfaction, service-profit chain and firm success is pointed out (Barnes et al., 2014).

Secondly, the concept of wisdom of crowds is introduced together with a definition of social media to evidenciate the importance of online open rating systems.

Thirdly, a gap in the employees' evaluating system is shown and a solution to motivation problems able to fill this gap is presented.

## People: the most significant asset

### The customer's experience

Considering the customer's emotions, frontline employees have great responsibilities creating a memorable experience.

Lashley et al. (2005 in Lashley, 2008) on 'memorable meals' underline how guests evaluate their experience primarily in emotional terms and is the employee performance that creates the guest's emotional experience. It is, in fact, not difficult to understand why many hotels use "home away from home" in their mission or motto (i.e. Zoku, 2015; citizenM, 2015) and customers use it in the reviews to indicate that they had a

good experience. Employees play an important role in the customer's experience, and it is also identified by Lashley (2008), stating that: "customer satisfaction will be generated by the quality of the emotions generated from their experiences." Lashley (ibid.) also identifies staff performance as a source to generate customer satisfaction. Furthermore, because of the high level of interaction between employee and customer, there is evidence that this relationship impacts the further as well as the latter (Barnes et al., 2013). Therefore, to satisfy the customer, it is important to concentrate mainly on the employee's satisfaction because of their power to influence the whole customer's emotional experience.

Considering customer's perception, an experience is mainly influenced by the human factor, responsible for making the guest return to the same structure and making him recommend it as well to family and friends. Professor Vincent Magnini (Virginia Tech University) conducted an analysis of the review site TripAdvisor, showing that, among the consumers using words like 'expectably surprised', 'pleasantly surprised' and 'surprised' in their reviews, 96% of them recommend the hotel to friends. The analysis also reveals that the reviews containing the words 'pleasant surprises' were usually connected to 'personal encounters' (Magnini, 2015).

'Personal encounters' clearly indicates the employees of hotels or restaurants and, therefore, these people usually create a situation where the guest recommends the hotel to friends. It is clear that employees are the most important resource able to create memorable experiences for the customers and, therefore, making them recommend the structure to family and friends.

## **The employer**

Companies often identify people as their greatest asset. In the Service-Profit Chain, Heskett et al. (1994, in Barnes 2015) show that employees behaviors and attitudes, together with their satisfaction, are linked to a firm success. If the firm is successful, it is because of the employees. In the model proposed by Lashley (2008) for the commercial provision of commercial hospitality, the guest-host transaction is in the center, showing that this transaction is the most important in commercial hospitality. The other transactions are important as well but count nothing without a successful guest-host transaction. As an example, some companies state that "People are our most important asset" (Autogrill, 2015), "At PPHE Hotel Group it's our people that make us tick" (PPHE, 2015) and "We Put People First" (Marriott, 2015). Therefore, it is sure that employees are part of the company that is better not to underestimate.

Employees are and will be a critical success factor for the hotel industry.

In Brotherton's study (2004), the author empirically investigates the highest current and future priority CSFs in each department of the hotel, using a sample of 154 completed and useable questionnaires. The final sample of 154 usable questionnaires was generated from a sample of 400 UK hotels randomly selected. The result shows that for the Front Office department, 95.5% of the respondents agreed on the fact that 'staff attitudes' is a critical success factor. This first factor is followed by 'accurate and efficient reservations system' (72.7%), 'enquiry handling' (72.7%), 'staff appearance' (72.7%), 'pricing' (72.7%) and 'yield and profit' (72.7%). For the Food & Beverage (Service) department, another department whose employees are in direct contact with the customers, 90.5% of the respondents agreed on the fact that 'staff attitudes & appearance' is the highest current and future priority critical success factor together with

'Quality of food & drink' (90.5%). This category is followed by 'high level of service' (76.2%), 'service response time' (76.2%) and 'improved sales' (52.4%).

This study clearly shows that frontline employees are the critical success factor in the hotel. These data are already convincing but this is not everything because Brotherton (ibid.) considers an even more striking department: Human Resource Management department. In the top position of this department there are: 'morale and loyalty' (95.5%) and 'staff development' (95.5%). In conclusion, employees are the critical success factor for the departments in touch with the customers (fo and F&B) and their morale and loyalty, together with their development, are the highest critical success factor priorities for the Human Resources.

## **Emotional Intelligence**

Employees are the linking ring between the company and the customer and create a great part of the company's competitive advantage, business success, and loyal customer base.

Specifically, Goleman (2006 in Lashley, 2008) places emotional intelligence at the leading edge of business success. "Emotional Intelligence is the ability of individuals to both recognize their own and the emotions of others in their interactions with other people" (Lashley, 2008). Frontline employees in the hospitality industry should, therefore, have a high emotional intelligence quotient to better connect the company with the customer. Employees are, in fact, a key component of the Kotler's (1994 in Barnes et al., 2013) services marketing triangle model which links the firm with customers.

Thanks to this quality employees can succeed in converting customers into friends and, as stated by Lashley (2008), this quality provides the basis for competitive advantage and building a loyal customer base. Frontline employees in the hospitality industry are amenable to customers' complaints, instinctive and unexpected reactions, mood changes and fragilities' expression. It is important for the employee to show comprehension, recognize when a customer needs someone to talk with and when he needs to be left alone. A misunderstanding of the guest's emotions can create a very unpleasant experience. The following example will explain the concept: a guest walks in a hotel after a very tiring and long day. Whilst the front office agent, if not emotionally intelligent, fails in noticing the guest's emotions and disturbs the guests while showing all the hotel's outlets and asks questions about his day and his permanence; the guest is willing to reach his room and, once he will, he will remember the check-in as an unpleasant experience. These misunderstandings happen because there is a lack of attention on the guest's emotions. The frontline employee tries his best to do his job in a clear, complete and professional way but, because not emotionally intelligent, fails in creating a pleasant experience.

Therefore, it is important for the company to select employees with a high emotional intelligence quotient to have a successful business.

# The need of a reliable instrument

## The experts and Social Media

In the hospitality industry, the Human Resources department is normally responsible for the selection of the employees. A person willing to apply for a job position browse the job platforms and applies for the preferred positions. At this point, the Human Resources department selects the people to interview among the applicants. A first selection is based on the resume and, sometimes, on the recommendation letters from former employers. The recommendation letters are instruments used to understand if the applicant is reliable and to collect the former employer's opinion. In this situation, the Human Resources department and the former employer are considered the experts in the applicant's experience and for the selection process. Is it correct to analyze the point of view of experts in the hospitality sector such as the Human Resource department and a former employer? According to Surowiecki (2004), experts tend to be and think alike, and therefore do not reflect maximum diversity of opinions.

Surowiecki (ibid.) explains how a ranking produced by the aggregation of many different opinions often gives a result close to the ground truth and usually performs better than most of the individuals; experts included.

Crowds give better rankings than the one that any individual could give. The sharing of this wisdom can be used to individualize the best employees because the perception a single person has, can be different from the one other people have but, if all the people's opinions are accumulated, a useful and close to the truth result is granted (Lee et al., 2014).

How is it possible to aggregate a big enough sample of people's opinions? The answer is in social media.

Social media are defined as follow:

"group of Internet based applications which build on the ideological and technological foundations of Web 2.0 and which allow the creation and exchange of user generated content" (Kaplan & Haenlein, 2010 in Cabiddu et al., 2014, p.1).

User-generated content aggregators, such as Yelp and TripAdvisor, are an example of social media (Cabiddu et al., 2014).

Online consumer reviews, aggregated in social media such as Yelp and TripAdvisor, are the electronic version of word of mouth, and consumers are increasingly using them worldwide (Filiari, 2015).

Recent researches from Nielsen (2013) found that online consumer reviews are the most trusted source after a friend's recommendation.

Nielsen (ibid.) also found that "online reviews are among the most trusted sources for information for consumers, with 70 percent of them finding online opinions somewhat or completely trustworthy."

Nowadays, social media allow informational exchange among tourists, affect the potential guests' experience and stimulate further innovation. For these reasons, social media represent a critical innovation for the hospitality industry (Cabiddu et al., 2014).



## The “Gunfactor”

The Dutch word “Gunfactor”, a used expression in The Netherlands indicating the customer willingness to reward the other and stay in business with him, can be used to explain how the online customer reviews platforms can be a useful instrument enabling the share of recommendations. The following example clarifies the Gunfactor’s meaning: Mr. Rossi lives in a little village on the sunny coast of South Italy. Every morning, Mr. Rossi drinks a coffee at the bar near his house before going to work. One day, Mr. Rossi goes to the same bar and finds out that the bar changed the barista. Thanks to local gossips, Mr. Rossi finds out that the old barista moved to another bar, fifteen minutes away from The Rossi’s house. The morning after, Mr. Rossi wakes up 15 minutes earlier to have his coffee at the bar where the old barista works. In short:

“Your Gunfactor is why someone sympathizes with you because of who you are or what you represent. It is why someone wants to do business with you rather than someone else” (Tengen, 2015).

Social media can help spreading the information of who has the Gunfactor in the world and reach all the people willing to be served by great employees. The power of these platforms lays in the fact that they can be used to reach plenty of people, spread the wisdom of the crowd and create a benefit for the whole society through a powerful word of mouth.

## The failure of actual Social Media and a possible solution

### What Social Media fail to consider

Online platforms such as Tripadvisor or Yelp provide rankings for hotels, restaurants and other hospitality structures taking into consideration people’s votes and reviews among other factors such as price and location. These platforms collect many pieces of information from a large number of users and spread them online to create a powerful e-WOM from whom the whole society can benefit. There is, however, a limit to the functioning of these platforms: The online consumer reviews aggregators allow the collection of reviews and creation of rankings about hospitality structures such as hotels and restaurants, but do not consider the single employee and the high employees turnover of the industry. According to the National Restaurant Association (National Restaurant Association, 2015) the U.S. annual employees turnover rate in the hospitality industry rose in 2014 reaching the level of 66.3%. In the hospitality sector, the employee turnover is higher than other sectors due to higher proportions of part-time employees, teenagers and students in the industry workforce (ibid.).

This means that when a customer decides in which restaurant to have dinner and bases his research on social media such as TripAdvisor, the reviews posted more than one year before about the service will be the 66.3% of the times not related to the current employees of the restaurant.

Linking these facts to the study conducted by Professor Vincent Magnini about the fact that the 96% of customers leaving positive reviews suggests the structure to a friend,

and the fact that 'pleasant surprises' are usually connected to personal encounters, it is clear that many reviewers suggesting a structure to a friend are doing it because of personal encounters which are 66.3% of the times not going to be the same the year after. This demonstration makes the reviews about service and personal encounters not reliable the 66.3% of the times. To conclude, the online customers reviews aggregators are not a good instrument for a selection of hospitality structures when the human touch is the main element considered.

Concerning the meaning of the Gunfactor, social media can help spreading the information to the world but currently there are not social media doing it for frontline employees in the hospitality industry. Considering the Gunfactor, social media such as TripAdvisor fail. Mr. Rossi follows his favorite barista thanks to the word of mouth of the little Italian village and social media could, through powerful e-word of mouth, transform the whole world in a small village. But what happens to a foreigner customer willing to have a good coffee in Mr. Rossi's village? He will probably check TripAdvisor's references and choose the bar where Mr. Rossi used to go because of the good reviews about the service. What the new customer does not know is that the reviews refer to the old barista's performances. The old barista is in a new structure, but his good reviews did not follow him.

An open online platform allowing the customers to share their reviews about well deserving employees can be the key to great service.

## The solution

An open online platform could help rewarding employees who deserve it in an objective way.

According to many employees who worked or still work in the hotel industry<sup>1</sup>, motivational rewards such as the "employee of the month", are not properly chosen and, therefore, do not succeed as desired. The "employee of the month" award is a way to publically prize the employee that performed best in the human resource department point of view. It is known, however, that because the "employee of the month" is a motivational instrument, it is almost impossible to be selected twice in a row or close in time. At the end of the year a monetary prize is awarded to an employee among all the "employees of the month" and, because of this reason, part-time employees and interns can not be selected as "employee of the month". However, in the eyes of the guests, all the employees represent the structure in the same way and have the same responsibilities.

There is not an objective way to select the employee of the month. For how hard the human resources department strive to be fair, they never base their decision on an objective instrument but mainly on their opinion and point of view. A public online platform can give the customers the opportunity to recognize valuable employees. Thanks to the objective data gathered through the customer's reviews, the human resources department can reward employees without seeming as they want to favor someone and to give each employee the opportunity to become the employee of the month in a fair and objective way.

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<sup>1</sup> The author collected opinions from: actual classmates from Hotelschool The Hague and former classmates from Hotel Institute Montreux who worked in the hotel industry, and from colleagues during an internship at The Ritz-Carlton hotel in Wolfsburg, Germany.

A new online platform called Nice4Power owned by Nicepower Ltd<sup>2</sup> will soon be launched and will solve the reviews-employee problem. The platform is divided into three sections: Nice4Power PRO, Nice4Power Mobile, and Nice4Power BIZ. Nice4Power PRO will allow employees to have a profile, set their information, receive votes from their customers and receive tips through PayPal: an e-commerce company facilitating payments through online funds transfers. The customer willing to have great service and, therefore, a great experience, can look for the best employees of the area through Nice4Power Mobile and leave comments and tips to the favorite employee. The employer can use the Nice4Power BIZ platform to confirm the employee's job position, see the statistics of how are the employees working in his structure performing and, therefore, prize them in an impartial way. Thanks to this system the review will be linked to the employees and not just to the structure he is working for. In order to focus on recommendations and avoid the circulation of negative reviews, Nice4Power allows to share just positive reviews, to pay attention to great people being genuinely hospitable. Inspired by (Nice4Power, 2015).

## Conclusion

This essay suggests an objective way to gather employees reviews from the persons they are the most in contact with: customers. Firstly, the fact that employees in the hospitality industry are key to success had been analyzed: Frontline workers create value both for the customer and their company. Employees are responsible for the customer's emotional experience as well as for their willing to recommend the hotel or restaurant to a friend. The human touch in the hospitality industry is also responsible for the success of the company because of the ability to commit the customer to the firm and thus create greater payoff such as positive word of mouth, less price sensitivity, customer satisfaction and loyalty (Ekinici et al., 2008 in Martín-Ruiz et al., 2011). Secondly, it had been analyzed how the experts opinion is important but would be more valuable if implemented with a system able to aggregate the wisdom of the crowd. A system allowing this aggregation lie in social media, allowing the collection of online customer reviews and their divulgation among many users. Social media have the ability to transform the world in a small village concerning the rapidity of the divulgation of the word of mouth. Afterward, the Gunfactor had been considered concerning the potential of social media to promote employees with this quality. The Gunfactor, however, raised the problem of the current online customer reviews aggregator in the hospitality industry such as TripAdvisor or Yelp: the disjunction of the reviews with the employee they belong to. For these reasons, it had been thirdly suggested a solution to make the employee's review more reliable considering the high employees turnover in the hospitality industry and to solve the problem raised by the employee of the month motivational program most hotel have.

People are the company's most important asset and, therefore, it is worth measuring their performances, recognize them and reward them. Most companies publically say that their employees are their most valuable asset, and it had been proved because of the frontline workforce opportunity to create a memorable experience for the customers, create a better environment for the company and, therefore, create the success for the firm they work for. Unfortunately, these subjects are often not well recognized because

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<sup>2</sup> The author worked for the development of Nice4Power from April 2015 to September 2015. No material had been publicly published yet (See Nice4Power, 2015).

of lack of broad word of mouth through the current online platforms. The wisdom of the crowds can be useful to create electronic word of mouth and transfer information to former customers, employers and employees. Online open applications can be used to allow the customers to recommend the frontline employees and produce a ranking close to the reality.

It is necessary to consider customers opinions to reward and give the deserved recognition to employees in an objective way.

Given an opportunity to be praised in an objective and reliable way, today's workforce could be transformed into millions of highly motivated, kind, and caring individuals. The power of a smile, the return factor caused by excellent customer service, is worldwide known as well as the importance of human connection.

By sharing experiences had with others through an open online platform, others can be encouraged to improve themselves as well so that today's workforce could be transformed into millions of highly motivated, kind, and caring individuals making the world a happier, better place.

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