A BUSINESS REPORT ON

MERCURE DARTFORD BRANDS HATCH HOTEL & SPA

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EXECUTIVE SUMMARY

This report was commissioned with two purposes; one is to investigate in to an issue regarding service quality that was reported at Mercure Dartford Brands Hatch Hotel & Spa and design a service recovery plan to overcome the issue and the second is to recommend and develop strategies to create and sustain high service quality at the hotel. Through analysis of the service issue with the GAPs model, we have found that the areas of concern are manpower deficit, quality control issues and unsatisfactory management. To overcome these issues, we have developed a service recovery plan using the theories of „Service Blueprinting" and RATER that provide On -stage strategy of acting quickly, reviewing and taking responsibility, making an empowered decision, documentation and follow-up and a Back-stage strategy involving hiring human resources with the right qualifications and aptitude, providing training at regular intervals, quality control by setting right standards, developing a quality culture, using statistical tools for time management and ensuring efficiency in management through empowerment and teamwork, recognition and rewards, developing a compensation structure to ensure employee satisfaction and thus effectively engaging in high service quality levels. To serve the second purpose of this report, i.e. to create and sustain high service quality at the hotel, we have reviewed relevant literature and theories of service quality and recommended a system of Total Quality Management for Mercure Dartford Brands Hatch Hotel & Spa which will help in creating and sustaining high quality in service.

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1. INTRODUCTION

In today's competitive hotel industry, service is the key ingredient that can help in creating and maintaining competitive advantage in the marketplace. The success of an organisation in the hospitality industry is wholly dependent on the service delivered and customer satisfaction (Haemoon, 1999). This report aims at discussing and suggesting how high service quality can be created and sustained at 'Mercure Dartford Brands Hatch Hotel & Spa' to ensure consistency of effort and that customer expectations are met; and to recommend a service recovery plan for a service issue. This report will start by discussing about service quality in the hotel industry and throwing light on the literature and theoretical framework. Further to this, we will explain how high service quality can be continuously achieved by adopting Total Quality Management which will be followed by a discussion of the current issue at 'Mercure Dartford Brands Hatch Hotel & Spa', analysis of the same with the GAPS model and designing a Service Recovery Plan using the technique of Service Blueprinting.

2. BACKGROUND OF THE HOTEL

Mercure Dartford Brands Hatch Hotel & Spa, one of the hotels under the Mercure brand, is located at Dartford, England and is a 4 star hotel situated close to the world famous 'Brands Hatch racing circuit' which is home to events like Formula one and British Superbike race. It has 121 bedrooms with the most modern facilities, a restaurant, three bars and a premium health and spa. The target customers are those arriving for a leisure countryside family trip, to organise and attend weddings, business and family events, to participate in the motor racing events or on official meetings and seminars (Website: Hotel DARTFORD) It has an active and vibrant management team which is centrally recruited by Mercure to ensure that the standards of quality and superior management are met at all of its hotels (Michelle Chenery, 2016)

Mercure Dartford Brands Hatch Hotel & Spa promotes and advertises itself majorly by arranging events and providing online and offline discounts, festival offers on hotel stay, dining at the restaurant and bar access. Most of the guests to the hotel come on tours and weekend trips, business trips or to participate in events. Comfort, leisure and value for money are the key expectations from customers. The hotel has been praised by many in travel review sites but recently there is a trend being seen where customers express anger, regret and

dissatisfaction for the service quality (TripAdvisor, 2016) the reason and recovery plan for which, we will discuss in this report.

PART A

3. LITERATURE REVIEW

'Service' refers to the intangible offering that takes place in interactions between customers and service providers, wherein the judgment on quality happens during the service delivery process (Shahin, 2006). Service quality is a subjective, multi-dimensional concept which can be on a general level defined as "the comparison customers make between their expectations and perceptions of the received service" (Parasuraman et al., 1988; Gronroos, 1982). It can also be defined as the customer's judgment about the overall service experience in terms of its excellence and distinction which can be viewed in the light of customer satisfaction or customer delight (Ueltschy et al., 2004). Service quality holds a very crucial position in the literature of the subject - Service marketing (Lee, Lee & Yoo, 2000) and therefore can be referred as the extent to which a service provider or organisation efficiently cater to customer needs (Zeithaml, Parasuraman & Berry, 1990). Service quality, being a complex multi-dimensional concept, has been further instigated in to by various experts who proposed three dimensions to service quality; the physical or technical quality, the functional or interactive quality and the corporate quality/image (Lehtinen and Lehtinen, 1982). Another such description of service quality refers to quality as "the conformance to specifications" wherein positive service quality is when a service meets or exceeds preset standards or promises and negative service quality is when it goes below the conformed standards (Ekinci et al., 2004).

The conceptualisation of service quality happens in an environment where there is a process of production-delivery-consumption. Hokey et. al., (2002) states that a hotel in the hospitality industry should recognize and meet the customer standards and expectations, the failure of which will lead the business to collapse within a time-frame of 7 to 9 years. The perceptions of a customer about the service quality, his expectations, previous experience with the service, positive and negative emotions all affect the quality of service experienced (O'Neill & Palmer, 2003).

4. THEORETICAL FRAMEWORK

Service Quality perceptions and experiences are different in diverse industries. But service quality measurements everywhere help to identify quality issues and boost efficiency and Service Quality to go beyond customer expectations and create delighted customers. There are various theories and concepts of service and service quality related to the hospitality and hotel industry but the most relevant to the hospitality industry emphasises that "service quality must be guest oriented" (Ekinci and Riley, 1999). Service quality in the hotel industry will depend on the beliefs that quality is : (i) excellence (ii) value for money and (iii) meeting or exceeding expectations (Mugassa, 2014). It can be best measured best through quality surveys where the guests are questioned about their expectations and perceptions of service quality. The most widely recognised models of service quality are 'The GAP model', 'SERVQUAL'/RATER theory and 'Extended model of Service Quality'.

'The GAP model' was proposed by Parasuraman et.al. (1985) and it states that service quality is a result of the comparison between customer expectations from the service provider and his/her perceptions of the actual service performance. A service quality model of gap analysis was developed based on ten dimensions; reliability, accessibility, tangibles, responsiveness, security, competence, communication, credibility, courtesy and understanding customer.

SERVQUAL/RATER theory is a model that developed from the GAP model with certain refinements (Parasuraman et.al., 1988) and is based on five service quality dimensions: Reliability, Assurance, Tangibles, Empathy and Responsiveness (RATER) and 22 factors for measuring customer perceptions and expectations. An extension of this model based on certain variations was the 'Extended model of Service Quality' which is illustrated below:
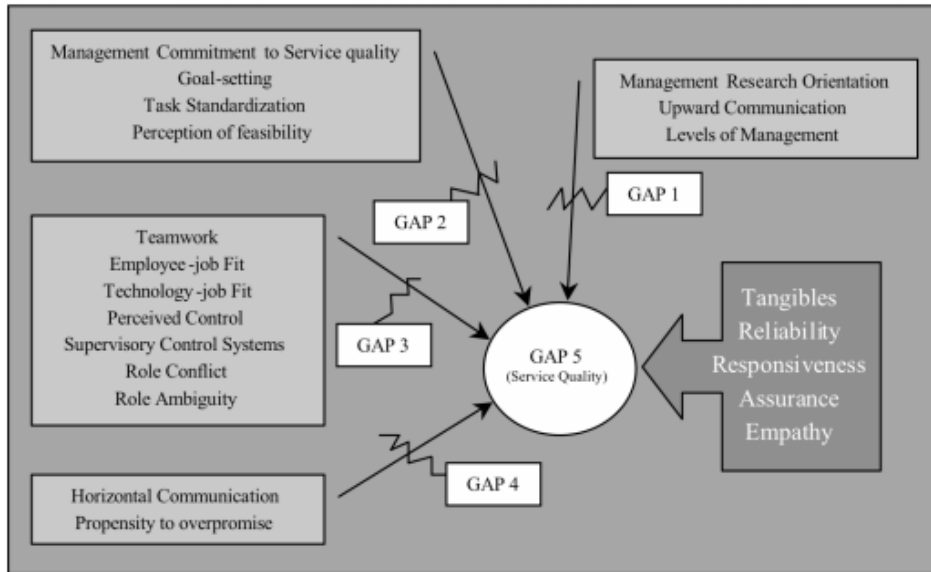
4.1.0 Fig 1: "Extended model of Service Quality"

Experimenting and developing on the SERVQUAL model, some more models like SERVPERF (service performance based on satisfaction), FAIRVSERV (based on justice and equity theory), LODGSERV (based on specific attributes for the lodging industry) etc were shaped with addition and deduction of various scales as relevant to various service measures in diverse industries (Keith and Simmers, 2013). Service quality measurement using these models has been successfully applied to hotels which are part of the hospitality industry (Raspor, 2010).

5. CREATING AND SUSTAINING SERVICE QUALITY

Hotel industry, being a completely service-oriented industry gets influenced in terms of its occupancy and profitability directly by the three essential factors - customer service quality, customer satisfaction and service delivery (Gale and Wood, 1994). Guest satisfaction is directly associated with his/her expectation of service and the actual experience of the same. Service features such as helpfulness; friendliness, politeness etc are interpreted in different ways by diverse customers and are therefore a subjective criterion. The hospitality industry has another major factor- the seasonal demand; which causes intricacy in measuring a consistent service quality and changes in expectation, delivery and customer satisfaction (Sasser, Olsen and Wyckoff, 1978).

Customer satisfaction is a result of the evaluative judgement (Gundersen, Heide and Olsson, 1996) that a customer makes by comparing his prior expectations with perceptions of product and the level of experience during and after the act (Oliver, 1980). Thus we can see that customer satisfaction is a result of three things: (1) Expectations (2) Service Quality and (3) Perception. Erto and Vanacore (2002) mentions that following are the attributes that impact quality elements of customer satisfaction:

- ❖ Must-be quality elements: the basic requirements in services. Eg: claimed facilities in a hotel room like clean bed, water etc

- ❖ One-dimensional quality elements: the guest-centric determinants of a service. Eg: a king-size bed, menu specifications for room service, request for a particular newspaper etc.

- ❖ Attractive quality elements: those that are beyond customer expectations and act as a competitive differentiation. Eg: complementary birthday cake on guest's birthday.

For a four-star hotel like Mercure Dartford, it is a pre-requisite to ensure the must-be and one dimensional quality elements while striving to provide attractive quality elements for customer delight.
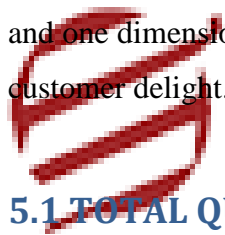
5.1 TOTAL QUALITY MANAGEMENT

TQM is a management tool wherein a set of concepts are employed throughout an organisation which is quality-centred and based on the philosophy of continuous improvement and long-term success, all members of the organisation contribute their maximum towards ensuring quality and customer satisfaction (Melan, 2002). TQM solution needs to be unique and based on an organisation's principles, ethics and purpose. Since the philosophy of TQM is to prevent than to cure, it gives prime importance to values that are to be followed to achieve particular results. This is one of the best tools for Mercure Dartford to develop and sustain high quality service levels in the hotel. They should follow a system where employees are empowered to use their intelligence and efforts towards pursuing the values of high quality service. Successful implementation of TQM at Hotel Mercure Dartford will include the following critical factors that can assure consistency of effort and fulfilled customer expectations:

- ❖ *Customer focus* – All processes (front office, HRM, F&B etc) need to focus on customer needs and any deviation should be reported and critically evaluated.

- ❖ *Customer satisfaction* – To ensure that customer satisfaction is the aim of every employee and a key value of the organization; can be measured with customer surveys, mystery shopping etc.

- ❖ *Employee training* – Employees should be equipped with required knowledge and skills for problem-solving and self-management.

- ❖ *Management and leadership* – The whole Total Quality practice must be intended on generating values, defining goals and creating systems to improve organizational performance by meeting objectives

- ❖ *Commitment and personal involvement* – All employees should develop a sense of responsibility; can be motivated and rewarded for excellence.

- ❖ *Teamwork* – Teamwork between departments, supervisors and employees will enhance the learning capabilities and quality improvement.

- ❖ *Continuous improvement and innovation* – Leadership and management should continuously improve with technical and service processes so that service quality at the hotel is competitive and does not fail to delight the customer

- ❖ *Quality information and performance measurement* – All processes and factors discussed above need to be measured to find and fill the gaps between strategy and action with the help of Statistical processes, Surveys, Mystery shopping etc.

PART B

6. DEFINING THE ISSUE

At Hotel Mercure Dartford, lately a problem has emerged involving service failure in room service to guests, particularly between the times of 1:00 AM to 5:00 AM. Customers have been complaining that they are delivered wrong items and the time taken for room service is too long, making the food cold by the time it reaches the guest. The management has been informed of the same and as the Customer Service Director of the hotel, I will be analysing this issue to identify the reasons for the occurrence and devising strategies for service recovery.

7. ANALYSIS

Before going in to the analysis part, I will first identify the management's perception about customers' expectations and the actual customer expectations from the hotel based on

earlier research and surveys. Hotel Mercure Dartford, being a 4 star hotel, the industry standards to meet this star rating in terms of quality of rooms, services, staff behaviour, process quality etc are implied promises. Due to the same, the customer expectations are a clean and safe environment, value for money, an amicable environment and customer-friendly staffs, prompt service delivery and a responsible and process-oriented organisational approach.

7.1 IDENTIFYING CAUSES WITH THE GAPS MODEL

Since the current issue at the hotel is a subjective service quality element, it can be best analysed with the help of the GAPs model. As we have seen in the section (4) above, the GAPs model uses 5 gaps to identify the issues with service quality. Following is an illustration that shows what every GAP in the model stands for.
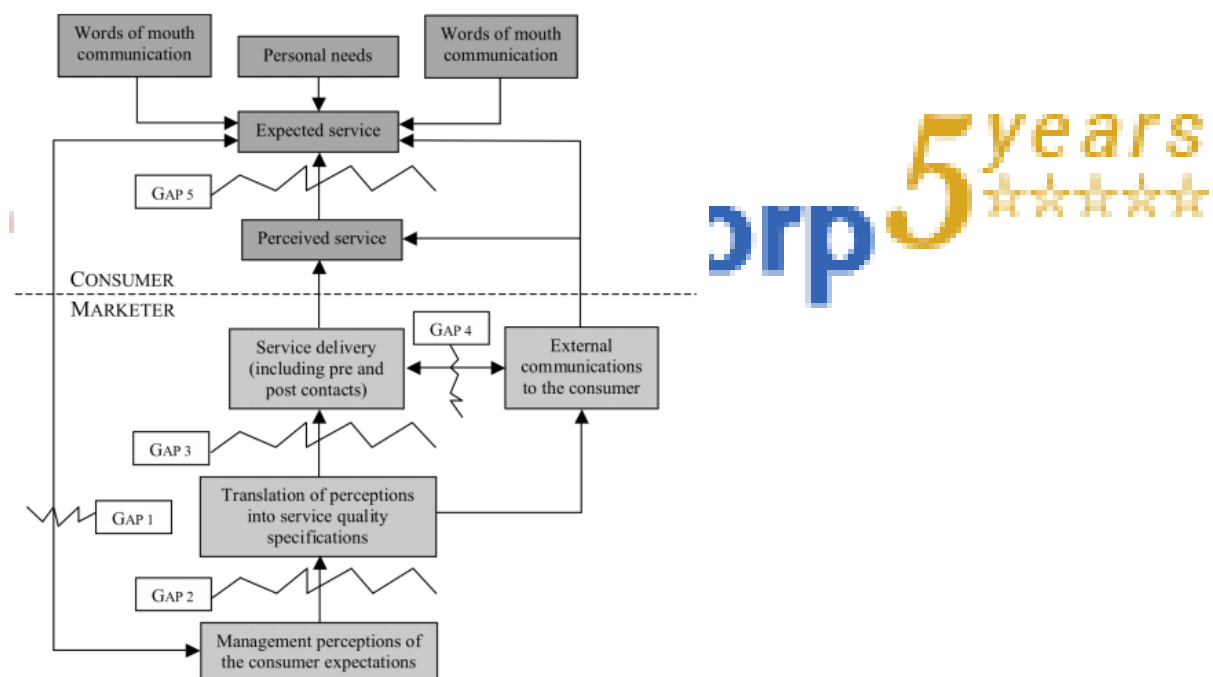
7.1.1 Fig 2: The GAPS Model, by Parasuraman et.al., 1988

GAP 1: Being unaware of customer expectations

This is a gap which represents the disparity between customers' expectations of the service and hotels' understanding of it. In our case, the issue has been with not being able to serve the ordered menu to the customers within the expected time frame. The customer
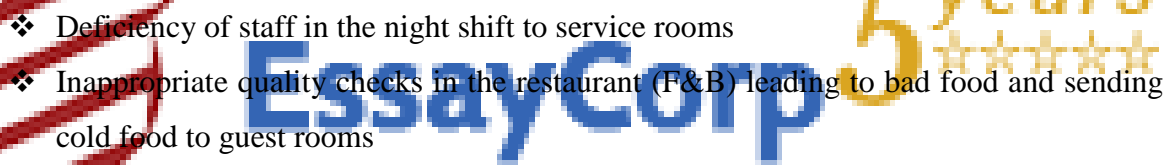
expectations are implied and well recognised to be (a) that they want the specifically ordered food delivered to them and (b) that it should reach them within the expected time-frame (generally 20 -30 minutes from placing order).

GAP 2: Failure to formulate right service design standards

To deliver superior service quality, it is not just sufficient that the company knows its customer's expectations but should be able to successfully translate it in to service designs and performance standards. In our hotel, the service designs and standards are up-to date with the competitive trends in the market.

GAP 3: Inability to meet service standards

This is the difference between pre-set service standards and the actual delivery of services by the employees. Though at the hotel, we have service design and standards to meet customer expectations; the actual delivery of services is not seen to be happening. The causes, based on the issue and customer feedback, could be as follows:

- ❖ Deficiency of staff in the night shift to service rooms
- ❖ Inappropriate quality checks in the restaurant (F&B) leading to bad food and sending cold food to guest rooms
- ❖ Unqualified staff who do not have a service inclination and don't understand the importance of their role in the service quality of the hotel
- ❖ Inappropriate evaluation and compensation to the staff whose motivation levels to deliver quality services is low
- ❖ Lack of empowerment, training, teamwork and control over employees

GAP 4: Mismatch between promises and performance

This is the discrepancy amid service delivered and the external communications made about the service though advertising, sales promotion and sales staff. Here we can see that company's advertising and promotion through online and offline modes does not promise anything much more than a one-dimensional service.

Based on this analysis, we can summarise the reasons for the service issue at Hotel Mercure Dartford as follows:

a) Manpower concerns

b) Quality control problems and

c) Management issues

8. SERVICE RECOVERY USING 'BLUEPRINTING'

Service recovery is a procedure for dealing with customers' problems and complaints by solving them quickly and fairly, providing valuable compensation, following up and making internal changes to keep up to standards and promises. Service Blueprinting is a theory which focuses on service innovation to conceptualise service re-structuring (Shostack, 1984). We will use the Service Blueprinting theory and its five components: Customer Actions, On-stage/Visible Contact Employee Actions, Back-stage/Invisible Contact Employee Actions, Support Processes, and Physical Evidence to draw a service recovery plan. A line of visibility separates the components where the first two fall under the On-stage strategy and the remaining three under the Back-stage strategy.

8.1 THE ON-STAGE PLAN

The strategy would comprise of recognising customer issues and designing an on-stage/external plan for dealing with it.

Customer Actions: Customer actions are the complaints received at the Hotel about bad service, negative comments and hotel review on online websites. The first step in the recovery plan is when we recognised the issue and noticed customer dissatisfaction.

Visible Contact Employee Actions: This is the stage where the front-line employees encounter the customer and is one of the most important areas to be concentrated on for designing a service recovery plan. We will emphasise on the four important predictors of Service quality according to the Models developed by Zeithaml, Parasuraman & Berry (1988; 1990), which are Reliability, Responsiveness, Assurance and Empathy, (RATER) for planning this stage. At Hotel Mercure Dartford, based on the RATER model, following are the measures to be taken in this negative state of affairs to restore customer loyalty and turn it to an opportunity:

(i) Act quickly (Responsiveness): As soon as the customer experience falls below his expectations due to service issues, the first and the most crucial step is to ask for forgiveness from the customer. When there was a delay in delivery or customer reported bad quality of

food, the employee should have acted on priority basis to do whatever he could to solve the issue.

(ii) Review and take responsibility (Empathy): The employee must empathise with the guest by taking responsibility and reviewing with the customer to patiently hear out what were the issues he faced.

(iii) Make an empowered decision (Assurance) : After acknowledging the difficulty that the gust has faced, the room service staff must have taken measures to solve the complaint by offering compensation to the customer as a free new order, discount in final payment etc within the authority of the staff so that the customer feels valued.

(iv) Document and follow-up (Reliability) : This is another crucial step where the issue needs to be escalated, documented and followed-up with the customer within 20 minutes so that he is assured of concern and appreciation. The trust on being prioritised when he faces an issue at the hotel will create a sense of reliability, thereby a loyal customer and an opportunity for word-of-mouth marketing.

8.2 THE BACK-STAGE STRATEGY

This comprises of three processes which are discussed below.

Invisible Contact Employee Actions: These are the processes like escalation, undergoing training and empowerment and developing a sense of responsibility that the contact employees should do back-stage.

Support Processes: Further to the previous actions, the management needs to develop functional and inter-functional processes for making amendments and corrections in the faulty areas identified; which are manpower, quality control and management.

Physical Evidence: Physical evidencing will happen when, as a result of the service recovery plan, benefits are received and experienced by customers like distinctive service, higher quality in food served, timely delivery etc.

Let us see the back-stage service recovery framework through the following diagram:

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8.2.1 Fig 3: Back-stage Service Recovery Plan

9. CONCLUSION

Thus we can conclude that service quality is the most crucial element in a service-oriented industry like the hotel industry and the reputation and goodwill of an organisation depends on it. A hotel like Mercure Dartford that aspires to delivering high quality services to its customers should ensure that there is consistency of effort through a properly researched and designed service plan in place. This should be constantly updated and monitored for adherence by the concerned, through measures like quality control, manpower management and good leadership so as to ensure that customer expectations are met. By creating and sustaining high service quality through Total Quality Management, it can aspire to produce delighted customers in the future.

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