



Problems Existing in China's Hotel Service and Study on the Strategy from the Aspect of Customer Value

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Abstract

This paper is aimed to probe into strategy of how to improve China's hotel service quality based upon the theory of customer's value. Firstly, the author makes the statement on basic connotations of theory of hotel customer's value. Secondly, the author points out problems existing in China's hotel service from the aspect of customer value. Finally, the author proposes of hotel service strategy based upon customer value.

Keywords: Customer value, Service quality, Service strategy

1. Interpretation of hotel customer value

1.1 Connotation of customer value

Study on customer value started from the 1990s and there is no uniform recognition for the definition of customer value in academic circle. Nevertheless, the definition of customer value, namely, customer value refers to the balance between customer's sense of profit and customer's sense of loss, enjoys popular acceptance and recognition. Customer's sense of profit refers to total profits that customer feels during the entire process of purchasing and using products or service, which includes appreciative quality factors such as physical factor, service factor, price factor, image factor and speed factor, etc and comprehensive satisfaction level he acquires in the process of consumption. Customer's sense of loss refers to total expenses that customer feels during the entire process of purchasing and using products or service, which includes not only currency cost (mainly refers to purchasing price), but also non-currency costs such as time, energy, mentality and chance, etc. The larger the difference between the above-mentioned two is, the bigger the customer value is. We can use formula to express customer value as (service utility created for customer + quality of service process) / (service charge + costs for acquiring service).

1.2 Interpretation of hotel customer value

The author believes that hotel customer value refers to the balance between customer's sense of profit and customer's sense of loss acquired from products and services provided by the hotel for satisfying his demands during the process customer stays in the hotel.

2. Problems existing in China's hotel service from the aspect of customer value

China's hotel industry has been largely improved in the last two decades, which is, in fact, the process that keeps improving and perfecting hotel service quality. The above-mentioned process includes not only management and recognition of quality among management personnel, but also quality of hotel products provided by the employees. Generally speaking, hotel industry has done a great job in China's service industry in the two aspects. Nevertheless, it still stays in the stage of exploration in the aspect of service strategy and various problems exist as the following:

2.1 Weak consciousness of customer service

Excellent service of hotel is embodied in the service process of service personnel for their customers. Therefore, the quality of service personnel will have direct influence on the service quality of a hotel. Emphasize on operations and ignore service, which is the internal reason that results in lower service quality. Hotel leaders' ignorance on service management will also directly influence each employee, which will cause service personnel's weak consciousness of customer service and lower the entire service level of the hotel. Hotel's service personnel change frequently. The hotel will, in order to reduce expenses, increase efficiency by downsizing staff and increase quantity of trainees and temporary personnel instead of improving the corresponding training. Qualities of new employees differ a lot, which influences service quality embodied in the following behaviors, namely, bad attitude, shift blames one another, untimely treatment with problems, low service efficiency, slow in action, no one answers phones for a long time, and chat during

work time, etc, all of which are obviously seen in hotels with low star levels and they severely influence images of hotels.

2.2 Irregular customer service behaviors

Service personnel move customer's belongs without permission, enter customer's room without knocking the door, cancel room temporarily that the customer reserves ahead of time, incomplete requirements in guest room, delay in customer service, failure to supply hot water and non switching on air conditioner, etc, which are almost commonly seen in hotel industry in China and severely influence service quality of hotel.

2.3 Shortage of humanization service design

System refers to the process, steps or policy that transmits products and service to customer. System is the way of transmitting values to customer. System is the key for the success in operations. Most problems existing in hotel service are related to system. Too many systems are designed only for the convenience of employees or management personnel. Unsuitable system setting of hotel will lead to delayed service, which will severely influence normal operations of hotel. Employees in the hotel complain all the day, criticism on one department by the other exists, customer's satisfaction with hotel descends and complains increase. Both internal and external troubles are originated from the shortage of scientificity and maneuverability of its system.

2.4 Ignorance in the creation of customer value and cultivation of loyalty to customer

Enterprises will, in drastic market competition for the accomplishment of operating targets, often adopt a series of competition strategy to improve market share of their product and service and keep attracting new customers. Nevertheless, most hotels do little in maintaining and strengthening the relationship with old customers, cultivating and creating loyal customers in comparison with their behaviors in attracting new customers, which is the important method for enterprises to keep long-term competition capability.

Enterprise need provide values for customers if he is intended to cultivate customer's sense of loyalty. Enterprises are lack of recognition of consumer's dominating positions in the market in the 1980s and they scarcely paid attention to demands and anticipations of consumers, that is, external customers of enterprises. Hotels relied merely on internal management to improve their competition capability. Scopes of competition are confined to price, product, function and quality, which are far from enough for acquiring continuous profits. Consumers are becoming dominating forces in the market with the establishment of purchaser's buyer's market and only the competition strategy with customer as leading direction can win in the market. Emphasis of customer has been converted to value since 1990s, which has become the key competition factor in service market. Continuous innovation made by hotel for customer value is the only way to maintain competitive advantage in the market.

3. Hotel service strategy based upon customer value

3.1 Understanding customer value requirement

It is necessary to integrate customer information, establish customer following-up files and execute individual pursuit service in order to master customer value requirement as the following for details:

- (1) Establish electronic data base for customer information. Utilize modern computer and software to carry out scientific categorized management on customer information, use information system to follow customer's purchasing state and value orientation, master real-time customer information and prevent from customer loss.
- (2) Establish perfect customer history file, which should include customer's basic information (such as age, sex, income, occupation, educational background, hobby and family situation, etc), consuming behaviors during his stay in the hotel, credit status and special requirement during his stay in the hotel. Furthermore it should also include interactive information between customer and hotel such as mails, calls and return visit, etc. It is necessary for hotel to collect customer information from multiple channels, namely, guest room department collects customer's information on his living habit, food and beverage department should understand customer's eating habit and personnel in the hall should pay attention to customer's information such as customer's complains, etc. It is available for hotel to acquire customer's feedback information of its service through ways such as survey on satisfaction, following-up mails and reception of customer's complains, etc;
- (3) Establish platform for sharing hotel's internal information based upon the collection of customer's information, which will enable service personnel in each department of the hotel master clearly customer's requirements and provide best and individualized service.

3.2 Provide value-added service for customer

Customer has his own expectation when he purchases hotel's product, which is based upon relevant individual or team background and is also originated from his trading experiences with hotels in the past. Customer pursues the maximized value and his requirements for hotel service is not confined to satisfaction in lower level and he will be satisfied in

higher level only when hotel offers value-added service beyond his expectation, which will accomplish the conversion from satisfaction to loyalty.

Hotel should not only emphasize on standard service based upon regulations and systems, but also pay attention to its individualized and supreme value-added service. It indicates that hotel should provide extra service after its service satisfies customer's normal requirements, which will exceed customer's anticipation. Intercontinental Hotel provides Value-added Service Plan for its customers, that is, customers living in it with full charge without limitation on time will enjoy a series of favorable service, namely, they will enjoy limitless broad band service free of charge, airport meeting and seeing off service free of charge, free breakfast, laundry service (dry wash and wet wash), free local calls and prolonged check-out time to 6 PM. Consistent Value-added Service of Intercontinental Hotel enjoys great popularity among customers and the chance of acquiring more returned customers is obviously enlarged when customer's anticipated value is exceeded.

The operating thinking of maximize customer's value will extend the idea of providing value-added service for customers to each level and make it permeate into service consciousness of hotel employees so as to make them pay attention to customer's feelings, satisfy customer's requirements, provide satisfactory service and create feelings of surprise. Hotel should place customers on the center of organizational structure and establish medium and long-term partnership with customers by providing value-added service beyond their anticipations, which will satisfy customers, make them stay and win their loyalties.

3.3 Establish service brand

Establish brand credit is the foundation to improve customer's recognition value. Competitors can imitate one product instead of imitating brand. Products become out of dated soon but successful brand lasts forever. A good brand is guarantee for service quality, which will strengthen customer's trust on hotel's products or services, relieve customers from unpredictable recognition risks in financial, social and security aspects before the consumption and a good brand predicts also the great popularity among customers.

Just like brands of physical products, it is necessary for service brands to pay attention to brand name and marks. The establishment of service brand should pay more attention to customer's value sense when he enjoys the service, namely, emphasize on establishing individualized brand based upon hotel brand, utilized effective communication channels to transmit individualized service to customers and establish good relations with customers. Real power of brand is originated from customer's investment on his feelings. It is necessary to establish a connection between excellent service brand with customer's feelings and internalize brand, namely, interpret brand, sell market and transmit brand idea to service personnel. Whether or not employees will take brand commitment as their behavioral standard and provide excellent customer value during their service will play a decisive role in forming excellent customer experience for the service process is accomplished by the contacts between them and customers. Internalization of definition and value of brand will assist employees in providing stable and effective services for customers. It is necessary to make employees understand what kinds of values they should make for customers and the detailed executions in practical work before they provide services for customers.

3.4 Adjust hotel's management and organization structure

3.4.1 Establish customer-oriented management organization structure

Currently, most hotels establish organization structures traditionally, that is, pyramid type of line-staff system. This kind of traditional power-concentration type of organization structure is advantageous in its classification of rights and limits, subtle work division and clear liabilities, which works effectively in stable environment. Nevertheless it is worse in its flexibility, which makes it unable to adapt to environment with rapid changes. Customer's requirements are unpredictable when hotel provides services. Therefore customers expect hotels more powerful in their adaptation capability in their services to satisfy their requirements rapid. Besides, the execution of hotel services need effective supports and cooperation from various departments such as guest room service department, food and beverage department, health and entertainment department, public relationship department, security department and engineering department, etc. Traditional organization structure contains too many levels and information of customer's individualized requirements beyond regulations and standard will be transmitted to superintendents in higher levels for coordination after multiple levels and some of them will be solved only by multi departments. At that time the traditional organization structure fails to adapt to the changing environments and will inevitably prolong customer's waiting time, which will further influence hotel's service quality. Therefore, hotels must reform management organization structure oriented by customers and promote customers at the bottom of pyramid to the top. Secondly, management personnel in different levels must support and help employees' services because they directly contact customers and serve them for their satisfactions. Customer-oriented management organization structure of hotel fully represents customer-centered thought, which will be helpful in improving efficiency of hotel services.

3.4.2 Establish flexible service organization

Flexibility of hotel organization structure refers to the establishment of, in addition to stable management organization structure, management team type of organization such as project team for the accomplishment of some temporary and mission-oriented services. The application of this leading thought when hotel holds some large-scaled activities and conference service will be highly plausible because the reception of projects in these categories belongs to temporary and short-term projects and customer's value anticipation keeps changing. The use of flexible management will improve hotel's adaptation capability.

Hotels should, in order to meet requirements for this kind of large-scaled activities and conferences, peel off part of management functions and service functions such as dinner reception, guest room service, marketing and commercial operation, etc, and re-organize a flexible organization with power adaptation capability, which should be totally led by project director in chief. It belongs to temporary and dynamic team with golden key as its axis, customer requirements as leading and accomplishment of reception mission as its purpose by the integration of products of various departments. The golden key is the axis of this flexible organization and links with products and services of various departments to form integrated service system, which will provide services in total process in all aspects. Strict service quality management rules and regulations will be taken as kernel principles for hotel personnel management, operation management and service quality management. Meanwhile hotels should execute three-level inspection system with characteristics, namely, primary inspection of service personnel to carry out requirements for various services; secondary inspection of managers of departments to inspect conference site layout, equipment status and service program; last inspection of total golden key inspection to coordinate with service links, follow customer's service requirements and carry out service details.

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