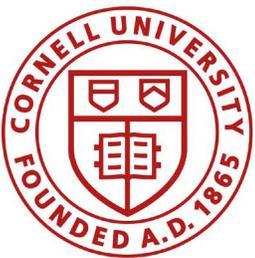


Cornell Center for Hospitality Research

2017 Compendium

**Research Publications of the Faculty of the
School of Hotel Administration**



The Hotel School
Cornell
SC Johnson College of Business

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Finance

Hotel Profit Implications from Rising Wages and Inflation in the U.S.

Jack Corgel

As the U.S. economy approaches what appears to be the late portion of the economic cycle, this analysis explains how hotels can generate oversized profits in this late cycle period, even as labor costs increase. Although the mechanism has several moving parts, the essential point is that hotels can raise rates to match or exceed the effects of wage inflation. The reason for this is that economic expansions create increases in demand for travel that elevate occupancy and promote real growth in ADR. Economic expansions also lead to lower unemployment rates, which initiate general wage and price increases that can compromise hotels' profitability to the extent that employee compensation is a sizeable expense. At the same time, wage growth manifests in higher levels of hotel room consumption. Because hotel management can change room rates with little formal resistance, late cycle nominal changes in ADR historically have well exceeded inflation. Hotels' distinctive ability to absorb general price movements stems from the combination of low contract friction (that is, the absence of leases or other pricing limitations) and delivery lag, because supply additions require a substantial lead time. Most other services do not have delivery lag, as barriers to entry are relatively low and expansions cost little. Other types of commercial real estate have far greater contract friction than hotels because of the presence of leases. Thus, the analysis anticipates that in the coming months hotels should be able to improve real profits to a greater extent than other types of services or real estate operations.



Jack Corgel

Cornell Hospitality Report Volume 16, Number 15

Short-term Trading in Long-term Funds: **Implications for Financial Managers**



Pamela Moulton

Pamela Moulton

For large hospitality firms, selecting professional investment managers for their retirement plans is a critical financial decision. Whether the plans are defined benefit or defined contribution, the financial manager's goal is the same: to select a portfolio manager or managers who provide good returns relative to the degree of risk they take on. Retirement funds are typically considered long-term, yet this study shows that pension fund managers and other money managers do a lot of short-term trading. In fact, pension fund managers hold some 18 percent of their round-trip trades for less than three months—and this research shows that most of these short-term trades lose money. The evidence is consistent with the idea that the fund managers are trading just to appear active. This suggests that financial managers must look beyond basic fund turnover statistics for a true picture of a portfolio manager's investing style and skill.

Cornell Hospitality Report Volume 16, Number 23

The Effect of a Rise in Interest Rates on Hotel Capitalization Rates

Jack Corgel



Jack Corgel

Capitalization rates for all commercial real estate are affected by changes in the general level of interest rates. Hotel capitalization rates should respond more quickly to interest rate changes than those of other property types because hotels do not experience the “lease friction” found in other commercial properties, with their lengthy leases. This analysis estimates the statistical connection between interest rate changes and cap rates. Holding other important factors constant, the model estimates that at current levels a 100-basis-point increase in the 10-year U.S. Treasury rate will produce a 28-basis-point uptick in hotel capitalization rates. Continuing improvement in the U.S. economy should eventually result in higher interest rates, but any improvement should also bring both compression of the hotel risk premium and stronger NOI growth, each of which place downward pressure on capitalization rates. With hotel capitalization rates currently in a range of 7.0 to 8.5 percent and an expected slow pace of interest-rate changes, the modelled outcome suggests that hotel property values will remain stable for the foreseeable future. Hotel investors should therefore have ample time to ponder disposition decisions without fear of losing

gains while new investors will need to rely on the strong dividend flows currently being produced by hotels for a greater shares of total returns.

Finance (continued)

The Role of REIT Preferred and Common Stock in Diversified Portfolios

Walter I. Boudry, Jan A. deRoos, and Andrey D. Ukhov

Some investors are more willing than others to embrace risk in their pursuit of returns. An analysis of risk-return profiles finds that investors see different purposes for real estate investment trust (REIT) common stock and preferred stock depending on their tolerance for risk. This report finds that REIT preferred and common stock both provide diversification benefits, but to different sets of investors. Risk tolerant investors find REIT common stock beneficial, while risk averse investors find the preferred stock more favorable. Thus, investors, especially those who have investment grade bonds, should consider adding REIT preferred stock to their portfolios.



Walter Boudry



Jan deRoos



Andrey Ukhov



Rohit Verma

Cornell Hospitality Report Volume 16, Number 28

Hotel Management

The Role of Service Improvisation in Improving Hotel Customer Satisfaction

Enrico Secchi, Aleda Roth, and Rohit Verma

Although hotels generally try for consistency, efficiency, and economy in service, guests appreciate employees' willingness to depart from scripted outlines and improvise service processes. This study of 320 hotel managers and 137 hotel employees highlights the nature and effects of organizational improvisation by examining three key elements of service improvisation—creativity, spontaneity, and bricolage, which is the ability to assemble new services from available resources. Employees at higher-end hotels reported being more likely to improvise, in part because they feel empowered to do so, have more resources at their disposal. Additionally, their guests expect a favorable response to unusual requests. Ironically, the opportunity to improve guest satisfaction through service improvisation is actually greater in lower-tier hotels where guests do not have such high expectations. One interesting finding is that the managers' estimate of the extent to which their employees used improvisation was noticeably lower than the levels of improvisation reported by the employees themselves.

Cornell Hospitality Report Volume 16, Number 1

Hotel Management (continued)

The International Hotel Management Agreement: Origins, Evolution, and Status

Michael Evanoff

The hotel management agreement is now universally accepted as a tool to link hotel operators with investors who wish to develop and own hotels. Hotels are operated under management agreements in all parts of the world, and the same principal issues are present in any negotiation between operator and owner. As I discuss in this paper, agreements in the United States differ somewhat from those used in other parts of the world. In this report, I review the origins and evolution of the international hotel management agreement, and discuss the deal points that are commonly found in such agreements today.

Cornell Hospitality Report, Volume 16, Number 11

The Impact of Publicly Owned Hotels on Competing Properties



Jan deRoos

Robert R. Nelson, Jan A. deRoos, and Andrey D. Ukhov

Substantial public subsidies, and even outright public ownership, of hotels have become common in the United States as communities target tourism as an integral economic development tool. A critical question that is increasingly being raised about the public sector entering the hotel business is, are these government-funded facilities unfair competition to properties developed by the private sector? The common reply to these concerns is that the publicly owned hotel is critical to growing demand for lodging accommodation and that once it opens, the new hotel will attract enough new business that all hotels will benefit. We use an event study to test this hypothesis across all of the 100% publicly developed hotels for which there are sufficient data to conduct the analysis. In looking at these 21 hotels, we found strong evidence that the performance of neighboring hotels worsens after the introduction of a publicly owned hotel.

Cornell Hospitality Quarterly, Volume 57, No. 4 (November 2016), pp. 348–366



Andrey Ukhov

Hotel Management (continued)

A Comparison of the Performance of Brand-Affiliated and Unaffiliated Hotel Properties

Steven A. Carvell, Linda Canina, and Michael C. Sturman

Performance differences exist between brand-affiliated hotels and unaffiliated properties, but the extant empirical results are mixed. Some research has shown that brands outperform unaffiliated hotels on various metrics, whereas other research has shown the opposite. Using a matched-pair approach this study compares the performance differences of brand-affiliated and unaffiliated properties between 1998 and 2010, pairing branded hotels with unaffiliated properties that are identical in age, market segment, location, and duration of operation, as well as having a similar number of rooms. Performance differentials are present, albeit not systematic, and the study found no consistent advantages in all segments for either the affiliated hotels or the comparable unaffiliated properties, taking into account the comparison factors.

Cornell Hospitality Quarterly, Volume 57, No. 2 (May 2016), pp. 193–201



Steven Carvell



Linda Canina

Human Resources

The Changing Relationship between Supervisors and Subordinates: How Managing This Relationship Evolves over Time

Michael C. Sturman and Sanghee Park

This study examines how the relationships between employees' job performance, fairness perceptions, and perceptions of the supervisor-subordinate relationship change and evolve over time. Using a methodology that essentially "learns" from existing research, we deduce how these relationships change. Our findings indicate that fairness perceptions play a crucial role in the first year of a relationship with a supervisor. Furthermore, these perceptions are more important than the level of the employee's job performance. The importance of fairness perceptions, though, declines with time, while the effects of both job performance and the quality of the supervisor-subordinate relationship increases. We also show that changes in fairness perceptions have a strong immediate effect on perceptions of the supervisor-subordinate relationship. Overall, our findings indicate that managers need to work to maintain their relationships with their subordinates in different ways, first focusing on how fairly they are perceived, but later putting a greater emphasis on performance management as the relationship matures.



Michael Sturman

Cornell Hospitality Report, Volume 16, Number 13

Human Resources (continued)

Do You Look Like Me?

How Bias Affects Affirmative Action in Hiring

Ozias Moore, Alex M. Susskind, and Beth Livingston



Alex Susskind

In today's multicultural work environment, a better understanding of how bias affects hiring and promotion decisions, and what can be done to reduce its effects, is a major concern for hospitality industry HR professionals and academics. Past research on racial bias and social identity theory shows contradictory effects; we propose that by examining additional boundary conditions we can clarify the "same-race" bias effect in hiring and candidate evaluation. We propose that perceptions of competence regarding job applicants provided to HR managers, and their attitudes toward affirmative action programs, can help reduce bias in the hiring process. Using an experimental design, we investigated these effects in two samples involving business college students and practicing HR managers at a full-service national hotel chain. We found that job candidate competence and raters' attitudes toward affirmative action reduced the same-race effect, with some important differences between the two samples. Affirmative action attitudes enhance same-race bias among African-American evaluators in both samples, the study shows, while information on

candidate competence has the opposite effect in the student sample.

Cornell Hospitality Report, Volume 16, Number 27

Law

CIHLER Roundtable

Dealing with Shifting Labor Employment Sands



David Sherwyn

David Sherwyn

Changes in regulations and tighter interpretations of existing regulations engaged participants in 14th annual Labor and Employment Roundtable, hosted by the Cornell Institute for Hospitality Labor and Employment Relations. Two Supreme Court decisions dealt with the challenging application of accommodating workers' health and religious needs, while a new ruling by the National Labor Relations Board calls into question the supposedly arm's length relationship of employee leasing firms and their clients, as well as franchisors and franchisees. The NLRB also has shortened the campaign time for union elections. In *Young v. United Parcel Services, Inc.*, the Supreme Court determined that employers' policies must be consistent with regard to how on-job and off-job health issues are treated, and an employer's denial of a light-duty assignment for an employee could not be based on cost or convenience. In the case relating to religious accommodation, *EEOC v. Abercrombie & Fitch Stores Inc.*, Abercrombie had declined to hire a woman wearing a headscarf on the assumption that she would need a religious accommodation. The Court frowned on the idea that an employer would take religious accommodations into account when deciding whether to hire a person. The franchising industry is attempting to make sense of the NLRB ruling that franchisors that maintain some kind of control over their franchisees' employees should be considered joint employers of those employees. This complex matter is still in flux. Finally, with regard to the telescoped union campaign ruling, these are supposed to benefit the unions. So far, however, there's no indication that the change has affected the overall outcome of union election campaigns.

Cornell Hospitality Report, Volume 16, Number 18

Experimental Evidence that Retaliation Claims Are Unlike Other Employment Discrimination Claims

David Sherwyn and Zev J. Eigen

Employee advocates have put forth legislation that would equalize retaliation with the other types of discrimination by expanding the so-called mixed-motive jury instruction to retaliation. Moreover, it would allow plaintiffs, not judges, to decide which types of instruction the jury would receive. In this article, the authors argue that retaliation claims should not receive the same treatment as other discrimination claims (including age and disability), because it's easy for juries to believe that retaliation is a factor, regardless of other facts. Once a fact-finding jury checks the box to indicate that an employer's motive might include retaliation, the employer will likely have to pay fees and costs, at minimum, regardless of the claim's final resolution.

Cornell Hospitality Report, Volume 16, Number 19

Management

Communication Planning:

A Template for Organizational Change

Amy Newman

Communication must be a part of every company's plan for organizational change. As described in this report, a well-constructed communication plan includes five elements: audience analysis, communication objectives, communication channels, responsibilities, and timing. The plan should determine the many audiences, outline specific objectives relating to each audience, state the communication channels for each type of communication, specify which organization leaders are responsible for each communication, and show the timing of each message for each audience. With regard to timing, the presence of social media complicates matters, since it's virtually impossible to restrict messages to an internal audience. Recent examples show that most effective communication efforts involved issuing announcements to both internal and external audiences either simultaneously or in rapid succession. The report concludes by presenting a sample communication plan for a hypothetical restaurant closure.



Amy Newman

Cornell Hospitality Report, Volume 16, Number 3

Executive Insights on Leader Integrity:

The Credibility Challenge

Tony L. Simons, Kurt Schnaubelt, John Longstreet, Michele Sarkisian, Heather Allen, and Charles Feltman



Tony Simons

The importance of leader integrity cannot be overstated, given the clear benefits of integrity for a company and its employees. It can be challenging for a leader to be viewed as having high integrity, however, in part because observers differ in their definitions and understandings of integrity. In this report, five hospitality industry leaders explain experiences of leader integrity that help us better understand this critical leadership attribute. At root, integrity means that organization members can always count on a leader to enunciate planned actions and then fulfill those promises. Taking this another step farther, however, integrity stretches throughout the organization in the form of demonstrated leadership trust in all participants. Other elements include appropriate sharing of information throughout the organization and clearly setting an example for all participants. The report includes observations by Kurt Schnaubelt of Alix Partners, John Longstreet of Hospitality Leaders Group, Michele Sarkisian of P3 Advisors, Heather Allen of the WOW Factor, and Charles Feltman of Insight Coaching.

Cornell Hospitality Report, Volume 16, Number 5

Management (continued)

Differential Evolution:

A Tool for Global Optimization

Andrey D. Ukhov

This report describes a tool for global optimization that implements the Differential Evolution optimization algorithm as a new Excel add-in. The tool takes a step beyond Excel's Solver add-in, because Solver often returns a local minimum, that is, a minimum that is less than or equal to nearby points, while Differential Evolution solves for the global minimum, which includes all feasible points. Despite complex underlying mathematics, the tool is relatively easy to use, and can be applied to practical optimization problems, such as establishing pricing and awards in a hotel loyalty program. The report demonstrates an example of how to develop an optimum approach to that problem.



Andrey Ukhov

Cornell Hospitality Report, Volume 16, Number 24

High-Tech, High-Touch:

Highlights from the 2016 Entrepreneurship Roundtable

Mona Anita Kristiansen Olsen and Jennifer Blumenfeld

More than two-dozen industry leaders met in Ithaca in April 2016 for the second annual Technology Entrepreneurship Roundtable hosted by the Center for Hospitality Research (CHR) at Cornell University's School of Hotel Administration (SHA). Participants focused discussions on integrating the latest software and hardware with the personal touch that is integral to hospitality and identifying the different preferences among younger and older consumers, among other topics. The gathering included corporate professionals, entrepreneurs, SHA students, and Cornell University's 2016 Entrepreneur of the Year, Leland Pillsbury of Thayer Lodging Group. The wide-ranging discussion kicked off with an evaluation of cloud computing, which now gives consumers a strong and influential voice, and an overview of the important role social media plays in connecting businesses with their customers. Other issues addressed included the importance of customizing technology, such as digital room keys, based on generational preferences, weighing the use of in-house staff versus outside contractors in rolling out and maintaining new operations systems, new online marketing strategies and the need to adapt to a rapidly changing business environment, and using technology to enhance, rather than reduce, connections among staff and management.



Mona Olsen

Cornell Hospitality Report, Volume 17, Number 25

Management (continued)

Error Recovery Performance: **The Impact of Leader Behavioral Integrity and Job Satisfaction**

Priyanko Guchait, Tony Simons, and Aysin Pasamehmetoglu



Tony Simons

This article introduces the concept of error recovery performance, followed by the development and validation of an instrument to measure it. The first objective of this article is to broaden the current concept of service recovery to be relevant to the back-of-house operations. The second objective is to examine the influence of leader behavioral integrity (BI) on error recovery performance. Moreover, the study examines the mediating effect of job satisfaction between BI and error recovery performance. Finally, the study links error management performance with work-unit effectiveness. Data were collected from 369 hotel employees in Turkey and 33 departmental managers from the same hotels. Results indicate that BI drives error recovery performance, and this impact is mediated by employee job satisfaction. Further, managers' self-rated error recovery performance was associated with their general managers' assessment of their deliverables and of their department's overall performance.

Cornell Hospitality Quarterly, Volume 57, No. 2 (May 2016), pp. 150–161

Marketing

What Guests Really Think of Your Hotel: **Text Analytics of Customer Reviews**

Hyun Jeong “Spring” Han, Shawn Mankad, Nagesh Gavirneni, and Rohit Verma



Rohit Verma

Hotel ratings do not tell the full story of how guests view a hotel, according to an analysis of the text of 5,830 reviews covering 57 hotels in Moscow, Russia. The study found, for instance that negative comments have a heavier weight in a guest's rating of a hotel than do positive comments.

This uneven weighting means that a simple average of positive and negative scores may not provide a clear view of guests' opinion of the hotel. This finding also underlines the importance of consistency, because guests' bad feelings from poor service generally will submerge their favorable feelings from good service. Reviews for different hotel tiers gave varying weights to five specific attributes—amenities, experience, location, transactions, and value. One particularly noticeable feature of the reviews is that ratings sank when guests wrote lengthy reviews that focused tightly on a limited number of hotel attributes, while relatively briefer reviews that took a wider view of the hotel generally had higher ratings. Guests also write more about value and transactions when they are dissatisfied. Thus, text analytics can point to specific steps managers can take to improve guests' ratings.

Cornell Hospitality Report, Volume 16, Number 2

Marketing (continued)

Performance Impact of Socially Engaging with Consumers

Chris Anderson and Saram Han

User reviews have become a critical aspect of the travel research process, as evidenced, for instance, by TripAdvisor having over 350 million unique monthly visitors. One benefit of these posted reviews is that hotels can address issues raised by consumers in an effort to improve consumer satisfaction along with review scores. Given the importance of consumer reviews, one goal for hotels is to find ways to improve their social media performance (with a goal of boosting financial outcomes). In this report we examine the effects of reviews posted on TripAdvisor to look at non-operational and relatively inexpensive ways in which hoteliers can improve their performance, both on the review sites themselves and in terms of actual hotel revenue and sales performance.



Chris Anderson

Cornell Hospitality Report, Volume 16, Number 10

Restaurant Management

Authenticity in Scaling the Vision:

Defining Boundaries in the Food and Beverage Entrepreneurship Development Cycle

Mona Anita Kristiansen Olsen and Cheryl Stanley

The October 2015 Food and Beverage Entrepreneurship Roundtable brought together over 30 food and beverage leaders at the Cornell School of Hotel Administration. Discussion topics covered entrepreneurship in the food and beverage industry, including development, intrapreneurship, operational efficiency, beverage product development, and technology. Presentation of a framework on food and beverage venue development focused on the launch of a venue and the guest experience; strategy to create operational functionality; development capacity; operating systems; and culture development. Culture is important to business growth, and intrapreneurship needs to be fostered in the culture of an organization. Participants also discussed the fine balance between setting expectations for an experience and maintaining that experience—including saying no to customers. The group focused on how to distribute beverage products in a crowded marketplace, where face-to-face sales remain essential. Finally, the group discussed the point at which technology detracts from the guest experience and how to maximize consumers' adoption rates.



Mona Olsen



Cheryl Stanley

Cornell Hospitality Report, Volume 16, Number 4

Restaurant Management (continued)



Gary Thompson

Instructions for the Food Preparation Scheduling Tool v2015

Gary Thompson

This is a general planning tool with the scope of a single day, rather than a detailed real-time planning tool. It is designed both to illustrate and to help manage the complexities of scheduling food-service preparation work. The tool is limited to 10 people and 10 resources or pieces of equipment, and it uses time increments of 15 minutes. We illustrate the capabilities of the tool via sample files for the preparation of a BBQ-theme dinner party. The tool uses a variety of inputs—including people, equipment, and the recipes that need to be prepared in a given day—and a scheduling optimizer to develop a schedule that’s displayed from many different perspectives. I’ll explain the components of the tool, then demonstrate how one can use it to explore solutions to food preparation problems.

Cornell Hospitality Report, Volume 16, Number 7

Revenue Management in Restaurants: **Unbundling Pricing for Reservations from the Core Service**



Sheryl Kimes

Sheryl Kimes and Jochen Wirtz

A substantial minority of restaurant guests would be willing to pay separately for a restaurant reservation, while a much larger group is not supportive of this approach, according to an online survey of 297 U.S. residents. Those respondents who are most likely to accept the idea of paying for a reservation represent customers who are also relatively familiar with this practice. The survey respondents were reacting to three possible scenarios for unbundling the value of the reservation from that of the meal itself. Based in part on actual industry practice, the three scenarios are (1) a reservations company charges for a reservation but does not share the proceeds with the restaurant; (2) a reservations company charges for a reservation and shares the revenue with the restaurant; and (3) the restaurant charges a reservation fee without invoicing a third party. For revenue management purposes, familiarity with the unbundling practice is related to guest acceptance of that practice. Since numerous companies now sell prime restaurant reservations as a separate product, it seems likely that over time the guests’ familiarity with paying for at least some reservations will grow, along with their acceptance of the practice.

Cornell Hospitality Report, Volume 16, Number 8

Restaurant Management (continued)

Fitting Restaurant Service Style to Brand Image for Greater Customer Satisfaction

Michael Giebelhausen, Evelyn Chan, and Nancy J. Sirianni

Customers notice when a restaurant's service style is congruent with its brand image, and a coherent interaction of these two factors influences their levels of satisfaction. Based on the idea that front-line service style is distinctive and identifiable, this report investigates the issue of matching service style with brand image using scenarios that simulate service at two different casual dining restaurants. The study finds that the evaluations of the service organization (and server's expected tips) by just over 100 student respondents are highest when the employee's mannerisms are congruent with the restaurant's brand image. The results indicate that the reason for this is that guest expectations are met and the service experience is seen as more authentic when servers adopt a brand-congruent service style. One implication for managers is that they should recruit employees whose service style "fits" with the restaurant brand. Another implication is that managers might consider training existing employees to act in a way that is consistent with the organization's brand image. That said, it seems unlikely that asking employees to fake authenticity would be a successful approach.



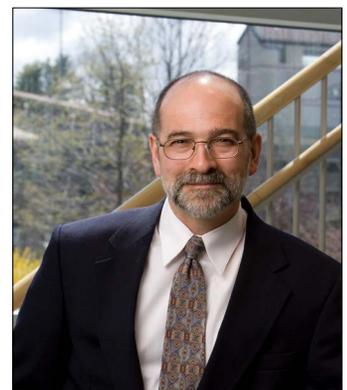
Michael Giebelhausen

Cornell Hospitality Report, Volume 16, Number 9

The Business Case for (and Against) Restaurant Tipping

Michael Lynn

Recent interest in replacing tipping with service charges or higher service-inclusive menu pricing prompted this review of empirical evidence on the advantages and disadvantages to restaurants of these different compensation systems. The evidence indicates that these different pricing systems affect the attraction and retention of service workers, the satisfaction of customers with service, the actual and perceived costs of eating out, and the costs of hiring employees and doing business. However, the author comes away from the data believing that the biggest reason for restaurateurs to replace tipping is that the practice takes revenue away from them in the form of lower prices and gives it to servers in the form of excessively high tip income. The biggest reason for restaurateurs to keep tipping is that it allows them to reduce menu prices, which increases demand. Thus, restaurateurs' decisions to keep voluntary tipping or not should ultimately depend on the relative strengths of these benefits. The more that a restaurant's servers are overpaid relative to the back of house and the wealthier and less price-sensitive a restaurant's customers are, the more the owner of that restaurant should consider abandoning tipping. By this reasoning, many upscale, expensive restaurants (especially those in states with no or small tip credits) probably should replace tipping with one of its alternatives.



Michael Lynn

Cornell Hospitality Report, Volume 16, Number 14

Restaurant Management (continued)



Gary Thompson

Instructions for the Early Bird & Night Owl Evaluation Tool (EBNOET) v2015

Gary M. Thompson

The early bird and night owl restaurant tool found in the accompanying Excel file provides an estimate of the effects of offering off-peak special menu prices. Unlike the classic back-of-envelope calculation, the tool includes the effect of anticipated cannibalization of full-price covers and seeks to optimize table use. The tool also considers the revenue from new customers attracted by the early bird or night owl promotions, as well as the level of increased business needed to achieve the net monetary value target for the promotion.

Cornell Hospitality Report, Volume 16, Number 20

FRESH:

A Food-service Sustainability Rating for Hospitality Sector Events

Sanaa I. Pirani, Hassan A. Arafat, and Gary M. Thompson

In this report we present a metric we call FRESH (for Foodservice Impact Rating for Environmentally Sustainable Hospitality Events). FRESH can be used to evaluate the performance of any food-service meal-period or event in the hospitality sector with regards to its sustainability, based on seven measurements. These measures are: a (post-consumer) food-waste indicator, a no-show indicator (when unexpectedly few people show up), an over-show measure (when too many people show up), a planning indicator (measuring intentional overproduction), a portion-size indicator (measuring per-guest consumption).

Cornell Hospitality Report, Volume 16, Number 21

Restaurant Management (continued)

The Influence of Table Top Technology in Full-service Restaurants

Alex M. Susskind and Benjamin Curry

The use of tabletop technology continues to grow in the restaurant industry, and this study identifies the strengths and weakness of the technology, how it influences customers, and how it can improve the bottom line for managers and business owners. Results from two studies involving a full-service casual dining chain show that dining time was significantly reduced among patrons who used the tabletop hardware to order or pay for their meals, as was the time required for servers to meet the needs of customers. Also, those who used the devices to order a meal tended to spend more than those who did not. Patrons across the industry have embraced guest-facing technology, such as online reservation systems, mobile apps, payment apps, and tablet-based systems, and may in fact look for such technology when deciding where to dine. Guests' reactions have been overwhelmingly positive, with 70 to 80 percent of consumers citing the benefits of guest-facing technology and applications. The introduction of tabletop technology in the full-service segment has been slower than in quick-service restaurants (QSRs), and guests cite online reservation systems, online ordering, and tableside payment as preferred technologies. Restaurant operators have also cited benefits of guest-facing technology, for example, the use of electronic ordering, which led to increased sales as such systems can induce the purchase of more expensive menu items and side dishes while allowing managers to store order and payment information for future transactions. Researchers have also noted the cost of the technology and potential problems with integration into other systems as two main factors blocking adoption.



Alex Susskind

Cornell Hospitality Report, Volume 16, Number 22

Sustainability

Highlights from the 2016 Sustainable and Social Entrepreneurship Enterprises Roundtable

by Jeanne Varney



Jeanne Varney

The April 2016 Sustainable and Social Entrepreneurship Enterprises roundtable brought together over 20 leaders and entrepreneurs from a wide variety of industries, including manufacturing, farm to table, consulting, food service, and lodging, together with faculty and students at the School of Hotel Administration at Cornell University. Discussion topics focused on issues that pertained to sustainability or social welfare concerns in their mission-driven enterprises. These topics included finding a market niche, social entrepreneurship problem-solving, integrating sustainable or social missions into a company's core values, and attracting and retaining human talent in these entrepreneurial enterprises.

The opening discussion focused on finding the right market niche through repeated tests of an idea, and the importance of understanding how customer values fit into the business proposition. Next, participants discussed the generation of social entrepreneurship enterprises focused on solving a community-based problem and the proven benefits of these local NGOs. In many

instances, the desire to solve the identified problem and the recognition of a business opportunity occurred in rapid succession in the establishment of social enterprises.

The group discussed the power of integrating sustainable and social welfare principles into a company's core values through policy, benefits, and volunteering activities, as well as the entrepreneur's view of the challenges of attracting and retaining talent. To retain employees, an entrepreneur must understand and promote a firm's corporate culture, then identify traits of candidates that would fit that culture, and finally offer the appropriate working conditions, compensation, and benefits to those candidates.

Cornell Hospitality Report, Volume 16, Number 17

Environmental Implications of Hotel Growth in China: Integrating Sustainability with Hotel Development

Gert Noordzy, Eric Ricaurte, Georgette James, and Meng Wu

According to a recent count, China has 2.7 million hotel rooms. Although the nation's economic growth has cooled somewhat in recent months, there is no reason to believe that this number will not continue to increase. Moreover, some areas of China (such as Shanghai) have continued their expansion. By one estimate the number of hotel rooms in China is expected to grow to 9.1 million by 2039. In addition to outlining the scope of China's hotel industry this white paper points to the potential for and the importance of the industry improving the sustainability of its operations, particularly regarding carbon emissions, energy, and water consumption. Because the key is to include sustainability in hotel planning and design from a project's outset, we discuss both the barriers and opportunities for China's hotel industry to improve its sustainability.

Cornell Hospitality Report, Volume 16, Number 12

Sustainability (continued)

Hotel Sustainability Benchmarking Index 2016: Energy, Water, and Carbon

by Eric Ricaurte



Eric Ricaurte

This report presents the results of the third annual Cornell Hotel Sustainability Benchmarking (CHSB) study, an update to the CHSB2015 study, which was undertaken as a collaborative effort of the Cornell University Center for Hospitality Research, Greenview, and an industry advisory group. This report and its accompanying index are intended to advance the knowledge base and data sets for benchmarking activities relating to energy, water, and greenhouse gas emissions for the industry's benefit. The inaugural study, published in May 2014, and the second study, published in July 2015, remain freely available for download from the Cornell Center for Hospitality Research. This third study builds on the study's framework and provides enhanced benchmarks—including a 40-percent increase in the global data set, and adding segmentation by global climate zone and by hotel type in the accompanying index. This year's benchmarks include 4,557 properties located in 191 geographic categories. The tool offers improved benchmarks, especially for a property to chart its progress over time, or for travelers to calculate their own personal carbon offset. However, due to the

variability among hotels, comparisons among hotels are generally not appropriate without further analysis of their drivers.

Cornell Hospitality Report, Volume 16, Number 16

Sustainability (continued)

Regional Contrasts in Consumers' Attitudes and Behavior Following the BP Oil Spill



Alex Susskind

Alex M. Susskind, Mark A. Bonn, Benjamin C. Lawrence, and H. Leslie Furr

In this paper, we examine how consumers' reactions to the British Petroleum (BP) oil spill and their attitudes about the Gulf of Mexico as a tourism destination differ as a function of the respondents' geographic location of residence and their past travel behavior. A survey conducted with 540 travelers and tourists, which began three weeks following the successful capping of the oil leak in the Gulf of Mexico, reveals that consumers' reactions to the oil spill varied by geographic location and past travel behavior. In particular, consumers from the southeast region, when compared with the three other geographic regions we sampled, had more negative views regarding the oil spill on a number of dependent measures. We also found that individuals who traveled to Florida in the two years prior to the oil spill reported higher perceptions of environmental risk than those individuals who had not traveled to Florida during that same time frame.

Cornell Hospitality Quarterly, Volume 57, No. 1 (February 2016); pp. 66–81



Benjamin Lawrence

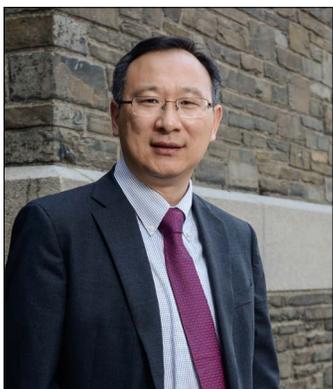
Utilizing "Big Data" to Improve the Hotel Sector's Energy Efficiency:

Lessons from Recent Economics Research

Matthew E. Kahn and Peter (Peng) Liu

Hotel chains have access to a treasure trove of "big data" on individual hotels' monthly electricity and water consumption. Benchmarked comparisons of hotels within a specific chain create the opportunity to cost-effectively improve the environmental performance of specific hotels. This paper describes a simple approach for using such data to achieve the joint goals of reducing operating expenditure and achieving broad sustainability goals. In recent years, energy economists have used such "big data" to generate insights about the energy consumption of the residential, commercial, and industrial sectors. Lessons from these studies are directly applicable for the hotel sector. A hotel's administrative data provide a "laboratory" for conducting random control trials to establish what works in enhancing hotel energy efficiency.

Cornell Hospitality Quarterly, Volume 57, No. 2 (May 2016), pp. 202–210



Peng Liu

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The Center for Hospitality Research
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Christopher K. Anderson, Director
Carol Zhe, Program Manager
Glenn Withiam, Executive Editor
Kate Walsh, Acting Dean, School of Hotel Administration

Center for Hospitality Research
School of Hotel Administration
Cornell SC Johnson College of Business
Statler Hall
Ithaca, NY 14853

607-254-4504
chr.cornell.edu

Rakesh Sarna, *Managing Director and CEO, Indian Hotels Company Ltd.*

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