

The Center for Hospitality Research

Hospitality Leadership Through Learning



2010 Ratings and Rankings Roundtable

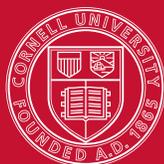
The Quest for Consistent Ratings

Cornell Hospitality Roundtable Proceedings

Vol. 2, No. 2, March 2010

Cosponsored by

CORNELL ■■■ **NANYANG**
INSTITUTE OF HOSPITALITY MANAGEMENT



Cornell University
School of Hotel Administration

Advisory Board

Ra'anan Ben-Zur, *Chief Executive Officer*, French Quarter Holdings, Inc.

Scott Berman, *U.S. Advisory Leader, Hospitality and Leisure Consulting Group* of PricewaterhouseCoopers

Raymond Bickson, *Managing Director and Chief Executive Officer*, Taj Group of Hotels, Resorts, and Palaces

Stephen C. Brandman, *Co-Owner*, Thompson Hotels, Inc.

Raj Chandnani, *Vice President, Director of Strategy*, WATG

Benjamin J. "Patrick" Denihan, *Chief Executive Officer*, Denihan Hospitality Group

Joel M. Eisemann, *Executive Vice President, Owner and Franchise Services*, Marriott International, Inc.

Kurt Ekert, *Chief Operating Officer*, GTA by Travelport

Brian Ferguson, *Vice President, Supply Strategy and Analysis*, Expedia North America

Kevin Fitzpatrick, *President*, AIG Global Real Estate Investment Corp.

Chuck Floyd, *Chief Operating Officer—North America*, Hyatt

Anthony Gentile, *Vice President—Systems & Control*, Schneider Electric/Square D Company

Gregg Gilman, *Partner, Co-Chair, Employment Practices*, Davis & Gilbert LLP

Susan Helstab, *EVP Corporate Marketing*, Four Seasons Hotels and Resorts

Jeffrey A. Horwitz, *Partner, Corporate Department, Co-Head, Lodging and Gaming*, Proskauer

Kenneth Kahn, *President/Owner*, LRP Publications

Paul Kanavos, *Founding Partner, Chairman, and CEO*, FX Real Estate and Entertainment

Kirk Kinsell, *President of Europe, Middle East, and Africa*, InterContinental Hotels Group

Radhika Kulkarni, Ph.D., *VP of Advanced Analytics R&D*, SAS Institute

Gerald Lawless, *Executive Chairman*, Jumeirah Group

Mark V. Lomanno, *President*, Smith Travel Research

Suzanne R. Mellen, *Managing Director*, HVS

David Meltzer, *Vice President of Global Business Development*, Sabre Hospitality Solutions

Eric Niccolls, *Vice President/GSM, Wine Division*, Southern Wine and Spirits of New York

Shane O'Flaherty, *President and CEO*, Forbes Travel Guide

Tom Parham, *President and General Manager*, Philips Hospitality Americas

Chris Proulx, *CEO*, eCornell & Executive Education

Carolyn D. Richmond, *Partner and Co-Chair, Hospitality Practice*, Fox Rothschild LLP

Steve Russell, *Chief People Officer, Senior VP, Human Resources*, McDonald's USA

Michele Sarkisian, *Senior Vice President*, Maritz

Janice L. Schnabel, *Managing Director and Gaming Practice Leader*, Marsh's Hospitality and Gaming Practice

Trip Schneck, *President and Co-Founder*, TIG Global LLC

Adam Weissenberg, *Vice Chairman, and U.S. Tourism, Hospitality & Leisure Leader*, Deloitte & Touche USA LLP



*The Robert A. and Jan M. Beck Center at Cornell University
Back cover photo by permission of The Cornellian and Jeff Wang.*

Cornell Hospitality Roundtable Proceedings,
Vol. 2 No. 2 (March 2010)

© 2010 Cornell University

Cornell Hospitality Report is produced for
the benefit of the hospitality industry by
The Center for Hospitality Research at
Cornell University

Rohit Verma, *Executive Director*
Jennifer Macera, *Associate Director*
Glenn Withiam, *Director of Publications*

Center for Hospitality Research
Cornell University
School of Hotel Administration
489 Statler Hall
Ithaca, NY 14853

Phone: 607-255-9780

Fax: 607-254-2922

www.chr.cornell.edu

The Center for Hospitality Research

Hospitality Leadership Through Learning

Thank you to our
generous
Corporate Members

Senior Partners

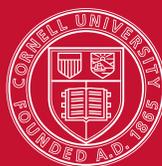
McDonald's USA
Philips Hospitality
Southern Wine and Spirits of America
STR
Taj Hotels Resorts and Palaces
TIG Global

Partners

AIG Global Real Estate Investment
Davis & Gilbert LLP
Deloitte & Touche USA LLP
Denihan Hospitality Group
eCornell & Executive Education
Expedia, Inc.
Forbes Travel Guide
Four Seasons Hotels and Resorts
Fox Rothschild LLP
French Quarter Holdings, Inc.
FX Real Estate and Entertainment, Inc.
HVS
Hyatt
InterContinental Hotels Group
Jumeirah Group
LRP Publications
Marriott International, Inc.
Marsh's Hospitality Practice
Maritz
PricewaterhouseCoopers
Proskauer
Sabre Hospitality Solutions
SAS
Schneider Electric
Thayer Lodging Group
Thompson Hotels
Travelport
WATG

Friends

American Tescor LLC • Argyle Executive Forum • Berkshire Healthcare • Cody Kramer Imports • Cruise Industry News • DK Shifflet & Associates
• ehoteller.com • EyeForTravel • 4Hoteliers.com • Gerencia de Hoteles & Restaurantes • Global Hospitality Resources • Hospitality Financial
and Technological Professionals • hospitalityinside.com • hospitalitynet.org • Hospitality Technology • Hotel Asia Pacific • Hotel China •
HotelExecutive.com • Hotel Interactive • Hotel Resource • HotelWorld Network • International CHRIE • International Hotel Conference •
International Society of Hospitality Consultants • iPerceptions • JDA Software Group, Inc. • Lodging Hospitality • Lodging Magazine • Milestone
Internet Marketing • MindFolio • Mindshare Technologies • Parasol • PhoCusWright • PKF Hospitality Research • RealShare Hotel Investment &
Finance Summit • Resort+Recreation Magazine • The Resort Trades • RestaurantEdge.com • Shibata Publishing Co. • Synovate • The Lodging
Conference • TravelCLICK • UniFocus • WageWatch, Inc. • WIIH.COM



Cornell University
School of Hotel Administration

2010 Ratings and Rankings Roundtable

The Quest for Consistent Ratings

by Rohit Verma and Russell Arthur Smith

EXECUTIVE SUMMARY

Participants at this roundtable examined the status and challenges of both formal ratings (such as Forbes or Michelin) and informal ratings and comments on social media websites (including TripAdvisor and Facebook). The roundtable was held in January 2010 at the Cornell-Nanyang Institute of Hospitality Management, in Singapore. Although the formal systems are well established, there still is no single system for rating or ranking hotels worldwide. Since some national governments have devised their own rating systems, a certain number of stars may have a different meaning for hotels in one location as compared to another nation or even another province. Even more challenging is finding a way to interact with the postings on the internet. Hoteliers are still determining whether and how to respond to comments—especially negative ones—and to find ways to gain marketing information from the social media. Other issues connected to hotel and restaurant ratings include how to adjust existing rating systems in keeping with different cultural norms and how to ensure accurate information in social media (including correcting errors of fact).

Ratings and Rankings Roundtable Participants

January 7-8, 2010 at Nanyang Executive Centre, Nanyang Technological University, Singapore

Co-chairs: **Russell Arthur Smith**, Interim Dean, Cornell-Nanyang Institute of Hospitality Management, and
Rohit Verma, Professor and Executive Director, Centre for Hospitality Research, Cornell University School of Hotel Administration

Patrick Andres, *Managing Director, SynXis Asia-Pacific*

Yona He, *Regional Director, Asia Pacific, Forbes Travel Guide*

Victor Foo Yip Hon, *Vice President, First World Hotels & Resorts*

Simon Kahn, *Country Manager Singapore, American Express international, Singapore*

Michael Lee, *Chief Information Officer, Banyan Tree Hotels and Resorts*

Evan Lewis, *Vice President, Communication, Accor Asia Pacific*

Jack Lim, *Vice President—Head of Hotel Sourcing, GTA by Travelport*

Kwan Lui, *Founder & Director, At-Sunrice Global Chef Academy*

Deborah Merrens, *Area Director—RM, Middle East & Asia Pacific, Hilton World—Asia Pacific*

Kellvin Ong, *General Manager, Rendezvous Hotel Singapore*

Charles Reed, *Chief Executive Officer, DOCOMO interTouch*

Maria Taylor, *Vice President Distribution, Accor Asia Pacific*

Ian Wilson, *General Manager and Vice President Asia, The Fairmont Singapore*

ABOUT THE AUTHORS



Russell Arthur Smith, Dr.Des., is interim dean of the Cornell-Nanyang Institute of Hospitality Management.



Rohit Verma, Ph.D., is a professor at the Cornell School of Hotel Administration and executive director of the Cornell Center for Hospitality Research.

2010 Ratings and Rankings Roundtable

The Quest for Consistent Ratings

by Rohit Verma and Russell Arthur Smith

Hotels and restaurants have been rated and ranked by professional observers and organizations for decades, often with input from the traveling public. In 1900, to assist automobile tourists in France, André Michelin began publishing a guide to restaurants, lodging, and automobile mechanics. The American Automobile Association began publishing hotel guides in 1917, and is now famous for its diamond ratings. From 1936 through 1962, Duncan Hines and his “dinner detectives” published *Adventures in Good Eating*, now largely forgotten, which guided Americans to the best restaurants in the nation. (The same Duncan Hines developed the cake mixes that still bear his name.) Starting in 1958, the *Forbes Travel Guide* (originally known as the *Mobil Guide*) devised a star system for rating hotels. More recently, a survey begun in 1979 by Tim and Nina Zagat has compiled user reviews of restaurants, now published in more than 70 markets, and has extended its survey to hotels and movies.

Electronic sites and social media have magnified the user rating approach pioneered by the Zagat Survey. With the growing influence of social media, the question has been raised regarding whether such media have overtaken the role of the ratings and rankings systems developed by the commercial and professional organizations. With formal ratings and rankings, hotel properties and restaurant establishments could earn a rating based on established criteria and then promote their ranking with the hope that this recognition would help them to attract more customers and business. On the other hand, it's hard for hospitality firms to know the criteria applied by guests or to put user ratings into promotional materials.

In view of the disruption in existing rating processes created by the internet, the Cornell Center for Hospitality Research and Cornell-Nanyang Institute of Hospitality Management invited hospitality industry experts and representatives from the hotel and food and beverage industries in the Asia Pacific region to discuss and examine the issues surrounding ratings and rankings.

The 2010 Ratings and Rankings Roundtable covered the following topics:

- (1) Ratings and rankings by commercial and professional organizations (for example, Forbes Travel Guide, AAA);
- (2) Social media ratings and rankings (for example, TripAdvisor, Facebook, Twitter); and
- (3) What is missing in ratings systems, based on a small group brainstorming session?

This report summarizes the proceedings and insights gathered from the roundtable to provide some perspectives from the industry on ratings and rankings in the hospitality industry.

Ratings and Rankings by Commercial and Professional Organizations

For this session, roundtable participants were asked to consider the following two questions:

- What do we make of ratings and rankings by commercial and professional organizations?, and
- What are we doing about these ratings and rankings?

As a starting point for the discussion, the panel noted that two pre-eminent groups for ratings and rankings in the hospitality industry are *Forbes Travel Guides* and the American Automobile Association (AAA).

Forbes Travel Guides rate properties by using stars to represent levels of quality, including the famous Five Star Award certificate, which represents a “level above” other rating systems. The *Forbes Travel Guide* process of rating each establishment includes a facility inspection and service evaluation. A *Forbes Travel Guide* listing and review constitutes a positive quality recommendation; every listing is an accolade and recognition of achievement. The *Forbes Travel Guide* process of rating each restaurant establishment follows a similar process.

The AAA diamond rating process examines approximately 31,000 hotels and 27,000 restaurants throughout the United States, Canada, the Caribbean, and Mexico to confer its “AAA Approved” designation and diamond rating. After a thorough inspection is conducted, establishments that meet AAA’s criteria become AAA approved—indicating their ability to offer an acceptable level of quality for members. Each AAA approved hotel and restaurant is assigned an AAA rating of one to five diamonds, indicating the level of services and amenities provided. As with the Forbes five-star rating, gaining a five-diamond award from AAA is a signal accomplishment.

Outside North America, the Michelin guide is a well-known rating system, assigning restaurants one to three stars based on its strict criteria. Michelin employs full-time professional inspectors who anonymously visit restaurants and hotels and evaluate them. Its evaluation process has been honed over time to identify consistently high-quality establishments to suit a range of budgets and across a range of styles and cuisines. In addition to these rating systems, individual nations have established their own idiosyncratic star-rating systems, which give some indication of quality but may not conform to the criteria established by AAA, Forbes, or Michelin.

How Ratings and Rankings Are Applied

The consensus among the roundtable participants was that the *Forbes Guide* and the AAA diamond ranking process are most popularly used in North America for hotels and restaurants, while Michelin is dominant in Europe for restaurants. The high-end hotels with restaurants will try to get rankings for both operations.

In China, the government determines hotel rankings, and the Chinese hoteliers have created their own star system that does not correspond with international rankings or standards. For example, a hotelier in China may declare that a property is a 5-star operation. That decision can be made unilaterally without consideration of international benchmarks. This can be confusing for guests. By contrast, *Forbes Guides*, which have international benchmarks, give guests a good indication of what they will experience when they select and stay in hotels.

Given the diversity in ratings worldwide, the hoteliers wondered who could take the lead in standardizing ratings, particularly in the Asia Pacific region, given the different systems maintained by India and China.

Hotels typically display signs declaring their AAA or Forbes rating at the reception counters, on their corporate websites, and in guidebooks. For corporate travel, when hotel sales staff and clients are negotiating prices, the star or diamond ratings systems come into play. Because of the publicity and business value of the ratings, there is a deep fear by hoteliers and restaurant operators that they could lose their rank. This leads to a passion to maintain standards to retain the rankings. Panelists pointed to a level of friction among hoteliers regarding the value of ratings. Some feel rankings are important, while others who do not care for stars or diamonds as the return on investment (ROI) is more important for their businesses.

With the rise of electronic media, the roundtable participants thought that a key question—unanswered for the moment—is, looking at international ratings, the internet, and traditional and new media, which has the biggest impact on customers' desire to stay at hotels or eat at restaurants? Roundtable participants wondered which medium is more credible than the others. Furthermore, participants were unsure whether people really use star ratings to select their hotels, because there are many criteria that guests might apply in choosing a particular property. It was suggested that in the U.S., people may choose hotels depending on rankings, but in Asia, brands are more important. Asians also tend to look at prices and locations, and they generally think that star rankings are subjective and vague.

Rating Services versus Rating Experiences

A key question surrounding ratings systems is whether the internet and other user-rated systems have changed

consumers' view of the professionally devised ratings. Participants noted that as recently as ten years ago, people typically booked hotels through travel agents who understood the star system. Today's hotel guests rely on websites to check, for example, which properties have the best spas or awards. They look for value as they search online and at the same time, they want star value.

Participants pointed out that it was common for people to select a hotel by looking at only limited information, so they pay attention to star ratings, customer reviews, prices, and photographs. North Americans tend to pay closer attention to ratings and hotel operators, and they do not scroll all the way down the web page to take in all possible information. Asians, on the other hand, are more concerned about prices. Particularly in China, people scroll all the way down the web page to check on all information to make sure they get the best deal.

Given the absence of official rankings throughout Asia, different authorities often rate hotels. These approaches may employ size (e.g., large, medium, small) or rack rate. Sometimes, hoteliers work with traditional travel agents and the well-known online travel agent Expedia to offer the appropriate level of services and quality to attain the rank they seek for their hotels, based on a particular market position. (Expedia has considerable information about travelers' preferences, given that its users research, plan, and book comprehensive travel needs on the site.) The hoteliers' approach in this regard can lead to confusion for travelers. For example, how does a 7-star hotel fit in, given that no other system goes above five stars or five diamonds? Ibis Hotel in India, for instance, is ranked at a different star level than in other countries. Thus, the question becomes, how do you standardize across a region? There is a need for transparency in the criteria, as a 5-star hotel in China is actually a 3-star hotel internationally. It maybe a question of perceived value and what the guest is paying for.

A point is raised that if we move into different markets, we should look at different languages for the social media and websites, although English will continue to be the predominant language.

Need For Independent Assessments

One participant suggested that the hotel operators face too many surveys and rankings, and there is a need for truly independent assessments. For example Michelin is a French ranking in a strong French-centric culture. But you cannot assess Japanese food with French-style ranking and criteria. So the question is, how much do we believe in the ranking? In Europe, too many stars are given to French restaurants, and so the experience of eating and the standards of cooking in such restaurants started to erode. Michelin has to adjust their rating model accordingly.

However, another participant pointed out that in Japan, the Japanese accept Michelin's ranking. People want to know that they are in the same class, so with the Michelin ranking, people will know the rated restaurants are in the same strata. Generally, Michelin is popular and well respected. In fact, guests sometimes pay more for a top-ranked restaurant than they do to stay at a top-ranked hotel. There is a difference in recognizing rankings between hotels and restaurants, and people do seek out restaurants using the Michelin guide.

According to the roundtable participants, service evaluation is important, as this means the ability to target the market by sharing experiences. Inspectors or persons staying at the hotel, who are checking on staff efficiency, must have specific definitions for service standards and quality.

A hotelier participant noted that his hotel group preferred to use other ratings, such as Richey International, where two different individuals test every facility a minimum of two times, resulting in a more rigorous rating. By contrast, for the AAA diamond rating an inspector visits only once. This can be a problem, because the assessment based on one visit may not be that fair. This panelist believes that a 5-star hotel needs a minimum of two visits. The inspector needs the second visit to the hotel or restaurant so as to compare and confirm the assessment based on the first visit. It is also pointed out that the shelf life of an inspector is limited, as he or she cannot do the job for too long. It was felt that to be accurate, ratings should be conducted annually.

Roundtable participants identified the need to base a hotel's reputation on a combination of both rating services and rating experiences, as this combined approach would be more credible. When a hotel or restaurant receives the highest level of ratings from both sources, guests understand that they are more likely to have greater satisfaction.

An example was quoted of San Francisco-based Joie de Vivre, which operates nearly 40 boutique hotels, more than 20 restaurants, and five spas in California. This firm maintains its own ranking system, and its website offers "Yvette," an innovative hotel matchmaking service that has smart functionality. Based on answers to five questions, Yvette partners each guest with five Joie de Vivre hotels, six unique activities, and two in-the-know local guides. The questionnaire based on personality is as follows:

- What kind of people do you most connect with?,
- What word best describe your outside interests?,
- What kind of environment best suits you?,
- What words best describe how other people see you?, and
- What kind of personality do you most admire?

Yvette seeks to learn guests' individual tastes and preferences to offer them a congruent experience. By contrast,

other travel sites use only ratings, photos, and price. Yvette functions like a personalized matchmaking service that helps guests find a hotel for their personality. So this matchmaking by personality goes beyond a checklist, and focuses on emotions. Another participant mentioned that after the guest takes the personality test and is matched to a hotel, Joie de Vivre must make sure the hotel experience matches what the guest expects.

Another example of a firm that is employing affective marketing is Wild African Ventures. Users of its website are asked a couple of questions, and are then recommended several hotels with rankings in East and Southern Africa and the Indian Ocean islands.

Roundtable participants identified a continuing trend in which the formerly mass market is being segmented in ever smaller slices, until the focus now is on one-to-one marketing. Looking at customer comments on websites, a hotel's position becomes more credible when there are numerous favorable comments, say, 500. Then, you have a democracy of opinions that would be powerful when combined with the professional ratings, such as Forbes or AAA.

Social Media Ratings and Rankings

The other side of the professional rankings coin is user generated comments, ratings, and rankings found in social media. Some of the key social media used in the hospitality industry are TripAdvisor, Facebook, Twitter, Travelocity, and Priceline.

TripAdvisor, where millions of travelers have shared their candid reviews of hotels, bed and breakfasts, inns, travel packages, vacation packages, and travel guides, is the most frequently used social medium for people seeking travel-related information. In TripAdvisor, only people who have used the products and facilities give feedback. The traveler then becomes an expert on where to go, and by reviewing the information gathered, people can get a good idea of the products and facilities. It was suggested that it would be useful to determine whether hits on social media sites, like TripAdvisor translate into business by tracking reservations before and after consumers visit such sites.

Roundtable participants raised a key question regarding information on social media sites. How does one determine what is relevant and not relevant, and how can a hotel or restaurant make the most out of what's found there? Social media are unlike other websites, because other sites are connected with vested interests, but the social media focus on consumers' experiences. Thus, social media speak loudly to hoteliers and are different from mystery shoppers, for instance. Customers who have paid their own money are more frank, and have substance, credibility, and quality assurance. In contrast, rating agencies are looking at the hotel professionally, and hotels' own rankings are self-declarations, so

one could question whether they are really as good as they say they are.

Participants noted that consumers are king, in the sense that they can say how good you are and do so publicly. The social media provide opportunities for consumers to write about their experiences at hotels, restaurants, and other travel products—which is a vital role in the selection decision. For example, when consumers can see what other consumers are saying on the TripAdvisor or Travelocity websites, say, hundreds or thousands of positive comments, they can be persuasively influenced to make certain selections.

One participant said that his hotel group uses social media to track changes in booking patterns. Social media can offset problems with uneven formal hotel ratings. He said, for example, that his global group has a 5-star boutique hotel in Lijiang, China. Another hotel in that market is nominally a 5-star hotel, although the competitor clearly is not of the same standard. Words can be deceptive because of the efforts of copywriters. If travelers are not discerning, they arrive to find that that hotel is not of 5-star quality, as they might have expected. By way of explanation, a 5-star hotel in China means a big room, but it does not necessarily mean a quality experience. On the other hand, international hotel group operators manage the experiences of their guests.

The question of whether there should be ratings by people who participate in the social media highlights an important demographic gap in social media users. A roundtable participant answered no, with regard to social media ratings, because a large group of people who travel do not participate in social media. This is the group over approximately 55 years old, which is an important segment for many hotel operators and service providers.

Roundtable participants emphasized that five years from now, the social media may be different. There may be more formal social media sites, or user comments might be moderated rather than the present day's free-for-all. For example, Lonely Planet, one of the world's prominent guidebooks for travel advice and information, has moved from book form to the web. If travelers consult Lonely Planet, they will know what to experience. Instead of presenting what could be too much information, a site like this offers a filter so people that people can be assured of getting relevant information.

Perhaps the most challenging issue relating to social media is what to do when an operation has been flamed, particularly if the review seems unfair or baseless. Thus, the question is, should management respond to comments on the social media and, if so, is this beneficial for the organization? The participants felt that it is important to correct misinformation but better to remain silent on negative guest postings. Another issue arises because of the 24/7 nature of the internet. How many corporate communication people

respond 24 hours a day? Panelists concluded that not many operators monitor comments and respond 24 hours a day. Instead, they answer emails during a set schedule.

The jury is still out on whether virtual worlds, such as Second Life, can be a marketing force for existing hotels. A participant thought that Second Life might be a boon for chains that develop virtual hotels. Given that Second Life's residents (their avatars) can explore, meet other residents, socialize, and participate in individual and group activities, they can also create and trade virtual property and services with one another, and they can travel throughout the virtual world. At least one major hotel operator has "built" hotels on the Second Life website. Despite the activity, Second Life does not seem to be growing fast. Furthermore, Second Life offers limited demographic depth, because only certain types of person uses it.

Roundtable participants then discussed ways that hotel companies could connect on Facebook. A large number of hotel guests and managers have no inkling of life before email or mobile phones, and their perspective on social media, such as Facebook, is different from those who can remember rotary-dial telephones. The challenge in using Facebook for commercial purposes is that people will not like it if it is corporatized. Moreover, if too many people are connected in a Facebook site, it gets too confusing.

Some hotels have a presence in Facebook to ask guests whether they want to be a fan, and be proactive in adding their comments. A hotelier participant mentioned that his hotel group has a Facebook page to create corporate social responsibility (CSR), and build up number of fans, who want to go to the group's properties.

Participants also noted that social media are more important in Asia Pacific than in the U.S. or Europe. It was mentioned that Facebook users have higher education and higher income compared to MySpace users, who are more of the general public and U.S.-centric. About 80 to 90 percent of the people on MySpace are Americans. Some participants found Twitter to be gimmicky. However, the panel noted a trend for the younger generation abandoning Facebook for Twitter, especially in Hong Kong.

The random nature of social media commentaries is a challenge for hotel marketers. One participant mentioned that he does not know the criteria used in comments in Facebook or any social media—nor is there a way to find out. On the other hand, the criteria for professional rating organizations are known and consistent anywhere in the world. The comments in TripAdvisor are more emotional and unstructured, and not many people can express themselves the way the hotels would like. Thus, these hotels have to go to marketers, who can add structure and make sense of the comments made in the social media.

The roundtable participants generally thought that hotels should do what they can to respond to negative comments. Social media should become a part and parcel of what a hotel and restaurant do, for example, in marketing and sales. Participants discussed whether hotels need a dedicated team to respond to the comments in social media and, more generally, who is going to own it? One participant said his hospitality group goes into its website half a dozen times a day to check on feedback and respond to comments. Another participant opined that every hotel should look into social media, and create small teams of five or six young people to look into social media and respond to the comments.

Managing negative comments in social media is a particularly vexing issue. A team can read Facebook, but what happens when a hotel receives 800 negative comments out of 1,000 comments given? Something has to be done about it, but the response has to be handled carefully. Often enough, when you respond, the issue becomes a debate, which can quickly deteriorate into a flame war. Perhaps for this reason, China banned Facebook for a time. One participant offered a curious observation about Facebook: people asked more questions rather than give positive or negative feedback. That stood in marked contrast to TripAdvisor.

Hotels can use social media to create fan sites, to offer promotions, and to provide business opportunities but this approach can also create problems if not properly managed. The internet allows for considerable creativity. For example, Holiday Inn tracked where candidate Barack Obama stayed during his trips during the U.S. presidential election campaign, and distributed the video on Facebook and MySpace. Hotels can also use social sites and YouTube internally, for example, to distribute training tools.

In one participant's view, a hotel company's fate depends heavily on what people are looking for. Certainly, the information on social media sites may need to be validated. In contrast to social media, with formal rating systems, you know what is experienced. Social media such as Facebook and TripAdvisor are good resources, but they are not scoring the same thing as the ratings and rankings by professional organizations. Social media are scoring the most popular hotels, not what are the best.

There was a suggestion to show all different rankings to give consumers a full spectrum of views and comments. The social media, such as Facebook and TripAdvisor, can give hoteliers, consumers who stay in the hotels, and travel agents opportunities to comment and react. For example, hotels may say that they change mattresses frequently and use the best linen, and consumers can give their feedback. However, a participant commented that people have different requirements, for example, beds and pillows are different for different people. A challenge here is whether the industry should

move away from description. Some participants observed that what travelers want is a "trusted friend." That concept has changed over the years, however. Many people in their 20s and 30s have many virtual friends whom they have never met. Thus, their concept of a trusted friend differs from that of older generations. The generation today does not have traditional pen pals of yesterday.

Rating and Ranking via Mobile Phones

Roundtable participants then discussed mobile phones, which can provide timely information. At Priceline.com, a substantial percentage of same-day bookings come through iPhone and Blackberry. Issues surrounding smart phones are an extension of existing web challenges, with the added factor of time pressure and, perhaps, an information deficit.

A participant illustrated these two factors as follows. Say that a person misses a flight or lands in an unfamiliar city and is looking for a hotel room. That person will pull out the smart phone and look for hotel locations and prices, probably by using Priceline or another online travel agent. The traveler most likely will not even bother to look at the hotel advertisements on the airport walls or consult with the airport's hotel booking counter—let alone go surfing on hotel websites. This approach can also be used for searching for other services, such as bars or restaurants, similar to the service provided by Urbanspoon, which has developed a popular iPhone application for getting restaurant information and recommendations. One catch to that scenario is that not many people in Asia would fly to another country without booking a hotel. It was also noted that many consumers do not have the time to look at ratings and they may look for a branded hotel on a Google map, because that's an expedient way to do it.

Small Group Brainstorming Sessions: What Is Missing in Ratings Systems

Participants were divided into three brainstorming sessions to discuss what was missing from the ratings system. Their reports are as follows.

Group 1

This group thought that the key question is, how important are the numbers in the rankings and which are important for evaluating performance? At the same time, they see a need for one rating system applicable for one customer in all locations.

Ranking of hotels depends on values and perceptions. Currently, there is a global inconsistency in rankings of hotels and restaurants in one city to the next. The industry needs global criteria or uniform benchmarks, which could remove the variance found in different cities. Such a taxonomy should be endorsed by the relevant authorities and be administered by neutral parties such as industry associa-

tions. It is advisable to have an association, which will more likely have better influence with the national governments, rather than private enterprise. Another suggestion is to have the national tourism organizations rank, endorse, and validate results of the rankings.

Given the inconsistency in ratings, it's not surprising that there seems to be no clear understanding of criteria used for rankings. The stars awarded by agencies other than Forbes and Michelin are based on experiences, which could lead to misrepresentation. It is therefore important to communicate and explain the rankings clearly, but also concisely.

Rankings would be appropriate in several areas that are now not rated and ranked, namely, impact of the hospitality services on environment and the security of the hospitality facilities. These need to be measured and publicized along with the professional rankings currently in place. Even as security issues gain importance, there are no global benchmarks for security. Security needs to be on the checklist for ranking hotels, along with the environmental impact.

The ratings as presently constituted should be adjusted for locality. Although some service aspects are universal, the rating systems also need to consider cultural issues. What is ranked in North America or Europe may differ culturally from what is ranked in Asia. Thus, rating systems need cultural sensitivity. By the same token, there is a need for ranking for restaurants that captures a city's or region's cuisine. The ranking should not be just for luxury-dining restaurants but ethnic restaurants should also be considered.

Finally, this group suggested a need to measure the impact of the social media so as to understand its importance for industry.

Group 2

This group observed that there is no hotel ranking system that can be compared to the Michelin ranking system for restaurants. Even though there is no single system that can satisfy everyone, the industry needs international ratings and rankings to partner together with TripAdvisor and other social media to get a spectrum of views and comments.

Many customer comments leave hotel and restaurant operators puzzled at how they might make adjustments. This group wondered how hotels and restaurants could get customers offer more information about themselves, so as to be able to respond better to the customers' stated needs. Knowing something even as basic as a postal code would allow hotel and restaurant operators to determine what products would meet a particular person's needs.

Even more intriguing would be the ability to cross-reference how customers rate hospitality facilities with where they spend their money. One suggestion here is that hotels could work with credit card companies, such as American Express, which know how people are spending their money.

This cross tabulation would undoubtedly help both sets of organization to better promote their services.

Group 3

Like the other two groups, this group identified the need for a unified rating system that covers all cultural and geographical scales. However, this group thought that the industry should be divided into two groups, according to market scale, and the ranking methodology would be applied differently to these two distinct sets of hotels. One group would be the 5-star or deluxe hotels, and the other group is all the other hotels from upscale down to budget. These panelists thought the deluxe hotel ratings should be audited by external auditors.

Even if rating systems cannot be unified internationally, the group thought it worthwhile to have a uniform ranking system across nations with their own systems. Thus, for example, 3 stars in India should mean the same thing as 3 stars in China.

Finally, this group thought it would be worthwhile to conduct rigorous research on how the ranking systems affect ROI, and the impact of social media ranking on the hospitality business.

Conclusion: The Power of Social Media

Roundtable participants concluded that the most powerful promotional tool is word of mouth from a friend, and social media are an extension of this. Service providers should conduct surveys of past customers, and then use this information—perhaps by using a call center to ask respondents questions. Such an effort would have to take into account different cultural standards. This is because different nationalities grade differently. For example, Asians who have experienced a good hotel stay will tend to say “no comment” or “not bad,” but Americans will offer positive comments for the same level of service.

In conclusion, we must underline the often repeated theme that the industry lacks uniform global criteria with regards to ratings and rankings of hotels and restaurants. All three brainstorming groups highlighted the need to standardize these rating systems. As far as we know, the idea of setting up complementary ratings on security and environment is novel, but those ratings would respond to guests' current concerns.

How the new social media are shaping ratings is a major challenge. Many participants expressed the need for organizations and bodies such as Cornell-Nanyang Institute of Hospitality to work together with the industry in the Asia Pacific region to better understand how these may be achieved. This roundtable has certainly helped to clarify and raise important issues regarding ratings and rankings of the hospitality businesses, particularly in the Asia Pacific and is a step in the right direction towards improving the emerging rating and ranking of Asian hospitality organizations. ■

The Executive Path

Hospitality Leadership Through Learning



www.hotelschool.cornell.edu/execed

The Office of Executive Education facilitates interactive learning opportunities where professionals from the global hospitality industry and world-class Cornell faculty explore, develop and apply ideas to advance business and personal success.

The Professional Development Program

The Professional Development Program (PDP) is a series of three-day courses offered in finance, foodservice, human-resources, operations, marketing, real estate, revenue, and strategic management. Participants agree that Cornell delivers the most regarding experience available to hospitality professionals. Expert faculty and industry professionals lead a program that balances theory and real-world examples.

The General Managers Program

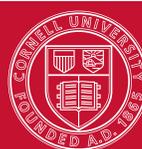
The General Managers Program (GMP) is a 10-day experience for hotel general managers and their immediate successors. In the past 25 years, the GMP has hosted more than 1,200 participants representing 78 countries. Participants gain an invaluable connection to an international network of elite hoteliers. GMP seeks to move an individual from being a day-to-day manager to a strategic thinker.

The Online Path

Online courses are offered for professionals who would like to enhance their knowledge or learn more about a new area of hospitality management, but are unable to get away from the demands of their job. Courses are authored and designed by Cornell University faculty, using the most current and relevant case studies, research and content.

The Custom Path

Many companies see an advantage to having a private program so that company-specific information, objectives, terminology and methods can be addressed precisely. Custom programs are developed from existing curriculum or custom developed in a collaborative process. They are delivered on Cornell's campus or anywhere in the world.



Cornell University
School of Hotel Administration

Cornell Hospitality Reports Index

www.chr.cornell.edu

2010 Reports

Vol. 10, No. 4 Cases in Innovative Practices in Hospitality and Related Services, Set 2: Brewerkz, ComfortDelgro Taxi, DinnerBroker.com, Iggy's, Jumbo Seafood, OpenTable.com, PriceYourMeal.com, Sakae Sushi, Shangri-La Singapore, and Stevens Pass, by Sheryl E. Kimes, Ph.D., Cathy A. Enz, Ph.D., Judy A. Siguaw, D.B.A., Rohit Verma, Ph.D., and Kate Walsh, Ph.D

Vol. 10, No. 3 Customer Preferences for Restaurant Brands, Cuisine, and Food Court Configurations in Shopping Centers, by Wayne J. Taylor and Rohit Verma, Ph.D.,

Vol. 10, No. 2 How Hotel Guests Perceive the Fairness of Differential Room Pricing, by Wayne J. Taylor and Sheryl E. Kimes, Ph.D.,

Vol. 10, No. 1 [Compendium 2010](#)

2010 Roundtable Proceedings

Vol. 2, No. 1 2009 Sustainability Roundtable: The Hotel Industry Seeks the Elusive "Green Bullet," chaired by David Sherwyn, J.D.

2009 Reports

Vol. 9, No. 18 Hospitality Managers and Communication Technologies: Challenges and Solutions, by Judi Brownell, Ph.D., and Amy Newman

Vol. 9, No. 17 Cases in Innovative Practices in Hospitality and Related Services, Set 1: Aqua by Grandstand, Brand Karma, Capella Hotels & Resorts, EnTrip, Hotels.com Visualiser, Luggage Club, Royal Plaza on Scotts, Tastings, Tune Hotels, and VisitBritain.com, by Judy A. Siguaw, D.B.A., Cathy A. Enz, Ph.D., Sheryl E. Kimes, Ph.D., Rohit Verma, Ph.D., and Kate Walsh, Ph.D

Vol 9 No 16 The Billboard Effect: Online Travel Agent Impact on Non-OTA Reservation Volume, by Chris K. Anderson, Ph.D.

Vol 9 No 15 Operational Hedging and Exchange Rate Risk: A Cross-sectional Examination of Canada's Hotel Industry, by Charles Chang, Ph.D., and Liya Ma

Vol 9, No. 14 Product Tiers and ADR Clusters: Integrating Two Methods for Determining Hotel Competitive Sets, by Jin-Young Kim and Linda Canina, Ph.D

Vol 9, No. 13 Safety and Security in U.S. Hotels, by Cathy A. Enz, Ph.D

Vol 9, No. 12 Hotel Revenue Management in an Economic Downturn: Results of an International Study, by Sheryl E. Kimes, Ph.D

Vol 9, No. 11 Wine-list Characteristics Associated with Greater Wine Sales, by Sybil S. Yang and Michael Lynn, Ph.D.

Vol 9, No. 10 Competitive Hotel Pricing in Uncertain Times, by Cathy A. Enz, Ph.D., Linda Canina, Ph.D., and Mark Lomanno

Vol 9, No. 9 Managing a Wine Cellar Using a Spreadsheet, by Gary M. Thompson Ph.D.

Vol 9, No. 8 Effects of Menu-price Formats on Restaurant Checks, by Sybil S. Yang, Sheryl E. Kimes, Ph.D., and Mauro M. Sessarego

Vol 9, No. 7 Customer Preferences for Restaurant Technology Innovations, by Michael J. Dixon, Sheryl E. Kimes, Ph.D., and Rohit Verma, Ph.D.

Vol 9, No. 6 Fostering Service Excellence through Listening: What Hospitality Managers Need to Know, by Judi Brownell, Ph.D.

Vol 9, No. 5 How Restaurant Customers View Online Reservations, by Sheryl E. Kimes, Ph.D.

Vol 9, No. 4 Key Issues of Concern in the Hospitality Industry: What Worries Managers, by Cathy A. Enz, Ph.D.

Vol 9, No. 3 [Compendium 2009](#)

Vol 9, No. 2 Don't Sit So Close to Me: Restaurant Table Characteristics and Guest Satisfaction, by Stephanie K.A. Robson and Sheryl E. Kimes, Ph.D.

Vol 9, No. 1 The Job Compatibility Index: A New Approach to Defining the Hospitality Labor Market, by William J. Carroll, Ph.D., and Michael C. Sturman, Ph.D.

2009 Roundtable Proceedings

No. 3 Restaurants at the Crossroads: A State By State Summary of Key Wage-and-Hour Provisions Affecting the Restaurant Industry, by Carolyn D. Richmond, J.D., and David Sherwyn, J.D., and Martha Lomanno, with Darren P.B. Rumack, and Jason E. Shapiro

No. 2 Retaliation: Why an Increase in Claims Does Not Mean the Sky Is Falling, by David Sherwyn, J.D., and Gregg Gilman, J.D.

2009 Tools

Tool No. 15 The Eight-Step Approach to Controlling Food Costs, by J. Bruce Tracey, Ph.D.

Tool No. 14 Revenue Management Forecasting Aggregation Analysis Tool, by Gary M. Thompson, Ph.D.

Tool No. 13 The Wine Cellar Management Tool (part of Hospitality Report Number 9), by Gary M. Thompson, Ph.D.

Tool No. 12 Measuring the Dining Experience: The Case of Vita Nova, by Kesh Prasad and Fred J. DeMicco, Ph.D.

2008 Roundtable Proceedings

Vol 8, No. 20 Key Elements in Service Innovation: Insights for the Hospitality Industry, by Rohit Verma, Ph.D., with Chris Anderson, Ph.D., Michael Dixon, Cathy Enz, Ph.D., Gary Thompson, Ph.D., and Liana Victorino, Ph.D.

2008 Reports

Vol 8, No. 19 Nontraded REITs: Considerations for Hotel Investors, by John B. Corgel, Ph.D., and Scott Gibson, Ph.D.

Vol 8, No. 18 Forty Hours Doesn't Work for Everyone: Determining Employee Preferences for Work Hours, by Lindsey A. Zahn and Michael C. Sturman, Ph.D.

Vol 8, No. 17 The Importance of Behavioral Integrity in a Multicultural Workplace, by Tony Simons, Ph.D., Ray Friedman, Ph.D., Leigh Anne Liu, Ph.D., and Judi McLean Parks, Ph.D.

Vol 8, No. 16 Forecasting Covers in Hotel Food and Beverage Outlets, by Gary M. Thompson, Ph.D., and Erica D. Killam

Vol 8, No. 15 A Study of the Computer Networks in U.S. Hotels, by Josh Ogle, Erica L. Wagner, Ph.D., and Mark P. Talbert

Vol 8, No. 14 Hotel Revenue Management: Today and Tomorrow, by Sheryl E. Kimes, Ph.D.

Vol 8, No. 13 New Beats Old *Nearly* Every Day: The Countervailing Effects of Renovations and Obsolescence on Hotel Prices, by John B. Corgel, Ph.D.

Vol. 8, No. 12 Frequency Strategies and Double Jeopardy in Marketing: The Pitfall of Relying on Loyalty Programs, by Michael Lynn, Ph.D.

Vol. 8, No. 11 An Analysis of Bordeaux Wine Ratings, 1970–2005: Implications for the Existing Classification of the Médoc and Graves, by Gary M. Thompson, Ph.D., Stephen A. Mutkoski, Ph.D., Youngran Bae, Liliana Lelacqua, and Se Bum Oh

Vol. 8, No. 10 Private Equity Investment in Public Hotel Companies: Recent Past, Long-term Future, by John B. Corgel, Ph.D.

Vol. 8, No. 9 Accurately Estimating Time-based Restaurant Revenues Using Revenue per Available Seat-Hour, by Gary M. Thompson, Ph.D., and Heeju (Louise) Sohn

Vol. 8, No. 8 Exploring Consumer Reactions to Tipping Guidelines: Implications for Service Quality, by Ekaterina Karniouchina, Himanshu Mishra, and Rohit Verma, Ph.D.

Vol. 8, No. 7 Complaint Communication: How Complaint Severity and Service Recovery Influence Guests' Preferences and Attitudes, by Alex M. Susskind, Ph.D.

Vol. 8, No. 6 Questioning Conventional Wisdom: Is a Happy Employee a Good Employee, or Do Other Attitudes Matter More?, by Michael Sturman, Ph.D., and Sean A. Way, Ph.D.

Vol. 8, No. 5 Optimizing a Personal Wine Cellar, by Gary M. Thompson, Ph.D., and Steven A. Mutkoski, Ph.D.

Vol. 8, No. 4 Setting Room Rates on Priceline: How to Optimize Expected Hotel Revenue, by Chris Anderson, Ph.D.



www.chr.cornell.edu