The Center for Hospitality Research

Hospitality Leadership Through Learning

Cornell Hospitality Compendium 2009

An Anthology of Reports published in 2007 and 2008 by
The Cornell Center for Hospitality Research

Cornell University
School of Hotel Administration

Advisory Board

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, *CEO*, Denihan Hospitality Group
Michael S. Egan, *Chairman and Founder,* job.travel
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.
Gregg Gilman, *Partner, Co-Chair, Employment Practices*, Davis & Gilbert LLP
Jeffrey A. Horwitz, *Partner, Corporate Department, Co-Head, Lodgiing and Gaming,* Proskauer Rose LLP
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
Nancy Knipp, *President and Managing Director,* American Airlines Admirals Club
Gerald Lawless, *Executive Chairman*, Jumeirah Group
Mark V. Lomanno, *President*, Smith Travel Research
Suzanne R. Mellen, *Managing Director*, HVS
David Meltzer, *Vice President, Sales*, SynXis Corporation
Eric Niccolls, *Vice President/GSM, Wine Division*, Southern Wine and Spirits of New York
Shane O'Flaherty, *President and CEO*, Mobil Travel Guide
Tom Parham, *President and General Manager*, Philips Hospitality Americas
Steven Pinchuk, VP, *Profit Optimization Systems*, SAS
Chris Proulx, *CEO*, eCornell & Executive Education
Carolyn D. Richmond, *Partner and Co-Chair, Hospitality Practice*, Fox Rothschild LLP
Richard Rizzo, *Director, Consumer Research*, General Growth Properties, Inc.
Steve Russell, *Chief People Officer, Senior VP, Human Resources*, McDonald's USA
Saverio Scheri III, *Managing Director*, WhiteSand Consulting
Janice L. Schnabel, *Managing Director and Gaming Practice Leader*, Marsh's Hospitality and Gaming Practice
Trip Schneck, *President and Co-Founder*, TIG Global LLC
Susan Helstab, *EVP Marketing*, Four Seasons Hotels and Resorts
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 Report,
Vol. 9, No. 3 (January 2009)
Single copy price US$50
© 2009 Cornell University

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

David Sherwyn, *Academic Director*
Jennifer Macera, *Associate Director*
Glenn Withiam, *Director of Publications*

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

Phone: 607-255-9780
Fax: 607-254-2292
www.chr.cornell.edu

The Center for Hospitality Research

Hospitality Leadership Through Learning

Thank you to our generous Corporate Members

Senior Partners

American Airlines Admirals Club
General Growth Properties, Inc.
job.travel
McDonald's USA
Philips Hospitality
Southern Wine and Spirits of New York
Taj Hotels Resorts Palaces
TIG Global LLC

Partners

AIG Global Real Estate Investment
Davis & Gilbert LLP
Deloitte & Touche USA LLP
Denihan Hospitality Group
eCornell & Executive Education
Expedia, Inc.
Four Seasons Hotels and Resorts
Fox Rothschild LLP
FX Real Estate and Entertainment, Inc.
HVS
InterContinental Hotels Group
Jumeirah Group
LRP Publications
Marriott International, Inc.
Marsh's Hospitality Practice
Mobil Travel Guide
PricewaterhouseCoopers
Proskauer Rose LLP
SAS
Smith Travel Research
SynXis, a Sabre Holdings Company
Thayer Lodging Group
Thompson Hotels Group
Travelport
WATG
WhiteSand Consulting

Friends

American Tescor, LLP • Argyle Executive Forum • Bench Events • Caribbean Hotel Restaurant Buyer's Guide • Cody Kramer Imports • Cruise Industry News • DK Shifflet & Associates • ehotelier.com • EyeforTravel • Fireman's Fund • 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 • International CHRIE • International Hotel Conference • International Society of Hospitality Consultants • iPerceptions • Lodging Hospitality • Lodging Magazine • Milestone Internet Marketing • MindFolio • Parasol • PhoCusWright • PKF Hospitality Research • Questex Media Group • RealShare Hotel Investment & Finance Summit • Resort+Recreation Magazine • The Resort Trades • RestaurantEdge.com • Shibata Publishing Co. • Synovate • The Lodging Conference • TravelCLICK • UniFocus • WageWatch, Inc. • WIWIH.COM

Cornell University
School of Hotel Administration

Contents

Communication

Building Managers' Skills to Create Listening Environments, by Judi Brownell 4
Developing Hospitality Managers' Intercultural Communication Abilities:
The Cocktail Party Simulation, by Daphne A. Jameson 4
Restoring Workplace Communication Networks after Downsizing:
The Effects of Time on Information Flow and Turnover Intentions, by Alex M. Susskind 5
Complaint Communication: How Complaint Severity and Service Recovery Influence
Guests' Preferences and Attitudes, by Alex M. Susskind 6

Finance

Pricing for Revenue Enhancement in Asian and Pacific Region Hotels:
A Study of Relative Pricing Strategies, by Linda Canina and Cathy A. Enz 6
Private Equity Investment in Public Hotel Companies: Recent Past, Long-Term Future, by John B. Corgel 7
New Beats Old *Nearly* Every Day: The Countervailing Effects of Renovations and
Obsolescence on Hotel Prices, by John B. Corgel 8
Nontraded REITS: Considerations for Hotel Investors, by John B. Corgel and Scott Gibson 8
A Simulation-Based Optimization Approach for Investment Decision: A Case Study of Pure Allergy-Friendly
Rooms, by David A. Dittman and James W. Hesford 9

Human Resources

The Truth About Integrity Tests: The Validity and Utility of Integrity Testing for
the Hospitality Industry, by David Sherwyn and Michael C. Sturman 10
Why Trust Matters in Top Management Teams: Keeping Conflict Constructive, by Tony L. Simons and Randall Peterson 11
The Importance of Behavioral Integrity in a Multicultural Workplace, by Tony Simons,
Ray Friedman, Leigh Ann Liu, and Judy MacLean Parks 11
Questioning Conventional Wisdom: Is a Happy Employee a Good Employee, or Do Other Attitudes Matter More?,
by Michael C. Sturman and Sean A. Way 12
Forty Hours Doesn't Work for Everyone: Examining Employee Preferences for Work Hours,
by Lindsey A. Zahn and Michael C. Sturman 13
Enhancing Formal Interpersonal Skills Training through Post-Training Supplements, by Michael J. Tews and J. Bruce Tracey .. 13
Ability versus Personality: Factors that Predict Employee Job Performance, by J. Bruce Tracey,
Michael C. Sturman, and Michael J. Tews 14
Contextual Factors and Cost Profiles Associated with Employee Turnover, by J. Bruce Tracey and Timothy R. Hinkin 14
Key Elements in Service Innovation: Insights for the Hospitality Industry, by Rohit Verma, with Chris Anderson,
Michael Dixon, Cathy Enz, Gary Thompson, and Liana Victorino 15
Developing In-House Careers and Retaining Management Talent: What Hospitality Professionals Want from Their Jobs,
by Kate Walsh and Masako S. Taylor 15

Law

The Mixed Motive Instruction in Employment Discrimination Cases: What Employers Need to Know,
by David Sherwyn, Steven Carvell, and Joseph Baumgarten 16
Card-checks and Neutrality Agreements: How Hotel Unions Staged a Comeback in 2006, by David Sherwyn
and Zev J. Eigen 17
Roundtable Retrospective 2007: Dealing with Sexual Harassment, by David Sherwyn 17

Marketing

Travel Packaging: An Internet Frontier, by William J. Carroll, Robert J. Kwortnik, and Norman L. Rose 18
Global Brand Expansion:How to Select a Market Entry Strategy, by Chekitan S. Dev, James R. Brown,
and Kevin Zheng Zhou 18

Marketing (continued)

Using Tourist Travel Habits and Preferences to Assess Strategic Destination Positioning, by Zhaoping Liu,
Judy A. Siguaw, and Cathy A. Enz, ... 19
North America's New Town Centers: Time to Take Some Angst Out and Put More Soul In, by Karl Kalcher 20
Driving Demand for the Quarterdeck: A Case Study, by Robert J. Kwortnik and James Vosburgh 20
Brand Segmentation in the Hotel and Cruise Industries: Fact or Fiction?, by Michael Lynn 21
Setting Room Rates on Priceline: How to Optimize Expected Hotel Revenue, by Chris K. Anderson 21
Frequency Strategies and Double Jeopardy in Marketing: The Pitfall of Relying on Loyalty Programs, by Michael Lynn 22
Unlocking the Secrets of Customers' Choices, by Rohit Verma 22
Segmenting Hotel Customers Based on the Technology Readiness Index, by Rohit Verma, Liana Victorino,
Kate Karniouchina, and Julie Feickert 23
Service Scripting: A Customer's Perspective of Quality and Performance, by Liana Victorini, Rohit Verma,
and Don G. Wardell 23

Operations and Management: Hotels

Sustainable Hospitality©: Sustainable Development in the Hotel Industry, by Hervé Houdré 24
Customers' Perceptions of Best Available Hotel Rates, by Kriston V. Rohlfs and Sheryl E. Kimes 24
Hotel Revenue Management: Today and Tomorrow, by Sheryl E. Kimes 25
Information Technology in Hotel Management: A Framework for Evaluating the Sustainability of IT-dependent
Competitive Advantage, by Gabriele Piccoli 25
Visual Methods: Using Photographs to Capture Customers' Experience with Design, by Madeleine E. Pullman
and Stephani K.A. Robson 26
Workforce Staffing Optimizer, by Gary M. Thompson 26
Data-driven Ethics: Exploring Customer Privacy in the Information Era, by Erica Wagner and Olga Kupriyanova 27
Hotel Network Security: A Study of the Computer Networks in U.S. Hotels, by Josh Ogle, Erica Wagner,
and Mark P. Talbert 27
A Sociable Atmosphere: Ambient Scent's Effect on Social Interaction, by Dina Zemke and Stowe Shoemaker 28

Operations and Management: Restaurants

Customer Satisfaction with Seating Policies in Casual-Dining Restaurants, by Sheryl E. Kimes and Jochen Wirtz 28
The Effect of Meal Pace on Customer Satisfaction, by Breffni Noone, Sheryl E. Kimes, Anna S. Mattila, and Jochen Wirtz 29
A Consumer's View of Restaurant Reservations Policies, by Sheryl E. Kimes 29
The Role of Technology in Restaurant Revenue Management, by Sheryl E. Kimes 30
The Effects on Perceived Restaurant Expensiveness of Tipping and Its Alternatives, by Shuo Wang and Michael Lynn 30
Examining the Effects of Full-Spectrum Lighting in a Restaurant, by Stephani K.A. Robson and Sheryl E. Kimes 31
How Organizational Standards and Coworker Support Improve Restaurant Service,
by Alex M. Susskind, K. Michele Kacmar, and Carl P. Borchgrevink 31
The Effects of Organizational Standards and Support Functions on Guest Service and Guest Satisfaction
in Restaurants, by Alex M. Susskind, K. Michele Kacmar, and Carl P. Borchgrevink 32
Restaurant Capacity Effectiveness: Leaving Money on the Tables, by Gary M. Thompson 32
Optimizing a Personal Wine Cellar, by Gary M. Thompson and Stephen A. Mutkoski 33
Accurately Estimating Time-Based Restaurant Revenues Using Revenue per Available Seat-Hour,
by Gary M. Thompson and Heeju (Louise) Sohn 33
An Analysis of Bordeaux Wine Ratings, 1970-2005: Implications for the Existing Classification of the Médoc and Graves, by
Gary M. Thompson and Stephen A. Mutkoski 34
Forecasting Covers in Hotel Food and Beverage Outlets, by Gary M. Thompson and Erica D. Killam 35
Exploring Consumer Reactions to Tipping Guidelines: Implications for Service Quality,
by Ekateriana Karniouchina, Himansu Mishra, and Rohit Verma 35

Judi Brownell

Building Managers' Skills to Create Listening Environments

by Judi Brownell

Managers' ability to listen to employees and colleagues is an essential skill for developing a strong, successful service culture in their hospitality operation. By improving their own listening skills, managers can create a "listening environment" within their organization. One problem in this scenario is that most managers believe that their listening skills are better than they really are—as judged by their employees. Effective listening involves a set of related skills, and managers can improve those listening skills once they determine where their weaknesses lie. This tool explains the HURIER framework for analyzing listening effectiveness. HURIER is an acronym for hearing, understanding, remembering, interpreting, evaluating, and responding. Each of those six interrelated skills contributes to effective listening. The tool includes a self-assessment questionnaire that allows a manager to see which of those skills needs work. It also provides a second, companion questionnaire that enables a peer or employee evaluation of the manager's listening skills. Comparing those assessments is the first step in developing the effective listening skills that will help create a successful and effective service culture.

http://www.hotelschool.cornell.edu/research/chr/pubs/tools/tooldetails-14925.html

***Cornell Hospitality Tool*, No. 11 (2008)**

Daphne A. Jameson

Developing Hospitality Managers' Intercultural Communication Abilities: The Cocktail Party Simulation

by Daphne A. Jameson

Though the hospitality industry needs intercultural education and training, few intercultural training materials have a hospitality focus, and customized instruction is costly. The tool presented here helps reduce cultural barriers by providing a low-cost, hospitality-specific intercultural simulation that hospitality practitioners and educators can use with a wide variety of audiences.

In the simulation, participants play the roles of members of three companies, each from a different fictional culture. At the simulated cocktail party that opens a series of important business meetings concerning a joint venture in the hospitality industry, participants establish business relationships and strive to overcome cultural differences that may impede those relationships.

A debriefing discussion after the event reinforces the following key themes:

- Cultural values are relative, not absolute;
- Intercultural communication involves emotional as well as rational responses;
- Invisible cultural differences, such as values, attitudes, and beliefs, are more difficult to handle than visible differences, such as manners, customs, and rituals;
- Deciding who adapts to whom—and how—is the greatest challenge in intercultural interactions; and
- Cultural identity is multidimensional, involving far more than nationality alone.

During the debriefing, participants apply these themes to their own work lives and past experiences interacting with culturally diverse colleagues, clients, guests, and business associates. Several follow-up options are possible to help participants use the knowledge they have gained.

This report provides full instructions so that hospitality practitioners and educators can use the Cocktail Party Simulation in corporate-level management development programs, property-level training, executive education seminars, and college courses. Suggestions for adapting the simulation to different audiences, situations, and segments of the hospitality industry are included.

http://www.hotelschool.cornell.edu/research/chr/pubs/tools/tooldetails-14502.html

***Cornell Hospitality Tools*, Tool No. 9 (2007)**

Restoring Workplace Communication Networks after Downsizing: The Effects of Time on Information Flow and Turnover Intentions

Alex M. Susskind

by Alex M. Susskind

One of the effects of a corporate layoff is the interruption of communication networks for employees who remain in the workplace. Since information that passes along these informal networks is part of the lifeblood of any workplace, remaining employees struggle to reestablish network connections after a layoff is completed. Access to information and their status as a central point in a network are key elements in workers' satisfaction with their work situation, and as such have a strong influence on turnover intentions. This study measured pre- and post-downsizing information flow and post-downsizing turnover intentions of downsizing survivors in the corporate office of an international hotel company. Using a combination of network analysis and path analysis, the study examined the relationship between changes in downsizing survivors' betweenness centrality (that is, the extent to which information transmits through them) and perceptions of information adequacy relative to reported turnover intentions at two months after the layoffs and at four months. The study found that an increase in network members' centrality augmented their perceptions of information adequacy, which in turn reduced their turnover intentions. The study also found that turnover intentions diminished at some point between two and four months after the layoff, in conjunction with stabilization of the communication network. While the study's population is relatively small (97 individuals), the implications are clear that managers should consider ways to assist remaining employees establish communication pathways after a corporate downsizing.

http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14664.html

***Cornell Hospitality Report*, Vol. 8, No. 2 (January 2008)**

COMMUNICATION

Alex M. Susskind

Complaint Communication:
How Complaint Severity and Service Recovery Influence Guests' Preferences and Attitudes

by Alex M. Susskind

A survey of 802 travelers found a connection between the mechanism that restaurant guests use to voice complaints and the nature and severity of the problems that motivate those complaints. Guests bring the most severe problems to management's attention in one of two ways. As one might expect, most complaints about severe problems are made face-to-face, but contrary to expectations, some guests are just as likely to write a letter. The respondents viewed food issues and failures in food and service combined as the worst failures, but these also gave restaurateurs the best chance to cure the situation, earn the guest's satisfaction, and improve the prospects for a repeat purchase. The guests tended to raise issues relating just to service directly with the server, again giving the restaurant the chance for a rapid recovery. Most puzzling were complaints relating to other factors, such as atmosphere, that are not related to food or to service. Although the respondents generally considered failures in those issues to be the least severe, these were also the complaints that were most likely to cause the guest to decide never to return to the restaurant, even when the problem had been addressed to the customer's satisfaction.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14788.html

***Cornell Hospitality Report*, Vol. 8, No. 7 (April 2008)**

FINANCE

Linda Canina

Pricing for Revenue Enhancement in Asian and Pacific Region Hotels:
A Study of Relative Pricing Strategies

By Linda Canina and Cathy A. Enz

This report explores pricing strategies for competitive hotels in 14 different Asian-Pacific countries. The research is based on comparing average percentage differences in occupancies, average daily rates (ADR), and revenue per available room (RevPAR) among competing high end hotels in local markets using data gathered monthly between 2001 and 2006. The results reveal that hotels that price below their competitive sets have lower RevPARs, but do not gain concomitant occupancy boosts. Hotels that charge a price premium have substantially higher RevPARs than their competitors, but without substantial reductions in occupancy. Overall, occupancies remain stable while revenues go up or down depending on whether a hotel sets rates above or below those of its competitive set. This report presents an extension of two previous Cornell Hospitality Reports which found that U.S. hotels that discount relative to their competitive set have higher occupancy and lower RevPAR. Examining both U.S. and Asian data over the period of 2001 to 2006 showed that higher occupancies do not necessarily accompany the decision to discount prices, as they did for U.S. hotels in 2001 through 2003. The study explores the ASEAN, China, and Australian markets separately and finds similar patterns.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14684.html

***Cornell Hospitality Report*, Vol. 8, No. 3 (February 2008)**

Cathy A. Enz

FINANCE

Private Equity Investment in Public Hotel Companies:
Recent Past, Long-Term Future

by John B. Corgel

John B. Corgel

The first decade of the 21st century saw a rush of transactions in which publicly held hotel firms were purchased by private interests. Among the notable private equity deals were Blackstone's purchase of Prime Hotels and its purchase of Hilton. An analysis of these and other transactions shows that, compared with publicly traded firms, private equity has an advantage in ownership of real estate holding firms, including hotel companies. Private firms' advantage over public companies has a strong financial basis. Among other advantages, private equity firms have more consistent access to capital than do public firms, and the overall cost of that capital is typically lower for private firms. Moreover, the values of publicly held assets tend to be understated. Private firms can exploit the discounts of net asset values. At the same time, private firms are able to make greater use of debt financing. Some leveraged buyouts have resulted in debt levels approaching 80 percent of value. Publicly held real estate investment trusts (REITs), by contrast, are criticized by analysts if their debt-to-equity ratio exceeds 50 percent. Other factors contributing to the privatization of publicly held hotel companies are the change in the regulatory environment for public companies, notably with the Sarbanes-Oxley legislation, and the fact that private owners have a freer hand to make operational changes in their new acquisitions, the better to realize full value. Finally, one additional advantage for private equity operators is their ability to repackage and resell the assets that they acquire. Returning to the example of Blackstone's purchase of Prime Hospitality, Blackstone quickly sold off the AmeriSuites chain to Hyatt, which allowed that privately held company to jump start its new Hyatt Place brand.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14864.html

***Cornell Hospitality Report*, Vol. 8, No. 10 (June 2008)**

John B. Corgel

New Beats Old *Nearly* Every Day:
The Countervailing Effects of Renovations and Obsolescence on Hotel Prices

by John B. Corgel

As is the case with other commercial real estate types, hotels begin to depreciate from the time they open, in a process largely driven by functional obsolescence. Unlike other asset types, however, hotel values hit an inflection point at which they begin to rise again. Average annual depreciation for the 3,810 chain-affiliated hotels in this sample was within the range found in other commercial types of real estate. Depreciation rates start off relatively brisk in the first few years, because hotel owners typically do not begin renovations until around year ten. When owners do begin renovation, those expenditures slow but do not stop the decline in the typical hotel's value. Then, around year twenty-eight, the depreciation reverses for hotels that are still in business. Not only have renovations stabilized the loss in value, but other, unknown factors promote the hotel's value—a phenomenon that could be called a vintage effect. Such fully depreciated properties may be located in particularly favorable sites, or they may have architectural or other features that make them attractive to investors.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14904.html

***Cornell Hospitality Report*, Vol. 8, No. 13 (July 2008)**

Nontraded REITS:
Considerations for Hotel Investors

by John B. Corgel and Scott Gibson

Nontraded REITs are an attractive buy-and-hold investment for income-oriented investors. Sold through broker-dealers, shares in these real estate investment trusts do not trade on public exchanges, promise relatively high returns, and contain specific triggers for liquidating the trust. In the first such study of nontraded REITs, an examination of the comparative effects of a long holding period and a short holding period shows that investors who purchase hospitality REITs early in the cycle see a diminished return as a result of subsequent sales. In effect, the early investors subsidize the commissions paid to the dealers who sell to late-term investors. This effect is an unintended consequence of the fact that the REITs' share prices are fixed, regardless of the value of the underlying assets. The REITs' high dividend structure somewhat mitigates the effect, but those high dividends mean that some REITs' payout exceeded the amount cash they took in (as measured by funds from operations). While these characteristics do not mean that investors should exclude nontraded REITs from their portfolios, would-be investors should apply due diligence. This report offers recommendations to help guide that process.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14952.html

***Cornell Hospitality Report*, Vol. 8, No. 19 (November 2008)**

A Simulation-Based Optimization Approach for Investment Decision:
A Case Study of Pure Allergy-Friendly Rooms

by David A. Dittman and James W. Hesford

David A. Dittman

James W. Hesford

The complexities of modeling the financial outcomes of a hotel's development decisions are highlighted by a case study of the decision to convert regular rooms to allergy-friendly rooms. Among other factors, the analysis must capture the uncertainties of demand. That is, the simulation must capture and balance both the real expense of unsold premium rooms (when occupancy is low), while also accounting for the opportunity cost of unmet demand (when the hotel is sold out). Using an average occupancy figure will not satisfy these criteria, but a combination of Monte Carlo analysis and optimization will provide management with a solid indication of how many rooms to convert to the allergy-friendly premium. As compared to the average-occupancy analysis, the combined analysis suggested converting more rooms and would increase revenue by as much as 28 percent.
http://cqx.sagepub.com/cgi/content/abstract/48/1/88

***Cornell Hospitality Quarterly*, Vol. 48, No. 1 (February 2007)**

David Sherwyn

Michael C. Sturman

The Truth About Integrity Tests:

The Validity and Utility of Integrity Testing for the Hospitality Industry

by Michael C. Sturman and David Sherwyn

Although not commonly used for selecting hospitality employees, integrity tests can help employers determine which of their prospective hires are likely to engage in unproductive, dangerous, or otherwise risky actions on the job. Candidates are surprisingly candid in answering test questions about their workplace theft or drug abuse, but the tests also have control questions intended to indicate when an applicant is attempting to game the test. Moreover, the tests do not violate U.S. employment laws since they neither create adverse impact on protected groups nor violate provisions of the Americans with Disabilities Act. Although tests represent an additional expense in the hiring process, a study of a large hotel chain found that the savings in screening out potentially expensive employees more than made up for the costs of conducting the tests. Not only could the chain count on employees who were reasonably honest and drug-free, but it found a substantial reduction in costly workers' compensation claims among the new hires. In the course of a year, the hotel chain administered an integrity test to just over 29,000 would-be employees, and hired just under 6,100 of those applicants. These data, which were made available by American Tescor, creator of the test, set up the opportunity to compare the workers' compensation claims from the new hires with the claims of already incumbent employees. The screened hires experienced a markedly lower incidence of claims compared to the unscreened, existing employees. The average cost per claim for the unscreened employees was $3,446, as compared to $2,119 for the screened group. The annual average cost per employee for workers' compensation claims was $97.77 for the unscreened group, but only $31.02 for the screened group.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14602.html

***Cornell Hospitality Report*, Vol. 7, No. 15 (November 2007**

Tony Simons

Why Trust Matters in Top Management Teams:

Keeping Conflict Constructive

by Tony L. Simons and Randall Peterson

People who study conflict in decision making groups divide group conflict into that based on issue-focused controversy and conflict arising from personal tensions or grudges. While issue-based controversy is typically constructive in decision making, personal tensions and grudges are invariably dangerous. The two types of conflict, though, usually occur simultaneously, and this linkage creates a problem when considering how to manage conflict in groups. Clearly, the ideal situation would be to encourage and channel constructive conflict while discouraging the destructive type. The conundrum is how to do so, and, indeed, whether that is even possible. Drawing on a sample of top management teams in 70 hotel companies, this study explores the interrelationship of issue-focused conflict and personal conflict, with an eye to limiting personal conflict without diminishing the open discussion that characterizes personal conflict. The results suggest that within-group trust is the moderating factor that allows teams to gain the benefits of issue-focused conflict without suffering the costs of personal conflict. Moreover, executives' tactical choices during debate seem also to make a big difference. Thus, we recommend trust-development and training in constructive debate practices to enhance executive teams' effectiveness.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14582.html

***Cornell Hospitality Report*, Vol. 7, No. 14 (October 2007)**

The Importance of Behavioral Integrity in a Multicultural Workplace

by Tony Simons, Ray Friedman, Leigh Anne Liu, and Judi McLean Parks

The notion of "behavioral integrity" describes the extent to which one person perceives that another lives by his or her word, keeps promises, and lives by professed values. Effective management leadership depends on how employees perceive their manager's behavior on these points, because this drives credibility. Since most managers are neither saints nor demons, employees judge their managers' integrity by interpreting a mixed set of managerial actions and behavior. This study examines how different employee groups might understand and react differently to cues about their manager's consistency. We surveyed 1,944 employees at 107 hotels and found that the observer's race affects his or her perceptions of behavioral integrity. African American employees in this study were especially sensitive to violations and affirmations of behavioral integrity. Moreover, African American employees scored their African American managers more harshly than they did their non-African American managers. Senior managers' integrity trickles down to affect behavior and attitudes throughout the organization. These results suggest a need for executive training and vigilance focused on the issue of behavioral integrity, because managers' integrity affects the attitudes, conduct, and loyalty of all employees.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14930.html

***Cornell Hospitality Report*, Vol. 8, No. 17 (October 2008)**

Michael C. Sturman

Sean A. Way

Questioning Conventional Wisdom:
Is a Happy Employee a Good Employee, or Do Other Attitudes Matter More?

By Michael C. Sturman and Sean A. Way

The notion that good service results when companies ensure their employees' satisfaction has found little support in empirical research. The idea is an enduring one, however, and it has been codified as the starting point in the widely espoused service-value-profit chain. This study of food and beverage managers in forty Asian hotels is the first to address this issue directly in the hospitality industry. The findings underscore the weak connection between workers' satisfaction and the ratings of F&B supervisors. Instead, another factor has a much stronger effect on performance. That factor is the workplace climate, which comprises employees' understanding of the practices, procedures, and behaviors that are rewarded, supported, and expected by the organization with regard to customer service and customer service quality. A strong workplace climate is a precursor to effective service performance, as measured by supervisors' ratings of the F&B work groups in this study. None of this is to say that employers should disregard employees' satisfaction with their jobs, particularly because of the influence of satisfaction on turnover and other workplace issues. To improve performance, however, this study reinforces existing research findings that managers should ensure that all employees understand what is expected of them and how their performance will be appraised and rewarded.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14744.html

Cornell Hospitality Report **Vol. 8 No. 6 (March 2008)**

Forty Hours Doesn't Work for Everyone:
Examining Employee Preferences for Work Hours

by Lindsey A. Zahn and Michael C. Sturman

Current economic conditions have caused many employers to reduce employees' work hours—a trend that will likely continue if the economy worsens. Yet research on work hours is limited, as most studies in this area have focused on the effects of employees' working in excess of a 40-hour work week. This report seeks to specifically examine the effect of "hours misfit," which is defined as the mismatch between the number of hours the employee desires to work and the actual number of hours worked. Based on a study of 1,032 individuals, the results show that hours misfit is an important predictor of attitudinal outcomes, including life satisfaction, work-family conflict, job stress, and intent to turn over. Moreover, the measurement of difference is generally more predictive than simply measuring hours worked. The results show that working either more than the desired hours or less than desired hours has effects on attitudes like job stress, intent to turn over, and life satisfaction. Although employees disliked working "over hours," a substantial shortage of work hours was far worse. Although employers may face the need to reduce workers' hours, this study suggests the importance of taking into account workers' preferences when determining work schedules, or at least understanding the kind of psychological impact that reduced hours will have on their workforce.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14944.html

Cornell Hospitality Report**, Vol. 8, No. 18 (October 2008)**

Enhancing Formal Interpersonal Skills Training through Post-Training Supplements

J. Bruce Tracey

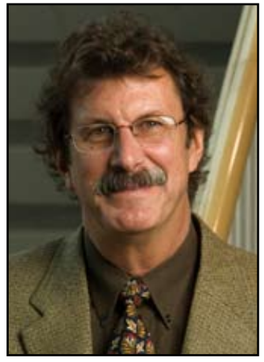
by Michael J. Tews and J. Bruce Tracey

With the aim of enhancing formal classroom training in interpersonal skills, this study examined the effects of combining classroom training with two on-the-job supplements, namely, self-coaching and upward feedback. The self-coaching system used a workbook containing self-assessments, while the feedback system provided trainees with formal, written feedback on their interpersonal skills. Testing these approaches on a sample of 87 trainees from 75 units of a national restaurant chain, this study found that both approaches may be useful extensions to formal classroom training. Moreover, they were strongest when used together.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14402.html

Cornell Hospitality Report**, Vol. 7, No. 5 (March 2007)**

J. Bruce Tracey

Michael C. Sturman



Timothy R. Hinkin

Ability versus Personality:
Factors that Predict Employee Job Performance

by J. Bruce Tracey, Michael C. Sturman, and Michael J. Tews

The most effective hotel employees will have both adept mental ability and a conscientious approach to their job, but those two factors are important at different times in an employee's career. A study of 241 line-level restaurant employees found that mental ability is a good predictor of how well a new employee will function, but conscientiousness becomes a better predictor of long-term job success. Since employers cannot always find workers who are both adept and conscientious, the operation's specific needs may determine how to choose workers. Those that expect high turnover may want to hire fast learners, but those who expect employees to remain may want to select those with a conscientious work ethic, even if it takes longer to train them. For new employees, employers should focus more heavily on the technical aspects of the job.
http://cqx.sagepub.com/cgi/content/abstract/48/3/313

***Cornell Hospitality Quarterly*, Vol. 48, No. 3 (August 2007)**

Contextual Factors and Cost Profiles Associated with Employee Turnover

by J. Bruce Tracey and Timothy R. Hinkin

A breakdown of turnover expenses among 33 participants in a web-based survey found that large, complex properties generally had higher turnover costs. Despite the small sample, it seems clear that turnover expenses are relatively high for high-complexity jobs, and for positions at independent, high-ADR, large, and high-occupancy hotels. However, an examination of the categories of turnover expenses found that selection costs for low level jobs absorbed a far larger percentage of total turnover costs than did selection costs for high-complexity jobs. Although the raw costs of selection for high-complexity jobs are larger than for low-complexity jobs, it seem likely that the managers are spending considerable time in finding appropriate candidates for their low-level jobs. Most of the differences found in this study are barely significant, owing to the small sample size, but they would likely show significance with additional participants in the study, through the Cornell Center for Hospitality Research (www.chr.cornell.edu).
http://cqx.sagepub.com/cgi/content/abstract/49/1/12

***Cornell Hospitality Quarterly*, Vol. 49, No. 1 (February 2008)**

Key Elements in Service Innovation:
Insights for the Hospitality Industry

by Rohit Verma, with Chris Anderson, Michael Dixon, Cathy Enz, Gary Thompson, and Liana Victorino

Rohit Verma

Service organizations are constantly attempting to find innovative ways to serve customers more effectively and efficiently. Even though they recognize service innovation as being essential, service organizations also face particular challenges in their innovation efforts. Participants in an industry roundtable on service innovation outlined the elements of and challenges inherent in the process of developing and introducing new services. One of the chief frustrations identified by the participants is that service innovations are easily imitated. Another challenge to service innovation is the real-time nature of introducing new services. The service cannot be tested in a laboratory. At minimum it must be pilot tested with real guests in a real hotel. Moreover, once a new service is rolled out it is difficult to recall. Innovation is most successful in service operations that seek the support of employees for innovations and, beyond that, encourage employees to participate in a culture of innovation.
http://www.hotelschool.cornell.edu/research/chr/pubs/roundtableproceedings/roundtable-14951.html

***Roundtable Proceedings*, No. 1 (November 2008)**

Developing In-House Careers and Retaining Management Talent:
What Hospitality Professionals Want From Their Jobs

Kate Walsh

by Kate Walsh and Masako S. Taylor

Although most hotel-industry practitioners point to working conditions as the chief reason for turnover, the real culprit may be the industry's failure to develop career ladders and jobs with meaningful learning activities. A survey of recent graduates from the Cornell University School of Hotel Administration found that most young professionals were most committed to developing their abilities and to learning the skills they would need to advance in their career. While reasonable hours and compensation figured into the young managers' calculations, the chance for self improvement was the top factor in whether they would stay in a job or move.
http://cqx.sagepub.com/cgi/content/abstract/48/2/163

***Cornell Hospitality Quarterly*, Vol. 48, No. 2 (May 2007)**

David Sherwyn

Steven Carvell

The Mixed Motive Instruction in Employment Discrimination Cases:

What Employers Need to Know

by David Sherwyn, Steven Carvell, and Joseph Baumgarten

In litigation regarding employment discrimination, the burden of establishing proof has continued to shift. As a result, employers and legal counsel need to be aware of the status of what they and human resources professionals should consider when an employee alleges that the employer has violated federal discrimination statutes. The original standard of proof required the plaintiff to establish that the employer discriminated against that person. Many cases still involve that approach, giving the plaintiff the burden of creating a *prima facie* case. However, another line of rulings by the U.S. Supreme Court added an alternative method for addressing discrimination litigation, known as the mixed motive approach. The two-prong mixed motive case requires the employee to demonstrate that a protected characteristic (e.g., race, sex, national origin) was a substantial factor in an employer's adverse action. If that is established, the employer then has the burden of proving that the decision would have been made in any event, regardless of the employee's protected characteristic. As a practical matter, employers facing litigation of this type must consider whether and how to defend such a case. Even a "win" can be expensive, because in cases where there is a divided decision, the employer must pay the plaintiff's attorney fees and court costs, as well as its own. Moreover, since the Civil Rights Act of 1991 places discrimination cases in front of a jury, a divided decision is seemingly more likely. Although that presumably gives both sides a win, it still means a large expense for the employer.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14302.html

***Cornell Hospitality Report*, Vol. 7, No. 1 (January 2007)**

Card-checks and Neutrality Agreements:

How Hotel Unions Staged a Comeback in 2006

by David Sherwyn and Zev J. Eigen

Summer 2006 saw multiple negotiations between the big-city hotel operators and UNITE HERE, the union that represents hotel employees. The negotiations represented the culmination of the union's carefully set strategy to reconfigure the playing field in hotel labor relations. By arranging to have several cities' contracts expire within weeks of each other in summer 2006 and then splitting off one chain from another, the union was able to achieve its goal of selling labor peace through the threat of labor unrest. Operators in San Francisco tested the union's resolve in 2004, and the result then was a season of strikes and lockouts. Rather than endure the same scenario, operators in several other large cities negotiated for, and achieved, labor peace. While neither side is confirming the presence of neutrality and card-check agreements as part of the settlement, one of the union's stated goals was to be able to organize through the card-checks, rather than conduct secret-ballot elections. Under a card-check agreement, an employer agrees to recognize the union as its employees' representative after a majority of employees have signed cards stating that they are interested in organizing. The agreement eliminates what has traditionally been the next step, which is a secret-ballot election. Negotiations are not the only means by which unions are seeking to achieve this card-check procedure. A bill that would mandate card-checks in all union campaigns will likely be considered by the Congress in 2009.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14422.html

***Cornell Hospitality Report*, Vol. 7, No. 6 (April 2007)**

Roundtable Retrospective 2007:

Dealing with Sexual Harassment

by David Sherwyn

The 2007 Labor and Employment Roundtable reviewed recent developments in labor law as they affect the hospitality industry. Looking at the difficulties faced by employers whose employees allege sexual harassment in the workplace, the roundtable participants concluded that the key is for employers to respond promptly and effectively to sexual harassment claims, as well as maintain a strong policy on harassment. Many claims are settled through negotiations rather than in court. When a case does go to a judge, courts in various jurisdictions have made their own interpretation of the existing case law, creating a sometimes challenging environment for employers (and also for those making a complaint). However, the attorneys reported that when a case goes before a jury, an employer is better off if it has offered training in avoiding sexual harassment and has provided toll-free reporting lines. In the end, the best policy is to prevent harassment before it occurs by creating an atmosphere where harassment is not tolerated and brings swift and sure consequences.
http://cqx.sagepub.com/cgi/content/abstract/49/1/53

***Cornell Hospitality Quarterly*, Vol. 49, No. 1 (Feb. 2008)**

William J. Carroll

Robert J. Kwortnik

Travel Packaging:
An Internet Frontier

by William J. Carroll, Robert J. Kwortnik, and Norman L. Rose

The internet has revolutionized travel packaging, in terms of both travel package development and distribution. Although tour packages are still assembled and sold in the traditional fashion by tour operators, customers who use the web have access not only to assembled tour products, but also to an array of travel-element bundles. These offers take various forms, depending on the approach of the many suppliers and intermediaries who sell directly to customers via the internet. Packaging travel elements benefits suppliers by reducing the price transparency created by the internet, because the individual prices of those bundled travel elements are difficult for the package buyer to discern. Moreover, with the growth of online communities, suppliers can observe consumers' stated desires for travel and make proposals for travel packages, rather than wait for consumers to search out the packagers. A notable development is consumers' creation of their own packages in real time, based on vendors' inventories and pricing, which depends on the connectivity and computing power of the suppliers, packagers, and intermediaries. A framework presented here assesses value-creation aspects of component quality levels, reductions in the opportunity cost of time, flexibility of time and destination choice, and risk management. The report offers a checklist for package value creation. http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14624.html

***Cornell Hospitality Report*, Vol. 7, No. 17 (December 2007)**

Chekitan S. Dev

Global Brand Expansion:
How to Select a Market Entry Strategy

by Chekitan S. Dev, James R. Brown, and Kevin Zheng Zhou

To reduce the risks inherent in international expansion, hotel companies must decide the appropriate balance between maintaining their own control or permitting local control of the physical assets, management, and marketing. The ownership and operating decisions are made separately. One decision depends on the company's strengths in operating knowledge and the other on the resources available in the local market. Thus, the entering company could use one of four possible approaches in developing its new property, with depending on the relative resources of the local partners and the international investors. This analysis shows which party should own the assets and which should manage and market it. http://cqx.sagepub.com/cgi/content/abstract/48/1/13

***Cornell Hospitality Quarterly*, Vol. 48, No. 1 (February 2007)**

Using Tourist Travel Habits and Preferences to Assess Strategic Destination Positioning

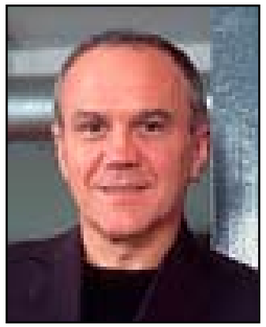
by Zhaoping Liu, Judy A. Siguaw, and Cathy A. Enz

Cathy A. Enz

Judy Siguaw

Consumer data on travelers' attitudes and activities can serve a useful tool for strategically positioning a destination. For developing regions of the world who wish to compete as eco-friendly destinations, key traveler preferences and patterns of consumption can provide a strong indication of the status of a particular destination in tourists' estimation. Using Stanley Plog's long-established continuum of travelers' psychographic types as matched to their preferred destinations, this study examines the travel habits and attitudes of a group of U.S. tourists to Costa Rica. An analysis of that information provides inferences about Costa Rica's status on the continuum of tourism destinations. Although the respondent pool is relatively small and is self-selected, the results suggest that Costa Rica may be losing some of its cachet as an eco-tourism destination for venturesome travelers (known as Venturers, in Plog's continuum). Indeed, if this sample is indicative of U.S. travelers as a whole, the results give strong indication that development in Costa Rica has reached the point that the nation appeals to the broad mid-market of travelers, whom Plog dubs Mid-Centrics. While destination planners may at first applaud the increased arrival numbers of the Mid-Centrics, the advent of so many travelers encourages the kind of rampant development that leads away from sustainable resource use and even to a destination's decline. Rather than permit such development, Costa Rica's planners may consider ways to retain the patronage of Venturer-type travelers. The findings of this study have implications for other tourist destinations that wish to position themselves as environmentally sensitive. http://cqx.sagepub.com/cgi/content/abstract/49/3/258

***Cornell Hospitality Quarterly*, Vol. 49, No. 3 (August 2008)**



Karl Kalcher

North America's New Town Centers: Time to Take Some Angst Out and Put More Soul In

by Karl Kalcher

In theory, the rise of mixed-use developments called town centers or life-style centers is a promising advancement for urban locations. With their blend of public amenities and commercial and residential properties, these centers create a public space that can be enjoyable, attractive, and lucrative. In reality, the design of these "town center" spaces seems to be stuck in a rut, as too many developments are little more than a collection of chain stores and restaurants, devoid of truly useable public spaces with any "sense of place." Furthermore, the architectural sameness is frequently the result of clients' anxiety regarding innovation. Trends that may break the architectural "angst" include the retail brands' increasing insistence on matching brand message with the wider brand environment, a more assertive role of hospitality operators in the design process as they become ever more cognizant of their crucial contribution to success, the public's awareness of groundbreaking design, and the push toward sustainability. One other helpful approach might include the involvement of a knowledgeable peer group that would help target designs to local markets, in place of "stock" designs. The drop in the real estate industry's fortunes has unavoidably put some number of mediocre developments on hold, many of them indefinitely. With no intent to minimize the suffering caused by the freeze in credit and real estate, the industry's development interregnum may be a time to reflect on ways to look forward and to pursue innovation.

http://www.hotelschool.cornell.edu/research/chr/pubs/perspective/perspective-14954.html

***Industry Perspectives*, No. 3 (2008)**

Driving Demand for the Quarterdeck: A Case Study

Robert J. Kwortnik

by Robert J. Kwortnik and James Vosburgh

Although its summer business is strong, Nova Scotia's Quarterdeck Beachside Villas and Grill faces a problem typical of steeply seasonal destinations. Business plummets in the off-season. The property closes some facilities and opens only some of its rooms. An analysis shows that the inn enjoys considerable loyalty from its frequent guests, many from nearby Halifax. Any plan to expand off-season operations should begin with those loyal guests. By determining what draws them to the property (a friendly staff, excellent operations, and a feeling of being among family and friends), the Quarterdeck's owner should be able to promote those feelings for the off-season. Promoting winter in Nova Scotia as a time of escape from the city, a time to gather with friends, and a chance to enjoy the uncrowded Atlantic coast should create a successful message.
http://cqx.sagepub.com/cgi/content/abstract/48/3/323

***Cornell Hospitality Quarterly*, Vol. 48, No. 3 (August 2007) pp. 323–344**

Brand Segmentation in the Hotel and Cruise Industries: Fact or Fiction?

Michael Lynn

by Michael Lynn

An analysis of a consumer database calls into question the common idea that market segmentation can work as a grand strategy for either cruise lines or for hotel brands. In pursuing such a strategy, a brand would focus its efforts on a discrete group of consumers to the exclusion of other groups and attempt to forestall that set of customers from doing business with competitors. Using data drawn from a sample of over 40,000 respondents in the United States, this study finds no such exclusivity for large market segments, in part because hotel and cruise markets are not sufficiently segmented. Even if hotel and cruise market segments were sufficiently distinct, the competitors in these two industries are far too adept to allow one brand to achieve dominance in a particular segment. Certain hotel brands and cruise lines do appeal to specific customer groups more than do their competitors. For example, one cruise line attracted more business from women than did its cohorts. These findings suggest that market segmentation can be effective on a tactical level.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14382.html

***Cornell Hospitality Report*, Vol. 7, No. 4 (February 2007)**

Setting Room Rates on Priceline: How to Optimize Expected Hotel Revenue

Chris Anderson

by Chris K. Anderson

This report and tool combination develops a novel approach to set prices on Priceline.com to maximize revenues received from releasing rooms to Priceline. When setting rates on Priceline, hotel properties face a straightforward auction-like pricing decision. Priceline is an opaque channel with no property information communicated to the consumer. As such other factors (e.g, brand, amenities, location) play no role in setting rates. Properties face what appears to be a dilemma-set prices higher to make more revenue but potentially lose the sale, or set prices lower to make the sale but leave some money on the table. This report provides a brief introduction to Priceline.com and discusses the daily data that properties receive from Priceline. The report then outlines how these data can be used to the advantage of the property in setting Priceline rates. A fully functional Excel model is available on the center's website. As the user of this model you simply copy and paste data you receive from Priceline into the tool. All model inputs are automatically updated and optimal prices calculated.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14705.html

***Cornell Hospitality Report*, Vol. 8, No. 4 (February 2008)**

Michael Lynn

Frequency Strategies and Double Jeopardy in Marketing:

The Pitfall of Relying on Loyalty Programs

by Michael Lynn

Domestic airlines' reliance on frequent flier programs to improve sales is called into question by the "double jeopardy" effect. Data from D.K. Shifflet indicate that small domestic airlines suffer from both weak penetration and a meager average purchase frequency, while large domestic airlines enjoy an advantage in both penetration and average purchase frequency. Thus, differences between airlines in sales or market share are almost entirely due to differences in penetration rather than differences in purchase frequency. This "double jeopardy" pattern suggests that average purchase frequency among brand users cannot be increased substantially without also increasing the brand's penetration. Thus, hospitality marketers who focus on loyalty programs for competitive advantage will be disappointed (although such programs constitute a defensive strategy). Instead of targeting current users in an attempt to increase their frequency of purchase, hospitality and other marketers should focus on increasing the popularity of their brands. Ultimately, successful marketing comes not from loyalty programs, but from creating value in the form of a superior product and service offering, communicating that value to all users of the product category, and capturing that value through pricing.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14884.html

Cornell Hospitality Report, Vol. 8, No. 12 (July 2008)

Unlocking the Secrets of Customers' Choices

by Rohit Verma

Analysis based on two field studies demonstrates the benefits of customer choice modeling (CCM) design and evaluate product and service bundles for food-service and lodging businesses. Just as important, CCM allows managers to determine how customers react to those features. CCM depicts a dynamic comparison of various service attributes, and it shows managers how different market segments react to a particular bundle of services. Given that information, managers can fine tune their operation, if needed. Moreover, if the analysis shows that a particular market segment prizes a specific product or service attribute, the business can feature that attribute in advertising targeted at that segment. A spreadsheet template is available in conjunction with this report that will allow readers to manipulate CCM data so that they can see how the comparison operates.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14342.html

Cornell Hospitality Report, Vol. 7, No. 2 (January 2007)

Segmenting Hotel Customers Based on the Technology Readiness Index

Rohit Verma

by Rohit Verma, Liana Victorino, Kate Karniouchina, and Julie Feickert

The extent to which hotel guests accept and use technology can be a useful means of segmenting guests, for example, using the Technology Readiness Index (TRI). A test of the TRI with 865 business and leisure hotel customers in the United States revealed an approximate normal distribution that ranged from people who seek to use technology at every turn to those who essentially want nothing to do with it. Furthermore, a comparison of the travel habits of the high and low technology-ready guests revealed numerous differences. For example, guests with a high TRI score tended to travel more frequently on business and were willing to pay relatively high room rates. A greater percentage of male guests were in the high TRI group than were in the low TRI group. The study also found that the hotel guests with high TRI scores were relatively young, more highly educated, and more affluent than the sample as a whole. The technology-adept guests were more likely to patronize upscale hotels than were the other members of the sample. Thus, executives who wish to differentiate their hotels using technology should carefully consider the response of their target guest segments to high-tech innovations.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14563.html

Cornell Hospitality Report, Vol. 7, No. 13 (September 2007)

Service Scripting:

A Customer's Perspective of Quality and Performance

by Liana Victorino, Rohit Verma, and Don G. Wardell

Many hospitality services are scripted, under the theory that scripts are an efficient method of ensuring a consistent level of service quality. Using videotape scenarios in an experimental setting, this study tests the effects that scripts have on perceptions of service quality in two types of hotel service interactions—namely, a standardized encounter (in this case, check-in) and a customized encounter (i.e., concierge service). As a starting point, this study found that customers are clearly able to detect when scripts are in use in both kinds of interactions. For the standardized interaction, respondents to this study reported no difference in their perceptions of service quality regardless of whether the scenario was highly scripted, moderately scripted, or relaxed (essentially, improvised). In contrast, for the concierge service, respondents perceived that a heavy use of scripting diminished service quality. At the same time, moderate or relaxed scripting for the customized concierge scenarios had no effect on perceptions of service quality. This study concluded that hotel managers can script standardized services without diminishing perceptions of service quality, but should take care with custom services.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14953.html

Cornell Hospitality Report, Vol. 8, No. 20 (November 2008)

Hervé Houdré

Sustainable Hospitality©:
Sustainable Development in the Hotel Industry

by Hervé Houdré

The Willard InterContinental's Sustainable Development initiative is showing substantial results. The program's chief goals are based on profits, people, and planet. The first goal is to find ways to operate the hotel according to the idea of a "triple bottom line," which embodies profitable operation combined with attention to the people who use and work in the hotel and a focus on careful stewardship of resources. While that goal is important, even more vital is to use the hotel's position as an industry leader in the nation's capital to demonstrate to the hotel industry, customers, and vendors that sustainable operation is the best strategy to ensure successful hotel operation. The sustainability initiative goes beyond such well-known ideas as reusing guest linens, recycling waste materials, and changing to compact fluorescent lamps. The strategy also includes community involvement by supporting charities and encouraging employees to volunteer in the community, as well as participating in global award and certification programs.
http://www.hotelschool.cornell.edu/research/chr/pubs/perspective/perspective-14924.html

***Industry Perspectives*, No. 2 (2008)**

Customers' Perceptions of Best Available Hotel Rates

by Kristin V. Rohlfs and Sheryl E. Kimes

Best available rate (BAR) pricing is a variable pricing policy used by many hotel chain websites and third-party reservation channels that promises customers that they will receive the lowest available rate for each night of a multiple-night stay. In this study, we found that for multiple-night stays, customers generally prefer to be quoted individual rates for each night (also called non-blended rates) rather than the average price per night over the stay (also called blended rates). Overall, respondents found non-blended rates to be significantly more fair, acceptable, reasonable, and honest than blended rates. Frequent travelers, however, reported no difference in fairness between blended and non-blended rates while infrequent travelers perceived non-blended rates as more favorable. Respondents took a relatively dim view of both pricing policies, opening the larger question of what hotel customers think of chains' pricing policies.
http://cqx.sagepub.com/cgi/content/abstract/48/2/151

***Cornell Hospitality Quarterly*, Vol. 48, No. 2 (May 2007)**

Hotel Revenue Management:
Today and Tomorrow

by Sheryl E. Kimes

Sheryl E. Kimes

Hotel revenue management needs stronger support from human resources policies, according to this survey of 186 revenue managers. At the same time, respondents to the survey anticipate that revenue management will extend to other areas of the lodging business, including spas and function spaces. The principal human resources issue involves career paths for employees involved in revenue management. At the moment, the route to promotions for revenue managers is not clear. Moreover, many executives pointed to the difficulty of finding qualified revenue managers. With regard to the extension of revenue management to other hospitality areas, respondents commented that an integrated approach will be necessary. Although revenue management is largely viewed as a technical or quantitative process, pricing strategy and competitive tactics have become strong elements in revenue management. In all categories, respondents living in Asia thought revenue management techniques and issues were in greater need of improvement than did the revenue managers in North America, particularly regarding human resources issues, but also technical issues, as well as pricing and distribution.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14927.html

***Cornell Hospitality Report*, Vol. 8, No. 14 (August 2008)**

Information Technology in Hotel Management:
A Framework for Evaluating the Sustainability of IT-dependent Competitive Advantage

By Gabriele Piccoli

Gabriele Piccoli

Hoteliers often regard technology as expensive and easily copied. However, strategic implementation of technology initiatives can create a competitive advantage, provided those initiatives take advantage of response lag, the time it takes for competitors to imitate an IT initiative. The greater the response lag, the more valuable the initiative. The barriers are: **(1)** IT resources, **(2)** complementary resources, **(3)** the nature of the IT project, and **(4)** preemption. First, when a technology initiative uses a hotel's existing IT resources competitors are impeded from duplicating the initiative. Second, barriers to imitation are increased when an IT initiative rests on such nontechnical resources as a brand or hotel design. Complexity and visibility create an IT project barrier, as does simply being a pioneer.
http://cqx.sagepub.com/cgi/content/abstract/49/3/282

***Cornell Hospitality Quarterly*, Vol. 49, No. 3 (August 2008)**

Stephanie K.A. Robson

Visual Methods:
Using Photographs to Capture Customers' Experience with Design

by Madeleine E. Pullman and Stephani K.A. Robson

Rather than use written surveys or mystery shoppers, a hotel could hand guests a camera and ask them to depict what it is about the hotel that particularly attracts their attention. This paper outlines how this photography-based method worked in a case study in one hotel. Hotel customers took photographs of the thoughtful touches that they observed, but they also recorded their annoyances. For example, they liked the homelike design attributes in their rooms but dislike the bathroom phone that they kept bumping into and the tangle of cords in the outlet behind the door. While this process can be labor intensive, it is an effective way of learning how guests evaluate a hotel's design.
http://cqx.sagepub.com/cgi/content/abstract/48/2/121

Cornell Hospitality Quarterly, Vol. 48, No. 2 (May 2007)

Gary M. Thompson

Workforce Staffing Optimizer

by Gary Thompson

The goal of the Workforce Staffing Optimizer is to specify a mix of employees that will provide a hospitality operation with the best possible service at the least possible cost. While the optimizer works for all types of operations, it is particularly useful to address the staffing challenges faced by managers of steeply seasonal operations.

To use this tool, managers should have ready monthly information on the number of full-time-equivalent employees needed to meet forecast customer demand, the number employees by type (e.g., full-time, part-time, contract), employee productivity rates, attrition rates, and hiring and termination costs.

The optimizer returns a scenario showing the number of employees of each type to hire and terminate each month, together with expected costs of that employee mix. Users can create, evaluate, and save different scenarios of various employee mixes. The tool includes a sample scenario so that users can see how the optimizer works without entering data.
http://www.hotelschool.cornell.edu/research/chr/pubs/tools/tooldetails-14603.html

Cornell Hospitality Tools, Tool No. 10 (2007)

Data-driven Ethics:
Exploring Customer Privacy in the Information Era

by Erica L. Wagner and Olga Kupriyanova

An examination of issues related to the collection and use of personal information by hotel companies finds that many consumers would like to retain control of their personal information. In particular, they are concerned about what companies learn about their proclivities in the course of monitoring their commercial transactions. While the chief concerns vary from country to country, many respondents to a survey were unhappy that personal data could be stored long-term, citing the possibility of identity theft. Adopting a systems orientation and considering three ethical principles would go far to reassure customers that their data are secure. Those principles are minimize harm, offer respect, and operate consistently. The growth of data mining and data sharing, as well as current concerns over personal data privacy, means that these issues should be considered by managers, CIOs, marketing personnel, IT professionals, and consumers.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14484.html

Cornell Hospitality Report, Vol. 7, No. 10 (August 2007)

Erica L. Wagner

Mark P. Talbert

Hotel Network Security:
A Study of the Computer Networks in U.S. Hotels

by Josh Ogle, Erica L. Wagner, and Mark P. Talbert

A study of 147 U.S. hotels finds a mixed picture with regard to the security of guests' connections to the hotels' network, whether by cable or wi-fi. Since many business travelers connect remotely to continue working while on the road, the potential for theft of corporate information exists. Some hotels still rely on relatively rudimentary hub technology for their networks, and these are particularly subject to hacking. Others have upgraded to more secure switches or routers. Even better is encryption for wi-fi connections, but that still does not prevent malicious users from intercepting guests' transmissions. An example of a best practice is presented in the case of the W Dallas Hotel–Victory, which has set up virtual local area networks (VLANs) for all of its users. The VLAN inhibits attackers from using their computer to imitate the hotel's main server, which is the mechanism most would use to intercept other people's data. Given that the technology exists to increase a hotel network's security, a hotel could potentially be considered at fault for not taking the necessary precautions to protect their guests from hackers.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14928.html

Cornell Hospitality Report, Vol. 8, No. 15 (September 2008)

Dina Zemke

A Sociable Atmosphere: Ambient Scent's Effect on Social Interaction

By Dina Zemke and Stowe Shoemaker

The scent of essential oil geranium introduced into a meeting room seems to have increased the positive interactions of those sitting in the room. A series of four exploratory tests with seventy-seven people found that the number of social interactions was higher when the ambient scent was in the room, as compared to when no scent was used. By observing videotapes of the groups, researchers could use "behavioral mapping," a procedure for monitoring people's responses to ambient factors. Although this is a limited study, it indicates that the use of ambient scent, if carefully chosen, could be expanded in the hospitality industry. Further study is needed on this topic, due to the small number of observations and other limitations, including the fact that its respondents were all in Las Vegas.
http://cqx.sagepub.com/cgi/content/abstract/49/3/317

Cornell Hospitality Quarterly, Vol. 49, No. 3 (August 2008)

Customer Satisfaction with Seating Policies in Casual-Dining Restaurants

by Sheryl E. Kimes and Jochen Wirtz

Restaurant guests prefer the control that making reservations gives them, according to a survey conducted at Cornell University. The survey tested three strategies for managing demand in casual restaurants, namely, accepting reservations, permitting guests to call ahead for a place on a waitlist with an approximate seating time, and seating guests from a first-come, first-served waitlist. Respondents particularly favored reservations for business dinners, and well over half of the respondents would not consider a restaurant for a business meal if they could not make a reservation. Call-ahead seating was a poor substitute for reservations, in the respondents' estimation, but was still seen as better than first-come, first-served seating, with an estimated wait time. The survey found that guests thought reservations gave them better control over their schedule and that reservations demonstrated that the restaurant cared about its customers. Since reservations come with their own special operational problems, managers of casual restaurants might consider using call-ahead seating if reservations do not work for the restaurant. Those that continue with seating from a first-come, first-served waitlist should consider ways to empower guests, for example, by giving accurate wait times or issuing pagers.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14604.html

Cornell Hospitality Report, Vol. 7, No. 16 (November 2007)

The Effect of Meal Pace on Customer Satisfaction

by Breffni M. Noone, Sheryl E. Kimes, Anna S. Mattila, and Jochen Wirtz

Sheryl E. Kimes

A study of 218 people who had recently dined in a table-service restaurant found that the pace of certain parts of a dining experience can be accelerated, but guests don't want to be rushed during the actual meal. These findings are particularly useful for restaurateurs who are seeking to improve table turns during peak periods, both to increase revenue and reduce customers' wait times. By dividing the restaurant experience into three segments, the researchers found that the last segment of the meal, which includes settlement and departure, can be brisk in almost all settings. At the front end, most restaurants can pick up the pace of greetings and delivering drink orders, except at fine-dining restaurants. Respondents almost universally resisted the idea of speeding up the meal itself.
http://cqx.sagepub.com/cgi/content/abstract/48/3/231

Cornell Hospitality Quarterly, Vol. 48, No. 3 (August 2007)

A Consumer's View of Restaurant Reservations Policies

by Sheryl E. Kimes

Restaurant customers view reservations as a form of contract, according to a survey of 1,230 frequent diners. The self-selected respondents to the survey had little patience for restaurants that fail to have tables ready, but they also thought that customers who could not honor their reservations should keep their end of the deal, by contacting the restaurant with their change of plans. Along that line, survey respondents often found it difficult to contact a restaurant when they needed to change a reservation. An examination of specific reservations-related policies found that, with regard to late-arriving diners, a policy of holding a table for no longer than a stated period, typically 15 minutes, is viewed as fair and acceptable. Also seen as relatively fair is asking guests to guarantee their reservation with a credit card. The respondents dislike the idea of premium pricing, question the fairness of policies that set a maximum duration at table or a minimum party size, and take a negative view of restaurants that penalize guests when one or more members of a party do not appear. Guests who linger at a table present a special challenge. Respondents do not want to be rushed or be asked to leave when they stay long at a table, but at the same time they realized that lingering guests cause delays for parties that follow them. One way to circumvent this issue might be for the restaurant operator to discuss time expectations when accepting the reservation.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14644.html

Cornell Hospitality Report, Vol. 8, No. 1 (January 2008)

Sheryl E. Kimes

The Role of Technology in Restaurant Revenue Management

By Sheryl E. Kimes

This review of potential technology initiatives for restaurants examines the systems that can help restaurateurs improve service and revenues. The analysis divides a meal into sections, allowing a manager to analyze whether the technology's cost will benefit the restaurants' employee and customers as well as improve revenues. Technology exists to manage the queue for tables, to relay orders more quickly from table to kitchen, and to expedite check settlement, among many other possibilities. However, if employees are not convinced that a particular technology will improve their jobs (and tips), implementation of that technology will falter. Likewise, customers must see the value of technical changes in the restaurant's operation.
http://cqx.sagepub.com/cgi/content/abstract/49/3/297

***Cornell Hospitality Quarterly*, Vol. 49, No. 3 (August 2008)**

Michael Lynn

The Effects on Perceived Restaurant Expensiveness of Tipping and Its Alternatives

by Shuo Wang and Michael Lynn

Research on behavioral pricing has found that presenting the price of a product or service in separate parts rather than a consolidated whole can reduce consumers' perceptions of the total cost. If so, restaurants which charge separate fees for their food and service whether by voluntary tipping or an automatic service charge may be perceived as less expensive than those that include service charges in the form of an all-inclusive price. An internet-based simulation testing that idea found that participants rated restaurants with tipping or automatic gratuity policies as less expensive than restaurants that built the costs of service into menu prices. Furthermore, participants ordered more expensive meals when automatic gratuities were added to the bill than when the costs of service were built into menu prices. While the study was a simulation only (and no money was at stake), the industry's long-standing practice of setting menu prices with service charges extra is supported by these findings.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14373.html

***Cornell Hospitality Report*, Vol. 7, No. 3 (February 2007)**

Stephanie K.A. Robson

Examining the Effects of Full-Spectrum Lighting in a Restaurant

by Stephani K.A. Robson and Sheryl E. Kimes

A subtle change in the lamps in a restaurant's dining room had no noticeable effect on diners' purchases or the length of time at table. The study was motivated by the common perception that full-spectrum light increases people's sense of well-being, which should, in turn, result in behavioral changes. With the cooperation of a table-service restaurant that has two similar dining rooms, the study involved changing the lights in one of those dining rooms to full spectrum lamps. The study found no significant difference in average checks or meal duration. None of the comparisons showed any difference between the regular lighting and the full-spectrum lighting with regard to customers' purchases. Although the change to was intentionally subtle, the results of this study do not support claims that full-spectrum light affects diners' activities.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14542.html

***Cornell Hospitality Report*, Vol. 7, No. 12 (September 2007)**

Alex M. Susskind

How Organizational Standards and Coworker Support Improve Restaurant Service

by Alex M. Susskind, K. Michele Kacmar, and Carl P. Borchgrevink

Servers' perceptions of the support of coworkers in their restaurant, the existence of standards in their restaurant, and the extent of their guest orientation are all related to customers' reported satisfaction, according to a test made in 25 restaurants. The study found that restaurant servers were most likely to relate to the organization's standards when they had the support of their coworkers, while support of their supervisors had only a modest effect. Employees who had the support of coworkers were more guest oriented, and the guests of the restaurants where employees' guest orientation was strong reported being more satisfied. However, the study is limited by its small sample size, and the model explains only about one-third of the variance in guest satisfaction.
http://cqx.sagepub.com/cgi/content/abstract/48/4/370

***Cornell Hospitality Quarterly*, Vol. 48, No. 4 (November 2007)**

Alex M. Susskind

The Effects of Organizational Standards and Support Functions on Guest Service and Guest Satisfaction in Restaurants

by Alex M. Susskind, K. Michele Kacmar, and Carl P. Borchgrevink

A model examining the relationship between restaurant employees' reactions to their work environment and their jobs as service providers and guest satisfaction was tested among 25 restaurants from a casual dining restaurant chain. In the model, the relationship between guest service employees' work-related perceptions and attitudes is connected to guests' reported satisfaction. Results show that employees' perception of organizational standards for service delivery being present in their restaurants was strongly related to their perceptions of receiving adequate support from coworkers and supervisors to perform their jobs. Employees' perceived support from coworkers was significantly related to service providers' guest orientation (commitment to their guests), while perceived support from supervisors proved to be a weak influence on guest orientation. Ultimately service providers' guest orientation was strongly related to guests' satisfaction with their service experience in the restaurant.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14462.html

Cornell Hospitality Report, Vol. 7, No. 8 (May 2007)

Restaurant Capacity Effectiveness:
Leaving Money on the Tables

by Gary M. Thompson

The Restaurant Table Mix Optimizer (or RTMO), developed by the author, identifies the best mix of tables for a restaurant, based on a variety of inputs. The tool is web-based, with users' data anonymously stored in a database. As of mid March 2007, a total of 1,543 people had registered to use the RTMO, although not all created a valid table-mix scenario. The final study analyzed the table mixes of 68 restaurants. While eight of the restaurants had the optimum table mix for peak operating times, the other 60 restaurants could improve their table mix. On average, the restaurants in this sample could increase their peak revenue by almost 15 percent using a more effective table mix. Almost one-fifth of the restaurants studied could improve revenue by more than 20 percent with an appropriate mix. Restaurant operators may be lulled into thinking they are doing as well as possible at peak times when they have full tables and guests waiting, but if that restaurant has empty seats, even at an occupied table, the mix of table sizes probably could be adjusted to seat more diners, even at peak times.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14442.html

Cornell Hospitality Report, Vol. 7, No. 7 (April 2007)

Optimizing a Personal Wine Cellar

By Gary M. Thompson and Stephen A. Mutkoski

This report takes what we believe to be the first scientific approach to optimizing a personal wine cellar. We identify the key factors related to optimizing a personal cellar: performance metrics, such as drinking the best possible wine; constraints, such as budget and cellar capacity; and decisions, specifically what to buy and when to consume the purchased wines. We describe the Personal Wine Cellar Optimizer, which is a tool designed to identify the optimum cellar management plan. Using an example of a real cellar, we illustrate how the optimizer's recommendations can be used to improve cellar management. This report is cosponsored by The Vance A. Christian Beverage Management Center, Cornell University School of Hotel Administration.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14724.html

Cornell Hospitality Report, Vol. 8, No. 5 (March 2008)

Gary M. Thompson

Stephen A. Mutkoski

Accurately Estimating Time-Based Restaurant Revenues Using Revenue per Available Seat-Hour

by Gary M. Thompson and Heeju (Louise) Sohn

By calculating revenue per available seat-hour, or RevPASH, restaurant managers can implement revenue management. The key to making this work is the appropriate calculation of RevPASH, in a way that captures accurately the effects of revenue, time, and capacity. Most RevPASH analyses are based only on the time at which a check is opened, but this can create inaccurate analyses. This report demonstrates a better approach: calculating RevPASH according to both check open and close times. The resulting revised RevPASH calculation accounts for the demand that customers place on restaurant capacity for the entire duration of their meals (and the revenue therefrom). Using eight months of data from one restaurant's POS, we find that the traditional approach works fine when RevPASH is calculated for the entire day part (in this case, the entire lunch period). The approach based only on check-opening times become less accurate, however, as the analysis periods are shortened. Even when the analysis periods are two hours long, the inaccuracy of the traditional approach exceeds 40 percent. Understanding the nature of this inaccuracy (and how to overcome it) is essential for managers who use RevPASH to guide their revenue enhancing decisions.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14846.html

Cornell Hospitality Report, Vol. 8, No. 9 (May 2008)

Gary M. Thompson

Stephen A. Mutkoski

An Analysis of Bordeaux Wine Ratings, 1970-2005:

Implications for the Existing Classification of the Médoc and Graves

by Gary M. Thompson, Stephen A. Mutkoski, Youngran Bae, Liliana Ielacqua, and Se Bum Oh

The French châteaux producing Bordeaux wines were classified by rank in 1855, creating a taxonomy that continues in force to the present day. An analysis of the ratings of vintages from 1970 to 2005 from three popular rating sources—Robert Parker, Stephen Tanzer, and Wine Spectator—provides a lens into the status of that 1855 Classification, as well as allows a comparison of those three raters. The analysis found considerable internal consistency in the three rating sources and a high degree of correlation between those experts' ratings. However, the raters differ systematically in the scores they assign. This study is based on 399 combinations of château and vintage for the "classified growths" for which we were able to find ratings from all three sources. We identify the top-rated years and top-rated châteaux, and compare this information to the 1855 Classification. Given our findings we propose an update to the 1855 Classification that incorporates the ratings we examine. To begin with, several châteaux showed remarkable staying power over the intervening 150 years. However, some châteaux had advanced in the rankings, while others have faded, at least based on this sample of vintages. Notable changes include Château Leoville-Las-Cases (Saint-Julien) moving from second to first growth, replacing Château Mouton-Rothschild (Pauillac), and two châteaux moving from the fifth growth to the second growth: Château Lynch-Bages (Pauillac) and Château Pontet-Canet (Pauillac). Market prices of the 2005 vintage tend to support our findings. For example, as of early May 2008, the price of the Château Leoville-Las-Cases (Saint-Julien) was about three times that of the other nominally second-growth wines. While we believe it is unlikely that the classification will be changed, we believe that our proposed classification update (and our rank-ordering of the châteaux) can help guide wine purchase decisions of consumers and the restaurant industry.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14865.html

***Cornell Hospitality Report*, Vol. 8, No. 11 (June 2008)**

Forecasting Covers in Hotel Food and Beverage Outlets

by Gary M. Thompson and Erica D. Killam

In this report we explain our finding that a lodging property can generally use information on its occupancy to improve the accuracy of cover forecasts in its food and beverage outlets. We examine twenty-seven forecasting methods. Six of the methods forecast covers using only an outlet's historical data, while the others include information on the property's occupancy. We conducted our study using four hotels that have a total of thirty-three combinations of food and beverage outlets and dayparts. The food and beverage outlets include room service, lounges, cafés, and main restaurants. Since we have extensive historical data from one of the properties, we split that into two samples, giving a total of forty-one outlet-daypart scenarios. In all of the cases we used an eight-week holdback data set to test the models. In thirty-four of the forty-one outlet–daypart scenarios, the best forecast originated with one or another of the models incorporating occupancy data. On average, forecast accuracy improved by over 11 percent when using occupancy data. In those thirty-four cases where using occupancy data improved the forecasts, the average improvement in accuracy was over 14 percent, while the accuracy improvement exceeded 25 percent in seven of the scenarios.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14929.html

***Cornell Hospitality Report*, Vol. 8, No. 16 (September 2008)**

Exploring Consumer Reactions to Tipping Guidelines:

Implications for Service Quality

Rohit Verma

by Ekaterina Karniouchina, Himanshu Mishra, and Rohit Verma

This study examines the relative effectiveness of using gratuity guidelines to encourage restaurant patrons to be more generous with wait staff. The study compared the effects on tips of an educational approach which informed guests about tip norms against an actual calculation printed on the check (as well as no guidelines at all). Using an internet simulation experiment, the study found that potential restaurant guests' reaction to tip reminders depended in part on whether the restaurant's service was excellent, average, or just plain shoddy. It's clear that offering suggestions influenced tip amounts, but not always in the expected way. Offering educational guidelines tended to raise tips when service was adequate, but it reduced the highest tips when service was excellent. When service was poor, however, mentioning tip norms encouraged patrons to take revenge on the hapless server. Offering a calculation on the check improved tips under all service quality levels, although the increase in tip levels was not significant when service was poor.
http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-14844.html

Cornell Hospitality Reports

INDEX

Reports, Tools, and Industry Perspectives from Prior Years

WWW.CHR.CORNELL.EDU

2006 Reports

Vol. 6, No. 15 The Cost of Employee Turnover: When the Devil Is in the Details, by J. Bruce Tracey, Ph.D., and Timothy R. Hinkin, Ph.D.

Vol. 6, No. 14 An Examination of Guest Complaints and Complaint Communication Channels: The Medium Does Matter!, by Alex M. Susskind, Ph.D.

Vol. 6, No. 13 Using Your Pay System to Improve Employees' Performance: How You Pay Makes a Difference, by Michael C. Sturman, Ph.D.

Vol. 6, No. 12 Competitive Destination Planning: The Case of Costa Rica, by Zhaoping Liu, Sara Lo, Paula Vasconcellos, Judy Siguaw, D.B.A., and Cathy A. Enz, Ph.D.

Vol. 6, No. 11 A New Method for Measuring Housekeeping Performance Consistency, by Michael C. Sturman, Ph.D.

Vol. 6, No. 10 Intellectual Capital: A Key Driver of Hotel Performance, by Linda Canina, Ph.D., Cathy A. Enz, Ph.D., and Kate Walsh, Ph.D.

Vol. 6, No. 9 Mandatory Arbitration: Why Alternative Dispute Resolution May Be the Most Equitable Way to Resolve Discrimination Claims, by David Sherwyn, J.D.

Vol. 6, No. 8 Revenue Management in U.S. Hotels: 2001–2005, by Linda Canina, Ph.D., and Cathy A. Enz, Ph.D.

Vol. 6, No. 7 The Strategic Value of Information: A Manager's Guide to Profiting from Information Systems, by Gabriele Piccoli, Ph.D., and Paolo Torchio

Vol. 6, No. 6 Development and Use of a Web-based Tool to Measure the Costs of Employee Turnover: Preliminary Findings, by Timothy R. Hinkin, Ph.D., and J. Bruce Tracey, Ph.D.

Vol. 6, No. 5 Tipping and Its Alternatives: A Comparison of Tipping, Service Charges, and Service-inclusive Pricing, by Michael Lynn, Ph.D.

Vol. 6, No. 4 An Examination of Internet Intermediaries and Hotel Loyalty Programs: How Will Guests Get their Points?, by Bill Carroll, Ph.D., and Judy A. Siguaw, D.B.A

CHR Tool 7 A Picture Is Worth a Thousand Words: Using Photo-Elicitation to Solicit Hotel Guest Feedback, by Madeleine Pullman, Ph.D., and Stephani Robson

Vol. 6, No. 3 Compendium 2006

Vol. 6, No. 2 Why Discounting Still Doesn't Work: A Hotel Pricing Update, by Linda Canina, Ph.D. and Cathy A. Enz, Ph.D.

Vol. 6, No. 1 Race Differences in Tipping: Questions and Answers for the Restaurant Industry, by Michael Lynn, Ph.D.

2006 Hospitality Tools

CHR Tool 8 A Comprehensive Guide to Merchandising Bed and Breakfast Inns, by William J. Carroll, Ph.D., Betsy Gomez, Anna Huen, Pamela Lanier, and Iris Lui

CHR Tool 7 A Picture Is Worth a Thousand Words: Using Photo-Elicitation to Solicit Hotel Guest Feedback, by Madeleine Pullman, Ph.D., and Stephani Robson

2006 Industry Perspectives

Industry Perspectives 1 The Power of Personal Service: Why It Matters • What Makes It Possible • How It Creates Competitive Advantage, by Barbara M. Talbott, Ph.D.

2005 Reports

Vol. 5, No. 13 Eight Rules for Competing in Hotel Real Estate Markets, by John Corgel, Ph.D.

Vol. 5, No. 12 Biting Off More Than They Can Chew: Unfulfilled Development Commitments in International Master Franchising Ventures, by Arturs Kalnins, Ph.D.

Vol. 5, No. 11 The Agglomeration Conundrum: How Co-location Helps Some Hotels and Hurts Others, by Cathy A. Enz, Ph.D., Linda Canina, Ph.D., and Jeffrey Harrison, Ph.D.

Vol. 5, No. 10 Low-price Guarantees: How Hotel Companies Can Get It Right, by Steven A. Carvell, Ph.D., and Daniel C. Quan, Ph.D.

Vol. 5, No. 9 Dining Duration and Customer Satisfaction, by Breffni Noone, Ph.D. and Sheryl E. Kimes, Ph.D.

Vol. 5, No. 8 Quantifying Impact: The Effect of New Hotels and Brand Conversions on Revenues of Existing Hotels, by Arturs Kalnins, Ph.D.

Vol. 5, No. 7 Best-available-rate Pricing at Hotels: A Study of Customer Perceptions and Reactions, by Kristin V. Rohlfs and Sheryl E. Kimes, Ph.D.

Vol. 5, No. 6 An Examination of Revenue Management in Relation to Hotels' Pricing Strategies, by Cathy A. Enz, Ph.D. and Linda Canina, Ph.D.

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 reqarding experience available to hospitality professionals. Expert facutly 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 genearl 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 nad 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

www.chr.cornell.edu