Dispute Resolution in the Luxury Hotel Industry

Master Thesis submitted in fulfillment of the Degree

Master of Business Administration

in New Media and Information Management

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AFFIDAVIT

I hereby affirm that this Master's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

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Date	Signature

ABSTRACT

Living in a constantly changing environment, where it is unpredictable to see what will happen in the future, it is very important for luxury hotels to strive for improvement in order to be able to create a sustainable competitive advantage. As the customer's behaviour is continuously changing, hotels and hoteliers within the luxury segment need to make sure that they understand, meet and exceed the expectations of their current and future guests, as they are the main source of profit in the luxury hotel industry.

Therefore, the aim of this thesis is to investigate if and how luxury hotels are making use of dispute resolution techniques to resolve conflicts on hotel level between them and their guests. In order to be able to provide a thorough picture of what has been researched in this regard, the literature review provides initially a general analysis of the luxury hotel industry, the term dispute resolution and user generated content. Then it focuses more detailed on research of the dispute resolution and user generated content in the luxury hotel industry. The next step is the methodology, which includes expert interviews with industry professionals. Considering primary and secondary research, the author was able to formulate, categorize and analyse the most important findings which paved the way to answer the main research question – "*Can dispute resolution techniques be used to influence the impact of user generated content review in the luxury hotel industry?*

Considering the literature review and the methodology used, it can be concluded that dispute resolution is currently used in the luxury hotel industry. However, during the research it became clear that the term has a different applicability in this industry. Essentially dispute resolution is used to resolve a conflict between two parties by making use of a third neutral party (e.g. mediator, arbitrator). Nevertheless, in the hotel industry this approach is only used in connection with extensive contractual agreements (e.g. Management Contracts, Franchise Contract). When dealing with conflicts directly in the hotel (e.g. handling customer complaints and negative feedback), research has validated that dispute resolution is done differently. Regardless if online (e.g. user generated content review) or offline (e.g. when the guest are still in the hotel), hoteliers' focus is to handle conflicts independently, immediately and efficiently.

Connecting the main research question with user generated content review, the analysis has demonstrated that dispute resolution techniques, which does involve a third party for an efficient solution to a conflict, are not applicable when dealing with user generated content review and its influence on the luxury hotel industry.

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LIST OF ABBREVIATIONS

UGC	User Generated Content
ADR	Alternative Dispute Resolution
ODR	Online Dispute Resolution
ADR*	Average Daily Rate
RevPar	Revenue per available room
OCC	Occupancy
KPI	Key Performance Indicator
ABA	American Bar Association
eWOM	Electronic Word of Mouth
GM	General Manager

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EDUCATIONAL PHASE

1 INTRODUCTION

1.1 The Statement of the problem

Living and operating in a world that is forged and branded by change as well as by the unpredictability of what comes tomorrow, companies need to be able to define and understand the signals their particular business environment is sending. Especially in a very competitive industry like the luxury hotel industry, it is indispensable to strive for a steady improvement and a sustainable competitive advantage. This only can be achieved if hotels are able to understand, meet and exceed the rapidly developing demands of the customers.

1.2 Significance and relevance of the topic

The mind of today's customer has altered. The evolving economical, demographical and technological change has transformed society in a way that individuals and businesses have become more transparent in their manner of how they act, think and base decisions on. The steady growing interconnectivity through smart devices and the easy access to an inexhaustible source of information makes customer more sensitive in terms of the place they will go to, the product they will chose and the price they are willing to pay. Moreover with the revolution of the World Wide Web (Web 2.0) customers are able to share their ideas, values and experiences instantly with each other on social platforms or on hotel review sites. This enables them to give and receive real time feedback of all positive and more important negative experiences. (Deloitte Touche Tohmatusu, 2011)

1.3 Main objectives and research aims of this thesis

The aim of this thesis is to find out if luxury hotels are making use of the right techniques in order to resolve and prevent disputes that are occurring between them and their guests. Therefore, the main objective of the research is to gather enough information in the areas of dispute resolution, user generated content and the luxury hotel industry, in order to establish a thorough picture of the current situation. Once this is done the author of the thesis is able to determine what has been explored and stated by experts from the industry. With this, it will be possible to identify relations or possible contradictions, which are needed to draw the right conclusions and to be able to give an answer to the main research questions.

1.3.1 Main research question:

“Can dispute resolution techniques be used to influence the impact of user generated content review on the luxury hotel industry?”

1.3.2 Sub questions

In order to be able to provide a thorough answer to the main research question, the following sub questions have been formulated and will be answered throughout the following chapters.

- What are the characteristics of dispute resolution?
- Where is it mostly used?
- What type of disputes are taking place in the hotel luxury hotel industry?
- What is currently being done to resolve disputes in luxury hotel industry?
- What is user generated content review?
- Who is making use of it?
- Where can it be found?
- How may user generated content review impact a hotel’s business?
- How do hotels cope with user generated content review?
- What does it mean for future business performance?

1.4 Structure of the thesis

Within this chapter the researcher describes and visualizes the structure of this thesis. The research model below (Figure 1) indicates within three phases (e.g. educational phase, analysing & understanding phase and solution phase) how research, findings and the conclusion are organized and linked together.

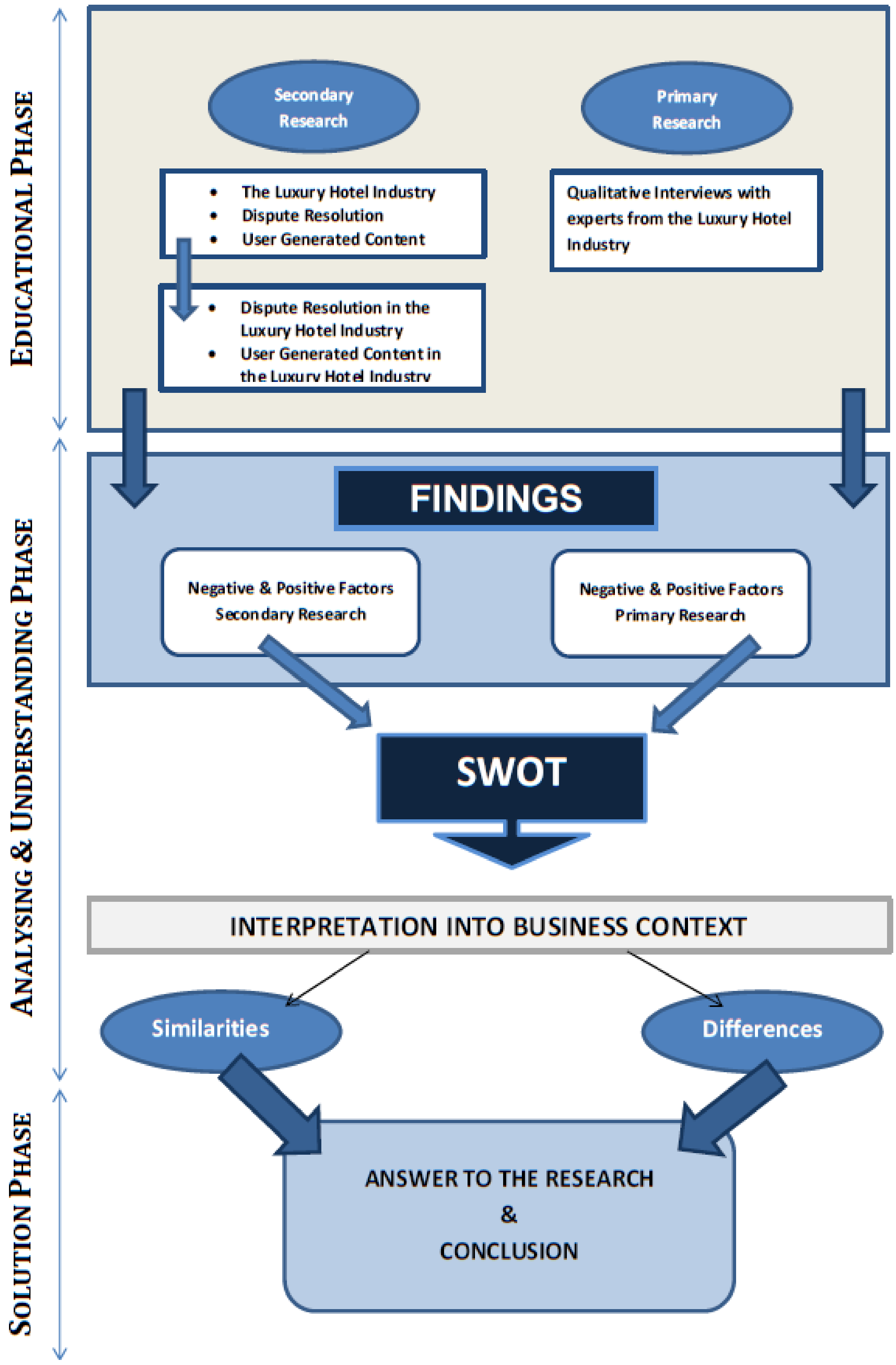
EDUCATIONAL PHASE
ANALYSING & UNDERSTANDING PHASE
SOLUTION PHASE
Secondary Research
Primary Research
The Luxury Hotel Industry
Dispute Resolution
User Generated Content
Qualitative Interviews with experts from the Luxury Hotel Industry
Dispute Resolution in the Luxury Hotel Industry
User Generated Content in the Luxury Hotel Industry
FINDINGS
Negative & Positive Factors Secondary Research
Negative & Positive Factors Primary Research
SWOT
INTERPRETATION INTO BUSINESS CONTEXT
Similarities
Differences
ANSWER TO THE RESEARCH
&
CONCLUSION

FIGURE 1 STRUCTURE OF THE THESIS

1.4.1 Educational Phase

Within the educational phase all important data resulting from primary and secondary research will be gathered and formulated. Starting with the introduction, including the statement of the problem, the significance/relevance of the topic, the main objectives, the research aims of the thesis, the main research question as well as resulting sub questions and an explanation of the research structure provides a good entry into this thesis. The introductory part will be followed by the literature review which reacts on the importance of the chosen literature, the theoretical framework and what has been already researched, done and said by others (e.g. the luxury hotel industry, dispute resolution and user generated review content). The last step within the educational phase is to spell out the methodology for the qualitative research.

1.4.2 Analysing & Understanding Phase

In the analysing and understanding phase all findings resulting from primary and secondary research will be interpreted, categorized and reflected. Moreover, well-known frameworks (e.g. SWOT Analysis) and other ways of illustration will contribute to identify similarities or possible gaps within the different areas of research. This paves the way to proceed with the prognoses and the answer of the main research question.

1.4.3 Solution Phase

The solution phase is the final part of the thesis where the answer of the research question is spelt out. Moreover, it reflects on the thesis by encapsulating the research approach, planning, limitations and future research.

2 LITERATURE REVIEW / SECONDARY RESEARCH

This chapter spells out a collection of most relevant data resulting out of scholarly writings such as books, journals, reports, articles and other sources. Within the literature review the researcher provides a solid foundation about what has been explored by others or can be linked closely the topic of the thesis. Moreover, it provides a good insight of what is important to know for further understanding. In addition, it also displays possible gaps and missing links within the previous research. By identifying similarities, possible gaps, agreements or disagreements the researcher also emphasizes on the relevance and significance of the main topic.

2.1 Theoretical framework

The theoretical framework displays how the different areas of research within the literature are drawn together. Moreover, it illustrates the interrelation of resources, which is important to determine the parameters for the primary research.

2.1.1 Model of secondary research / Literature Review

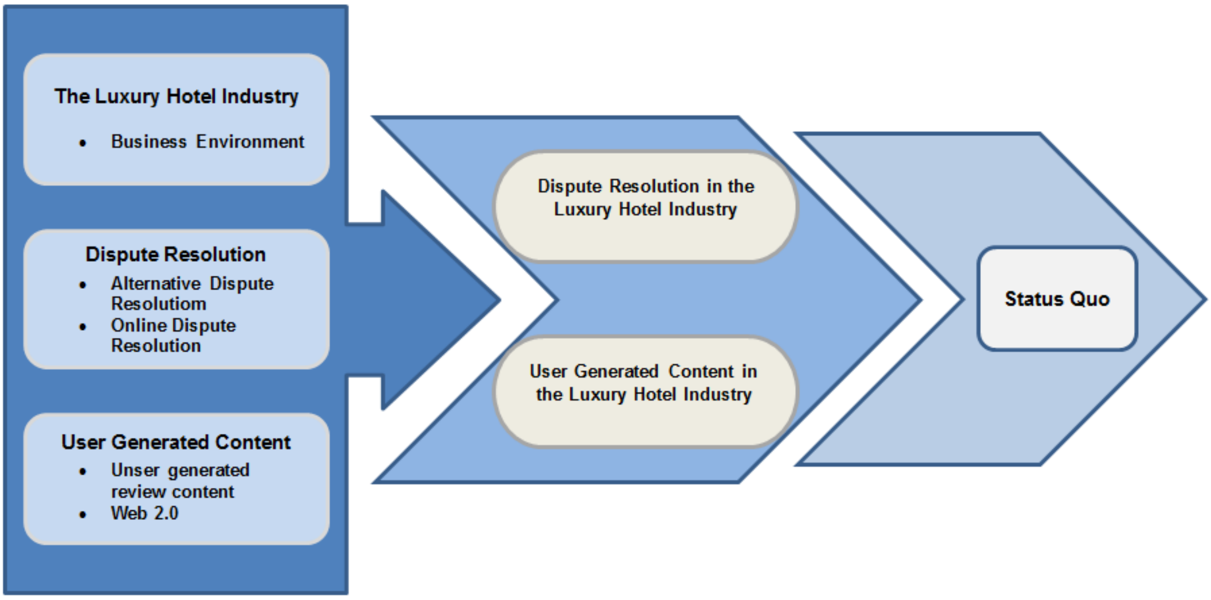
The Luxury Hotel Industry
• Business Environment
Dispute Resolution
• Alternative Dispute Resolutiom
• Online Dispute Resolution
User Generated Content
• Unser generated review content
• Web 2.0
Dispute Resolution in the Luxury Hotel Industry
User Generated Content in the Luxury Hotel Industry
Status Quo

FIGURE 2 MODEL SECONDARY RESEARCH

Referring to Figure 1.0 the first part of the secondary research implicates the three overriding areas by which literature has been selected. Referring to the topic of the thesis and to the main research question, these areas cover the business environment of the luxury hotel industry, alternative & online dispute resolution as well as the areas of user generated contend and the Web 2.0.

The next step within the secondary research is to focus on scholarly writings where these areas are investigated in coherence. Moreover, to be able to detail of what has been researched by others until this moment and to define the status quo, it is indispensable to take into consideration “dispute resolution in the luxury hotel industry” and “user generated content in the luxury hotel industry”. As stated in chapter 2.0 the status quo illustrates similarities, possible gaps, agreements or disagreements. Additionally, the researcher also emphasizes on the relevance and significance of the main topic.

2.2 Industry Analysis

Within this chapter the main findings out of existing scholarly writings on the luxury hotel industry are spelt out. Referring to the purpose of the literature review (Chapter 2.0), the following areas of research have been identified as most relevant.

2.2.1 General Data

2.2.1.1 General analysis and outlook

As research has shown the hotel industry is steadily recovering from the economic crisis that has happened in September 2008. For the past 5 years the amount of international arrivals worldwide has steadily increased by a yearly average of 4%. With an increase of 4.4% (e.g. 50 Million) a total figure of 1.184 Billion arrivals has been accounted for the year 2015. This indicates that the travel demand remains solid within key destinations. Furthermore, focusing on the key drivers of tourism, analysis has shown that the steadily decreasing price of oil and other natural resources had a positive impact on disposable income within importing countries, respectively a negative influence on exporting countries. Another key driver is the increasing focus on health as well as a larger anxiety about safety and security (World Tourism Organization, 2016).

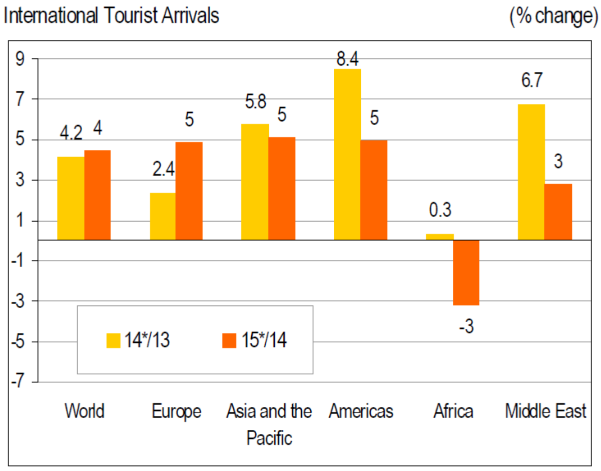

FIGURE 4 INTERNATIONAL TOURIST ARRIVALS (WORLD TOURISM ORGANIZATION, 2016)

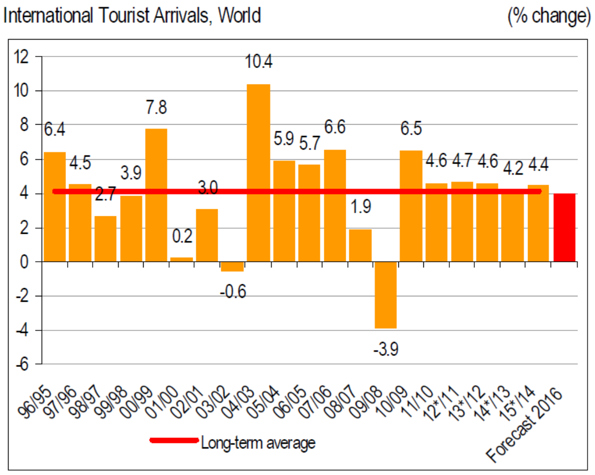

FIGURE 3 INTERNATIONAL TOURIST ARRIVALS / LONG-TERM AVERAGE) (WORLD TOURISM ORGANIZATION, 2016)

In essence, major regions (e.g. Europe, America, Asia & Asian Pacific) reported a growth in tourist arrivals of 5%, whereas the Middle East increased arrivals by 3% and the African Region experiences a decrease of 3%. In absolute terms Europe proofed to be and will expected to be the fastest growing region in the future. Moreover, according to Figure 3, the international tourist arrivals worldwide are expected to grow steady by an average of 3.8% per year until 2020. (World Tourism Organization, 2016). Furthermore, these results do also reflect in the hospitality industry data, released by STR Global (2015). Comparing the year 2015 to the previous years, it is stated that especially Europe and Northern America showed increasing results in all three key performance indicators (KPIs). The KPIs are defined as occupancy (OCC), the average daily rate (ADR*) and the revenue per available room (RevPar). Referring to those measures, data results of STR (STR Global 2015, cited by the World Tourism Organization 2016) has revealed that in 2015, Europe has shown the best results worldwide with an increase of 1.5 points in OCC to a total of 70.1%, ADR grew by 4.6% up to € 112,00 per room and RevPar increased by 7.1% to a total of € 79,00 (World Tourism Organization, 2016).

2.2.2 Consumer

Focusing on the customer behaviour and how it will adapt to change or will be influenced, it is no secret that ever since the economic crisis in 2008 the way people think and act has changed. Although, the economy has shown a good recovery, the sentiment of what has happened still influences consumer behaviour. As stated by Deloitte (2016), the spending behaviour and cross consumption of the people will only grow slow in the coming years. They will become more conscious. Further, the focus on value for money will become more important to their spending behaviour. From a business perspective this means that companies need to put their attention more on brand management, customer experience and pricing within their strategies to ensure a sustainable competitive advantage (Deloitte Touche Tohmatusu, 2011, p. 5).

2.3 Dispute Resolution

One of the essential things that define humanity is the free state of mind. And therefore one of the most valuable assets in society is the freedom of opinion and expression. Therefore, it is unalterable to encounter conflict when two or more parties do not share the same belief or opinion about something. Moore (2003) already dealt with this phenomenon as he stated that conflict is a fact of life and that is neither unnatural nor socially impaired or necessarily bad. It simple appears in “all societies, communities, organization and interpersonal relationships” (Moore, 2003), when different people or entities are interacting. (Moore, 2003). The term dispute resolution relates to the resolving of those conflicts. As defined by the American Bar Association (ABA), dispute resolution denotes all the practices that can be made use of to resolve a claim, conflict or dispute (Amercan Bar Association, 2016). According to Hutchinson (2015), these practices can be contrasted as adjudicative (decision) and non-adjudicative (agreement) approaches.

The adjudicative approach (evidence based decision) mainly involves the process of litigation and arbitration. Whereas the non-adjudicative (agreement based on good faith, safety and confidence) mainly involves the process of mediation, conciliation and negotiation. (Hutchinson, 2015).

2.3.1 Alternative Dispute Resolution

As stated by the Cornell University of Law, alternative dispute resolution (ADR) is defined as "any method of resolving disputes other than litigation" (Cornell University Law School, 2016). Taking into consideration other explanations, ADR is also defined as one type of dispute resolution that has a major advantage. Parties in a dispute can use it to work around the high extent of time and costs that are involved in resolving any dispute in front of court. Moreover, by putting certain processes of ADR to use, parties can take advantage of being more involved in the whole procedure itself. Being more implicated in action also implies more control of the outcome of the dispute. Additionally, ADR is more informal and adjustable than a trial in court. (Amercan Bar Association, 2016). Referring to chapter 2.3, there are different approaches that are used within dispute resolution. Research has shown that the most commonly used process within ADR is arbitration as adjudicative approach. Moreover, mediation, conciliation and negotiation are the main ADR practices that are used in a non-adjudicative approach. (Hutchinson, 2015) (NAFTA Secretariat, 2014) (Cornell University Law School, 2016)

2.3.1.1 Adjudicative Approach

Arbitration:

As states by Hutchinson (2015) arbitration is one of the major adjudicative ADR approaches (Hutchinson, 2015). In the language of law, adjudication is defined as *"the legal process by which an arbiter or judge reviews evidence and argumentation including legal reasoning set forth by opposing parties or litigants to come to an decision"* (Bhatia, 2010, p. 104). Though in relation to ADR , arbitration as an adjudicative approach is defined as a process where an independent third party makes decision which is based on evidence from the past (Blake, Browne, & Sime, 2012). It has therefore a lot of similarities with traditional trials. Yet arbitration has the advantages of saving time and being less formal. By a selection of an arbitrator that is approved by both sides, the outcome of the process is most of the time definite and binding. Which means it can be therefore enforced by a court (American Bar Association, 2013).

2.3.1.2 Non-Adjudicative Approach

Within a non-adjudicative dispute resolution process the outcome of a dispute is based on good faith, safety and confidentiality. The parties are striving for an agreement with no clear legal entitlement. Referring to chapter 2.3.1 the most common methods within ADR are mediation, conciliation and negotiation, with an emphasis on future business relationships (Hutchinson, 2015). However, as stated by Kaufmann-Kohler and Schulz (2004) there are also negative aspects, as non-adjudicative methods do not always reach a positive outcome (Kaufmann-Kohler & Schultz, 2004).

Mediation:

According to Moore (2003), mediation can be described as an ADR method were an acceptable, uninvolved and unbiased third party intervenes in a negotiation or conflict. The third party is usually known as mediator, which has only a limited access to information and no official decision-making power (Moore, 2003, p. 15). In addition, as stated by Sgubini et al. (2004), the mediator provides assistance to the different parties by helping them to identify their needs and demands. Furthermore he or she helps with the identification and connection of own interests (Sgubini, Priesitis, & Marighetto, 2004). Since mediation is a voluntary process, it is used by parties who are not able to manage their dispute on their own, but are still striving for a serene outcome (Moore, 2003).

Conciliation

This dispute resolution process includes like mediation a positive settlement between the two involved parties. Moreover, it also tries to distinguish the best possible outcome by leading the parties into the direction of a mutual agreement. This is assured by assigning an impartial and fair-minded third party, which is the conciliator (Sgubini, Priesitis, & Marighetto, 2004). However, the main difference between mediation and conciliation is that at a certain point of time the conciliator will be requested by the disputing parties to come up with a non- binding and positive settlement proposal that suits the interests of both. On the contrary, asking a mediator for the same matter, would not work. He or she would reject this request out of principles (Rechtsstandort Hamburg e.V., 2011).

Negotiation

Referring to the process of mediation and conciliation, negation is also one of the main three dispute resolution techniques within a non-adjudicative approach. As stated by Fischer and Ury (1981, cited by Moore, 2003) the process of negotiation is one of the most accepted approaches to reach an agreement (Moore, 2003, p. 8).Another explanation is given by Lewicki et al. (2007) as they refer to negotiation as the “win-win situations such as those that occur when parties are trying to find a mutually acceptable solution to a complex conflict” (Lewicki, Barry, & Saunders, 2007, p. 3).

An alternative explanation was given by Hutchinson (2015) as he explains that the involved parties accept the negotiation approach as most beneficial to their demands, since they have a shared interest in a mutual outcome.

Within the negotiation process the disputing parties entitle a responsible person within their own peers. Also possible but not necessary is choosing somebody from a third party (Hutchinson, 2015).

Moreover, it is an informal process that is voluntary, following three simples steps. First the disputing parties are identifying the problem respectively the cause of the negotiation. Secondly, different options for the resolution of the problem are explored. The third and last step is to come to a mutual agreement concerning the solution of the problem.

2.3.2 Online Dispute Resolution

Referring to previous information stated in chapter 2.3.1, the Online Dispute Resolution (ODR) is defined as ADR procedures, which are conducted entirely through the internet without any physically interaction (Jourová, 2016). A more detailed explanation on ODR is given by Fowlie et al. (2013) as they describe ODR "as a tree with two major braches. One branch focuses on using the algorithmic power of computers to help people resolve their issues […]. And the second branch focuses on using computers to facilitate human communication." (Fowlie & Rule, 2013, p. 51). In essence the process of ODR is helpful to resolve a dispute where a direct interplay of disputing parties is not possible due to geographical, financial or time reasons. (Clifford & Van der Syp, 2016, p. 278). Therefore, as stated by Susskind & Susskind (2015) the traditional ways of resolving disputes are being challenged. Since the question arose, if there is really a need of a physical presents to resolve a dispute, the idea of online dispute resolution gained considerable interest (Susskind & Susskind, 2015).

Pointing out the main difference of ODR compared to ADR, research has shown that ODR involves all the advantages of ADR (e.g. cheaper and faster than making use of litigation), yet due to an improved accessibility by using the internet, disputing parties have an easier access to those processes and are more willing to use them. (Jourová, 2016)

2.3.2.1 ODR and the European Commission

On February 15, 2016 the European Commission launched a new state of the art platform that allows consumers and traders to solve disputes online. By providing a unified and easy to use website, it is now possible for all traders and consumers within the 17 Member states to take advantage of ODR for all domestic and foreign online purchases (European Commission , 2016). As stated by the Commissioner for Justice, Consumer and Gender Equality - Věra Jourová (2016), most customers have had problems with online purchases. However they neither complain nor think about doing something against the issues they have experiences.

With the ODR platform, they have now the chance to actual solve their issues in an easy, cheap and innovative way. Consumer will be more confident in purchasing online across borders which automatically has a positive effect on Europe's digital single market. (European Commission , 2016)

2.4 User Generated Content

2.4.1 Definition of User Generated Content

With the revolution of the web, the time has changed were content was delivered only by the provider of the web sites. As stated by Boyd & Ellison (2008, cited by Li et al.2013) the term user generated content (UGC) became more graspable from the year 2003 onwards. (Li, Loh, Evans, & Lorenzi, 2013). As there are several descriptions of UGC it can be defined as the occurrence where individuals are using the internet to compile, control, design or consume their own respectively the content of others. A more common term that is based on the idea of UGC is "Social Media". Today most known and used social media platforms among others are Facebook (1.55 Billion active users), Instagram (400 Million active users) and Twitter (320 Million active users) (Statista Inc., 2016).

2.4.2 Web 2.0

Referring to chapter 2.4.1, before there was UGC there was "Web 2.0". As described by O'Reilly (2005, cited by Russel et al. 2016) the term Web 2.0 can be defined as web sites and service that fully rely on the content that is generated by users and not by any contracted developers or administrators (Newman, Chang, Walters, & Wills, 2016). In reference to Kim et al. (2009), Web 2.0 can be defined as an application of the web that does not only helps people to share their opinions about a certain topic, but also gives them chance to continue their interaction and collaboration with others (Kim, Yue, & Hall, 2009). Moreover, following on this definition, Murugesan (2007, cited by Newman et al. 2016) offered an alternative explanation of Web 2.0 as the introduction of "online" links between persons, whereas the original Web (Web 1.0) was only capable to provide links between documents. Further analysis by Seo & Lee (2015) described Web 2.0 not only as another new and innovative invention but as major change in the way how people communicate with each other (Seo & Lee, 2015). Hence, resulting out of this new way of communication and interaction the term user generated content was created.

2.4.2.1 Web 2.0 & Consumers

Following on what has been learned about the Web 2.0 and UGC, this chapter provides further information about the opportunities that have emerged for consumers. Comparing recent data concerning the word population, the internet and social media usage as well the usage of smart devices, it can be seen that "Web 2.0 services have flourished" (Newman, Chang, Walters, & Wills, 2016). Since January 2016, 46% out of the total word population are internet users (3.42 Billion) whereof 67.46% are active social media users (2.31 Billion) of which 85.3% are users through smart devices (1.99 Billion) (Chaffey, 2016).

This also complies with Deloitte (2016) as they describe the increasing connectedness as "social revolution", where social media technologies have and will provide consumers with an enormous "stage" to socialize and interact with each other. In addition, through social media and the increasing usage of smart devices, consumers are adapting to an ever-increasing pool of information that is accessible at any point of time (Deloitte Touche Tohmatusu, 2011).

2.4.2.2 Web 2.0 & Businesses

Picking up on the ever-increasing pool of information that is used by customers (Deloitte Touche Tohmatusu, 2011) it is now important to spotlight what the Web 2.0 und UGC means for companies. Referring to most scholarly writings, it can be seen that through an increasing accessibility to information, individuals and companies are getting more transparent. From a business's perspective this means that current and future customers have the possibilities to get and share information about products, prices, quality and services (Deloitte Touche Tohmatusu, 2011).

In agreement with Shang et al. (2011, cited by Seo & Lee,2015) making use of the Web 2.0 successfully is not necessarily a matter of using latest technologies and services but a matter of putting it to use the right way (Seo & Lee, 2015). In essence, this means that many businesses are utilizing Web 2.0 applications for example social media platforms like Facebook, to create a connection with their customers respectively to interact with them. However, to be able to create value to the customer, the implementation of these applications needs to be based on well-established internal strategies (Seo & Lee, 2015). Further analysis of how to create value and loyalty, showed that there is a decrease in loyalty, as elderly devoted customers are going to vanish. The younger generation (e.g. Generation X, Millennials or Generation Z) won't be as loyal as earlier generations. Therefore, loyalty in the future will be forged by most current trends and the opinion of family, friends and peers (Deloitte Touche Tohmatusu, 2011).

2.5 Dispute Resolution in the luxury hotel industry

"The guest is always right – even if we have to throw him out" (Ritz)

Following this quote by Charles Ritz (1891-1976) who is one of the most famous hoteliers of the past centuries, it is said that within the luxury hotel industry there are no disputes between the guest and the hotel, since the guest is always right. However, this is only the impression the guest should have when he or she employs the services of a luxury hotel. As stated by Fisher & Uri (1991) every human being negotiates consciously or unconsciously as "negotiation is a fact of life." (Fisher & Ury, 1991).

Therefore, it can be said that also in the luxury hotel industry, disputes between the hotelier and the guest are taking place. Moreover, when using the term dispute resolution in connection with the luxury hotel industry, it needs to made clear that dispute resolution between a hotelier and a guest is often described as complaint handling.

In the following chapter the researcher describes in the first part the importance of complaint handling within the luxury hotel segment and what are the approaches that are currently used to handle and resolve complaints. In the second part the researcher shows where dispute resolution in form of ADR as explained in chapter 2.3.1, is used in connection with luxury hotel industry.

2.5.1 Impact of complaint handling on customer loyalty and retention

Especially within the luxury hotel industry, it is very important that businesses do understand that a complaining customer and a loyal customer are very closely linked. As stated by Barlow & Moller (2008), handling customer complaints the right way, enables to create customer loyalty (Barlow & Moller, 2008).Further analysis by Wölfl et al. (2007) indicates that a complaint can be seen as a "present", since it can be turned to a positive thing if handled the right way. In addition, research has shown that only 5% of unsatisfied guests do actually vent their displeasure about a product or service of a hotel. The remaining 95% of the guests are checking out without sharing their discontent with the hotel itself (Wölfl, Christian, Khom, Ruetz, Knoll, & Weissensteiner, 2007). Thus, the likelihood is quite high that they are sharing their discontent with other people and that they will never return (Stevens, 2010).

This draws attention to the importance of handling those customers the right way to avoid the risk of decreasing guest loyalty and retention, which eventually have been proven to be major factors of losing business (Eid, 2013). As stated by Blodgett et al. (1995, cited by Eid 2013) the costs of attracting new customer are five times higher than the costs of holding a current one (Eid, 2013). Building up on this figure most current research has exposed that by now the cost are even six to seven times higher (Miller, 2010). Further analysis by Reichheld & Schefter (2000) indicates that if a company is able to increase loyalty and retention of their customers, this will also have a positive impact on a company's financial performance. For example an increase of 5% in customer retention can result in an increase of 25% to 95% of profit (Reichheld & Schefter, 2000). Hence, implementing certain complaint-management standards is crucial (Cook, 2012) to ensure customer loyalty and customer retention.

2.5.1.1 Conventional approach of handling complaints “Disputes”

In connection with the information from the previous chapter, it has been stated that it is inevitable for organizations in the service industry to make use of complaint management standards to ensure a good business performance. Currently many hotels are making use of such standards respectively have certain policies in place. Yet, before elaborating on the different approaches how disputes or better complaints are solved, it is important to understand by whom guest are approached during their stay.

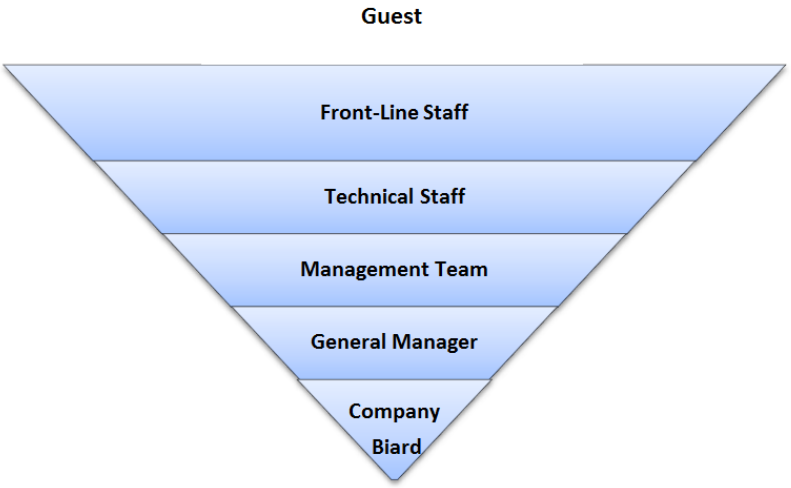

FIGURE 5.0 THE INVERTED SERVICE TRIANGLE (BAUM, 2006, P. 95)

The inverted service triangle by Baum (2006) displays the different layers within a luxury hotel. It indicates that guests for the most time, do interact with the front-line staff of a hotel (e.g. at the reception, in the room, at the spa or in the restaurant). Due to these reasons it is the front-line staff within the operational departments that are involved and have to deal with the guest at the first moment. Considering a demanding and diverse clientele, research has shown that many luxury hotel companies have identified the following steps to be important when handling a complaint directly:

1. Listening to the other party without interruption
2. Apologize
3. Identification of the problem
4. Taking immediate action
5. Follow up
6. Documentation

Making use of those steps is also described as “passive” complaint handling, since the hotel cannot influence if and when a guest may file a complaint personally without being asked.

Another method is the “active” approach, where hotels are specifically asking for their guests’ feedback and complaints (Wölfl et al., 2007)

In many cases this is done by providing guest comment cards, which are distributed in the guest areas (e.g. in the room, restaurants, Spa, Lobby…etc.) or via a digital approach where guest are able to fill out an online survey provided by the hotel (e.g. via e-mail or a link on the hotel web site) (Shiells-Jones, 2014). In essence, most effective hotel organizations are seeking for guest feedback by any means, in order be able to measure and observe how their guest are experiencing their product and the services (Ford, Sturman, & Heaton, 2012).

2.5.2 Alternative Dispute Resolution in the luxury hotel industry

Referring to chapter 2.3.1, ADR is the preferred way to settle conflicts out of court. It has become popular to settle contractual disputes or a dispute resulting out of business operations, since the cost and time involved, does not reach by far the amount what a resolution in front of court would take. According to Robinson et al. (Unknown) the hospitality industry is one of the last industries that have not yet fully made use of the advantages that ADR might bring to a business in terms of financial and economic benefits. However, research shows that within the hospitality industry ADR is currently used to settle disputes on a “bigger contractual” level. This includes agreements between hotel management companies and hotel owners or franchise agreements (Robinson, Cline, Dunwoody, & Neff). An alternative explanation is given by Norman (2010) as he states that ADR can be used in almost every core agreement that evolves within the industry. Particularly the emphasis lies here on license agreements, technical service agreements and of course as mentioned before franchise and management agreements, as they are most suitable for an alternative dispute resolution approach. In reality, the ADR method that is most commonly used in those cases is arbitration to avoid the process of litigation (Norman, 2010). Besides arbitration another form of ADR that might be used to settle disputes within the hotel industry is mediation. Referring to a case study by Robinson et al. (Unknown), the process of mediation might be useful if there are disputes between a hotel and a big group that is supposed to stay in the hotel, but wants to cancel the reservation for example due to the threat of terrorism (Robinson, Cline, Dunwoody, & Neff).

2.6 User generated content in the Luxury Hotel Industry

Considering of what has been learned about UGC previously, this chapter will explore more detailed the connection between the luxury hotel industry and UGC reviews, respectively what has been researched about the impact of UGC reviews on the luxury hotel industry.

2.6.1 UGC review & eWOM

As stated by Buhalis & Law (2008, cited by Blaka, 2014), the Web 2.0 has changed the mind and behaviour of current and future travellers. With the concept of UCG and social networking, travellers have been converted into consumers of knowledge who apply these concepts to the hospitality industry (Baka, 2014).

Another explanation to this phenomenon is given by Sigala (2009) as Web 2.0 and UCG have changed and will change the approach how individuals are going to enquire, find, understand, collect, share, distribute and apply information (Sigala, 2009). In essence, it is becoming easier for people to communicate their thoughts and opinions with other peers. Within many scholarly writings, researchers refer on this new type of communication as electronic word of mouth (eWOM) (Baka, 2014). Pursuant to Hennig-Thurau et al. (2004) eWOM has been defined as “any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet.” (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004). Additionally eWOM as a part of UGC review can vary in many different forms. Sources can vary from big travel reviews sites, to social media, to hotel and travel blogs or to any other related fora (Baka, 2014).

2.6.2 UGC review from a customer perspective

Focusing on the customers, the UGC review about the hospitality industry has become very important for the purchasing intention and decision process of each individual and business traveller. An alternative explanation is offered by Buhalis & Law (2008, cited by Mauri & Minazz. 2013):”The Internet is now the predominant means of travel shopping […] and has changed the way tourism information is distributed.” (Mauri & Minazzi, 2013). A study from Complete Inc. (2007, cited by Ye et al. 2010) revealed that 4 out of 10 customers are visiting one of the many platform where UCG review on the particular product can be found, before their make their final purchasing decision (Ye, Law, Gu, & Chen, 2010). The reason behind this is that possible customers do not always have the needed information to decide on and evaluate a product or service. Therefore, they are forced to rely on what has been disseminated by others. As a matter of fact it has been shown that people are looking for first – hand experience, which they do not have themselves. They are motivated by the thought that an opinion from another person can be taken more serious than one from a big travel or company web site (Sparks, So, & Bradley, 2015). This also aligns with an earlier research by Gretzel & Yoo (2008) as they found that review provided by other hotel customers is very often perceived to be more reliable and more contemporary than any other open source (Gretzel & Yoo, 2008). Concluding the above mentioned, it has been stated that UGC review and eWOM have an impact on the customer decision making process when it comes to the purchase of a product or service.

However, important though is the level of influence that the UGC review has on an individuals (Baka, 2014). Furthermore, as stated by Blal & Sturman (2014) the level of influence is dependent on the validity respectively the attributes (e.g. negative, positive, understandable and appropriate) of the content generated by the others (Blal & Sturman, 2014). Often, those reviews with the highest trust and valence are generated by opinion leaders (Litvin, Goldsmith, & Pan, 2008).

Opinion leaders in simple terms are those persons “whose opinions about something such as a product or issue have a big influence on the opinions of others.” (Cambridge University, 2016)

2.6.3 UGC review from a business perspective

Academic studies and scholarly writings on the topic UGC review in the hospitality and hotel industry have pointed out that there is a strong impact of UGC review on the decision making process and purchase intention of the customer. Consequently, as the customer is the source of income, it is indispensable for businesses to focus on potential threats and opportunities that come along with UGC review and the Web 2.0 (Stauss 1997, cited by Hennig- Thurau et al. 2004) (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004). Referring to previous research by Baka (2014), it is stated that eWOM and UGC review are closely linked to the reputation of a business. Following this context , reputation was defined by Fombrun (1997, cited by Baka 2014), “as the perceptual representation of a company’s past actions and future prospects that describe the firm’s overall appeal to all its key constituents when compared other leading rivals” (Baka, 2014). To be able to ensure a high quality level of products and services as well a strong brand reputation, UGC review can have a great significance for managers (Dellarocas, 2003). Therefore businesses must understand and see the need to investigate, track and understand UGC review (Baka, 2014).

2.6.3.1 Handling of UGC review

Referring to the previous chapter it has been discussed that UGC has an impact on a business’s performance. Now the next step is to look into how hotels deal with the UGC review of their guests. Considering recent studies on this topic, Litvin et. al (2008) found that online hotel reviews by guest are considered more as an opportunity for businesses than a threat. When customers feel the need to share information on UGC review websites, they are most of the time exceptionally happy with that what they experienced or they are very unhappy and dissatisfied. In some cases the comments are also neutral as the result of having the need to share anything, regardless if it is useful for others or not (Litvin, Goldsmith, & Pan, 2008). Hennig-Thurau et al. (2004) indicated that besides the number positive reviews, the percentage of the negative reviews about a certain product or service is always of higher interest. Following the explanation of Cheng et al. (2006, cited by Mauri & Minazzi 2013) it is mentioned that pleased customers write positive reviews to share their satisfactory experiences and to convince others to follow their recommendations. Whereas unpleased customers share their discontent with the purpose to deter others to spent their money on a that product or service (Mauri & Minazzi, 2013).Referring to chapter 2.5.1, the challenge for businesses relates to the correct reaction to reviews, especially the “negative” ones (Sparks, So, & Bradley, 2015).

Recent studies suggested that if a company does not respond to customer comments, the results might be a decrease of future business due to the absence of potential and returning customers (Chan & Guillet, 2011). In this context it is important that negative reviews posted by customers are handled quick and answered seriously. Moreover, the response should always be done by the management (e.g. General Manager or Hotel Manager) or by an assigned person that is allowed to answer in the name of the management. This is important as potential new customers, who have no personal experience heavily rely on what has been posted by others, respectively what has been replied to the review by the management. Besides the act of responding to a user generated review, research has shown that the tone, the time, the content and the appeal are substantial (Sparks, So, & Bradley, 2015). Taking into account previous investigation by Tax et al.(1998), a well formulated, kind, professional and trustworthy, obliging and appealing response is most often contributable to dissolve anger and frustration.

2.6.3.2 Biggest UGC review platforms in the Industry

Ranking	Name	Services	Market	Number of reviews	Number of properties listed	Response to reviews by management possible?	Verification of reviews?	Source
1.	TripAdvisor	Hotel review and hotel booking	Worldwide	320 Million	6.2 Million	Yes	Partly	(Tripadvisor LLC, 2016)
2.	Booking.com	Hotel booking with hotel review	Worldwide	86,5 Million	890 Thousand	Yes	Yes	(Booking.com B.V, 2016)
3.	Trivago	Hotel price comparison and hotel review	Europe	80 Million	700 Thousand	No	Yes	(Expedia Inc., 2015)
4.	Ctrip	Hotel booking with hotel review	China	33 Million	150 Thousand	No	No	(Olery B.V., 2016)
5.	HolidayCheck	Hotel review site	Germany	10 Million	400 Thousand	Yes	Partly	(Olery B.V., 2016)
6.	Despegar.com	Hotel booking with hotel review	South America	9 Million	150 Thousand	No	No	(Despegar.com, Inc., 2016) (Olery B.V., 2016)
7.	Hotels.com	Hotel booking with hotel review	Worldwide	6.5 Million	435 Thousand	No	Yes	(Hotels.com L.P, 2016) (Olery B.V., 2016)
8.	Agoda.com	Hotel booking with hotel review	Asia	4 Million	775 Thousand	No	Yes	(Agoda Pte. Ltd., 2016) (Olery B.V., 2016)
9.	Hotel.de	Hotel booking with hotel review	Germany, Austria,	2 Million	250 Thousand	No	Yes	(HOTEL DE GmbH, 2016) (Olery B.V., 2016)
10.	Virtual Tourist	Travel review site	Worldwide	1.8 Million	260 Thousand	No	No	(Olery B.V., 2016)

TABLE 1 THE TEN BIGGEST UGC REVIEW PLATFORMS

2.7 “Status Quo” after the literature review

Referring to the information above, it has been shown that the luxury hotel industry has a promising future prospect as arrivals and KPIs in most important destination have increased in the past and are expected to increase in the next years. However, as a consequence from the economic crisis consumers will remain price sensitive with a high focus on value for money. This was also reflected by research regarding Web 2.0, UGC and UGC review. Customers in the hospitality industry are trying to get as much information as possible about a company’s products and services, before they make their purchasing decision. By doing so, they rely heavily on the review that has been shared by others on review platforms. Moreover it has been illustrated that a customer review can be conducive to business operations, if handled the right way. In this regards, the businesses focus should rely more on the negative reviews from unsatisfied customers as a correct, timely and efficient handling of complaints can increase customer loyalty and recognition. Following the field of complaints, it has been shown that dispute resolution is part of the daily life. However, ADR and ODR are mainly used in other industries. In connection to the hospitality industry, very few sources of research on the topic dispute resolution could be discovered as it only appears in the context of big contractual agreements (e.g. between owners, hotel management companies and franchise companies) but not in the context of disputes resolution between individual customers and the businesses.

3 METHODOLOGY

This chapter gives a detailed presentation of the techniques that are used to conceptualize the primary research process (Creswell, 2007, p. 248). Moreover, it points out the selection of a certain practice that has been used to frame the way of thinking respectively the researchers approach to be able to answer the main research questions.

3.1 Selection of Methodology

Taking into account the comprehensiveness of the topic, the areas of research and expertise that needs to be considered to be able to attain relevant data, it is indispensable to choose the correct research method. Therefore the primary data collection will be executed by a qualitative research approach.

3.2 Qualitative Research

Qualitative research can be defined as the process of investigating a specific problem, topic or phenomena from a viewpoint that cannot "be rigidly codified" (Corbin & Strauss, 2008, p. 16) .An alternative explanation is offered by Creswell (2007), as he defined qualitative research as a course of action in which the researcher establishes a involved integrated point of view by reporting a detailed perspective of human sources in a natural environment (Creswell, 2007).

3.2.1 Qualitative over quantitative

Having the topic "Dispute Resolution" in contemplation, it shows that the required data that is needed to fill the gaps from the secondary research has to be more intrinsic than commonplace. By conducting qualitative research it is possible to collect information that does not "translate aspects of the world into numbers" (President & Fellows Harvard University, 2008). The aim is to find out more about the perspectives, feelings, opinions and specific knowledge of individuals. (Cambridge University Press , 2016). In addition, the researcher has the chance to develop knowledge, insight and understanding about the deeper meaning of a complex research topic (Creswell, 2007, p. 39). According to Corbin and Strauss (2008) one of the reasons why qualitative resedarch can be seen as an advantage, is because it gives researchers the possibility to reach out and to discover inside experience of participants. This enables them to explore how opinions are forged. With a quantitative approach on the contrary this is not possible, since researcher only gets an insight into numeric data from testing variables (Corbin & Strauss, 2008).

3.2.2 Data Collection

Within a qualitative research approach, there are a lot of different information sources that can be used to collect data. Referring to the topic of this master thesis and referring to the previous chapters, the data collection will be executed by conducting interviews.

3.2.2.1 Phenomenology and the phenomenological approach

Referring to the data collection through interviews it is crucial that the researcher selects the right approach to be able to collect the information that is desired. According to Corbin and Strauss (2008), the most essential factor to ensure a high quality in the outcome and analysis of the study, is the usage of the right resources (Corbin & Strauss, 2008). Therefore a phenomenological approach has been chosen when conducting interviews. Phenomenology derives from the word “phenomenon” and has its origin from philosophy. It can be defined as the study “of structures of consciousness as experienced from the first person point of view” (Woodruff Smith, 2013). Precisely it relates to experience. The experience of practices and things and the way individual delineate, respectively give meaning to the experience. (Woodruff Smith, Phenomenology , 2013). Referring to the methodology of this thesis the phenomenological approach is the collection of data from a specific group of people that have encountered a certain circumstance - “phenomenon”. (Creswell, 2007, p. 61)

3.2.2.2 Sampling and target groups

Taking into consideration the data collection approach and the desired outcome of the primary research, the chosen most suitable sampling technique is “expert sampling” a subject to the category of purposive sampling, which again is a type of non-probability sampling. By making the use of expert sampling the researcher needs to attain knowledge from persons with a specific area of expertise and experience (Lund Research Ltd, 2012). In reference to the main research question and the topic of this thesis, the researcher has chosen to select his sample out of experts within the luxury hotel industry. For example this means that experts within middle or top management level of private and chain brands (e.g. four star superior to five star superior hotels) have been chosen to be interviewed.

3.2.2.3 Sample Frame

The sample frame describes the number of individuals that have been chosen to be part of the primary research. Considering the phenomenological approach and the target group coming from the luxury hotel industry a sample of five industry experts from the top management were selected. According to Polkinhorne (1989) the sample size when talking to industry experts in high management positions lies between 1 and 25 experts, as it can be challenging to establish a contact and getting the chance to schedule a personal meeting (Polkinhorne, 1989). Therefore, the sample size seems to be acceptable as all interviewees have been chosen very carefully, considering their industry experience and the distinction of information they are providing.

3.2.2.4 Data collection tool

To ensure an adequate data collection, the researcher will conduct expert interviews. In the last couple of years it has been shown that this type of interviewing has become more popular as researchers have the chance to acquire specific knowledge based on experience, responsibility and commitments that have been made in a professional field or organization (Littig, 2013). When conducting expert interviews the researcher sees the interviewees as representatives of the industry. Thus, their knowledge and experience will be of high importance to this thesis.

Referring to the execution of the interviews and to ensure an adequate outcome, the researcher has chosen to conduct the interviews in a semi-structured approach. The semi-structured interview follows a pre-formulated list of topics (Cohen & Cratbee, 2006). Whereas, it is very important in regards to the phenomenological approach that the researcher asks how and in which context a phenomenon was experienced. Furthermore, other open-ended support questions will be asked to guarantee a detailed depiction and understanding of what will be told by the interviewees (Creswell, 2007, p. 61).The topics of the interviews as well as the support questions are spelt out in an interview guide that is used during the interview by the researcher and involve the following steps:

Step 1:

Introduction: The introduction serves to establish a relationship between the interviewee and the interviewer. Here the researcher introduces himself and gives a short insight into his professional background and a brief overview of his studies.

Step 2:

Aim of the interview: In order to prepare the interviewee of what will come next, the researcher will elaborate on the aim of the interview. In detail this includes the contextual framework of the research and a short introduction into the topic. This gives both parties the chance to orientate their thoughts of what they are going to talk about. Within this step is very important not to provide too much information about the topic to the researcher as this would endanger and impartial the result of the interview.

Step 3:

The interview: In the beginning the interviewees will be asked to give a short summary about their professional background. One the one hand, this has the advantage that this is something every expert enjoys talking about and on the other hand the researcher can relate to this information later in the interview to gain more detailed information. Furthermore, it also can serve as additional evidence why the interviewee meets the expectations of the qualitative research. Afterwards the next questions will relate to the main body of the interview involving the pre-defined topics and supportive questions.

Furthermore, the topics as well as the questions should follow a predefined logical order. However this order serves only as a guideline to make sure that all important topics are covered and can be changed or adapted during the interviews to ensure the most appropriate and qualitative outcome (Cohen & Cratbee, Semi-stuctured Interviews, 2006).

Step 4:

Closing: Once all topics have been covered, the interviewer will indicate the end of the interview. This involves thanking the interviewee for their time and the useful information provided. For more detailed information please refer to appendix 1.

3.3 Data Analysis

Once the researcher has finished the data collection, the next step is to focus on an adequate data analysis. Therefore, the following chapter indicates how the information resulting from the primary research is analysed. According to Corbin & Strauss (2008) the analysis of the data is indispensable for the outcome of the research as it generates substantial and constructive findings (Corbin & Strauss, 2008). Research has shown that there are different recommended approaches to analyse “raw-data” resulting out of expert interviews. Therefore the researcher has chosen to apply the following steps in reference to Malhotra & Birks (2006):

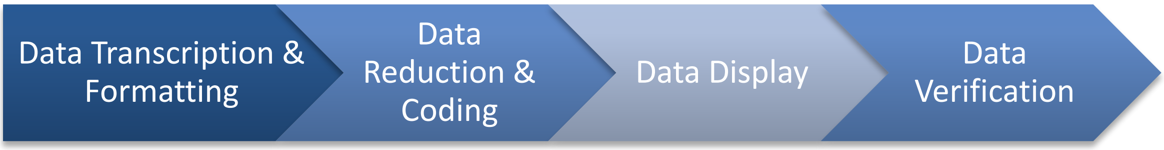

FIGURE 6 FOUR STEPS OF DATA ANALYSIS (MALHOTRA & BIRKS, 2006)

Data transcription and formatting: Within this step the transcription of the interviews takes place. As the spoken word is often hard to understand when scripted by the researcher, a certain formatting is needed to make it more understandable. Meaning the researcher will partly change the wording and structure without changing the content.

Data reduction and coding: As soon the transcripts of the interviews are finished, the next step is to scan the data for what is relevant for the research and what can be eliminated. Reducing the data to only the relevant aspects involves also the process of coding. Within the coding process the researcher highlights the significant statements or quotes that are crucial. In addition, by identifying what might be of importance, the researcher paves the way to for further interpretation and conclusions.

Data display: After the most important data has been retrieved from the massive pool of information resulting from the interviews the next step is to organize, summarize, connect and interpret the information. This can be done in written form, through a graphical format or both. In essence, it is important to make sure that the reader of this thesis is able to understand the researcher’s mode of thought.

Data verification: The last step of the analysis is the verification of the data. This serves the purpose to show that the data resulting from the interviews is of relevance for the outcome of the thesis and the answer for the main research question. By drawing connections and finding similarities with previous analysis (e.g. literature review), the researcher shows the validity of the primary research.

ANALYSING & UNDERSTANDING PHASE

4 FINDINGS

The following chapter illustrates the reflection, categorization and interpretation of the primary and secondary research. Starting with the literature review and followed by the outcome of the interviews, the author of this thesis provides an overview of what has been discovered, following by an identification of key informational factors (positive and negative). These factors will be then categorized in the four elements of a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats). Consequently it will be possible to illustrate and identify similarities or differences which are important towards the answer of the main research question and the outcome of the thesis.

4.1 Findings of Secondary Research

4.1.1 Luxury Hotel Industry

Comprising the findings from industry analysis, it has been shown that the industry prospect is looking very promising as all major industries showed an increasing number of arrivals in the year 2015. Moreover, according to the World Tourism Organization (2016) this growth is expected to continue with an average increase of 3.8% per year until 2020. Furthermore, due to the price instability of natural goods (e.g. oil and gas) the disposable income increased in importing and decreased in exporting countries.

In addition focusing on the most significant KPIs of the Industry (e.g. ADR*, OCC and RevPar) research indicate that Europe showed the strongest results in 2015 compared to the last year. Although, the industry is recovering, consumers are still holding back. The sentiment of the economic crisis still has its influence on spending behaviour and purchasing intentions. As value for money is more important than ever, businesses need to rethink their strategies by focusing more on brand management, pricing and customer experience (World Tourism Organization, 2016).

Positive Factors	Negative Factors
- Increasing number of arrivals (15 Billion Arrival in 2015) - Positive industry prospect until 2020 with an average growth of 3.8% per year - Increase of disposable income - Increase of KPI, such ADR*, OCC, RevPar	- Decreasing disposable income in exporting countries of natural resources - Price sensitivity of the customers - Changing purchasing behaviour of customer

TABLE 2 FINDINGS 4.1.1

4.1.2 Dispute Resolution

4.1.2.1 ADR & ODR

Following Moore (2003), "conflict is a fact of life " (Moore, 2003) as not every human shares the same believes or opinions. In this context dispute resolution is defined as all the practices that can be used to resolve a claim, conflict or dispute. Within dispute resolution there is alternative dispute resolution (ADR), which is defined as "any method of resolving disputes other than litigation" (Cornell University Law School, 2016). Within ADR, there are two different approaches (adjudicative and non-adjudicative) using the methods of arbitration, mediation, conciliation and negotiation. When making use of ADR two parties are looking for a faster and more cost efficient way to come to an agreement with the help of a neutral third party. Besides ADR there is online dispute resolution (ODR). ODR differs from ADR as it can be done entirely online and is therefore even more cost and time efficient. The most recent example for ODR is an online platform launched by the European Commission in February 2016. On this platform consumers and traders equally have the chance to use these advantages of ODR for all domestic and cross domestic online purchases within the 17 member states of the European Union. On a long term basis, the ODR platform is expected to be beneficial the Europe's Digital Single Market.

Positive Factors
- More cost efficient than litigation - Time efficient - Disputing parties have the chance to be more involved - conducive to business

TABLE 3 FINDINGS 4.1.2.1

4.1.2.2 Dispute resolution in the luxury hotel industry

As a part of the service sector, it has been found that there are also disputes taking place between hotel guests and hoteliers. In general, disputes appear most of the time in the form of a complaint about a particular service or product. Considering the fact that only 5% of unsatisfied customers share their discontent and that the cost of attracting a new customer are six times higher than holding a current one, it has been found that it is inevitable for business within the luxury hotel industry to handle complaints correctly by following certain complaint management standards. Research has revealed that handling complaining customers the right way can increase customer loyalty and retention instantly. Analysts stated that a 5% increase in customer retention can result in an increase of 25% to 95% in profit (Reichheld & Schefter, 2000).

Positive Factors	Negative Factors
- 5% increase in customer retention can result in 25%-95% increase of profit - Implementation of complaint management strategy and standards	- The costs of attracting a new customer is six times higher than holding a current one - Only 5% of customers actually share their discontent with the hotelier

TABLE 4 FINDINGS 4.1.2.2

Conventional approach

In connection with the previous chapter, most hotels within the luxury segments have certain standards in place to handle a complaint correctly. Industry specialists differentiate here between two approaches, the passive and the active approach. The passive approach involves key steps that shall be followed to solve a complaint directly. Those steps are trained and communicated towards the front line staff (e.g. Reception, Restaurant…etc.) as they are the first encounter with the guest. The second method is the active approach, where hotels are specifically are asking for guest feedback through guest comment cards or electronic surveys. In general hotels are making use of the active and passive complaint handling to be able to observe how their guests are experiencing their product and services. Moreover, if tracked and analysed correctly hotels are able to enhance service quality which is closely linked to guest satisfaction and retention which is vital for a strong business performance.

Positive Factors
- Passive complaint handling through predefined standards
- Active complaint handling through guest comment cards and digital surveys
- Complaint handling as tool to track analyse and learn from guest experience
- Correct complaint handling to increase service quality, which leads to guest satisfaction and retention

Table 5 Findings 4.1.2.2

ADR & ODR in luxury hotel industry

From a bigger perspective it has been shown that ADR is the preferred way to settle disputes out of court. However, focusing on the luxury hotel industry, very little information could be found in relation to this topic. In regards to the hospitality industry it has been researched, that it is one of the last industries that is slowly making use of it. Currently it is applied in regards to contractual agreements such as management contracts, franchise contracts, service contract between hotels owners, hotel management companies and hotel service providers. As those agreements are mostly taking place on corporate level and do involve most of the time very byzantine documentation, the methods of ADR are suitable. Furthermore, focusing on ODR, very few to none relevant data could be found in connection with the luxury hotel or the hospitality industry in general. However, when analysing the new platform of the European Union, it has been found that traders and consumers within the 17 member states of the EU have the chance to solve their disputes in terms of online purchase. Therefore it could also be possible to apply it for disputes relating out of online bookings of hotel.

Negative Factors
- Hotel & hospitality one of the last industries that are taking advantage of ADR
- ADR only used in term of big contractual agreements
- No provable use of ODR in the luxury hotel segment

Table 6 Findings 4.1.2.2

4.1.3 User Generated Content

4.1.3.1 Web 2.0 and UGC

With the introduction of the Web 2.0 the original ways of using the internet have changed. More precisely, research has shown that contemporary web sites and service do not rely anymore on the topic chosen by the web site developers and administrators but on the content that is generated by the web site users. Therefore the term User Generated Content (UGC) was created. UGC describes the process where users compile, control, design and consume their own or the content from others. Within the secondary research, UGC resulting out of the Web 2.0 has been analysed from different viewpoints. From a customer perspective the idea of UGC is best implemented within social media. With over 2 billion active users on the most known platforms like Facebook, Instagram and Twitter, it is shown that the Web 2.0 and UGC created an enormous stage for people to interact and socialize with each other. In addition, taking into consideration the increasing number of internet users and the ever-increasing accessibility through technology (e.g. smart devices), it has been presented that UGC has and will become indispensable in the future. Researchers speak of this as the unstoppable “social revolution”. Furthermore, from a business point of view, it was found that companies have to face the fact that the transparency towards their products, prices and quality is growing, as informational content is created, accessible and assessable at any point of time from any location. Therefore, it is not only important for organizations to be aware of UGC and its impact or potential, but to make use of it in the right way. In essence it has been stated that organizations with well-established internal strategies to exploit the full potential of the Web 2.0 will be able to gain more loyal customers in the future.

Positive Factors	Negative Factors
- Gain potential customers through the Web 2.0 by having well-established UGC strategies in place - Web 2.0 changed the way how customer communicate	- Increasing transparency of towards products, price and quality - Social revolution if ignored or not handled properly

TABLE 7 FINDINGS 4.1.3.1

4.1.3.2 User generated content review in the luxury hotel industry

Comprising the information above, it has been demonstrated that UGC platforms have changed the perception of the people. Since todays and tomorrows travellers use the concept of UGC to share their own or learn about the travel experience from peers, analysists refer to this also as the conversion from travellers into consumers of knowledge. In the previous chapters this modified way of communication is also explained as the electronic word of mouth (eWOM). More precisely eWOM is defined as “any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet” (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004).

Within the luxury hotel industry the sources of UGC review or eWOM are for example social media platforms (i.e. Facebook, Twitter …etc.). Though, more importantly are the travel industry review platforms, where customers can post their experience or gather information from others about a certain property, its products and services. Considering the biggest hotel review sites, research has shown that they accumulate over 552 million reviews worldwide. In addition, only the biggest customer review platform TripAdvisor generated over 320 Million reviews from more than 6.5 Million properties. Moreover, besides the number of reviews other factors have been explored. Among other aspects like the preferred user market, the number of properties listed, it was also important to focus on the trustworthiness and the possibilities, which are given to the hoteliers to react to reviews. Meaning, if the reviews are verified by the provider or not? Therefore, it has been revealed that only three out of the ten biggest UGC platforms give the hotel management the possibility to respond to reviews (i.e. TripAdvisor, booking.com and HolidayCheck). Yet, five out of ten say that all their reviews are verified (i.e. booking.com, Trivago, Hotels.com, Agoda.com and Hotel.de) .Two providers admit that they are only partly verified (i.e. TripAdvisor and Holiday).

Positive Factors	Negative Factors
- Five out of the 10 biggest reviews sites are verify their content **- 552 million reviews on the 10 biggest hotel review site**	**- UGC changes the perception of the customers – Customer of Knowledge** **- Losing business through negative ranking or reviews on UGC review sites** **- Only two of the biggest review sites give the management the chance to respond to reviews** **- 552 million reviews on the 10 biggest hotel review site**

Table 8 Findings 4.1.3.2

Handling UGC

Those platforms became very important towards the purchasing intention and decision making process of the customers. Research has indicated that 40% of travellers acquire information about a certain product on UGC review sites before they make their final decision. The reason behind this is that they are looking for first-hand experience, since they do not often have enough knowledge about the product and service they want to purchase. When referring to UGC review, travellers put more trust in this kind of information as they think it is more reliable and contemporary than information provided by travel agents or any other source of product information. However the level of influence is highly dependent on the expressiveness of the content posted. This means that customers are specifically looking if the reviews are appropriate, reasonable, negative or positive.

Considering the information that has been found on handling UGC review, analysis has shown that it has an impact on business performance. Consequently, it is indispensable for managers and hotels to know what they have to do in regards of monitoring and handling the UGC review. Comprising the information that has been researched, it became clear that the biggest challenge relates to the correct answer of reviews.

Here the focus should lie more on the negative reviews as they are of higher interest for potential new customers and bare the chance to dissolve anger and frustration of complaining customers. Whereas it is vital that the response to customer review needs to be done promptly, by the general manager or his/her substitution in a well formulated, trustworthy, obliging and appealing way. If done so, the hotel has the chance to turn a complaining customer into a loyal one and they have the opportunity convince potential new customers about their product and services.

Positive Factors	Negative Factors
- 40% of travellers acquire information from UGC review sites before making their purchase decision - Level of influence is dependent on the significance of the content - Hotels being able to respond to review in the right manner can dissolve anger and frustration of a complaining customer	- Customer are looking for first – hand experience - UGC review is more trusted by customer - Negative reviews are of higher importance than positive ones

TABLE 9 FINDINGS 4.1.3.2

4.2 Findings primary research

4.2.1 Execution of interviews

Considering the location and the specific sample of interviewees, the researcher has chosen to select his sample out of luxury hotel and hospitality experts who are working and based in Vienna. Moreover, considering the city of Vienna and its luxury hotel segment with most know international and individual hotel brands, the following criteria for choosing the interviewees was attained:

- High to top management position
- Minimum of 10 years working experience within the luxury hotel industry
- International working experience
- Employed or recently employed by a luxury hotel

According to these criterions the researcher approached several experts for an interview appointment, from which 5 could be realized. All interviews were conducted between the 21st of March, 2016 and the 25th of March, 2016. The duration of the interviews ranged between 18 and 22 minutes. In addition all interviews could be done in person except one which was done over the phone due to unforeseen schedule changes of the interviewee.

In the following table the researcher provides a brief overview of the experts that have been chosen and agreed to be participate in the research. For privacy and confidentiality reasons the researcher keeps the interviewee names and the company names anonymous. However, the table displays the position, the character of the company and most important reasons why the interviewees have been identified as experts.

Expert	Position	Hotel/ Company Character	Why chosen as an expert
A	Chief Executive Officer	Hotel Management Company	Former Positions: - VP of a luxury Hotel Brand - Several positions as GM - More than 20 years of experience in the luxury hotel industry - Academic degree
B	General Manager (GM)	Five Star Superior Hotel	Former Positions: - Several positions as GM in five star superior properties - International working experience - More than 20 years' of experience in the luxury hotel industry - Academic degree
C	General Manager	Five Star Superior Hotel	Former Positions: - Several positions as GM in five star superior properties - International working experience - More than 35 years' of experience in the luxury hotel industry - Academic degree
D	Manager	Five Star Superior Hotel	Former Positions: - Several positions within the middle management of five start luxury hotel in Germany and Austria - 10 years of working experience within the industry - Academic degree
E	Manager	Five Star Superior Hotel	Former Positions: - Several positions as director in hotel and corporate level - More than 24years of experience in the luxury hotel industry - More than 10 years of international working

TABLE 10 INTERVIEWEES

4.2.2 Interview Analysis

This chapter gives a detailed view of what has been described in chapter 3.3 as "Data Reduction and Coding & Data display". Within this step of the interview analysis the researcher gives a brief overview how most of the important data resulting out of the interviews has been identified, organized, visualized and connected.

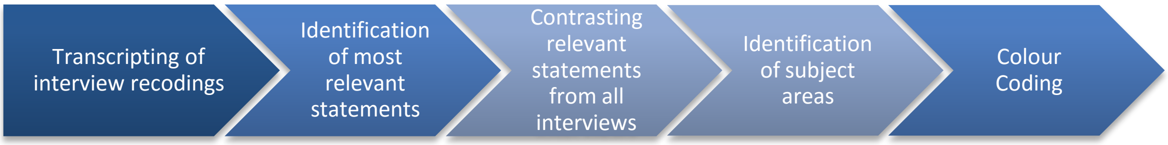
Transcripting of interview recodings
Identification of most relevant statements
Contrasting relevant statements from all interviews
Identification of subject areas
Colour Coding

FIGURE 7 INTERVIEW ANALYSIS

After the transcription of the interviews most important statements in relation to the topic of this thesis have been identified. Next, all the statements from the interviews have been put together and illustrated in a table, which made it possible to identify similarities and connections within the different subject areas. By making use of colour coding, relating statements could be visualized and categorized.

4.2.3 Interview Outcome

After the completion of the interview analysis it is now possible to spell out most significant findings resulting from the primary research. Referring to what has been revealed by the industry experts during the interviews the author of this thesis identified the following subject areas, in correspondence to the topics discussed during the interviews and to what has been stated in the secondary research.

- Disputes in the luxury hotel industry
    - Negative Feedback
    - Direct Resolution
    - Prevention
- UGC review in the luxury hotel industry
    - Impact and importance
    - Current handling of UGC review

4.2.3.1 Disputes in the luxury hotel industry

Referring to the qualitative research, it is has become clear that when talking about disputes within the luxury hotel industry, one must understand what disputes between a hotelier and guest are, where do they come from and how they are handled. In order to make this understandable, it has been found out that the term “dispute” and dispute resolution needs to be explained differently. Everything starts with feedback. Besides positive and neutral feedback there is of course negative feedback. Referring to internal communication within a luxury hotel, negative feedback is automatically handled, communicated and tracked as a complaint - Expert refer to this as “complaint handing”. Figure 8 illustrates how dispute resolution is translated into hotelier terms.

Direct guest feedback:

Following this information, research has shown that guests are giving feedback on a regular basis, however the way feedback is given by the guest and received by the hoteliers has changed and is “clearly moving from a verbal and written feedback[…]to an non-verbal feedback which is digital” (A, 2016). It has been researched that hoteliers define direct feedback as the approach when a guest is adressing front-line staff (e.g. at the reception) when they are still in the hotel or if they get in touch by calling, writing an e-mail or through a travel agent who arranged the booking (D, 2016).

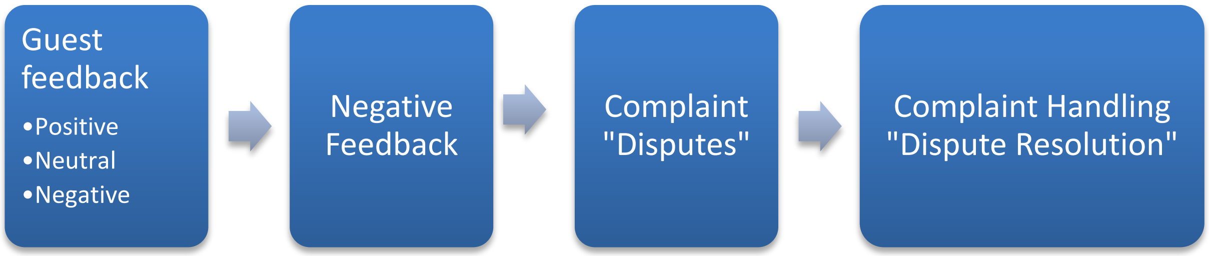

Figure 8 From feedback to dispute resolution

Handling direct feedback:

It has been stated that within the luxury hotel industry it is very important to the management that direct feedback is handled when the guest is still in the hotel. According to Manager E, “if a guest gives feedback immediately to the employee at the front desk or somewhere else in operations, the addressed employee will respond directly in person” (E, 2016). In addition referring to GM B it has been stated employees need to interact with the guests, listen to them closely and try to come to a solution as long as they are in the property (B, 2016).

Furthermore, when speaking or dealing with the guest directly, it is important to understand how, hotels and managers make sure that this is happening in an efficient way. Researched revealed that the following factors are important to focus on when talking about efficiency.

Training:

As the luxury hotel environment is very diverse, employees are dealing with a lot of different people with a different character/temper from different countries. Therefore it is very important for hoteliers to be prepared and to think in advances. Primary researched indicated that all companies are making use of internal training to prepare their staff.

“We have a complaint handling training, where we give our employees tools on how to deal with very upset customers and also to explain to our employees their rights in tricky situations” (E, 2016) (Line 39-40)

“…we have trainings focusing on guest complaints including right complaint handling directly with the guest […]to educate and to train the employees who are in direct contact with the guest” (C, 2016) (Line 68-70)

“…all of the front line staff and also the staff in the back of the house receive internal training, which involves exactly how to deal with difficult situations” (D, 2016) (Line75-67)

“..all of our employees go through a specific training […] since as with any company in the world, things can go wrong in hotels” (A, 2016) (Line 38-39)

Confidence and empowerment:

When talking about an efficient handling of direct complaints, experts stated that it is of high importance that employees have the confidence and the "sources" to be able to handle complaints quickly.

"…we want our front line staff to handle the complaint with the goal to handle complaints more quickly without making the guest wait…" (A, 2016) (Line55-56)

Research has shown that the worst thing an hotelier can do is to make an upset guest wait for a solution. Therefore, all hotels within the sample implemented policies to make sure that the front line staff can take immediate action when a guest is complaining about something. These polices involve direct empowerment through the management, by providing their front-line staff with a certain budget, which they have at their disposal to directly react to a complaint of a guest.

"*All of our employees here in the hotel have a certain amount they can use for compensation and reaction to complaints or other issues […] in the hotel we have a €XXXX per day policy for all of our employees."* (D, 2016) And "*because the staff has this €XXXX policy, they are very quick to react […] make a decision […] whatever they think is the best to please the guest..."* (D, 2016) (Line75-38)

"…the freedom of action as a front-line employee goes up to the value of XXXX. Supervisors can go up to the value of XXXX and the managers than obviously have no limitation as it is their choice how much they will compensate". (A, 2016)(45-47)

In essence, this means if hoteliers are able to train, empower and built up the confidence of their staff, then it is possible to handle complaints accurately and instantaneous, with the main goal to turn around a complaining guest in a non-complaining guest who has no intention to vent his disappointment after checking out of the hotel. To accomplish this, a direct interaction with the guest is recommended.

"…it is becoming more important to give employees a certain freedom of management decisions, so that they can immediately react immediately and quickly" (A, 2016)(84-85)

"..it is much more easier to influence guests when you are face to face with them.." (E, 2016)(95-99)

In addition, according to CEO A the ultimate goal with this approach is turn a complaining customer into happy and loyal customer.

"… if you handle complaints authentically, immediately and if you are looking at the problem through eyes of the customer, then it is possible to 'create' fans." (A, 2016)(76-79)

Final resolution within the hotel:

It has been stated that if a guest is checking out with the feeling that his or her complaint was not handled or acknowledged properly, the chance that he will tell others through the internet is higher. Therefore a final resolution in the hotel is important since it is easier to handle and to calm an emotional and dissatisfied guest in person. Furthermore, experts stated that being able to avoid guests leaving the hotel unhappy has a strong influence on what they communicate to others about their stay.

"the message from Company B and its management is to ensure that the problem resolving within the hotel is done in a very positive way and more important that it is final within the hotel ". (B, 2016) (85-87)

"… In an nutshell, if there is something a guest is not happy with, then it needs to be handled on the spot, since we want to have customers that check out and say " that was a really cool hotel, we really like that." (A, 2016) (74-76)

"… it is much easier to influence guests when you are face to face with them." (E, 2016) (98-99)

"…if a guest leaves the hotel and is unhappy about something, this is going to build up over time. The likely hood that the guest writes something negative, because you have no possibility of influencing it any longer is very strong." (B, 2016) (87-89)

"…we should aim that every complaining guest walks away at least neutral and not upset, ready to threaten us with whatever action he "might take[…] and it is possible to get them there, but that means that you need to have an interaction with guest." (E, 2016) (89-92)

"…a customer complaint is emotional, they crossed a line where they decide 'Now I am upset enough and now I am going to say something'. That line may differ from person to person, but there, but there is a line. And if we manage to bring the person back behind that line, then they will not threaten us and will not write a bad review." (E, 2016) (84-87)

Positive Factors

- **internal training to prepare staff to handle direct feedback efficiently**
- **Policies and procedures that include empowerment to increase confidence of front line staff**
- **Final resolution in the hotel has a positive impact on how guest communicate their experience**

TABLE 11 INTERVIEW OUTCOME

4.2.3.2 UGC review in the luxury hotel industry

Referring to UGC review in the luxury hotel industry, primary research has shown that more guests are making use of the UGC review in different ways. The following chapter describes what has been found out about the impact on businesses, the importance for business and how it is handled by the hotels within the sample frame.

Feedback through UGC review

Although guests are giving feedback directly at the hotel, the percentage of guests that are using a digital medium is increasing. In example besides online questionnaires sent out by the hotels, guests are making use of hotel review sites (e.g. TripAdvisor) and social media platforms (e.g. Facebook) to share information about the hotel product.

"...nowadays[…]you are receiving it through a travel platform or through your own survey system or an e-mail which the customer has sent to the hotel website […] People are using much more communication, meaning e-communication". (B, 2016) (17-19)

"… feedback has become much more immediate mainly through the internet portals. On those portals people have the chance to stay anonymous if they want and they give a lot of detaisl." (E, 2016) (14-15)

"...for example on guest review and recommendation platforms on advice platforms or also via digital services that are used by hotels. In general it has increased in the number of reviews compared to the last years ". (A, 2016)(6-9)

"… guests are also posting on trip advisor during their stay or such portals […] of course these online portals are most frequently used". (D, 2016)(18-20)

"… we have a very strong focus on those reviews, since this is an important source of which we can get feedback from the guest". (C, 2016)(7-8)

"…i would say guest review sites that are open to the public such as TripAdvisor and others." (A, 2016)(11)

Impact of the UGC review

In addition, the primary research revealed that managers in the luxury hotel segment are aware of the impact that comes with UGC review. They are implying that reviews are very important, since what is posted by one person can be of high importance to others when they make their purchasing decision, as they see the content posted as the plain truth that cannot be covered by the companies as it is visible to everybody throughout the internet.

"… reviews have a very high impact, because personal opinions of guest influence other guests." (C, 2016) (39)

"… it is very important to mention that the feedback is used by a lot of customers to make their travel decisions." (B, 2016) (60-61)

"…90% of our customers are looking for information before they make the booking on the internet. They read all the comments and they read all the statements from the previous customers- this therefore heavily influences their decision where to book and where not to book." (A, 2016) (98-100)

"… this whole review on the internet makes companies more transparent, which is good since we have nothing to hide." (D, 2016) (86-87)

"… everything is posted and available online and you cannot hide it or fake it - therefore it is a real and very realistic opinion of your hotel." (C, 2016) (43-44)

Following up on this, it has been revealed that not only hoteliers but also guest are aware of the impact and the importance of reviews towards business performance. Consequently, reviews are not always positive. As there are those kind of guests who are using hotel review sites to vent their discontent about a negative experience with the intention to inform the hotel what went wrong and those kind of guests who are writing or who are threaten to write something negative to gain a personal advantage.

"… it can be said that they like to write more about negative aspects, as it is much easier to complain about something, than to give positive feedback."

"…there are individuals that are using the mentioned platforms as threats towards the hoteliers […] they were saying 'If I don't get you will get…' - meaning if I don't get the following treatment either free of charge or special attention or what so ever, than I will write about you in a negative way." (B, 2016) (52-56)

Hence it has been stressed by the interviewees of the sample that it is vital for hotels to know how to track, measure, evaluate and react to reviews in order to be able use them as an advantage and not get harmed by them.

"… it is very good to have reviews but in the end you have to manage those reviews properly and you have to take them seriously in order to grow as a company and not to get harmed by those reviews. " (C, 2016) (44-46)

Tracking, measurement and evaluation of UGC review

Referring to the information above, research has indicated that luxury hotels put a very high focus on tracking, measuring and evaluating the content that is published about their product and services. Hoteliers are aware of the importance and the potential that lies within UGC review. To be able to cope with the massive amount of data that is generated, it has been found out that all hotels within the sample make use of special analytic programs that are especially made for the hotel industry. In general those programs scan all social media and hotel review sites regularly and inform the hotel about everything that has been stated about their company.

"…obviously digital feedback in terms of tracking is the easier one". (A, 2016)(16)

"… in terms if tracking the hotel uses a program called XXXX, which is a content management system especially made for the hotel industry […] It collects all online reviews from the most important social media site like Facebook and also from sites like TripAdvisor, holidaycheck and so on". (C, 2016) (10-11)

“…we have an analytics program that focuses on those particular platforms and gives us alerts and informs us as […] It give us the chance to do further investigations on that“. (D, 2016) (27-29)

“… we implemented a system [...] the system is linking together all the platforms like ‘booking.com, TripAdvisor, Expedia’ you name it…holidaycheck etc.., plus the surveys that we are sending out”. (B, 2016) (28-31)

“… I assume that all big brands are using a similar system…” (D, 2016) (41)

By making use of those systems, hotels are able to learn more about their “performance” from the customers’ perspective. With the data provided, hoteliers are able to identify strengths and more important weaknesses of their products and services. Therefore, it has been highlighted that hotels need to make sure that they make use of the data in the right way. Meaning that once the data is tracked, the management should do a thorough evaluation and communication throughout all departments of what has been said went well and what went wrong. Once this is done, hotels can use this information to measure and improve service quality. In addition, some systems also provide the data about competitors, which also can be helpful in terms of benchmarking.

“… first step is to analyse the reviews and finding out if it is positive, negative or neutral. Once I have analysed the parts I am contacting the responsible department. “ (C, 2016)(79-81)

“… the big brands use the systems because it gives you all a kind of benchmarks for your service and product quality “. (B, 2016)(34-35)

“… it is important to get a feeling how the guests like your hotel, what do they think about your hotel and their opinion about the hotel product itself”. (C, 2016) (30-31)

“…we distribute the feedback directly to all of our colleagues in the hotel. Moreover we put the feedback into the guest notes, so we are prepared for future stays.” (D, 2016) (35-36)

“… the general Idea behind that procedure should be to get the information of the guest and then check what has happened from a hoteliers point of view”. (E, 2016) (22-23)

“… it is important to focus on it and important to track it to learn what went wrong and what went right in order to be able to grow and to educate yourself about news and changes in the environment.” (56-57) (D, 2016)

Reacting to UGC review

Once hotels and hoteliers are aware of the impact and once they know how to track measure and evaluate the data, it has been stated that it is indispensable to react to the UGC review appropriately. According to the experts, hotels need to answer to all reviews. However, reacting and responding to negative ones is more important. In addition, it has been stated that not everybody within a hotel is allowed to react on guest feedback, as the wording and the position of the person who is answering is of high importance toward the guests who are receiving and who are reading the answer. Additionally managers also stressed that reviews need to be answered quickly to show that hotels are constantly monitoring and taking care of what their guests have to say.

"… companies have policies in place where you have to respond to all the feedback, does not matter if it is positive negative or constructive ." (E, 2016) (17-18)

"… we also respond to any single feedback that we receive from all the different platforms." (D, 2016) (36-37)

"…important to say is that all reviews respectively every feedback is answered regardless if negative or positive." (A, 2016) (35-36)

"... you also need to have certain standards implemented in your company to know what you answer and how." (C, 2016) (58-59)

"…depending on the content those comments are also answered on hotel level or corporate level." (A, 2016). (25-26)

"... since the text and the formulation of what you are responding is very crucial, you need somebody who is very fit in regards to writing responses and feedback to what has been written by a guest […]these person are also the PA of the GM or the GM himself." (B, 2016) (76-81)

"… answer the reviews in a way that it the guest does not have the feeling that he gets a stereotypical answer but a personalized and individual answer ." (C, 2016) (83-85)

"… it should be written by somebody high in command (e.g. General Manager, Hotel manager…etc.) who is then extending the invitation to contact them personally to discuss further details." (E, 2016) (66-68)

"… on every answer we directly provide the e-mail address of our general manager as this indicates to the guest that his/her comment is important and taken very seriously by the hotel." (C, 2016) (88-90)

"… people are using much more communication, meaning e-communication and therefore they are expecting also a response much faster." (B, 2016) (19-20)

"…a review needs to be answered within 24h and you need to address the issue that was mentioned in the complaint." (E, 2016) (65-66)

"… make sure that the negative reviews are answered within 24 hours." (C, 2016) (60-61)

When focusing on responding and reacting to a UGC review it has been stated that not every response to a negative review needs to result in giving something to the guest for free. Experts stated that hotels need to be very careful what they offer to their guest. Sometimes it is enough to explain and apologize. If a hotel is being too generous to the guest when they complain guest will get used to this. This can already be seen as guests are already using UGC review as a threat in order to get something for free.

"… in some cases it is good to offer an explanation and in other cases it enough to simply apologize for what has happened." (D, 2016) (26-27)

"… i think when guest are trying to threaten 'if you do not do this for me, then I will post a bad reviews '– My opinion – Go Ahead! […]people do this a lot of times, as they want to get something out of their complaints and future customers need to see that that some people are using the review platform to put pressure on the hotels to get something for free or whatever ." (D, 2016) (87-91)

"…for me it feels sometimes, that whatever the customer has the smallest issue, we just throw out a voucher or an apology and then everything is fine again. And this behaviour is also a kind of training or conditioning your guest to complain as they know that they get something for that for free. Over the last five to six year, we see that a lot since there is a shift in perception of our customer." (E, 2016) (74-78)

"… I am not letting myself, my staff or the hotel being pushed into situations where we are going to comply when the guest is trying to threaten with review sites […] response of the hotel should be very clearly to that. " (D, 2016) (91-93)

"… If we always react to a complaint by simply giving out goodies, discounts or whatever it might be, we as hoteliers open ourselves up to blackmail." (E, 2016)(80-82)

Positive Factors	Negative Factors
- Percentage of guests who are using digital feedback is increasing	- Not all reviews are positive
- Positive reviews are visible for everybody, which influences purchasing intentions and decisions of the guest	- Negative reviews are visible for everybody and have a negative influence on the decision making process and the purchasing intention of the guests
- Very good tracking, evaluation and measurement through special software	- Guests are aware of the impact UGC review can have on a hotels performance
- Hotels are reacting very quickly to responses	- UGC review used by guests to threaten hotels in order to get something for free
- Management is always involved in responses, which shows the guest that the hotel cares about what they have to say	- Being too generous in terms of compensation encourages guest to use UGC against them

Table 12 Outcome Interviews

Comprising the information from above, research has shown that the opinion of the guests about a hotel has a high impact. Thus, luxury hotels and their managers are doing a lot to be prepared and to be able to react to guest feedback and complaints. For direct feedback and complaints at the hotel they are focusing on a immediate resolution to avoid that a guest is walking out of the hotel with the intention to share his/her bad experience with others (e.g. through hotel review sites). With regards to UGC review, it has been shown that big luxury hotel chains are very up to date in terms of tracking, measuring, evaluating and answering to avoid threats and to increase their online reputation. Looking into the future it is expected that UGC review will be getting more important for luxury hotels

"… if you deal with complaints properly you have the opportunity to get loyal customers and also gain brand loyalty." (B, 2016) (137-138)

"… the right way dispute resolution is quite a fundamental part of doing business." (E, 2016) (103)

"… from my own experience I know that the best customer of the future is a complainer who was handled properly." (B, 2016) (133-134)

"…it will be absolutely obsolete to say I am a 3, 4, 5 star hotel since it will be the customers opinion which will be rating you a hotel in a certain segment (design hotel, luxury hotel…etc.). – And that's why these comments are the lifeline of the future of our business." (A, 2016) (108-110)

4.3 SWOT Analysis

Within this chapter the most important findings resulting out of the primary and secondary research are displayed in a SWOT analysis. The SWOT analysis is a very useful and easy adaptable tool to contrast what has been found out in the literature review and the expert interviews. Therefore, the author of this thesis has categorized the positive and negative key informational factors into strengths, weaknesses, opportunities and threats.

Strengths - Findings that can be directly linked to and that can be changed by the luxury hotel industry. Furthermore, the identified strengths can be contributing when trying to realize opportunities.

Weaknesses - Can be described as current inconsistencies that incapacitate luxury hotels to increase their business performance to the full level.

Opportunities - Can be described as promising developments and trends that have been revealed during the research. Moreover, they are a good contingency to improve business performance and to create a sustainable competitive advantage.

Threats - Are negative facts and developments that have been revealed during research. It is important to be aware of threats in order intervene on time.

Referring to table 13, the researcher has displayed important findings from the primary and secondary research within the SWOT analysis. It gives a good overview and indication of the connections within the literature review and the expert interviews. Furthermore, when looking at the strength, weaknesses opportunities and threats, it becomes clearer what the outcome of the research will turn out to be.

STRENGHTS		WEAKNESSES	
Secondary Research	**Primary Research**	**Secondary Research**	**Primary Research**
- Implementation of complaint management strategy and standards - Passive complaint handling through predefined standards - Active complaint handling through guest comment cards and digital surveys - Complaint handling as tool to track analyse and learn from guest experiences	- internal Training to prepare staff to handle direct feedback efficiently - Policies and procedures that include empowerment to increase confidence of front line staff - Final resolution in the hotel has a positive impact on how guests communicate their experience - Percentage of guest who are using digital feedback is increasing - Positive reviews are visible for everybody, which influences purchasing intention and decisions of the guest - Very good tracking, evaluation and measurement through special software - Hotels are reacting very quickly to responses - Management is always involved in responses, which shows the guest that the hotel cares about what they have to say	- only 5% of customers actually share their discontent with the hotelier - 95% of customers share to inform other people - Cost of attracting a new customer is six times higher than holding a current one - Hotel & hospitality one of the last industries that are taking advantage of ADR - ADR only used in terms of big contractual agreements - No provable use of ODR in the luxury hotel segment - Web 2.0 is increasing transparency of products, price and quality - Social revolution if ignored or not handled properly	- UGC review used by guests to threaten hotels in order to get something for free - Being too generous in terms of compensation encourages guests to use UGS against them
OPPORTUNITES		**THREATS**	
Secondary Research		**Secondary Research**	**Primary Research**
- Increasing number of Arrivals (15 Billion arrivals in 2015) - Positive industry prospect until 2020 with an average growth of 3.8% per year - Increase of KPI, such Average Daily Rate, OCC, RevPar. - ADR (Alternative Dispute Resolution) more cost efficient than litigation - Time efficient - Disputing parties have the chance to be more involved - ADR conducive to business - 5% increase in customer retention can result in 25%-95% increase of profit - Companies (Hotels) are able to gain potential customers through the Web 2.0 by having well-established UGC strategies in place - Five out of the 10 biggest reviews sites verify their content - 552 million posted reviews on the 10 biggest hotel review site - 40% of travellers acquire information from UGC review sites before making their purchase decision - Level of influence is dependent on the significance of the content - Hotels being able to respond to review in the right manner can dissolve anger and frustration of a complaining customer		- Decreasing disposable income in exporting countries of natural resources - Price sensitivity of the customers - Changing purchasing behaviour of customers - UGC changes the perception of the customers – Customer of Knowledge - Losing business through negative ranking or reviews on UGC review sites - Only two of the biggest review site give the management the chance to respond to reviews - 552 million reviews on the 10 biggest hotel review site - Customers are looking for first-hand experience - UGC review is more trusted by customers - Negative reviews are of higher importance than positive ones	- Not all reviews are positive - Negative reviews are visible for everybody and have a negative influence on the decision making process and the purchasing intention of the guests - Guest are aware of the Impact UGC review can have on a hotels performance

TABLE 13 SWOT ANALYSIS

SOLUTION PHASE

5 CONCLUSION

In this chapter the researcher spells out the outcome of the analysis. The first part of the conclusion is to formulate an answer to the sub questions, followed by the answer to the main research question. Moreover the author of this thesis reflects on the research and provides recommendations for further research.

5.1 Answer to the sub questions

What are the characteristics of dispute resolution?

Research has shown that disputes are taking place every day. As one of the most valuable assets of society is the freedom of opinion and expressions, it is inevitable to encounter conflict between two or more parties. In this regards dispute resolution involves common methods and techniques that can be used to resolve conflict. When researching the term dispute resolution it mainly appeared in connection with legal systems and big corporations that are using ADR or ODR in order to avoid an expensive and time consuming litigation in front of a court.

In which business areas is dispute resolution mainly used?

Following the explanation of dispute resolution above it is mainly used to resolve a serious conflict between two parties who have the option to go either to court or to use ADR/ODR to find a faster and cheaper solution out of court. Research has shown that a lot of big companies throughout major industries make use of it. However, when talking about the luxury hotel industry few to no data could be found. It has been stated that dispute resolution is slowly used in the hotel industry in general and that it is applied to resolve conflicts, which are resulting out of big contractual agreements (e.g. franchise or management contracts.

Dispute Resolution = Dispute Resolution on hotel level?

Referring to chapter 1.3 it is important to say that dispute resolution has a different meaning on hotel level within the luxury hotel industry. Especially in a high class luxury hotel, the guests are very demanding, they expect the best quality of products and services. If they do not get what they want or if they are not satisfied, they complain. These complaints are handled by the hotel and can be therefore seen as another form of disputes. Please also refer to Figure 6.

What is currently being done to resolve disputes in luxury hotel industry?

Research has shown that especially in the luxury segment, hoteliers and hotels have a strong focus on handling disputes properly. As with any other business it can happen that a guest is not satisfied, but the key to success is that hotels know how to turn a complaining guest into a satisfied guest , as this can have a positive effect on business performance (e.g. customer satisfaction and customer retention). By implementing certain standards, providing training and empowering the staff (e.g. providing with a certain amount of money per day to please guest right away, without permission), managers are making sure that their employees have the freedom and the confidence to handle complaints efficiently and directly on the spot.

What is user generated content review (UGC review)?

With the introduction of the Web 2.0, individuals have the chance to compile, control, design or consume own or content from others (e.g. user generated content (UGC)). This phenomenon was also researched as the social revolution that points to the use of social media. Moreover, it has been shown that UGC has a big impact on society as people have access to more information. Translating this into business context it has been revealed that UGC is also used within the travel and hotel industry. When guest are posting online their feedback about a product or service than experts refer to this as user generated content review UGC review.

Where can UGC review be found?

In the luxury hotel industry guests have several choices to share and get information about a certain hotel and services. Chapter 2.6.3.2 gives a good indication about the biggest hotel review platforms with more than 552 million posted reviews. Besides hotel platforms, UGC review can also be found on the big social media platforms and of course on hotel websites.

How may UGC review impact a hotels business?

Comprising the data of what has been found during the research, it can be said that UGC review has a strong impact on a hotels business. Reviews from one guest can influence the decision process and the purchasing intention of another potential guest, since they do not always have the information which they need to be able to decide and evaluate a product or service. In addition, it has been indicated that reviews posted by others are seen as more reliable than information posted directly on hotel websites. Therefore, dependent on what is written on hotel review sites, the UGC review can have a positive or negative impact on a hotels business.

How do hotels cope with user generated content review?

As analysis has displayed there is a massive amount of reviews on different platforms out there. Therefore, most luxury hotels are making use of special analytic programs, which allows them to track, measure and evaluates UGC review. Besides a proper tracking, measurement and evaluation, research has shown that most luxury hotels have a strong focus on reacting to those reviews in a very efficient way. First of all it has been revealed that there are only a few people in the hotel who are allowed to answer to a review, since the wording and the position of the person within the hotel has a great importance towards the guest who generated it. Most of the times these persons are in high command (e.g. the General Manager, Hotel Manager or a high order Manager). This is especially important when there are negative reviews. Taking immediate action and responding to a negative evaluation shows a guest that his/her opinion actually matters. On the one hand this increases the chance that their discontent turns into contentedness and on the other hand potential future customers get the positive impression of how the hotel reacts if things go wrong.

A distinction between guests who are using UGC review for ‘real’ issues and guests who are trying to use UGC review and its impact on hotels as leverage to get something out of it for free should be made. Every hotelier in the luxury hotel industry has encountered situations where guests are complaining - “If I don’t get I will write a very bad review about your hotel“. Therefore, it is very important that they handle this kind of situations with professionalism and confidence without ceasing.

What does UGC review mean for future business performance?

Referring to the previous chapters it has been stated that UGC review and the answer to it by companies has a big influence on customers purchasing intention and decision making processes. Therefore, it is indispensable for luxury hotels to increase their focus on UGC review in the future as the number of UGC review users is steadily increasing. Consequently, more guest are posting and are making use of UGC review before they decide on their travel arrangements. Already today experts have stated that UGC review will replace the typical star classification, as guest will rely more on real-life experience and rankings on travel review sites.

5.2 Answer to the main research question

"Can dispute resolution techniques be used to influence the impact of user generated content review on the luxury hotel industry?"

The answer to the main research question is **yes**, if people are following the definition of dispute resolution that was provided in connection to the luxury hotel industry in chapter 2.5 (see also Figure 8). Considering the outcome of the primary and secondary research, it became clear that hotels and hoteliers are aware the impact that UGC reviews have on their industry.

They have understood that UGC review is heavily influences by the fact how disputes are handled during and after a guest's stay.

During the stay hotels are very keen on resolving every dispute directly with the guest, as research has shown that a direct resolution "face to face" is much easier than any other resolution through different channels. In order to be prepared, employees and particularly front line staff receive special training and empowerment (e.g. complaint handling training and a certain amount of money for direct compensation).Therefore, if the hotel manages that a complaining guest with the intention to write a negative review leaves happy or neutral, they are able to influence the impact of UGC review indirectly.

After the stay, hotels are making use of special analytic programs that allow them to be able to track measure and evaluate the vast amount of reviews, which are currently available on the internet. Once they are aware of what has been written about their product and service they pay attention that every review is answered by somebody in high command (e.g. General Manager or Hotel Manager) as fast as possible. This shows the guests that the hotel cares. In addition, it is also a good indication for other travellers how disputes are handled by the hotel.

However, when answering the main research question by following the definition of dispute resolution from chapter 2.3 the answer is **no**. It has been shown that dispute resolution with the adjudicative and non-adjudicative approach can be very beneficial (e.g. time saving and cheaper) in all industries, if there is a dispute between two or more big companies. By making use of ADR or ODR they assign a third outstanding party which helps them to come to an agreement or not. Focusing on the luxury hotel industry this research has shown that dispute resolution can be only used on a contractual level. Meaning ADR and ORD would only be beneficial in terms of big contractual agreements (e.g. management contract between hotel companies and owners or contracts between hotel management companies and service providers). Making use of ADR or ODR on hotel level between a guest and hotelier at this point is ineffective as there are very few to no cases known where disputes between a hotel and his guest could not be handled without the intervention of a third party.

5.3 Reflection on research approach and planning

In this chapter the researcher explains and reflects on challenges, achievements and personal developments, while writing this thesis.

Reflecting on the research approach and planning, the first big challenge for the author was to develop a way how the different areas of research can be connected. Therefore the first step was to create and design research model, which displayed on one hand the most important areas that needed to be analysed (e.g. the luxury hotel industry, dispute resolution and user generated content) and on the other hand how those areas needed to be analysed (e.g. literature review, qualitative or quantitative research) in order to be able to gather the right data , which eventually was necessary for the right findings that are essential to be able to answer the main research question. Once it was clear how the overall structure would look like, the second challenge was to spell out a preliminary outline of the thesis by chapter content and a preliminary schedule including intermediate milestones and final deadlines.

5.4 Limitations and further research

Comprising the research that has been done on the topic dispute resolution in the luxury hotel industry, it became clear that the author of this thesis has chosen to a topic which was not researched in this constellation before. Already in the literature review it became clear that dispute resolution appeared mainly in legal and juridical research. Therefore, it was only possible to find data which was connected and explained on the basis of bigger lawsuits (e.g. contractual agreements). Thus, it was not possible for the author to build up his research on already existing data.

In addition, focusing on the methodology it was chosen to conduct expert interviews. Although it has been shown that interviewing specialists from the industry is very helpful to gain insight knowledge, there are certain limitations when following this approach. Even though the sample frame is smaller than in quantitative research it can be very difficult to a) find the right experts b) approach them and c) to get the possibility to interview them in person. Another limitation could be the analysis of the interview, as it can be very time consuming and difficult to filter out the right information of what has been stated. Moreover when translating the data of the interviews, findings could be more subjective as they are based on the interpretation of the researcher.

Besides limitation resulting from the primary and secondary research, there are also personal limitations such time management (e.g. being full time employed while studying), writing a master thesis in a foreign language and setting priorities.

For further research it would be significant to investigate the future impact of UGC review on the luxury hotel industry and if the current method of handling disputes on hotel level are then still efficient enough to influence this impact in a way that is conducive to business.

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APPENDICES

Appendix 1: Draft of topics to be covered during the interview

Topics to be covered	**Pre-formulated support questions**
Guest Feedback	How do customers in the luxury hotel industry give feedback? What are the most frequent channels used?
Handling user generated review content	How do hotels track this feedback? How do they track user generated content? How does your company focus on user generated review content?
Impact of guest review	What do you think about the influence and impact of guest reviews (e.g. on social media and other review sites)?
Dealing with customer review	How do you currently deal with critical / negative customer review?
Prevention	What do you do to prevent disputes between the hotel and the customer? Are there areas of improvement?
Importance towards a sustainable competitive business performance	How important do you think is this for your company's business performance?

Note: The above shown table was used by the interviewer as a support to cover most important points during the interviews.

Appendix 2: Interview Expert A

Interview Transcript for the Master Thesis

Date: 25.04.2016

Location: N.A

Interview Setting: Interview was conducted over the phone

Interviewer: Luca Kunitzky (LK)

Interviewee: CEO (A)

Position of the Interviewee: Chief Executive Officer of Company A

Duration: 20 min

LK: First of all could you please tell me something about your person, your experience and what you have done in last years? (Gain a better insight of the professional background of the interviewee)

A: Answer Summarized in Table (XX)

LK: Referring to your industry experience, I would like to know how do you experience "guest giving feedback"?

A: The ways feedback is receives is clearly moving from a verbal and a written feedback based on questionnaires or feedback at the reception to non-verbal feedback which is digital. In example on guest review and recommendation platforms on advice platforms or also via digital services that are used by hotels. In general it has increased in the number of reviews compared to the last years.

LK: What are the most frequent channels used?

A: I would say it is the guest review sites that are open to the public such as TripAdvisor and others. Furthermore the second one are guest surveys that are sent by hotels in a digital form and are stored and evaluated direct on their database. The third on is the verbal feedback, which is still present on hotel level.

LK: How do you track these different forms of feedback?

A: Obviously digital feedback in terms of tracking is the easier one, because you know exactly how much feedback was received. At *Company A* we call this the engagement rate that is an indication for the responses which has been given by our clients. For tracking we are using a special software, since there are so many website out there where you can post a hotel review. In addition to be sure that nothing is missed; the software is tracking all the reviews and the responses that are out there. At the end of the month it is giving us a response rate based per hotel level, indicating how many of those responses were answered by the hotel. In average the response rate of the guest reviews lies between 80 % and 90%. In regards to social media I would like to add that a lot of feedback is happening on social media. In regards to that we want to know who is writing about us and what is he or she is writing about us. Depend on the content those comments are also answered on hotel level or corporate level.

The verbal feedback is traced directly on the hotel level site. Furthermore it is handle by the management directly on the spot. If the feedback is relevant for the hotel and occurring (e.g. coming every week or every second week or every month) than it will be elevated to the next level on corporate level and will be investigated. These “feedbacks” are very often common complains and also very often common compliments. One should not forget that, since most feedback is positive and not negative.

LK: Who is in charge to respond the feedback?

A: Within hotel level it is the usually the Quality Manager or the management directly. Important to say is that all reviews respectively every feedback is answered regardless if negative or positive.

LK: Referring to that, how do you currently deal with critical / negative customer review?

A: All of our employees go through a specific training which we call “service recovery” since as with any company in the world things can go wrong in hotels. But the important part is the service recovery itself. That goes far beyond the active listening, apologizing …etc. Important questions in this regards are: “What is my action? “and “What is my freedom of action” as an employee. In example if I have a customer who is complaining about his “last night sleep” because he was disturbed by something, than I have to have the freedom as an employee within that level of complaint to say “OK, for how much will I compensate that?” and what will by my type of service recovery?”. Therefore all employees who are front-line staff go through this service recovery training. The freedom of action as a front –line employee goes up to the value of *XXXX*. Supervisors can go up to the value of *XXXX* and the managers than obviously have no limitation as it is their choice how much they will compensate.

LK: Does this only apply if the customer complaints directly at the reception?

RS: There is no difference if the guests digitally or directly at the front desk. Therefore this can be also done if the customer sends an e-mail saying “this and that happens and I figures it out later on so what do we do about it?” With this example the front desk or the reservation employee can also decides within their freedom. If the for example the reservation agent would not know what to do, than the issue will be passed on to supervisor, which will than decide what to do. Only if the complaint involves a bigger amount of compensation than it would be elevated to the management level of the hotel. In essence, in terms of day-to-day operations we want our front line staff to handle the complaint with the goal to handle complaints more quickly without making the guest wait. In addition 99% of customers do not complain because they want to save money, they complain because they have not been satisfied.

LK: Focusing on complaint prevention – how do you prevent disputed between your guests and your employees.

A: It is what we call our "guest journey". Our guest journey is not typically a standard operating procedure, it is actually written with the perspective of the customer. Within the guest journey we go through the entire process of a journey of our customer in the hotel starting with the moment when he is visiting our website until he received the bill or he/she gets his farewell note or farewell e-mail. Between those areas we have what we call the "game changers" and "the game winners", where we ensure that we have a flawless service. In this regards it needs to be said that wherever people are working there will always be some flaws and we need to ask our self how we can recover from those flaws. You might have a meal where your dish is not well cooked but if the service recovery is done in a way that you say as a guest that is was outstanding, you will always remember that meal and how and how your complaint was handled. Moreover due to this good feeling you are going to recommend that place to other people. Therefore the handling of a complaint should not be done by saying "ok the fish is on the house" This "guest journey" is trained to each and every individual employee. Moreover there also one other simple to we use, which we call *XXXX.* We do not want to have satisfied customers. That is not important to us, we really want to have "Fans"- so total guest satisfaction. In an nutshell, if there is something a guest is not happy with, than it needs to be handled on the spot, since we want to have customers that check out and say " that was a really cool hotel, we really like that." As mentioned before, things can go wrong in hotels like in every other business in the world, but if you handle complaints authentically, immediately and if you looking at the problem with the eyes of the customer than it is possible to achieve and "create" fans.

LK: Reflecting this on the luxury hotel industry in general, are there areas of improvement?

A: I think hotels should look at the problem more with the eyes from a customer or better said put yourself in the "shoes" of the customer. Simply saying try to turn things around and do a little bit of reverse engineering - "If I would be the customer, this reaction from the employee would make feel at ease …?" Moreover I would like to stress that it is becoming more important to give employees a certain freedom of management decision, so that they can immediately and quickly. Moreover, it delineates that it is not ok to have a satisfied guest. Satisfaction is nothing! A satisfied customer will walk away and will got to another hotel where he will be also satisfied- so he will not come back. But if you have a fan; somebody who says "that was outstanding" than you are on the right track. That has nothing to do with luxury service it could be anything.

In addition the other part is not to concentrate on complaint handling but to concentrate on service recovery because you can handle a complaint properly but then the action is missing very often afterwards. So a guest might say “ok this complained was very well handled, but where is the service recovery? What is happening now?” And you can actually turn 97% of the complaints into a compliment if you do it the right way.

Moreover I think a lot of emphasis is put on complaint handling but I would put at least as much emphasis on compliments.

LK: How important do you think is this topic towards a sustainable competitive business performance?

A: I would say that 90% of our customers are looking for information before they make the booking on the internet. They read all the comments and they read all the statements from the previous customers- this therefore heavily influences their decision where to book and where not to book. Now customer are educated enough to understand that one single negative comment can happen. If they see that the reaction of the hotel inappropriate or if they are no comments at all, future customers see that as an absolute “NO GO”. In social it is exactly the same, it has become the new way of communication and socialization- therefore not talking to somebody online can be compared with not talking to a guest when he talk to you in person at the hotel. No replying make customers feel like “I am talking to you, but you do not care to answer me …” Therefore responding is absolutely vital, because the guest comments are going replace the “star-classification” within the hotel industry very soon. Therefore it will be absolutely obsolete to say I am a 3, 4, 5 star hotel since it will be the customers opinion which will be rating you a hotel in a certain segment (design hotel, luxury hotel…etc.). – And thats why these comments are the lifeline of the future of our business

Appendix 3: Interview Expert B

Interview Transcript for the Master Thesis

Date: 30.03.2016

Interview Setting: Interview was conducted the office of the General Manager

Interviewer: Luca Kunitzky (LK)

Interviewee: General Manager (B)

Position of the Interviewee: General Manager in Company B.

Duration: 20 min

LK: Fist of all could you please tell me something about your person, your experience and what you have done in last years ? (Gain a better insight of the professional background of the interviewee)

B: Answer Summarized in Table (XX)

LK: Referring to your industry experience, I would like to know how do you experience “guest giving feedback”?

B: With regards to my time at the Front Office (the past), where the internet did not exist neither did platforms exist which you could use to give feedback about different properties or your performance. Therefore it was either face to face comment by a customer when there was no other chance. Alternatively it was a letter after departure which was sent to the management. This was basically the history. The approach in the past was either a very direct resolution, because you were confronted with person and you had to deal with him straight away, or it was a very long term solution because the letter was sent by mail, the mail had to arrive and then the hotel had to internally deal with the complaint or with the comments given by the guest and then draft a reply and sent the letter back to guest by mail. By the time the letter reached the guest it took another two weeks and so on. As you can see it was very time-consuming process. In terms of more serious issues it was very helpful to use a phone. In regards of more simple issues you were just issuing a apology letter.

Nowadays you have to respond within 24h of any complaint. If you are receiving it through a travel platform or through your own survey system or an e-mail which the customer has sent to the hotel website – people are using much more communication, meaning e-communication and therefore they are expecting also a response much faster. Due to this *Company B* has established a system, where a team of executives which have an alert system in which we are getting any complaints or messages which are not satisfactory or better directly as an alert on the phone or via e-mail at any time or day. For example if you receive an alert on Christmas eve that says – "please close it within 24h"- than we have to react on that.

LK: Do you get those alerts regardless from which platform of channel the comment is coming or are you focusing on internal guest feedback platforms?

B: We used to have a separated system where we had guest surveys and a system for external channels separately. However in December we implemented as system called "ReviewPro" which is one of the big providers. There are also a few more but this is the one that we have chosen. The system linking together all the platforms like "booking.com, tripadvisor, expedia" you name it…holidaycheck etc.., plus the surveys that we are sending out. Whenever it is below the benchmark that we have to set for ourselves than we get an alert.

LK: Do other brands/ competitors also use such a system?

B: The big brands use the systems because it gives you all a kind of benchmarks for your service and product quality. You have independent hotel which probably do not use those programs but have but have a similar system in place – meaning they do respond and make sure that everything is being handled. For them the benchmarking is a different level. They don't need to have this corporate setting with all the speed or tracking system. But I do know that they really respond in time. Moreover in the corporate luxury hotel industry, for example here in Vienna the Ritz Carlton, the Marriott Group, the Imperial as a part of Starwood – they do have it in place. Because of using the same systems and being connected to them through the system we also have the chance to establish a specific ranking in regards to that. There is a so called GRI "Guest review Index" and there we have to achieve a certain percentage, which in our case is 95% as a benchmark for Company B. 100% is the ultimate which you can do, but the likely had that anybody will end up with 100% is very limited. We as a hotel are currently within the top three of your comp-set. We measure it weekly, however it can be also measured monthly, yearly and daily. Thus daily does not really makes sense because it is only a snapshot of your performance. On the weekly rankings we are sometimes on fourth and sometimes on first position. Generally speaking we are neither number three nor number two.

LK: You said that is obviously very important to track this feedback, and therefore I would like to know what your opinion about the (positive/ negative) impact of the review content that is posted online by the guests?!

B: What is important to say that there are individuals, not a big mass, but there are individuals that are using the mentioned platforms a threats towards the hoteliers, which I has also happened a couple of times in the past already – Where they were saying ´"If I don't get you will get…" meaning if I don't get the following treatment either free of charge or special attention or what so ever, than I will write about you in a negative way. This used to be a "one way road" where you couldn't do a lot about but nowadays the platform have reacted and are aiming more toward the properties of being able to give feedback to a certain customer that had posted something negative about the hotel product. And you can also challenge a "post" should you feel that it is unjust and if you can proof that is unjust than they have to remove it. Therefore the danger of people threatening you is going down. However, it is very important to mention that the feedback is used by a lot of customers to make their travel decisions. Most of the time if you have individual travelers which are not going through travel agencies, which are not having corporate travel policies or are not part of a group travel… they are looking and booking through websites. They see where is the hotel ranked, meaning in a position of a rating system also where is ranked on big search engines like google. So if you type in *Company B*– what does appear? Yes of course the own website should be there, but are there also other website with positive feedback about this property. This for us (as hoteliers) is a risk but at the same time a positive thing. If you are using the system (ReviewPro) properly, by responding to the feedback as much as possible, than you will get much more response from the traveler site to be ranked better. If you have once in while a negative review and if you handle it properly, you get much more response from the travel website which helps to get a better ranking. So if you see criticism which is posted as a way of improvement and if you are reacting positively towards the customer, this can actually help you to have a better ranking as well. And the ranking can mean a lot to the customer.

LK: Who is responsible to answer to the customer?

B: Usually you have somebody in charge of e-commerce who is monitoring those reviews. However since the text and the formulation of what you are responding is very crucial, you need somebody who is very fit in regards to writing responses and feedback to what has been written by a guest. Therefore you can't just make a student or an IT person who has knowledge about e-commerce being in charge of that. They might not have the right tone of voice which is required. Therefore we have usually people in the hotel that are trained in writing skills and this is either marketing or public relations. In some hotel these person are also the PA of the GM or the GM himself.

LK: Since you have talked about what is done and can be done about user generated content on hotel review site. I would like to know now what is done / can be done prevent that customer make use of those review sites?

B: The general message from *Company B* and its management is to ensure that the problem resolving within the hotel is done in a very positive way and more important that it is final within the hotel. If a guest leaves the hotel and is unhappy about something, this is going to build up over time. The likely hood that the guest writes something negative, because you have no possibility of influencing it any longer is very strong. Due to this *Company B* has already in the past used some individually protocol called XXXX. This system gives front line staff empowerment to resolve issues including putting minimal financial matter in hand to resolve it. Meaning inviting the guest to a drink, taking something of the bill so that we can resolve it before the guest leaves. The man power that is needed afterwards to resolve it, plus the reputation management that has to be done afterwards is much more expensive than solving something directly as long as the guest is still in the hotel. So the ultimate aim is that when the customer is leaving that at the check out there is a kind of an exit interview with the guest to ask them about their stay and to really listen what they have to. The staff should not use this question only as an empty phrase where they think "I don't care, I only had to tick this of my box from my list of quality control". As you can see there is really the need for an interaction with the customer- Real listening to his problem and resolving it as long as he is in the property.

LK: How do you ensure that especially the front line-staff has the skills and confidence to handle a complaining customer?

B: Difficult question! You should provide training which is not always possible in term of time. Moreover what is "key"- is to this is really happening through coaching at the desk. If you do have a situation the supervisor should try not to leave his colleague alone. Employees should always have the chance to get some help. If they do have to face a guest alone, for example in the night shift, than you the manager should do a debrief of the situation, discussing what has been done right and what can be done better in order to build up confidence. Talking to guest and receiving feedback is something you will only be able to learn over time. When I started at the reception desk the first customer that came complaining to my desk the only word I got out was "yes, yes, yes" as an answer to any complaint the guest "a tall Arabian guest" had. The reason behind was that I had no clue what to do and my manager was standing behind me and laughing her socks off. In the end of the day she explained afterwards to me what I did right what I did wrong or what I should have done better. Important she let me handle the situation, trained me afterwards and explained the consequence if what I did. And this is the way you have to deal with it. You have to coach the personal and even if you are not present you have to ask: What did you do? What was the outcome? Are you satisfied with the outcome? And if not how can we do it differently the next time? – So coaching!

LK: Who is responsible for the coaching?

B: The next level Supervisor until it literally comes to the executive office.

LK: How do you make sure that the way of coaching, the techniques are up to date?

B: There is now way that you can that the way is almost up to date. Most important that you have somebody who wants to be a coach and coach somebody? This you will find out when you employ somebody. You can partially find this out by interviewing the person in advance. My job here or in general is to interview everybody, doesn't matter if it is a chamber made or if it is a manager for the hotel. An for me it is personality , my goal is not to see if do they have the skills to handle the job- my goal is to see if they have the right personality for the job they are doing. Can they handle it? And I think this is the big difference where you can see if you are putting the right person to the job and also the job criteria which they have to deal with. The skill as I said absolutely not a problem because this you can train. But to see if they have the right personality you can be only achieved by interacting with the person. This is also why there are so many interviews are taking place in advance- to get different opinions. Personality is "key" because this cannot be trained!

LK: Referring to what has been said, how important do you think is dispute resolution for a competitive business performance?

B: I think I would put this different! From my own experience I know that the best customer of the future is a complainer who was handled properly. I have had experiences where a guest was complaining, he was bitterly shouting and we were dealing with the case so professional that afterwards the guest said “I will come back to you, because I know if I have a problem it will be resolved!” And I think this shows if you deal with complaints properly you have the opportunity to get loyal customers and also gain brand loyalty. If they feel that this happens at one place they expect that this is also handled like that in other properties of the same company.

Appendix 4: Interview Expert C

Interview Transcript for the Master Thesis

Date: 21.03.16

Interview Setting: Interview was conducted in the Office of Manager C

Interviewer: Luca Kunitzky (LK)

Interviewee: Manager C (C)

Position of the Interviewee: Manager C in Company C

Duration: 20 min

LK: Fist of all could you please tell me something about your person, your experience and what you have done in last years? (Gain a better insight of the professional background of the interviewee)

B: Answer Summarized in Table (XX)

LK: Referring to what you have learned in you career, I would like to know how do you experience the handling of “guest feedback” in a hotel?

C: Well, the content of reviews is part of the e-commerce department in the hotels, if such a department is existing. In our hotel we have a very strong focus on those reviews, since this is an important source of which we can get feedback from the guest. It also gives us written feedback and not only oral feedback. In terms if tracking the hotel uses a program called XXXX, which is a content management system especially made for the hotel industry. It collects all online reviews from the most important social media site like Facebook and also from sites like TripAdvisor, holidaycheck and so on. Everything what is written online about your hotel is collected within this system and is also evaluated in the system and everyone within the company has to work with this system. Referring to my responsibility, I am charge of the system, meaning I get alerts every day via e-mail when a new review (e.g. negative or positive) comes. Moreover, with the information collected from the reviews the program also provides scores and measurements. One important measurement for example is called the global review index. This index is a logarithm of all reviews generated online. After the evaluation of the reviews it presents the outcome in a percentage figure. We have a goal of 95% out if possible 100% .According to this goal we also get measured by the cooperate office. What we also have in the system is a number of all our competitors, which makes it possible to track and compare your performance with up to five different competitors. Mostly it is the competitive set that is also chosen for revenue reasons. So the system provides me also with the global review index of all other hotels that has been chosen for the comp set not very much in detail but to get an overview. In addition the system generates another Index “Competitive Quality Index”. This index shows the performance of “my “hotel compared to the performance of the others. Also here there is a measurement in percentage that can go up to 200%, depending on how much competitor you have in the system.

LK: As heaving learned that your company has a high focus on tracking and measuring the content generated by the guest online, I would like to know your opinion about the influence and impact of those guest reviews.

C: It is important to get a feeling how the guests like your hotel, what do they think about your hotel and der opinion about the hotel product itself. Surely you get also direct feedback of the guest during their stay but this feedback is most of the time not tracked anywhere. In example if a guest gives feedback about his stay at the reception it is not tracked and analysed. That is why I think it is very important to have a written feedback. It doesn’t matter if it is generated on hotel reviews sites or with our guest satisfaction survey which is very anonymous. In essence when you have written feedback you are able to analyse it.

LK: In regards to that could you please elaborate more on the impact of those guest reviews on hotels?

C: Reviews have a very high impact, because personal opinions of guest influence other guests. So for me personally it is a good indication for what we are doing right and what we are doing wrong. This makes it possible to measure ourselves with those reviews. And therefore those reviews do have an impact on our future guests. And as we learn in marketing is that what most influences future guests are the peer groups. In addition everything is posted and available online and you cannot hide it or fake it - therefore it is a real and very realistic opinion of your hotel. Therefore I think it is very good to have reviews but in the end you have to manage those reviews properly and you have to take them seriously in order to grow as a company and not to get harmed by those reviews. If you look at what has changed in the last years, I have learned that the focus four years ago was not that strong as today. Today there are several systems available in the industry to track those reviews which means that there is definitely a market for that. Looking at the future I think it is a very critical topic because reviews are getting more important. However we may not forget to say that reviews can also be faked. Fact is that reviews are important for guest. However these reviews describe sometimes only a moment when they have been not satisfied. Therefore the other people who read those review have to be very critically in terms what they can believe and what not. So the impact is definitely growing but companies and guest need to become more critical when looking at this whole topic.

LK: Should businesses than continue to focus on it?

C: Yes, it is important to focus on it and important to track it to learn what went wrong and what went right in order to be able to grow and to educate your-self about news and changes in the environment. In addition you also need to have certain standards implemented in your company to know what you answer and how. We as a company have procedures for answering reviews, respectively which reviews we are answering and which not, to make sure that the negative reviews are answered within 24 hours. If the reviews are neutral we read them carefully and look if there was an issue or what can be done to make this review a positive one. In term of positive reviews we react on them if they are really positive. In general getting back to the nature of the guest it can be said that they like to write more about negative aspects, as it is much easier to complain about something, than to give positive feedback.

LK: And what can be done in term of prevention?

C: For sure there are certain ways of prevention that guest write negative reviews. One way is in-house trainings. For example we have trainings focusing on guest complaints including right complaint handling directly with guest. What I can do is to educate and to train the employees to who are in direct contact to the guest. To show them how to handle a complaint directly and that they need to pass on the information of any occurring issue to me and to other colleagues. Moreover it is also important to share the reviews with all the employees within the hotel to show them that these reviews are important and that they are tracked. This needs to be done since it is very important for every employee to handle any complaint positively so that the guest does not have the need to post something negative. On the other side if there are guest who are really happy, employees should also try to get the guest to share their positive experience. Employees also know that guest can also be influenced on the positive site.

LK: Coming back to the answering of the reviews, who is answering them?

AM: I am answering them, by following what we call “XXXX” from our Head Office. Here the first step is to analyse the reviews and finding out if it is positive, negative or neutral. Once I have analysed the parts I am contacting the responsible department. In example if it’s a complaint about the restaurant, I do contact the restaurant manager and ask them for more information about this issue. This helps me to get more information about what went wrong. With this information I am able to answer the reviews in a way that it the guest does not have the feeling that he gets a stereotypical answer but a personalized and individual answer. The next step is important to take the discussion offline. If we reply to a feedback the last lines always include for example: “Thank you very much for your feedback, please contact us personally with the e-mail XYZ and tell us more about your experience in our hotel. The worse thing a hotel can do is to start an open discussion online. On every answer we directly provide the e-mail address of our general manager as this indicates the guest that his/her comment is important and taken very seriously by the hotel.

Appendix 5: Interview Expert D

Interview Transcript for the Master Thesis

Date: 17.04.2016

Interview Setting: Interview was conducted in the lounge of the hotel

Interviewer: Luca Kunitzky (LK)

Interviewee: General Manager D (D)

Position of the Interviewee: General Manager Company D.

Duration: 20 min

LK: First of all could you please tell me something about your person, your experience and what you have done in last years? (Gain a better insight of the professional background of the interviewee)

D: Answer Summarized in Table (XX)

LK: Referring to your understanding of the the luxury hotel industry, how do you experience “guest giving feedback”?

D: Very broad ways of giving feedback. There is the story before the arrival, during the stay and after the arrival. I think we need to split this in those three different areas. Before the arrival they usually get in touch via e-mail through feedback received from other properties that we can expect. We are very strong in what we call “ XXXX” or guest experience notes” which we use for all of the hotels worldwide so within the XXXX we are able to inform ourselves if the guest has specific likes, dislikes, preference or if there the guest already gave feedback during previous stays within our properties or other properties around the world. In addition to that the guests also contact us via telephone, e-mail or through their travel agents to tell us directly about their preferences or if they do not like how the reservation procedure went. Within Company D, we also have a customer service department responsible for all hotels and the guests have also the opportunity to contact them, too. Occasionally that happens, too. During the stay, there are different ways of receiving feedback by talking to the duty manager, talking to the staff of the hotel or calling me directly since my mobile number is on my business card so a direct access to me is also given to guest. Moreover guests are also posting on trip advisor during their stay or such portals. And after the stay guests have several options to give feedback, of course these online portals are most frequently used. We have what we call “Company D satisfaction program” to which guest are invited to give their feedback. Moreover if we have the details the guest will be invited. Within the satisfaction survey t there are notes from 0 to 10 so that we can see if the guest were happy or not happy. In general we do get very frequent and very detailed feedback from our guest. Of course any other direct letters, calls or info trough a travel agent.

LK: Referring to the feedback that is not received through your internal systems, how do you track the feedback of guests?

D: We have an analytics program that focuses on those particular platforms and gives us alerts and informs us as soon as there are certain words being used. It give us the chance to do further investigations on that. In the hotel there is one person of the staff who is checking on the feedback that we receive through platforms like TripAdvisor, booking.com …etc. Within the system you have these word clouds (green is good, red is bad…etc.). And the larger the word the stronger it has been used.

LK: What happens if you receive negative feedback?

D: We distribute the feedback directly to all of our colleagues in the hotel. Moreover we put the feedback into the guest notes, so we are prepared for future stays. In addition we also respond to any single feedback that we receive from all the different platforms.

LK: Can you tell me if systems like that are used all over the luxury hotel industry?

MD: I am not quite sure; I would assume that other big brands are making use of such systems. I know for example from Radisson that they are using the same system as we do for the internal platforms. In regards to the extern hotel review platforms I am not sure what is being used. I assume that all big brands are using a similar system, since this is the only way you can react - and you must react to this kind of feedback from hotel review sites.

LK: Who is responsible for reacting or answering to the feedback?

D: On my behalf, my assistant does answer to all the reviews and checks them on a daily basis. Furthermore, I think it is very important to note that we do not always agree with the guest. I think this is very crucial that it is not just the regular “I am sorry” answer you are giving. Since you should also react sometimes by saying “We are sorry that you do not like the concept, but this is the way we are doing it ...” so it doesn’t need to be always an apologetic kind of answer. It can also be explanatory.

LK: Speaking of the influence and Impact of those reviews, what do you think about it?

D: It doesn’t matter if the reviews or feedback is positive or negative, I think what a hotel needs to be careful with is if you have too many comments of the same. In example if all complaints do concern the breakfast or the cleanness in the room, then that could become very harmful for the property. I think the customer reviews on the hotel platforms are very important for the property. In addition the responses to those reviews are extremely important since you can take the opportunity to sell your property more by showing your empathy with the guest. As most people, I am looking also at the properties I would like to stay at and of course you look first at the negative once and think is this applicable is this always the case or is it a complain due to special individual preferences. In example a complaint that should not be taken seriously, would be something like a guest travelling to Mallorca and complaining that he does not get his “Bratwurst” in the morning. I think in general most people know that they have to look at tall the feedback and need to sort out if the feedback is applicable. If it is not than it is not important.

LK: Coming to the topic of prevention. How do you prevent disputed between your guests and your employees.

D: As I mentioned before the guest note that we have are very important because those hopefully stop certain things from being an issue before the guest arrives. Moreover all of our employees here in the hotel have a certain amount they can use for compensation and reaction to complaints or other issues. Meaning in the hotel we have a € XXXX / a day policy for all of our employees which is hopefully used for surprising delights. They can use it on any guest. They can use it on several guests, however they feel its nice. With this they do not have to ask a supervisor they can react right away. Of course on top the middle management has the opportunity to react also when needed.

LK: Besides this €XXXX credit, how do you assure that especially the front line staff feels confident enough to face a complaining customer?

D: All of the front line staff and also the staff in the back of the house, receive internal training, which involves exactly how to deal with difficult situation. This is usually done with class-room training with role plays...etc. Moreover we do lots of intercultural training, where you learn how to deal with different cultures. So we do a lot of trainings to prepare the staff. Never the less I think because the staff has this XXXX policy, they are very quick to react and they can quickly make a decision on how to please the guest. This is better than saying sorry I have to go to my manager or my supervisor and ask. If the employees want to give the guest an upgrade go ahead! It is good that the employees are empowered or as we prefer to say it is good that the staff is unleashed to whatever they think is the best to please the guest, as long as it is in this €XXXX frame.

LK: How important do you think is this topic of dispute resolution towards a sustainable competitive business performance in the future?

D: First of all I think this whole review on the internet makes companies more transparent, which is good since we have nothing to hide. I think when guest are trying to threaten "if you do not do this for me, than I will post a bad reviews "– My opinion – Go Ahead! Many time you see these kind of people do this a lot of times, as they want to get something out of their complaints and future customers need to see that that some people are using the review platform to put pressure on the hotels to get something for free or whatever. I am not letting myself, my staff or the hotel being pushed into situations where we are going to comply when the guest is trying to threaten with review sites. However the response of the hotel should be very clearly to that. I know that other businesses are getting very worried about that, but I don't as I see as well that we have so many positive reviews.

Appendix 6: Interview Expert D

Interview Transcript for the Master Thesis

Date: 06.04.2016

Interview Setting: Interview was conducted in the office of Manager E

Interviewer: Luca Kunitzky (LK)

Interviewee: Manager E (E)

Position of the Interviewee: Manager Company E

Duration: 20 min

LK: Fist of all could you please tell me something about your person, your experience and what you have done in last years? (Gain a better insight of the professional background of the interviewee)

E: Answer Summarized in Table (XX)

LK: Referring to your industry experience, I would like to know how do you experience "guest giving feedback"?

E: In my current role I do not get immediate feedback, however I do get feedback through various channels from the guests. In general, my experience of the last couple years is those guests still tend to give more negative feedback than positive feedback. If everything went well it is simply not mentioned on the other side if something goes wrong guest are definitely are giving you feedback and if something goes extraordinary good they also give you feedback. But receiving good service at the hotel they usually do not give you feedback. What I have noticed also is that feedback gets much more direct. In previous year the guest would sent an e-mail or a letter the hotel respectively to the general management and say "I have stayed in your hotel and it was…"and now feedback has become much more immediate mainly through the internet portals. On those portals people have the chance to stay anonymous if they want and they give very much in detail.

LK: Referring what you have said – How do you handle the feedback of the guest?

E: Most companies have policies in place where you have to respond to all the feedback, does matter if it is positive negative or constructive. Usually there is one person responsible gathering all the information in form of one database, where you get the immediate feedback of the colleagues or some guest survey cards and then the online feedback. Most of the time companies have certain policies and procedures in place for that. However there is a difference in terms of what should be done according to policies and what is really done. The general Idea behind that procedure should be to get the information of the guest and then check what has happened from a hoteliers point of view. For example if a guest said that he was waiting for ages to get service, we can find out how long it really took and to get an idea what happened. Afterwards the feedback of the guest is taken to the team, than checked and if everything is clear the talk to guest. In some cases it is good to offer an explanation and in other cases it enough to simply apologize for what has happened.

LK: Who is responsible to handle the feedback and answering to the guest?

E: Most of the time it depends on the company, usually there are certain people who are allowed to respond to guest feedback in written form. Obviously if a guest gives feedback immediately to the employee at the front desk or somewhere else in operations, the addressed employee will respond directly in person. But if it is in written form there are usually 3 or 4 people in each property that are allowed to respond. Giving an explanation to the guest is only used in certain cases. For example they are given when the guest is simply wrong in his assumptions. In additions sometimes there is an explanation regarding local laws, procedures and regulations. So these are the kind of explanations, we might give a guest – saying “why did something happened! Why did we behave how we behave ..!”. Other things are simply not explained. There we simply say “sorry there was a mistake”.

LK: How do you make sure that employee have the confidence to face a complaining customer?

E: We have a complaint handling training, where we give our employees tools how to deal with very upset customers and also to explain to our employees their rights in tricky situation. Especially in the luxury hotel industry people have still in their mind that the customer is always king, and you should never contradict a customer and that’s something that is not very healthy. Therefore the complaint handling training that we do is to make sure that employees know how to communicate in those situations, how to communicate with a very emotional person and that communication includes the body language with the physical stands they need to take to deflate the situation. This helps them to make sure that they can take the emotions out of the situation. Rule should be to take out the emotions first so that the guest can calm down and then you can start talking rational. So that’s one of the techniques that we train in the complaint handling training. Another technique is that we enable our employees to take decisions, so that they know when they stand in front of a complaining customer that they can take decisions. This could be to upgrade him or to give him a discount on the bill. Employees need to know that they are allowed to take these steps without consequences. The empowerment can differ from hotel to hotel and from the level of the employee. In a nutshell it needs to be communicated very well to the employees so that it is very clear what they are allowed to do.

LK: Do you see here some point of improvements?

E: Yes, think it would be nice if it applies to all hotels within the luxury segment. But from my experience there are quite a few hotels that do not give any decision making competence to their employees. If employees need to ask every time the manager or the supervisor, it definitely slows down the process and that also upsets the guest even further because it is something so small and irrelevant.

LK: Referring to that, what do you think about the influence and impact of guest review sites?

E: I have a very personal opinion about that and there are some official guidelines. The official way is mainly to calm things down as quickly as possible. So if there is written feedback it is obviously visible to the entire world. Therefore the hotels want to make sure that the reaction to that negative information is perceived as positive and calming and suiting as possible. In particular that means that they usually tend to respond very quickly. Most policies state that a review needs to be answered within 24h and you need to address the issue that was mentioned in the complaint. Normally it should be written by somebody high in command (i.e. General Manager, Hotel manager…etc.) who is than extending the invitation to contact them personally to discuss further details. I personally think that this is not a very healthy approach for the hotels. Sometimes guests are not right in their complaint. They have a completely different situation and sometime they exaggerate a lot. So I believe that there are lines that can be crossed. Referring to review content platforms, I know that every company has the right to take comments down, if you think that the review is not valid/fake or has presented the situation in a completely wrong and different light.

In addition, I think this right is not used enough by companies. For me it feels sometime, that whatever the customer has the smallest issue, we just throw out a voucher or an apology and then everything is fine again. And this behavior is also a kind of training or conditioning your guest to complain as they know that they get something for that for free. Over the last five to six year, we see that a lot since there is a shift in perception of our customer. As an example I made the experience that there was a guest checking in and he was not happy with the room he booked, therefore he wanted an complimentary upgrade to suite or he will write a bed review. If we always react to a complaint by simply giving out goodies, discounts or whatever it might be, we as hoteliers open ourselves up to blackmail.

LK: Taking this example, what can be done to prevent this or are there ways of preventions?

E: I think there is. A customer complaint is emotional, they crossed a line where they decide “Now I am upset enough and now I am going to say something”. That line may differ from person to person, but there, but there is a line. And if we manage to bring the person back behind that line, then they will not threatening us and will not write a bad review. They will walk away not necessarily happy or unhappy but relatively neutral. In addition I think if a guest walks away relatively neutral after a bad experience, that already a good result. Of course if they walk away happy- that’s better. Therefore, we should aim that every complaining guest walks away at least neutral and not upset, ready to threaten us with whatever action he might take. And yes I think it is possible to get them there, but that means that you need to have an interaction with guest. Very often we do not have an interaction with the guest in a way notice that something is wrong. Only when a guest has departed, they sit down and write to us. Sometimes this is simply the way business as a hotelier has not always the chance to interact with the guest (i.e. late checking in and early checking out guests).

LK: As there is not always the chance to interact with a guest from a hoteliers side, do think that there might be other options?

E: I think that you always have to interact to influence another person and from my experience it much easier to influence guests when you are face to face with them. It works as well if you communicate via e-mail or any comments, but this is much harder.

LK: How important do you think is this topic of dispute resolution towards a sustainable competitive business performance in the future?

E: I think the right way dispute resolution is quite a fundamental part of doing business. Because to a certain extent whatever you do, you always try to influence the other person. You always try to get them to agree to your side of things. Whether is a service I would you like to buy, I have to convince that it is worth the money. So if you don’t think that you want to spend that much money for a particular service than we have a small conflict there and I convince you. In essence when you are doing business, you have to know how to resolve conflicts and you have to know to overcome a dispute, doesn’t matter if on small or big level. I think it is very fundamental of doing business and if you have employees that are confident and competent respect of that, you will definitely have a happier customer and therefore a better business result.