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# The Waiting game

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THE WAITING GAME

By

Dennis Moore

A professional paper submitted in partial fulfillment of  
the requirement for the  
degree of

**Master of Hospitality Administration**

**William F. Harrah College of Hotel Administration**

**Graduate College  
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**ABSTRACT**

**The Waiting Game**

by

Dennis Moore

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A study of wait times in the hospitality industry, and the guest satisfaction as related to those waits. When faced with waiting, what are the perceptions of the customer, and what can be done to help shorten the perception to help guest satisfaction. Finally, to look into the technology that is available today and in the near future, and what some industries have done to help alleviate the wait time to satisfy their customers' needs.

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## PART ONE

### *Introduction*

All day long it seems we rush for this and rush for that. When we travel, we rush to get to the airport, rush to catch our flight, rush to the hotel, and then, usually we wait. We wait in traffic, we wait in the terminal, we wait for food, and we wait to check in. In this “on the go” era, our whole society is geared towards people on the move. If you don’t believe people are rushing, just get on an airline flight and see the reaction of most the passengers when the plane pulls up to the arrival gate. Passengers eagerly await the bell from the pilot notifying passengers it is safe to remove their seatbelt. Then, at that instant, 80% of the people will rush to unlatch their belt, try to stand in the aisle to get out the door. First couple of rows I may understand, but what are the people in row 19 thinking? Where can they go? We’re all in a rush. Drive through Starbucks, High Occupancy Vehicle lanes, VIP check in and check out lines, an automated society, everywhere you look things are being created to help people get where they’re going as quickly as possible. As a result, self-serve technologies have prospered throughout our society. Whether at the bank, the pump, or the airport, self-serve technology is helping people get where they want to go faster. In the hospitality industry, we are in the unique profession of being a mandatory destination stop of one’s plans, and we are a service industry that prides itself on customer service. The hotel is the cornerstone of the trip, and after traveling all day, waiting for service at the hotel can have a negative impact on the total experience at the hotel. This paper will review customers’ opinions of response

times, the psychological factors effecting them, how it effects their experiences, and what has been done to alleviate the problem. Federal Express once advertised, “Waiting is frustrating, demoralizing, agonizing, aggravating, annoying time consuming and incredibly expensive (Fortune Magazine, July 28, 1980).” This assertion has held true for most of us, and this paper will look into those assertions.

### *Purpose*

The purpose of this paper is to establish the pattern of customer dissatisfaction due to wait times within the hospitality industry. We will examine the perception of wait time, how it affects a customer’s experience, and any “halo effect” that solitary experience may have as an overall experience for the consumer. There is evidence that response time is a major area of concern for customers (Jones & Dent, 1994). A review of customer complaints by Forte P.L.C. hotel group indicated that wait time was a significant factor featured in many of the cases. Examples of the complaints included statements such as: “My room was not ready when I checked in”; “Had restaurant reservations for 6:00 p.m. and was not seated until 6:45 p.m.”; “Waited 20 minutes to get through check-in line”; “Waited at every stage of our meal, from taking our initial order to waiting for the bill”. With over two-thirds of service related complaints being attributed to waiting too long, whether it is too long to be served or too long to pay, waiting in line is something that needs to be addressed by the hospitality industry. Most unhappy customers don’t voice their complaints; they vote with their feet and leave the premises never to return. With the knowledge that customers have problems with wait

times, if an employee can make contact with those customers perceived to have waited an extended period of time, make an apology for the poor service, the customer may be surprised by the attentiveness of the staff and actually experience higher satisfaction than he or she would have after a no-failure transaction (Mattila, 1999). More important than the actual time waiting may be the perceived time a customer waits and the effects of that perception on their experience. David Maister had proposed eight different factors that would influence such perceptions (Jones & Dent, 1994, p. 52-58). He identified these eight “propositions” relating to the psychology of waiting lines, namely:

- (1) Unoccupied time feels longer than occupied time.
- (2) Pre-process waits feel longer than in-process waits.
- (3) Anxiety makes waits feel longer.
- (4) Uncertain waits are longer than certain waits.
- (5) Unexplained waits are longer than explained waits.
- (6) Unfair waits are longer than equitable waits.
- (7) The more valuable the service, the longer people will wait.
- (8) Solo waiting feels longer than group waiting.

We will examine these eight propositions in surveys conducted in the hospitality industry.

The number one complaint from guests staying at luxury hotels is staff service (travelmole.com). Certainly a portion of staff service, and the first experience most guests will experience is the check-in process. The wait here can set the tone for the whole experience at the hotel. The initial wait is the one that is perceived to be the longest Cornell (Sulek & Hensley, 2004). In a restaurant, the wait to actually be seated is

perceived to be the longest. Once seated, assured in the knowledge that food and drink are to follow, the wait at that portion of your dining experience doesn't seem so bad. Anyone who has gone out to dinner can tell you that fifteen minutes waiting for a table seems much longer than the fifteen minutes it takes to deliver your meal. The same holds true for a hotel. Waiting fifteen minutes in a line to check-in at the front desk has a much longer perception than waiting fifteen minutes for room service.

When there is a wait for service, as inevitably will be the case, what can be done to alleviate the problems? Keeping a person engaged while waiting can significantly reduce perceived wait time (Harrison-Walker, 2001). A television, an aquarium, a living garden are all things that can occupy a customer's mind while waiting. Promotional videos, sports or news on the television, following a black-tip reef shark through its journey around the aquarium, or breathtaking gardens and floral arrangements are things some Las Vegas hotel operators have implemented in their hotel lobbies to keep the customer entertained while waiting for a room key. These hotels understand that the customer's experience starts the minute they arrive on property. The National Business Research Institute did a study for a Las Vegas property that hosts over one million visitors per year. It identified wait time as the driver of 42% of all survey items. In this particular hotel, it was determined that decreasing the wait time for guests had a direct financial impact of \$1 million in revenue per minute saved. When the wait time can influence bottom lines, many proprietors need to look for solutions that will benefit them long term. Whether it's an increase in personnel or the addition of some self-serve technologies Decision Sciences (Froehle, 2006), there are many options available to the



hospitality industry that will help aid them in satisfying customers by decreasing wait times.

### *Constraints*

The constraints for this paper were simply limiting the study of wait times to very specific portions of the hospitality industry. We will not look into the wait times to get into a nightclub, or into an establishment where there is an obvious lack of fairness where one person determines who gets in and who does not. The enormously popular Las Vegas buffets were studied, but the results of that study were not included in this paper, mostly due to extenuating circumstances of a buffet and their location in hotels and the popularity more attributed to the hotel as opposed to the buffet.

## PART TWO

*Introduction*

The review of journal articles tries to understand guest expectations and guest satisfaction criteria when guests are made to wait in lines for service. The articles will review customer responses to their expectations of service, and how waiting for that service will have an impact on their satisfaction of the experience. We will look at how guest perception is more influential than actual events, and those things that can affect a guest's expectation. We will also investigate the new technologies that businesses are using to reduce wait times and costs, and how the public is responding to those technologies.

*Literature Review*

When it comes to measuring guest satisfaction and wait times, it would be difficult to gauge it based solely on the responses you get from guest initiated mail or correspondence, just as it would be hard to decipher a survey based on a simple 5 point Likert scale. The difference between "Very Satisfied" and "Moderately Satisfied" from an anonymous response card without further probing holds little value. It is essential that these responses are not held out on their own as the sole barometer of guest satisfaction. While guest satisfaction does not guarantee customer loyalty, guest dissatisfaction will almost always guarantee that a customer does not return to this establishment. A customer who is dissatisfied with their experience is less likely to make return visits, or if they do, will certainly do so less frequently. By contrast, the guest whose expectations are exceeded with a given product will return with the same or even more frequency. This experience is most likely multiplied by the customer's word of mouth touching

friends and acquaintances who would be more likely to visit the facility; when a customer is dissatisfied with the service, this guest is more likely to voice his displeasure and influence expectations of others around him.

It is important to define what guest satisfaction is. Defining customer satisfaction can be accomplished in two ways (Davis & Heineke, 1998):

- (1) satisfaction as a function of disconfirmation; and
- (2) satisfaction as a function of perception.

As a function of disconfirmation, it can be defined by the difference between the perception of the customer and customer's expectations as shown in the following equation.

$$\textit{Satisfaction} = \textit{Perception} - \textit{Expectation}$$

Customers have expectations set in one of two ways, either by a company's advertising campaign or from word of mouth prior to the initial visit, or by prior experience with the company. Guests have two main levels of service, one is the desired level a guest would hope for, and the other is a predicted level the guest will expect. They are broken down as follows (Swan, Trawick, & Carrol, 1981):

- High customer satisfaction results when performance is greater than or equal to a customer's desired service level.
- Customer satisfaction occurs when the performance is less than the desired service level, but greater than or equal to the predicted service level.
- Customer dissatisfaction occurs when performance is less than both the desired and expected service levels.

Desired service is defined as that level at which a guest believes service should be delivered. Adequate service is defined as that level at which a customer will deem service as being acceptable.

When measuring a customer's satisfaction levels, there are other ideas of how this can be measured. This approach is primarily based on the customer's perception of service performance rather than on the disconfirmation between perception and expectation (Cronin & Taylor, 1994). This is shown as the equation  $\text{Satisfaction} = \text{Perception}$ . Perception may be believed to be a better predictor of customer satisfaction; it offers less understanding of the underlying phenomena than the disconfirmation model.

A customer's reaction to a wait time evokes negative affective reactions (Taylor, 1994). An author of Time Magazine in 1994 stated, "Waiting is a form of imprisonment. One is doing time – but why? One is being punished not for an offense of one's own, but for the inefficiencies of those who impose the wait." This sense of injustice can lead to a reaction that can be divided into two general types, uncertainty or anger. The uncertainty that a customer feels when delayed leads to feeling of uneasiness and anxiety (Maister, 1985). An example would be traveling by airplane and being told you will be arriving to a connecting airport 20 minutes late. If your time to catch your connecting flight is cut from sixty to forty minutes, there is some uncertainty whether or not you will make your connecting flight. As the delay grows past twenty minutes, a heightened sense of uneasiness and anxiety will exist. If the airline removes the uncertainty of the situation by letting those passengers know that they are holding their connecting flights until they get there, feelings of uneasiness and anxiety will be quelled.

Should the uncertainty grow, you lose your ability to plan for yourself, and there is an associated loss of power. These results will lead to an escalating feeling of anger. In addition to growing uncertainty, if there is a financial cost attributed to a delay or a broken promise, this may also lead to an angry reaction. Should the airline get you to a connector airport late, they have broken an implied promise that you would arrive at a certain time. This delay could also cause you to miss a flight that could cost hundreds of dollars to replace. These types of incidences would lead to anger as opposed to uncertainty.

There are multiple types of delays, and each one brings a different perspective to the customer (Hui, Thakor, & Gill, 1998). A procedural delay is a type of delay that does not pose a threat to the successful completion of the consumer goals. This type of delay does not raise the possibility that the time and effort already invested in the service encounter will be wasted. Examples of procedural delays would be asking customers to wait for a table longer than expected, or being made to wait for appetizers longer than normal. There is no chance that they will not get what they desire, and with it being at the beginning of the dining experience, the delay is least intrusive towards achieving the goal.

The second type of delay noted is the correctional delay. A correctional delay represents a barrier to the goal, as does the procedural delay. A correctional delay however signifies a possibility of not attaining the goal altogether. This raises the possibility that time and money already spent may have been wasted. Consumers will become more concerned with achieving the goal, leading to an anticipatory effect of heightened awareness to the passage of time while awaiting an outcome that appears

imminent. Customers who are closer to the goal, have a more vested interest in seeing out the completion of the task. Due to this heightened commitment, they are more likely to react negatively towards a correctional delay as opposed to a procedural delay. The two hypotheses derived from this are that:

(a) The closer a correctional delay occurs to the goal state of the service encounter, the longer consumers' perceived waiting time would be.

(b) The closer a correctional delay occurs to the goal state of the service encounter, the more negative consumers' response to the wait will be.

The third type of delay is the unknown delay. Customers are rarely given any information during a service delay. Customers will tend to view most unknown delays as procedural delays that are left unexplained. The next two hypotheses are formulated as:

(c) The further away an unknown delay occurs from the goal state of the service encounter, the longer consumers' perceived waiting time would be.

(d) The further away an unknown delay occurs from the goal state of the service encounter, the more negative consumers' affective response to the wait will be.

Using these hypotheses and the difference types of delays, a study was done using 120 college students with a mean age of 18.3 years. Subjects were asked to use a new computerized service to register for classes. Once at the computer, the subjects saw a screen thanking them for their participation, and guided them through the registration process. Certain groups of students were hit with certain pre-determined delays. Delays ranging from "The computer is busy, your registration will be processed shortly", and "The computer is busy, your registration will be processed shortly" to "We are

experiencing problems with this terminal. We will try to put this terminal back on line and process your registration”. Subjects were then asked to rate the delays. There was substantially less aggravation from the subjects exposed to the correctional delay compared to those who received the procedural and unknown delay conditions. The results also showed that when delays were incurred early in the test, they were perceived as less annoying and shorter in duration than those who had delays closer to the finish of the experiment.

Customer attitudes can be directly related to waiting times, but guests have also showed understanding when the problems or causes of the wait are explained to the guest (Jones & Dent, 1994). The following thirteen statements were issued on a 5-point scale survey presented to 100 customers. Over 70 percent of respondents were clearly concerned about wait times. These 70 percent, the customers whose opinions we are most concerned with, agreed or strongly agreed with the following statements:

1. If I have to wait I want something to occupy my time.
2. I do not mind waiting if I see things happening.
3. I do not mind waiting as long as I know why.
4. I do not mind waiting as long as I know for how long.
5. A good meal but a long wait is a bad experience.
6. I do mind waiting if the system appears inefficient.
7. Value is worth waiting for.
8. Quality is worth waiting for.
9. If I had known I would have to wait I would have gone elsewhere.
10. If I see a queue I go elsewhere.

11. I would pay more not to have a queue.
12. I do not feel like spending after I have been waiting.
13. Waiting affects my purchasing mood.

Hotel guests differed from restaurant guests when it came to the belief that quality is worth waiting for. A hotel guest was more likely to believe that a quality product is worth a longer wait, and was also willing to pay more if they could avoid a queue. The results of this survey indicated that a guests mood affects their desire to spend money, and that while both hotel and restaurant guests believe both quality and value are worth waiting for, there will come a time when the wait exceeds the perception of quality.

It's established that there are times that a guest will have to wait for a service, and the types of wait will influence their perception of their experience. With people working more hours, they have less free time, therefore, making their free time more valuable. To help increase guest satisfaction, we need to find ways to enhance the waiting experience, making the perception of the wait appear shorter. In a study done to relate a person's response to the impact of music during a wait, it was shown that not only does music help; the type of music that is played also has an effect on the guest (Hui, Dube, & Chebat, 1997). When subjects were put in a situation of having to wait, the test groups were subjected to three different environments. Two groups received music, one positively valenced, the other negatively valenced, and the third test group received no music at all. Group three, who received no music during their wait, scored their wait lowest of the three groups. The group with negatively valenced scored their wait 20% more positively, while the group with positively valenced music rated their wait 42% higher than the group that received no music.



While the wait times we have discussed are mostly concerned with standing in a line, other types of wait have also been mentioned and proven to be a concern amongst consumers. The wait for the final bill in the restaurant, the wait for room service in a hotel room, and with this study the wait one incurs while being put on hold. Although communications technology has grown in leaps and bounds, firms report that approximately 70% of all the calls coming to their organization will still be placed on hold (Staino, 1994). There is a different meaning for being placed on hold between customers and businesses. In no study does a consumer being placed on hold rate as a satisfying experience. Consumers judge being placed on hold as signifying a company that has too few employees or poor management. Business sees it as a company whose products are in high demand (Unzicker, 1999). The advances of modern communication technology have put a strain on the face-to-face interactions of guests and employees, and as such, decreases the likelihood of getting to know somebody personally and creating long-term relationships. There are some times when you can book your flight and hotel on the Internet, park at the airport, get a boarding pass, car rental keys, and hotel key from a kiosk, and the only people you actually talked to were airport security and people whose job it is to verify your documents. The increased awareness of a guest's displeasure at having to wait in lines has been met with a slew of new technology geared towards transforming that wait into a technological hurricane that allows people to blow right past wait lines and to their desired destination.

## PART THREE

### *Introduction*

We have shown that there is dissatisfaction on behalf of the customer when it comes to wait times, and we have reviewed multiple studies that have described the displeasure and the psychology behind actual and perceived wait times. This final part of the paper will discuss the technologies that industry has developed to help combat wait times. People don't like to wait in lines, and they have voiced their displeasure through surveys and letters to business. As a result, the businesses have found a way to automate many procedures that formerly required human interaction, speed up wait times, and cut payroll in the process.

### *Results*

Self-service technologies have been changing the landscape of business and service for more than a decade. Starting with Automated Teller Machines (ATM's) that were first put in use in the 1970's, self service technology has been growing and infiltrating all aspects of our society about.com (Bellis). From the 2000 ATM's operating in 1973 at a cost of over \$30,000 per machine, to the over 350,000 machines that are in use today. Millions of Americans are using these Interactive Transaction Machines. They've gone from being machines that dispense money, to complete banking terminals allowing people to deposit money, pay bills, transfer money and purchase goods and services.

The question that this paper will address is what is the cost of self-service technologies? What can companies save in labor is the technology needed, or for that fact wanted. How far can self-service technologies stretch into the everyday life of the

American public? Will the public be accepting of these new technologies, or revolt against them and require human interaction for their service needs?

People have said that it can't work, it won't work, and it will never work. Yet it works efficiently, consistently, everywhere, 24/7. Self-service technology has expanded into all facets of our everyday life. A self-service strategy that is properly developed, tested, implemented and managed over time can add huge business value through saved costs and improved employee productivity. Failure in any of those steps could be disastrous and result in unemployment and failed business ventures. In addition to ATM's, the more popular self-service kiosks can be found at gas stations, airports, hotels, grocery stores and perhaps the most frequent use is through the Internet. Randy Nicholson and E-Z Serve gas stations in Texas invented the pay-at-the-pump technology that customers today take for granted ("25 Years of 'eureka'," 2007). While independent stations were offering cash only prices that were lower than the large oil companies, those large companies started matching the cash only price. In a move to offer something that the large oil companies did not, E-Z Serve created the pay-at-the-pump that allowed customers to use their credit, fleet and ATM cards to pay for gas, while never needing to enter the store itself. The gas stations used this tool as a convenience over the large oil companies. Shortly thereafter, all stations were moving towards the pay-at-the-pump technology in most major markets. Today, the price of one of those pumps starts at roughly \$25,000 (jgraff.com). The convenience of the self-service technology has become the norm industry wide. There is no longer any advantage to offering this system, however, it would be a huge disadvantage should a station not offer this service. For a station that contains 8 pumps, it now costs over \$200,000 in equipment cost alone

just to be competitive. There is no associated costs of training customers on how to use the machine, and the cost of employee training is minimally extra to incorporate the self serve pumps. The more important employee training comes at the register for sales inside the store, where sales may only be 30% of gross sales, but represent over 70% of that stations profits (nacsonline.com). The larger incentive to station owners today for the incorporation of the pay-at-the-pump technology is to combat the theft of gasoline. Gas theft from service stations topped \$300 million in 2005, but was reduced to \$122 million nationwide with the move to pre-paying for gasoline. Most retailers that weren't already enacting the pre-pay rule, quickly moved to it in September 2005 shortly after Hurricane Katrina spiked gasoline prices to over \$3 per gallon.

At airports, the creation of the self-service kiosk has been hailed as one innovation that helped the industry rebound from the disaster of 9/11. This invention promises to keep airlines at the leading edge of the business-to-consumer intersection. Southwest airlines started with 250 IBM created kiosks (southwest.com) that help travelers reduce the amount of time spent in line and to improve the airport experience. The self-service model reduces the requirement for airline personnel to "interface" with passengers, repetitively performing tasks that passengers often are willing and able to do for themselves. Many airlines are challenged in keeping a large force of ticket agents on standby 24/7 to handle surges in passenger traffic, whereas almost any airline can maintain dozens of kiosks at the ready to issue tickets, baggage tags, seat assignments, and boarding passes. Adopters of the technology assert that kiosks eliminate tedious repetitive work and free airline agents to deliver "real customer service" to those passengers that are either computer illiterate or have more technical questions and

problems with their travel plans. McCarran airport is unique in that they are one of just two airports in the nation using common-use self-service (CUSS) where multiple airlines share a common kiosk to help check-in customers and distribute tickets to all air passengers. Southwest also currently has kiosks available at the Las Vegas Convention Center where convention attendees can check-in for flights from the Convention Center and take a cab to the airport and avoid all the crowds of the normal check-in process. It costs airlines 16 cents per passenger who checks in via the kiosks, but over \$3 on average to use an agent. For the typical airline, kiosks will process approximately 40 percent of check-ins, reducing costs approximately \$32 million dollars annually on a baseline of labor costs for check-in of \$118 million dollars per year (ibm.com). The kiosks free up much needed space in airport lobbies, which seem to get more cramped daily with the emergence of new airlines, increased customer counts and an inelastic amount of lobby space. When British Airways opens its new consolidated Terminal 5 at London Heathrow in 2008, self-service systems will outnumber people-managed systems (Croft, 2006).

As we enter this decade of self-service, customers value the convenience, consistency and self-control of automated transactions over that of a friendly smile. Self-service equals control, and what people value most in day-to-day transactions is a sense of control. Companies value the increased coverage, low cost of operation, and reliability of automating transactions. Individuals encounter inexperienced sales persons, long lines, and business hours that don't fit your schedule. As a result self-service is a welcome alternative. Do we really want to go back to waiting in line for a teller to give us money? Or to arrive late to the airport and have to wait in line for your ticket?

Nobody wants to have to trek all the way to the bookstore to buy the latest book when it's as easy as a click away on your computer. Customers do not only welcome these kiosks, they are helping business to save money on labor costs as well. In the hospitality industry, the use of the self-service kiosk is growing exponentially. From my research, I've found an amazing number of hotels offer this. For example, Embassy Suites went brand-wide in 2005 placing EmbassyDirect Registration Kiosks in all of their hotels. Holiday Inn became the first mid-scale hotel to offer self-check kiosks in over 900 hotels nationally. Marriott, Starwood and Hilton hotels are just a few of the other brands to offer self-check kiosks within at least some of their hotels.

To describe these kiosks, I think that most people would be familiar with the same sort of technology used in kiosks for other purposes. I believe anyone who has used a newer ATM machine would have no problem navigating through a self-serve kiosk. A guest checking in to the hotel could bypass a busy front desk and move straight to a kiosk. At this point they would approach an inter-active touch screen that would ask them to insert the credit card of their choosing that would be the method of payment for their stay. At this point the kiosk would "get to know" the customer. Do they prefer smoking or non-smoking, a high floor or low floor, what view do they prefer? It would also offer options for upgrades to the customer, perhaps a bigger room, or better view, or a room with better amenities. Once the consumer has decided on his options, his dates confirmed, he is then issued room keys by the kiosk. This completes the check-in process. In most cases, check-in time can be done in less than two minutes.

The strengths of the self-check kiosk is the time saved by the consumer, avoiding aggravating long check-in lines, but more importantly it is from the savings the hotel will

realize from needing less staff to manage a front desk counter. According to PKF Consulting in Atlanta, labor makes up 45% of hotel operating expenses. Chief Executive J.W. Marriott Jr. called labor and utilities “dark clouds” over the industry. Lodging analyst Marc Falcone of Deutsche Bank recently named higher labor rates the “biggest single risk to hotel stocks.” The reduction of labor costs could save hotel chains millions of dollars that would be shown right on the bottom line. Starwood Hotels & Resorts Worldwide chief technical officer Tom Conophy said that when front desk staffing is cut back, those employees would likely be repurposed as “lobby ambassadors”, able to serve guests needs in different ways.

The most glaring weakness of the self-check system would have to be the missing personalized contact that a company can give a guest. As long as there is an opportunity to have some human contact, or the ability to be checked-in with a front desk clerk, the kiosks should be a welcome addition to the hotels and customers alike.

Self-check kiosks started gaining acceptance to the major hotel brands in the summer of 2005. They have proven so successful and appreciated, more kiosks are being ordered by Starwood, Hilton and Marriott for many of their properties around the world. It seems to be more accepted in areas that cater to business travelers, who are already comfortable with the convenience of express checkout. These are the types of hotels where most travelers are looking just to check-in and get to their rooms to take off their shoes and relax. The business traveler is the early adapter of self-service, so kiosks in locations that cater mostly to the business traveler is experiencing overwhelming acceptance. The revolution has also transferred into the casino, where change persons and change booths have become almost obsolete. The creation of bill-breaker and ticket

redemption machines has made it easier for people to change their large bills into smaller denominations, and to take their cash out tickets from the slot machines straight to a machine instead of waiting in line at the cashier's cage. According to Director of Casino Marketing, Gordon Dixon at the red rock resort and casino, the removal of these positions on the casino floor can save casinos anywhere from \$600,000 in salaries and health care for a casino with 20 employed change persons, to untold millions by freeing up casino space where change booths use to reside. These spaces are now being used for more lucrative endeavors, namely banks of slot machines, up to 16 machines could be placed in the space of a larger change booth, which could garner the casino thousands of dollars per day. Customers now even have the ability to print out rewards or complimentaries from self-service kiosks within the casino. No more waiting for the rewards center on a busy Friday or Saturday night. The wait in these lines can be absolutely maddening and some customers won't even bother to stick around, even when there is something free involved. Now they just go to the kiosk, swipe their card and enter their PIN, and they are taken to a screen that tells them how much they have available and asks them where they would like to use their comps.

The adoption of self-service technology (SST) by customers is arguably the hallmark of a successful dot-com venture. The more customers that goes online to fulfill their service needs themselves, the more scalable and cost-effective the business model. In the business-to-business environment, relationships between customers and sales representatives have traditionally been extremely important in generating repeat business and having financial success (Schultze, 2003). Having a combination of both SST and customer service representatives provides customers with the best of both worlds. The



ability to quickly get in and out and on with their day, but with the option to have human interaction when something that comes up and may require some personalized attention, equates to a winning game plan for online ventures. Websites such as amazon.com (originally named cadabra.com) have generally been lauded as huge Internet successes, but a closer look at their history tells a different story (essurance.com). Jeff Bezos created Amazon in 1994 out of his garage in Washington. It went online with no personalized service, and a web layout that was far from flashy. With some additional investors, and a spruced up website, Amazon started selling its books nationwide. Bezos added the option for customers to write their own reviews about the books, creating in essence an online community. This was hailed as the overwhelming reason for the success of Amazon. A combination of self-service technology, yet with a place for customer interaction with other people, seems to be the combination of creating a popular website with returning customers. By 1997, Amazon was generating over \$15.7 million in revenue. The company went public and added music and movies to the website. Within a year they were selling software, video games, toys and home improvement items. By 1999 the company generated over \$1 billion in sales, stunning success correct? Not so. In 2001, Amazon reported a fiscal loss of \$1.4 billion, and lay off over 1000 employees. The self-service technology used has created billions in sales worldwide, but without the proper management, no business is guaranteed. Not all customers are created equal. Not knowing your target market is a failure point. You need a strategy with a realistic picture of who will use it, when, how and for what purpose. This will help set expectations for management. Amazon simply grew too big, too quickly, and as a result, even with the latest in technology, was losing billions of dollars. When the company

slowed itself, it survived the dot.com bubble burst, and showed its first profitable quarter in 2002. Year after year Amazon has showed a profit, but is still more than \$2 billion in debt trying to make-up for the down years pre 2002. It is the most popular online shopping website in the world today, with revenues of over \$10.7 billion in 2006.

One of the latest industries to adopt SST has been the grocery sector. Grocery store self-scanning has been slow to catch on, but customers are gradually becoming more accustomed to the service, and are actually enjoying the technology. Grocery customers have partaken in multiple surveys to establish experience with self-service checkouts (Smith, 2005). The reasons behind using the self-serve checkouts and the positive experiences were also tabulated and prepared. Based on the results of the surveys, the number one reason for using the self-serve line was due to the traditional checkout lines being too long. Some wanted to try the new technology, others were already familiar with it and were repeat customers to the process. Others went because they had very few items in their basket. In the third graph, we see that those who had previously never used the self-serve process before had no positive experience with the process. However, those that have used the service before related extremely high marks for experience using the self-serve checkout. Those that always use the service were 100% satisfied with the experience.

The price of installing four self-serve checkout lanes, which fits into the space of two regular checkout lanes, is about \$15,000. It is a sophisticated display that compares the weight on the scale to that of the barcode on the item to ensure the product being loaded is the product being scanned. This helps cut down on thievery, and it requires just one employee to supervise the four checkout kiosks. Companies like Price Chopper

grocers in New England have added these services to help fulfill the objectives of its aggressive application of IT to the point of sale. As a result of internal cost-savings, increased customization of the displays, and the fees it gains from the sale of transaction data to financial institutions, its operations are contributing more than a million dollars per annum to corporate profits. This is according to Larry Friedman, Vice President of Price Chopper Supermarkets, and is based on only 80 supermarkets from the New England area. The break-even point for the firm is somewhere in the three year area. After that, it's all gravy. While most people enjoy the convenience of the self-serve market, others retain a negative opinion of it. While the count is low, the reasons for disliking the service are split between taking too long to use, no personal contact, or being too complicated. This is the problem facing all industries when it comes to the use of self-service machines. The goal for the industries that use this technology is to get customers more comfortable with the process. One of the amazing surveys came from the question "Would you continue to shop at retail location if self-serve checkouts were the only option?" The overwhelming number of customers said yes they would. The few that said they "would not" would be creating a niche market that could spawn "old value" type markets with no SST's and everything would include human interaction.

It appears that the evidence all points to customers being overwhelmingly positive towards the creation and use of self-service technologies. There will always be a small portion of the public who is against any change, but when companies weigh the benefits of transforming their businesses to include SST's, the cost makes the move worth it. Much like Case #4 in the Services Marketing textbook (Zeithaml, Bitner, & Gremler, 2005), customers seem to be pretty satisfied with the services they receive today. But

surveys looking strictly at the feelings of customers today could be left in the cold when the future is upon them. Many emotions and opinions may be formed if companies do not progress with the technology available to them. Is the company offering services that are antiquated? Am I getting my entire bang for the buck? Do I mind waiting in these lines for a little human contact? Those are questions that customers will ask themselves when choosing service providers. What companies need to ask themselves is how many customers will they alienate by removing personal contact from the experience? At what point is it not fiscally feasible to change to automated products as opposed to keeping humans in contact positions. The correct answer seems to be a combination of the two. Each industry needs to find a harmony between customer interaction and computer automation. With the price of technology becoming cheaper over time, and the price of human labor becoming more expensive, it makes fiscal sense to start using automated systems to help corporate bottom lines. In most cases, it would take less than a year to overcome the initial outlay of cost for self-serve technologies over the cost of labor for the same position. Once customers are accustomed to using the devices, resistance towards the technology would be minimal.

### *Recommendations*

While striving to attain customer satisfaction and creating long-term customer relationships, a mixture of the two would seem to fit the overall goals of hospitality companies. For those customers who want nothing more than to get their room keys, car keys, etc., the self-service technology is a welcome sight to the eyes of a weary traveler when faced with long queue lines at robust businesses. While the kiosks and the SST's are available to those who prefer them, there is also human interaction still available to

those who wish to be checked in by a person for those with special needs, requests, or the desire to speak with another person. At some point, virtually all hospitality companies will need to evolve to a more automated technology for the tech savvy consumer generation that is maturing into the majority of the spenders in the world. This new generation will not fear the computer kiosk, they will embrace it. It will then be up to the hospitality companies to find a way to create long-term relationships with these guests, and create situations where employees will have the opportunity to interact with tomorrow's consumer.

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