Identifying critical service incidents that have an effect on guest satisfaction in a Central American luxury hotel

Kimberly Jean Jacobs
University of Nevada, Las Vegas

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IDENTIFYING CRITICAL SERVICE INCIDENTS
THAT HAVE AN EFFECT ON GUEST
SATISFACTION IN A CENTRAL
AMERICAN LUXURY HOTEL

by

Kimberly Jean Jacobs
Bachelor of Science
Hamilton College
1996

A thesis submitted in partial fulfillment
of the requirements for the

Master of Science
William F. Harrah College of Hotel Administration

Graduate College
University of Nevada, Las Vegas
May 2000

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The Thesis prepared by

Kimberly Jean Jacobs

Entitled

Identifying Critical Service Incidents that have an Effect on

Guest Satisfaction in a Central American Luxury Hotel

is approved in partial fulfillment of the requirements for the degree of

Master of Science

Examination Committee Chair

Dean of the Graduate College

Examination Committee Member

Examination Committee Member

Graduate College Faculty Representative
ABSTRACT

Identifying Critical Service Incidents that Have an Effect on Guest Satisfaction in a Central American Luxury Hotel

by

Kimberly Jean Jacobs

Dr. John T. Bowen, Examination Committee Chair
Professor, Director of Graduate Studies
University of Nevada, Las Vegas

The purpose of this study was to identify critical service incidents that have an effect on guest satisfaction in a Central American luxury hotel. Customer-contact employee and guest perceptions of what is classified as a critical incident, as well as differences between Latin American and North American guest perceptions, were compared. Data was collected through one-on-one interview with guests and employees using the Critical Incident Technique. The results of the study were compared to two other studies that had created incident classification systems. The results of this study supported the research of Bitner, Booms, and Tetreault, in 1990 and Bitner, Booms, and Mohr in 1994.
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CHAPTER 1

INTRODUCTION

Service is the key differentiation in intangible products because the choice among products is distinguishable along no other dimension meaningful to the customer. In order for companies in the service sector to be competitive, they must understand all aspects of service, especially the service encounter. “Service is not a competitive edge, it is the competitive edge” (Albrecht & Zemke, 1985, p.16).

The service industry has become increasingly important to the United States economy, indicated by Gross National Product figures. In 1948, 20.9 million people were employed in goods production and 27.2 million in services. By 1977, employment in goods production had risen to only 25.1 million, whereas the service sector had risen to 54.4 million. Although these figures are dated by more than twenty years, they indicate how crucial it is for companies to deliver quality service in order to be competitive.

Customers perceive service quality in what is termed the service encounter, or moment of truth. Service encounters are interactions that customers have with employees and they either result in a satisfying or dissatisfying experience for both the customer and the employee. Because the service encounter involves both employees and customers, it is important to understand the encounter from both perspectives.

In order to ensure customer satisfaction, employees and customers have to be aware of one another's expectations of the service encounter. This involves preparing and
educating both parties about the roles that they should play in the encounter. "A smooth service transaction is a function of reciprocal knowledge of role expectations on the part of the server and the customer" (Dev & Olsen, 1989, p.26). In the process of training customer-contact employees, management should also identify the numerous and probable customer roles that they will be required to adapt to during their interactions.

"The cost of not achieving flawless performance is the 'cost of quality,' which includes the costs associated with redoing the service or compensating for poor service, lost customers, negative word of mouth, and decreased employee morale" (Bitner, Booms et al., 1994, p.95). On the other hand, the outcome of having satisfied customers and employees is increased profit. If employees are educated about what customers perceive as quality service, they will be able to alter their behaviors so that they can adapt to customer expectations. This adaptation will result in satisfaction and increased profit. Customer-contact employees are the most important asset or liability a company has because many times they are the company in the eyes of the customer.

Purpose

The purpose of this study is to identify critical service incidents that have an effect on guest satisfaction in a Central American luxury hotel. Customer-contact employee and guest perceptions of what is classified as a critical incident will be compared. Differences in perceived critical incidents due to nationality will also be studied.
Study Design

Both qualitative and quantitative techniques were used to complete this study. Data was collected qualitatively using the Critical Incident Technique (CIT), which required the researcher to conduct open-ended interviews with guests. The CIT allowed respondents to recount past experiences with customer-contact employees in their own words and from their own point-of-view. A journal was also kept during the period of data collection in order to help the researcher understand the setting of the hotel where the study took place. After the incidents were collected, they were quantitatively categorized and analyzed. The incidents were sorted and allocated to categories according to rules and designed by Bitner, Booms, & Tetreault in 1990 and then statistically analyzed using chi-square analysis. Comparisons were made between satisfying and dissatisfying incidents reported by guests and employees, as well as incidents between this study and two previous studies.

Subproblems

1. Identify service experiences that hotel guests label as critical incidents and compare them with what hotel customer-contact employees perceive are critical incidents to their guests.

2. The study will compare critical incidents reported by hotel guests with critical incidents reported by customer-contact employees.

3. Compare critical incidents of guests across nationalities to see if differences exist.

4. Compare the results of this study with the results of previous critical incident studies.
Hypotheses

The hypotheses of this study have been formulated to test the similarities or differences between guest and employee perceptions of critical service incidents. It is important for managers in the service industry to understand the significance of aligning guest and employee perceptions of particular employee behaviors that lead to satisfying or dissatisfying experiences for hotel guests. If employees are not aware of behaviors that have a significant effect on guests, they will not be able to meet or exceed their expectations. Guests of different nationalities will also be compared in order to provide more information about guest perceptions of service encounters.

The results of this study will be compared to two other studies to see if there are similarities or differences in the responses by the respondents. This will not only help support the findings of the present study, but contribute to the robustness of the Critical Incident classification system designed by Bitner, Booms, & Tetreault, 1990, & Bitner, Booms, & Mohr, 1994. If the system proves to be robust, service firms should use the results and managerial implications from this study to help service companies satisfy guests.

Null and Alternative Hypotheses

1. Ho: The distribution of the critical incidents reported by the guests in this study and the distribution of the critical incidents reported by the employees will be the same.

Ha: The distribution of the critical incidents reported by the guests in this study and the distribution of the critical incidents reported by the employees will be different.
2. Ho: The distribution of the critical incidents reported by the guests in this study will be the same as the distribution of the critical incidents reported by the customers in the study of Bitner, Booms, and Tetreault (1990).

Ha: The distribution of the critical incidents reported by the guests in this study will be different from the distribution of the critical incidents reported by the customers in the study of Bitner, Booms, and Tetreault (1990).

3. Ho: The distribution of the critical incidents reported by the customer-contact employees in this study will be the same as the distribution of critical incidents reported by the customer-contact employees in the study of Bitner, Booms, and Mohr (1994).

Ha: The distribution of the critical incidents reported by the customer-contact employees in this study will be different from the distribution of critical incidents reported by the customer-contact employees in the study of Bitner, Booms, and Mohr (1994).

4. Ho: The distribution of the critical incidents reported by guests of different nationalities will be the same.

Ha: The distribution of the critical incidents reported by guests of different nationalities will be different.

Delimitations

The research will be completed at a Latin American hotel over a period of nine days. Supervisors and line-level employees will be grouped together under the category employee. Differences between responses will not be studied because management
makes up a small percentage of total employees. Data will only be collected from English and Spanish-speaking employees and guests due to a language limitation. Final arrangements regarding interviews will be made with the hotel the day before the project begins.

Cultural differences among guests will be researched to the extent that their perceptions of critical incidents are similar or dissimilar. Other cultural differences such as verbal and nonverbal communication will not be studied. Also, only the effect that critical incidents have on fulfilling guest needs will be studied, not other areas of guest satisfaction.

The research is limited to guests and employees who volunteer to be interviewed. There will be two set periods of time when guests will be able to take the time to answer questions. Hotel management will choose the customer-contact employees according to their schedules. The sample will be a convenience sample restricted to guests and employees of one particular Central American luxury hotel.

Assumptions

1. It is assumed that guests have had either a favorable service incident or an unfavorable service incident at a hotel. It is also assumed that they will be able to distinguish between the incidents and explain them.

2. It is assumed that employees will be able to identify what guests perceive as a favorable or unfavorable incident.

3. It is assumed that people from other nationalities stay at the hotel where the data will be collected.
Importance of the Study

The results of the study will help increase awareness of employee behaviors that lead to satisfying or dissatisfying experiences for hotel guests. The research will also reveal cultural differences, if any, of what guests expect in a service encounter. Hotel managers should use the results from this study to train their front-line employees. If employees are attentive to what guests may perceive as a critical incident, they will be more aware of their own behaviors and the service encounter should be satisfying for both the employee and the guest. This will not only improve the service level, but also help the front-line please guests so that they remember their experience at the hotel that exceeded their expectations.

Definition of Key Terms

**Service encounter** – “A period of time during which a consumer directly interacts with a service” (Czepiel, Solomon, & Surprenant, 1985, p.243).

**Critical incident** – “A critical incident is an observable human activity that is complete enough in itself to permit inferences and predictions to be made about the person performing the act. A critical incident is one that contributes to or detracts from the general aim of the activity in a significant way.” Critical incidents for this study are more specifically defined as “specific interactions between customers and service firm employees that are especially satisfying or especially dissatisfying” (Bitner, Booms, & Tetreault, 1990, p.73).
Customer satisfaction – "Customer satisfaction with a purchase depends on the product's performance relative to a buyer's expectations. If performance matches expectations, the customer is satisfied" (Bowen, Kotler, & Makens, 1999, p.771).
CHAPTER 2

REVIEW OF RELATED LITERATURE

Literature that was reviewed for the purpose of this study related to the service encounter, customer expectations, role theory, service quality, and inter-cultural communications. All of these service elements are important to the success of a service firm.

The Service Encounter

Customer perceptions of a service company are formed by interactions they have with customer-contact employees, or service encounters. Although a company “may meet all its obligations to design and implement customer-friendly systems, each customer-contact employee can alter or influence the customer’s perception with each encounter.” These experiences that customers have with employees are what either lead to repeat business or negative word of mouth. “As a result, the ultimate satisfaction of customers’ needs is the responsibility of customer-contact employees” (Davidoff, 1994, p.91).

Service employees can fulfill their duty of customer satisfaction by meeting or exceeding customer expectations. Customer perceptions of service quality result from a comparison of expectations prior to receiving the service and actual experiences with the service. If expectations are met, customers perceive that the service was satisfactory and if they are not met, they perceive that the service was unsatisfactory. Customers will
perceive that the service was excellent if their expectations are exceeded, (Berry, Zeithaml, & Parasuraman, 1985). Customer-contact employees need to understand the expectations of their customers so that service encounters result in a satisfactory or excellent experience for guests.

**Intangibility of Product**

One of the critical distinctions authors make between goods and services is the intangibility of the service product (Berry & Parasuraman, 1991, Czepiel, Solomon et al., 1985, & Kotler, Bowen et al., 1999). Services, unlike goods, are in a sense performances. Customers cannot see, touch, or feel the service to be able to make purchase decisions and conclusions about their experiences so they have to rely on tangibles associated with the service (Berry & Parasuraman, 1991, p.93). Some tangibles that customers focus on are equipment, communication materials, other customers, prices, the physical environment, and most importantly employees.

Among other things, the appearance, attitude, and amount of job-related knowledge employees have about their workplace all contribute to the customer's service experience. Employee performances will meet, exceed, or fall below customer expectations, which will affect whether customers have satisfying or dissatisfying service encounters. Another reason that customers rely so heavily on employees for information is that there is a high level of perceived risk involved with services. In order to reduce risk, “service providers should emphasize employee training and other procedures to standardize their offerings, so that consumers learn to expect a given level of quality and satisfaction” (Zeithaml, 1981, p.24).
Inseparability of Service and Product

Customer-contact employees are accountable for the satisfaction of customers in a service encounter because they represent the company in the eyes of the customers. In the service industry, production and consumption of the product are inseparable. Customers experience the production of services as they happen because they are present when it occurs. No service can be produced with either the service firm or customer absent. Therefore, how employees handle themselves in service encounters helps shape customer perceptions. However, “the quality of most services, and their ability to satisfy the consumer, depend not only on how well the service provider performs, but also on how well the consumer performs” (Zeithaml, 1981, p.18).

Consumers purchase an experience when they purchase a service. One theory, the servuction system (see Figure 1), suggests that this experience consists of invisible and visible parts of the service organization. The visible part is broken into two sections, the inanimate environment and the contact personnel. When two customers are introduced into this system, the benefits derived from Customer A come from the interaction with the visible environment and the customer-contact employees, as well as Customer B. The benefits are therefore obtained through an interactive experience. The servuction system creates the experience and the experience in turn creates the benefit. One implication of this model is that “in order to receive the benefit, the consumer must be part of the system” (Bateson, 1992, p.9).
Invariability

Consistency is a problem for most service companies because people's behaviors differ. Different employees will handle the same situation differently, an individual employee can act differently from one encounter to the next, and a customer's perception of a service can be altered depending on one or several factors. The potential for high variability is great in the hospitality industry for the aforementioned reasons. The resulting problem of heterogeneity is that standardization and quality control are difficult to achieve. Customized service has been discussed as a possible method for solving this setback (Zeithaml, Parasuraman, et al., 1985).

Understanding Customer Expectations

"Companies can manage expectations effectively by managing the service promises they make, by dependably performing the promised service, and by effectively
communicating with customers” (Berry & Parasuraman, 1991, p. 63). Management must ensure that both implicit and explicit promises made to customers are met and that overpromising does not occur. Companies that inflate their promises to levels that are greater than what they are capable of handling to attract more business, severely damage their trust with consumers when they do not meet their promises because they have inadvertently inflated customer expectations. Companies that overpromise also put extra stress on customer-contact employees because they will be charged with not meeting the company’s promises.

Providing dependable service is an important component of managing customer expectations because customers want the promised service to be delivered correctly the first time. Meeting this expectation of dependability reduces the need for service recovery. During service recovery, customer expectations are elevated because their tolerance level decreases (Berry & Parasuraman, 1991).

It is imperative that service companies communicate with their customers so that they are aware of what to expect and so that they know what is expected of them. Companies should inform customers of their amenities, their policies, their service quality, their care and concern for the customer’s satisfaction as well as their role in the service encounter before they come in contact with the company. “The customer must be informed and educated as to the expectations and requirements demanded of one as a service participant (e.g., the proper protocol and procedures to evoke a satisfying service) and cooperate accordingly (e.g., provide service personnel with the necessary inputs to perform their tasks adequately) (Grove, Fisk & Bitner, 1992, p. 102). As mentioned
above, the customer’s role is as important to the service delivery as the employee’s role because of the nature of the service industry.

**Customer Expectations**

Customer expectations play a critical role in evaluating a company’s service. Customers compare what they expect with what they perceive they are receiving. In order to be creditable for having excellent service, a company must operate at levels customers perceive as meeting or exceeding their expectations.

A study in 1990 on service quality, by Zeithaml, Parasuraman, and Berry found that several factors could potentially influence customer expectations. The factors that they identified were word-of-mouth communications, personal needs of customers, past experience, external communications, and price. One independent factor, or a mix of the elements, may play a role in the formation of a customer’s expectations.

Word-of-mouth is defined by Bowen, Kotler, and Makens (1998) as personal communication about a product between target buyers and neighbors, friends, family members, and associates. A study done by the US Office of Consumer Affairs found that, on average, one dissatisfied customer can be expected to tell nine other people about the experiences that resulted in the dissatisfaction. Satisfied customers relate their story to an average of five other people (Knauer, 1992). Because of its significant influence, favorable word-of-mouth is crucial to the success of a service company.

Needs may also alter one’s expectations of a service encounter. Personal needs, influenced by an individual’s characteristics and circumstances, derive from a customer feeling that they are being deprived of something. These needs do not stay satisfied for long because people experience different services and are constantly finding that there are
other available options to fulfill their needs. Customer-contact employees have to deliver excellent customer service so that guests do not search for other companies.

Parasuraman defines past experience as customers’ previous exposure to service that is relevant to the present service. If a customer had exceptional service encounters in the past, he/she will expect excellent customer service in the future. If a customer had dissatisfying experiences with customer-contact employees in the past, he/she may not have high standards in the future.

External factors, such as marketing methods and physical qualities of an establishment, can affect expectations that a customer will have when they enter the service encounter. Price can also play a role in one’s expectations because higher prices often lead to a higher level of perceived quality. Lower prices, on the other hand, are perceived to represent a lower level of service quality. If customers do not have other information about a company, they might put significant weight on the cost of the service when forming their expectations.

Service quality derives from customer expectations as well as the process and outcome of the service encounter. Figure 2 illustrates how “service quality evaluations are a function of the expectations consumers bring to the service situation and the process and output quality they perceive they receive” (Zeithaml, Parasuraman et al., 1985, p.46).

Structure of Customer Expectations

In 1991 Zeithaml, Parasuraman, and Berry identified two levels of customer expectations. These two levels, a desired level and an adequate level, were discovered through their multi-sector study of service companies. The desired level represents what the customer hopes to receive. The adequate level represents what the customer believes
is acceptable. These two levels of expectations are separated by what the authors refer to as a zone of tolerance (see Figure 3).

Figure 2. Continuum of Perceived Quality

Figure 3. Two Levels of Expectations
The zone of tolerance is a range of service performance that a customer considers satisfactory. Customers will be frustrated by service that falls below this zone and their loyalty for the service firm will decrease. Service that rises above the zone of tolerance will increase loyalty as well as satisfaction. The zone of tolerance can differ among customers and may even change for an individual from encounter to encounter. The method of evaluation that a customer uses to decipher quality service will affect that customer's zone of tolerance.

Zeithaml, Parasuraman, and Berry's study (1991) found that customers' expectation levels are dynamic and fluctuate in response to various factors. The desired level, however, is inclined to change more slowly and in smaller amounts than the adequate level. The desired level is also more likely to rise, whereas the adequate level appears to move readily up or down. Most movement in the zone of tolerance occurs in the adequate service level rather than the desired level.

The factors that were identified which influenced the customer's expectation levels were the same as those established by Zeithaml, Parasuraman and Berry in their earlier study, except that additional factors were listed. The elements that can potentially induce changes in tolerance zones are labeled as enduring service intensifiers, personal needs, transitory service intensifiers, perceived service alternatives, self-perceived service role, explicit service promises, implicit service promises, word-of-mouth communications, and past experience (Zeithaml, Parasuraman et al., 1991). Service encounters should be satisfying for customers if employees are knowledgeable about customer expectations and strive to meet or exceed them.
The Service Profit Chain

Service companies must meet or exceed customer expectations in order to be profitable, which entails creating a marketing approach that focuses on satisfying the customer rather than the intangible, inseparable, and inconsistent nature of service products. Successful companies have overcome these obstacles by understanding "the service profit-chain, which links service firm profits with employee and customer satisfaction" (Kotler, Bowen, et al., 1999, p.44). This marketing strategy believes that without satisfied employees a service firm will not have satisfied customers, which will in turn have an effect on company profits.

"Simply stated, service profit chain thinking maintains that there are direct and strong relationships between profit; growth; customer loyalty; customer satisfaction; the value of goods and services delivered to customers; and employee capability, satisfaction, loyalty. and productivity" (Heskett, Sasser. & Schlesinger, 1997, p.11). Having identified this relationship, Heskett, Sasser, and Schlesinger have produced an illustration of the key elements of the service profit chain that are crucial to the success of a service company (see Figure 4). Results of early profit-chain studies showed that the strongest relationships were between profit and customer loyalty, employee loyalty and customer loyalty, and employee satisfaction and customer satisfaction. These findings show that service companies have to focus on both their customers and their employees in order to be profitable. "Service encounters are at the heart of the profit chain for many services." When a customer-contact employee pleases a guest by his/her actions, "the resulting customer satisfaction contributes to employee satisfaction with the job" (Heskett, Sasser et al., pp.98-99). Customer satisfaction produces what the authors call a mirror effect, a
cause and effect relationship between the customer and employee where both satisfy one another in the service encounter.

![Diagram](image)

**Figure 4. Elements of the Service Profit Chain**


**Role Theory**

As has been discussed earlier in the review, customer expectations are crucial to the overall experience for guests. Customer-contact employees also have expectations of guests that need to be met in order for the experience to be satisfying for both the guest and the employee. One way of looking at the relationship between the guest and employee is role theory.

It has been established that a service encounter is an interaction between two individuals who have most likely never met one another. The information that is exchanged in the service encounter is predominantly task-related because both parties are interacting to satisfy specific short-term goals. Since the setting is a purposeful
interaction between strangers, the roles for the employee and the customer are predetermined. Because the roles are well defined, there are certain expectations that customers will have of employees in a service encounter (Czepiel, Solomon, et al., 1985) and employees will have of customers.

Role theory is based on a dramaturgical metaphor and has been used in several studies (Solomon, Surprenant, Czepiel, & Gutman, 1985, Dev, & Olsen, 1989, and Grove, Fisk, & Bitner, 1992) to describe the service encounter. Similarities between characteristics of service encounters and elements of drama allow researchers to use drama as a conceptual framework for understanding services. Employees and customers (actors) perform their roles according to scripts in the setting of the service encounter. The role that each actor plays has been learned from past experience.

Service encounters require a “mutual coordination of appropriate behavior vis-à-vis the other person” (Solomon, Surprenant, Czepiel & Gutman, 1985, p.101). “Each party to the transaction has learned a set of behaviors that are appropriate for the situation and will increase the probability of goal attainment. Each participant has a role to play” (Solomon, Surprenant, Czepiel, et al., p.101) and the quality of the service is an outcome of the behaviors of both parties.

**Service Involvement**

In 1989, Dev and Olsen reintroduced an adaptation of a scale representing dimensions of service involvement originally developed by Sarbin and Allen in 1968. The scale places role enactment characteristics along an intensity continuum (See Figure 5). The continuum illustrates that service firms differ in their quality of service and employees are required to fulfill roles that are appropriate to a company’s service level.
"The degree of role involvement and complexity in the service transaction will depend on the demands placed upon it based upon where that job falls on the continuum" (Dev & Olsen, p.24).

<table>
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<tr>
<th>Low Involvement (Fast Food)</th>
<th>Casual Involvement (Cafeteria)</th>
<th>Ritual Acting (Steak House)</th>
<th>Engrossed Acting (Formal Dining)</th>
</tr>
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<tbody>
<tr>
<td>Low</td>
<td></td>
<td>Low</td>
<td>High</td>
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Figure 5. Scale Representing Dimensions of Service Involvement

At the left end of the continuum there is a low level of involvement which reflects a low level of effort and emotional participation in the service encounter. At the opposite end of the continuum there is a high level of interaction which is labeled engrossed acting. Companies that are in this bracket must have service employees whose role capabilities are "extensive and experienced." Luxury hotels are an example of service firms that fall into this category.

Role Expectations

"Satisfaction with a service encounter is seen as a function of the congruence between perceived behavior and the behavior expected by role players" (Solomon, Surpremant et al., 1985, p.104). Role expectations in the case of the customer-contact employee include both the technical aspect (job description) as well as the conceptual and

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personal relations aspect (behavioral and interpersonal) of the role. If there is consistency in the performance and customer expectations then the service encounter should be satisfying. Inconsistency in performance and expectations, on the other hand, will most likely result in dissatisfaction (Dev & Olsen, 1989).

Since inseparability of product and service is a quality of service encounters, customers also have a crucial role to obey that customer-contact employees will expect to be followed. Customers can destroy their own satisfaction in a service encounter by not cooperating with the service production. They must be informed and educated about employee expectations of them required of the service encounter. "Through it all, the service customer - like his/her counterpart- is expected to accept tacitly that dramaturgical rule that the 'show must go on' by tolerating minor imperfections of the service performance in the interest of the overall production" (Swartz, Bowen & Brown, 1992, p.103). "Mutual comprehension of role expectations is a prerequisite for a satisfying service experience" (Solomon, Surprenant et al., 1985, p.104).

Scripts

Scripts contain information about the role that employees and customers (actors) are supposed to play. Service scripts are a cohesive sequence of events expected by the actor either as a participant or an observer. The script includes information "about the role set – one's own expected behavior – plus the expected complementary behavior of others, and ... reflects the individual's learned (or imagined) conception of the prototypical service experience" (Solomon, Surprenant et al., 1985, p.105). A service script may change during the process of the encounter, depending on signals from one of the participants. Accurate assessments of cues from the customer will help the employee
determine his/her own role. The service employee must have good perceptual abilities to ensure that the service encounter is successful. Assessments by employees are not only necessary to assure success, but also by customers. It is crucial that both players are educated about each other’s roles because assessments are only done through the human judgmental processes (Dev & Olsen, 1989, p.22).

Improving Service Quality

The service sector has traditionally been defined by bureaucrats and economists as consisting of “industries whose output is intangible” (Albrecht & Zemke, 1985, p.2). Since “most of the benefits that the customer obtains through the consumption of services are intangible.” (Bitner, Nyquist, & Booms, 1985, p. 48) it is essential that the quality of people contacts that the customer has with the company is exceptional.

The Ritz-Carlton Hotel Company understood the impact that employees in the hotel industry had on guests and realized that there was risk involved for guests when they selected intangible products. They also knew that the people-intensive nature of the hotel business resulted in a high degree of service variability between employees. In order to lessen this variability, they rated potential service employees on basic attributes and only placed employees in service positions if they met certain criteria. Some of the attributes that they identified as essential to a good service employee were eye contact, smile, greeting, tone of voice, vocabulary, and genuine interest, especially in strangers. Although the hiring process was much more complicated than this, the Ritz-Carlton acknowledged that not all individuals were suited for customer-service positions. Therefore, they had to handpick the employees who were going to be involved in service
encounters in the hopes that they would be able to meet guest expectations (Spechler, 1993).

Ritz-Carlton, along with many other hotels, has recognized how important employees are to the service encounter. Some researchers label the service encounter as a moment of truth, or a critical incident, because when the interaction takes place, the company no longer has a direct influence over the situation. Rather, "the skill, motivation, and tools employed by the firm’s representative and the expectations and behavior of the client... create the service delivery process" (Bowen, Kotler et al., 1999, p. 319). In order to prepare an employee for these moments of truth, management needs to properly train them on the expectations of their guests.

Managing Customer Service Employees in the Service Sector

Customer satisfaction in a service encounter can be predicted by examining the critical qualities of the experience as expectations and desires shape it. Perceived quality of service will have an affect on the expectations and therefore satisfaction of the experience. It is important to research the factors that influence the satisfaction level of a service encounter so that employees understand the attributes that are most important to guests. Service encounters that result in a favorable or unfavorable incident due to an employee’s behavior or a particular event are critical incidents. A study done in the hospitality industry found that employee behaviors, which resulted in critical incidents that were important to guests, could be grouped into three categories. These incidents were grouped by employee response to service delivery system failures, employee response to customer needs and requests, and unprompted and unsolicited employee actions. The groups were then further broken down into specific employee behaviors.
such as unreasonably slow service, that could be used as examples to help employees understand the broader categories. (Bitner, Booms et al., 1990).

In order to improve customer satisfaction in service encounters, managers should use the groupings, or classifications, identified in the aforementioned study to train their employees. The data from the study suggests that "the ability of an employee to make a proper response is largely a function of the employee's knowledge and control. Managers have the ability to influence the level of customer contact employees' knowledge and control" (Bitner, Booms et al., 1990, p. 82). It is essential, however, that information given to employees contains what the customers consider important in different encounters. It should also include different alternatives for handling situations that are classified as critical to the guests. "Effective management of the service encounter involves understanding the often complex behaviors of employees that can distinguish a highly satisfactory service encounter from a dissatisfactory one, and then training, motivating, and rewarding employees to exhibit those behaviors" (Bitner, Booms et al., 1990, p. 71).

**Service Drama as a Training Tool**

Customer-contact employees can manage customer satisfaction if they recognize the cues of the audience's (customer) satisfaction with various aspects of the emerging service action and adjust the performance (encounter) accordingly. Altering one's role, reducing aspects of service presentation, adjusting the physical environment, or acting in response to perceived desires are adaptations that can be made to improve the service encounter. Swartz, Bowen, and Brown (1992) have suggested five strategies for improving the actors' (employees and customers) roles: audition the service actors,
employ scripting, train and rehearse, develop performance teams, and select and train the audience.

Organizations need to develop employee selection methods that are more complex than the simple interview. Role playing with other actors, viewing videotapes of other role playing, and additional simulation techniques are suggested as methods that might help improve the selection process. As Ritz Carlton discovered, not everyone is suited for a customer-contact position in the service industry.

Scripting of appropriate behaviors for particular roles is one method for avoiding service failures. Employees should be educated about what behaviors are favorable or unfavorable to customers. Knowledge of customer expectations of their role and how to act in different service situations will give employees a useful tool that would help them better serve the customers. "It is imperative to define the service person's responsibility for the identification of the numerous and probable customer roles that they will be required to adapt to during the transaction."

Once these scripts have been written, they need to be trained and rehearsed so that the expected behaviors become routine. Development of service teams may help employees practice how to act in various service encounters. "Management must provide for the employee the opportunity to simulate the probable roles they will encounter and to stipulate the appropriate range of adaptation to each."

The role of the customer, as with the employee, needs to be well defined so that the customer knows how he/she fits into the service encounter. "The customer's role needs to be shaped by the communication messages of the organization so that his
anticipation conforms to the capability of the system to deliver” (Dev & Olsen, 1989, p.26). This should help customers know what to expect from the service employee.

The International Hospitality Consumer

“The hospitality industry of the 1990’s is truly an international industry and is rapidly becoming a global industry; an industry which ranks second to none in terms of size and global influence” (Jones & Pizam, 1993, p. 189). Tourism is no longer focused on certain areas of the world, and hotels worldwide are constantly encountered with diverse guests. With the exception of a few studies, whether or not these international travelers have similar expectations of service encounters has yet to be decided.

Although there have not been a lot of comparisons of critical incidents across cultures, hotel companies do have ways of influencing guest satisfaction. Many hospitality organizations track their customers with a database. This allows them to have a profile of their guests so that will have some idea of their expectations. Other companies rely on brand loyalty and strive to be consistent with their product regardless of its location.

As mentioned earlier, guests’ needs might influence their expectations, which will in turn influence their satisfaction with the service encounter. Since international travelers are likely to have had many experiences, their needs might be more complex than those of other customers. Many scholars “contend that there are only two universal needs: sanctity of the family and freedom from physical pain. Beyond that, cultures differ. These various needs can be categorized at three levels: simple needs and wants, preferences that grow out of cultural and societal values, and needs and desires that are a reflection of
broad world views and philosophical beliefs” (Thiederman, 1991, p. 169). Since these needs are extremely complex, it is important to ascertain them through further research on critical incidents.

Intercultural Communication

Service organizations have three integrated components that have to be compatible for customers to be satisfied with a service encounter. The three parts are organizational culture, employee culture, and customer culture. It is management’s responsibility to clearly define the organizational culture and then select individuals that share the same values and norms of the culture as employees. Management is also responsible for ensuring that an employee’s culture and a customer’s culture does not cause a communication barrier in the service encounter. “Persons from different cultural backgrounds have a difficult time communicating even when they speak the same language” (Bowen, 1990, p.34).

Organizations can reduce communication obstacles by defining their target markets, analyzing the cultures of these segments and their expectations of service encounters, and then developing methods (scripts) for customer-contact employees to follow. Management should then train employees on appropriate behaviors that will that will fall within a customer’s zone of tolerance. Understanding how international customers evaluate service encounters, however, needs to be further researched before training programs can be developed.

Intercultural Service Expectations

In 1997, Kathryn Winsted conducted a comparative study on the service experience in the United States and Japan. The results of her research showed that
although there are similarities in customer expectations across cultures, there are also significant differences. This finding suggests that further research needs to be done with other cultures to identify customer expectations across cultures.

Winsted found that while many customers in both the United States and Japan identified similar employee behaviors that were important to them, many factors were different enough to be a concern for service companies who are in contact with international customers. “Themes of friendliness, being personal, authenticity, and promptness seem prevalent in the dimensions and behaviors that emerge from the U.S. factor analysis… By contrast, the overriding theme of the dimensions in Japan seems to be one of caring for the customer” (Winsted, p.353). Formality related behaviors are significant to the Japanese, whereas Americans do not place any importance on them. Customers from the United States, rather, list promptness and individual demeanor as behaviors that are important to them.

Results of Winsted’s study show the importance of understanding behaviors that customers expect from employees of another culture. Although this study only focused on how Japanese and Americans evaluate service encounters, it illustrates that there are significant cross-cultural differences in expected behaviors of customers. “Understanding these critical behaviors is … the key to the ability of service providers to build effective relationships with their customers” (Winsted, 1997, p.337). Service firms that do not identify critical behaviors will lose customers to competitors who have a better understanding of guest needs.
Intercultural Service Encounters

Strauss and Mang used the Critical Incident Technique in 1999 to study whether the perceived service encounter quality differs among customers from different cultures. They were interested in gathering information on whether customer expectations and perceptions are culturally bound. Their study compared inter-cultural and intra-cultural critical incidents. Inter-cultural critical incidents will only be discussed for the purpose of this study.

"Service encounters are called inter-cultural if the service provider and customer belong to different cultures" (Strauss & Mang, 1999, p.331). As in any service encounter, the meeting or exceeding of customer expectations determines the level of service quality. However, two problems may arise when parties from different cultures are involved in the interaction. The first potential problem will appear because the performance of the domestic service employee does not meet the expectations of the foreign customer (inter-cultural provider performance gap). The other problem occurs when the service cannot be performed at the desired level because the foreign customer is not acting in the appropriate role expected by the employee (inter-cultural customer performance gap) (Strauss & Mang).

Intercultural Provider Service Gap

Foreign customers experience a inter-cultural provider service gap when there is a gap between their expectations and perceptions of the service encounter due to cultural differences. Strauss and Mang have stated that there are three potential reasons for this gap: the physical environment, personnel, or co-customers. Although the physical environment and other customers are important to this theory, personnel is the only
component that will be discussed for this study because it focuses on the service encounter.

A service provider gap occurs if the foreign customer is dissatisfied due to perceived flaws in the service employee's role. As mentioned earlier, both parties of an interaction have learned scripts from their own cultural service encounters in their own country. This gap will exist when "the contact personnel of the domestic service provider does not show the level of competence, empathy, politeness or assistance that foreign customers expect" (Strauss & Mang, 1999, p.332).

Strauss and Mang have labeled three expectation standards that foreign customers may use when evaluating the domestic service: desired service, adequate service, and predicted service. The desired service is a customer's ideal standard, although he/she will usually accept a lower standard. This lower standard of adequate service is the minimal level that a foreign customer will tolerate. Between the two lies the zone of tolerance, which was discussed earlier (Strauss & Mang). This zone, along with the desired and adequate service levels, will be influenced by the predicted service (See Figure 6).

**Inter-cultural Customer Performance Gap**

International service encounters may arise because customers do not perform the roles that customer-contact employees expect. Customers are expected to follow scripts, learned from past experiences, which execute particular functions in the service production process. "If the scripts for the customer role differ between cultures, this can lead to an inter-cultural customer performance gap perceived by the service provider as an offense against the expected customer behavior" (Strauss & Mang, 1999, p.334).
Similar to the inter-cultural provider performance gap, the customer performance gap can result from the physical environment, personnel, co-customers, as well as a system gap. As with the provider gap, personnel are the only component that this study focuses on. It exists if foreign customers “violate expectations regarding consumer behavior in personal interactions” (Strauss & Mang, 1999, p.334).

Results from Strauss and Mang’s 1999 Critical Incident Study on customer expectations lead them to conclude that domestic customers and foreign customers will handle perceived service encounter failures differently. Domestic customers will blame the service employee if there is a problem in the encounter because he/she believes that the employee has full control over the experience. Foreign customers, on the other hand, may attribute a service failure partly to his/her actions. “He/she may identify the cultural difference as an underlying reason and may attribute the failure partly to himself/herself” (Strauss & Mang, p.340). Regardless of blame, the results of the study show that “it is by
no means necessary that 'culture shocks' occur in inter-cultural service encounters owing to cultural differences” (Strauss & Mang, p.343).

**Overcoming Ethnocentrism**

Research on differences in critical incidents across cultures will not be useful if employees are ethnocentric. Ethnocentrism is defined in The American Heritage Dictionary as the “belief in the superiority of one’s own ethnic group” (1998, p. 445). The term implies racial superiority, cultural elitism, and the belief that all cultures are similar to one’s own. If employees perceive that all guests have the same beliefs, values, expectations, and desires, guest satisfaction will be difficult to achieve.

Managers need to include discussions of other cultures and differences in customer expectations into their training program. “A little knowledge will give [one] the insights necessary to substitute the correct, culturally aware interpretation for the old habit of projecting [one’s] own culture onto the situation” (Thiederman, 1991, p. 23). The program should follow the continuum of cultural learning described by Hoopes in 1987 (See Figure 7). It begins with ethnocentrism at one end and results in some form of integration of adoption at the other. Knowledge of incidents that guests from different cultures define as critical will help managers make their employees more aware of who their customers are.

**Summary**

In the review of related literature, the service encounter and all of the important elements related to it were studied. From this review, one can better understand the interaction between a customer and an employee and possible reasons for expectations
and actions that are linked to the encounter. The methodology, presented in Chapter 3, was based on the study of these interactions. Implications and conclusions about the study are discussed in Chapter 5 and they were also developed from the literature reviewed in this Chapter.

![Figure 7. A Continuum of Intercultural Learning](image)

*Figure 7. A Continuum of Intercultural Learning*

CHAPTER 3

METHODOLOGY

The Critical Incident Technique

The Critical Incident Technique (CIT) was chosen for this study because it is an appropriate methodology for exploring the nature of the service encounter. Researchers (Bitner, Booms, et al., 1990, Bitner, Booms, et al., 1994, Strauss & Mang, 1999, Chang & Hoffman, 1998) have applied the CIT in the hospitality industry for many purposes, because it is based on open-ended questions that do not bias participants. These questions allow respondents to formulate their own answers, which permits them to recount their experiences and feelings in their own words. The CIT, however, has only been used in three hospitality studies to decipher specific employee behavior resulting in critical incidents which affect customer satisfaction. Other studies that have been done in the hospitality industry focused on subjects such as ethical issues, strategic planning, structure and policy, problem solving/decision making, communication, group process, diversity, sexual harassment, staffing and promotion, training, and reward systems (Hinkin, 1995).

The Critical Incident Technique consists of a set of procedures for gathering important facts about human behavior "in such a way as to facilitate their potential usefulness in solving practical problems" (Flanagan, 1954, p.327). Although a common misperception of the CIT is that only negative incidents are collected, the CIT "records
events and behaviors that have been observed to lead to success or failure in accomplishing specific tasks" (Bitner, Booms, et al., 1990, p.72). Although “direct observations are to be preferred… the efficiency, immediacy, and minimum demands on cooperating personnel which are achieved by using recalled incident data frequently make their use the more practical procedure” (Flanagan, p.340). Collecting data on past observations reported from memory is acceptable, as long as the incidents are recent and the observers are able to give detailed accounts of what they experienced.

The events or behaviors, recorded through interviews or observation, that are complete enough to allow inferences and predictions to be made about the person acting within a specified situation are identified in the CIT (Flanagan, 1954). The recorded incidents are classified as critical when they contribute to or detract from the general aim of the activity in a significant way (Bitner, Booms, et al., 1990). The benefit of the CIT is that it allows individuals to reflect upon their experiences and describe events or behaviors that were significant to them. Their responses are “based upon deeply held attitudes, values and judgements that have affected their feelings and emotions” (Brotherton, 1999, p.209).

Once incidents have been collected, the CIT follows a precise overall plan with a set of guidelines for classifying the human behaviors so that they are useful to the study. Figure 8 illustrates a logical structure for the Critical Incident Technique. The six steps are broken down into three major stages which are similar to those found in other qualitative studies. The most important steps are developing coding categories, allocating incidents to the categories, and identifying themes and trends in the data. The end goal of the incident classification system required by the CIT is “to increase the usefulness of the
data while sacrificing as little as possible of their comprehensiveness, specificity, and validity” (Flanagan, 1954, p.344).

Figure 8. An Analytical Framework

Reliability and Validity

This study is a replication of two previous studies done on critical incidents in the hospitality industry. The first study, by Bitner, Booms, & Tetreault, classified incidents recounted by hotel, restaurant, and airline customers that were either satisfying or
dissatisfying and grouped them into three groups which were further broken down into twelve subcategories. The second study, by Bitner, Booms, & Mohr, was a replication of the first, however it classified employee perceptions of satisfactory or dissatisfactory experiences for the customer. Employee responses were allocated to the same groups and subcategories as the first study, except that one additional group emerged. The results from both studies were then compared.

The study by Bitner, Booms, & Mohr represented "one contribution in a program of research designed to test the validity and generalizability of a scheme for categorizing sources of service encounter satisfaction and dissatisfaction. If the scheme holds in different settings... and across different respondents... then the scheme can be viewed as more robust and of greater theoretical as well as practical value" (Bitner, Booms, et al., 1994, p.101). Except for the one additional employee category, all of the categories found in Bitner, Booms, & Tetreault's study were also found in Bitner, Booms, & Mohr's study. Further replication by Lesley Johnson of both studies found that their service encounter classification scheme also applied in the gaming industry. One reason for the current study was to increase the generalizability of identifying service behaviors.

Although reliability and validity can be a problem in some Critical Incident Technique studies, the results of the research done both by Bitner, Booms, & Tetreault and Bitner, Booms, & Mohr found that there are significant relationships between outcomes, categories, and groups in their final tables. Bitner, Booms, & Tetreault's results showed a significant relationship (<.000) between the type of outcome (satisfactory or dissatisfactory) and categories and between the type of outcome and groups. Bitner, Booms, & Mohr's analysis illustrated a significant three-way relationship
(<.000) between the group, type of outcome, and incident source (employee or customer). They also found a significant relationship between group and incident source. Other researchers (Andersson and Nilsson, 1964, Ronan & Latham, 1974, and White & Locke, 1981) found that the data collected with the CIT in their studies was both reliable and valid.

One concern regarding reliability and validity with this particular study focused on the classification of the incidents. Since individuals perceive situations according to their past experiences, values, etc., there was the possibility that they would classify incidents differently. In order to avoid this, three people classified the incidents and their results were compared. This method has been done in the aforementioned studies in order to address inter-judge reliability. Inter-judge reliability was established in this study because the percentage agreement for each category was greater than or equal to eighty percent between all three coders. Ronan and Latham used eighty percent as a benchmark in their 1974 Critical Incident Study to report reliability. This percentage was established after each coder independently coded the incidents and then placed them into the appropriate categories. The categories were then compared between coders to ensure that the incident placements were reliable.

Data Collection

Primary data was collected through one-on-one interviews, one of the most common forms for obtaining qualitative data. Interviewing was chosen because "behavior, feelings, or how people interpret the world around them" cannot be observed. It was also
necessary to interview because this study was “interested in past events that are impossible to replicate” (Merriam, 1998, p.72). There was only one principle researcher who administered the interviews for this study. A translator was used when interviewing Spanish-speaking guests and employees. An English professor, whose native language is Spanish, translated the questionnaire for the translator. The translator then back translated the questionnaire in order to ensure that the translation was correct. Data was collected over a period of nine days, five of which fell over the weekend.

The researcher kept a journal throughout the data collection period in order to better understand the environment where the study took place. The journal was important because it increased the researcher’s awareness of the culture and the guests and employees of the hotel. Some entries appear in Chapter 5 to help the reader visualize the setting where the study was conducted.

**Population and Sample Size**

The population of the study was guests and employees of a luxury Central American hotel from February 18, 2000 to February 26, 2000. The population was relatively small since the property only has 96 rooms and approximately 100 employees. The registered Guests Report was given to the researcher on February 18 as a sample of the mix of hotel guests. Eighty-seven percent (58 guests) were from Latin America and thirteen percent (9 guests) were from North America. Management asked employees if they would like to interview and guest participation was voluntary.

Management was responsible for asking customer-contact employees if they would like to participate in the study. Employees from the restaurant, room service, front desk, travel services, catering, and sales were asked to interview. The interviews with
employees were set-up by management and the administrator so that they did not coincide with guest interview times. The sample size for hotel customer-contact employees was fifty.

Guest interviews took place twice each day. Guests received an addressed letter when they checked into the hotel explaining the objectives of the project and invited them to interview during either coffee hour or during the cocktail hours in the evening (see Appendix A). Guests that participated received a complimentary coffee and breakfast pastries or a cocktail, depending on which period they chose. The sample size for guests was thirty-seven. The administrator directly asked guests during the afternoon hours who were waiting in the lobby area if they were interested in participating. However, the administrator was limited to English speaking guests since the translator was only available during the two time periods discussed above.

The Questionnaire

Both questionnaires that were used in this study are replications that have been slightly adapted from earlier studies. The questionnaire that was used in the guest interviews was designed by Bitner, Booms, & Tetreault in 1990 to study critical incidents in hotels, airlines, and restaurants. Bitner, Booms, & Mohr created an employee questionnaire in 1994 to uncover employee perceptions of what guests believe are favorable or unfavorable service encounters, which was used for employee interviews. The questions for both questionnaires are similar because they are both aimed at attaining the same information. The only change that has been made to both surveys is to the word interaction, which is now experience. Lesley Johnson discovered that experience was clearer to customers and employees when she pretested these same instruments for her
study on critical incidents in the gaming industry. She found in her results that asking for experiences, rather than interaction, had no effect on either employee or guest responses. "The principal researchers and assistants did not notice any change in the type of incidents recalled when using the word, ‘experience,’ instead of ‘interaction.’ but the change did appear to help participants better understand the question as the responses were more forthcoming" (Johnson, 1999, p.91-92).

Demographic information was asked at the end of the questionnaires and was analyzed using cross-tabulations in SPSS. Gender, nationality, and purpose of visit were added to the guest questionnaire and only gender was noted for employees. Other questions were also added to the questionnaires for management purposes only.

Survey Instrument for Guests

Think of a time when, as a guest at this or another hotel, you had a particularly satisfying/dissatisfying experience as a result of something an employee said or did?

1. When did the incident happen?
2. What specific circumstances led up to this situation?
3. What did the employee say or do?
4. What resulted that made you feel the experience was satisfying/dissatisfying?


Survey Instrument for Employees

Think of a recent time when you or a fellow employee did or said something that resulted in a satisfying/dissatisfying experience for the guest. Describe the situation and exactly what happened.

1. When did the incident happen?
2. What specific circumstances led up to this situation?
3. Exactly what did you or your fellow employee say or do?
4. How do you know that this was satisfying/dissatisfying to the guest?
5. What should you or your fellow employee have said or done? (Only for dissatisfying incidents)


The Office of Sponsored Programs (see Appendix B) approved the survey instrument.
Data Analysis

Allocating Incidents to Categories

Bitner, Booms, & Tetreault as well as Bitner, Booms, & Mohr formed coding categories by reading and rereading participant responses and sorting them into groups according to similarities in the experiences. Each category was then labeled in order to identify the experiences. Three major groups were developed and then they were further broken down into sixteen smaller subcategories. One additional group, with five subcategories, was discovered and added to the employee results. In order to check the reliability of the categories that were created for these studies, interjudge comparison was used.

Since the groups and subcategories have already been developed, all reported incidents were allocated to a category according to the instructions and rules for coders used by Bitner, Booms, & Mohr. The total number of classified incidents was established and a cross-tabulations analysis, along with the classifications themselves, was used to identify the trends. The frequency of the incidents was studied so that the categories could be ranked.

The only deviation from these categories occurred if additional categories needed to be added. Due to the analytical nature of the study, the researcher remained open to developing new categories if they were needed. Lesley Johnson discovered in her Critical Incident study on the gaming industry that all of the reported incidents did not fit perfectly into Bitner, Booms, and Tetreault’s schema. The category Problematic Customer Behavior was dropped and several new categories emerged.
Two concerns arose during the coding process in Johnson’s 1999 study that needed to be addressed so that they could be avoided. The first problem was that the incidents were not recorded with enough detail so the judges had difficulty placing them into categories. In order to avoid this situation, all responses were documented directly after the interviews concluded. A tape recorder was also used during the interviews if the respondent was comfortable being recorded. The second issue was that judges had difficulty deciphering whether some incidents were triggers or the main theme. This made it difficult to properly code the incidents and there was some discrepancy between judges’ responses. More detailed descriptions were used to avoid this occurrence, however when it did arise the researcher was responsible for making the final decision according to a set methodology. The researcher also conducted a training seminar with the judges to ensure that the directions were clear.

Identifying Themes and Trends in the Data

Incidents were allocated into the groups and subcategories created by Bitner, Booms, and Tetreault in 1990 and Bitner, Booms, and Mohr in 1994. However, since the data was collected qualitatively, the researcher was open to other possible groups and subcategories. The resulting categories and subcategories were used to describe the data. Studying themes and trends in the data allowed conclusions to be made about events and behaviors that lead to satisfying and dissatisfying service encounters. Cultural similarities and differences, based on demographic data only, were also researched to see if there were trends among guests of different nationalities. Cultural comparisons were made strictly by analyzing the distribution of incidents recorded from the interviews.
Data from the studies by Bitner, Booms, & Tetreault and Bitner, Booms, & Mohr were presented in a table that identified the group and category classification by type of incident outcome. The groups were the overall category labels and the subcategories fell underneath them. The number and percentage for each type of satisfactory and unsatisfactory incident outcome were listed. The total number and percentage was then given for each row. The data was also illustrated in an incident sorting process figure that gave a good overall visual of the incidents (see Figure 9). This method of presenting the data was duplicated for both guest and employee incidents. The information about guest cultures and their responses was illustrated in a rank order table. The groups and subcategories for this study were compared to each other as well as to the two previously mentioned studies. The quantitative method of analysis, cross-tabulations, was statistically tested using chi-square.

**Testing the Hypotheses**

Cross-tabulation was used to describe demographics and the sets of relationships found in the study. “By entering the demographic and classification data for each individual incident onto a spreadsheet, it [is] then possible [to] use SPSS to extract quantitative descriptions of the categories and to investigate the data further through a range of cross-tabulations” (Brotherton, 1999, p.225). Cross-tabulation of categorical variables is a method of testing independent and dependent variables. All groups and subgroups were analyzed, except for any new categories that have been established. Significance is measured by the chi-square test, which was either run by a computer or manually on the data in the cross-tabulations to test the four hypotheses. Significance for this study was > .05.
CHAPTER 4

RESULTS

Sample and Inter-rater Reliability

A total of thirty-seven guests interviewed for this study. These respondents reported only thirty-three critical satisfactory incidents because some guests had difficulty remembering a recent satisfactory encounter. All of the thirty-three incidents met the critical incident criteria and were coded. Each guest reported a recent dissatisfactory experience, however one incident did not meet the critical incident criteria because it did not involve an interaction between the guest and an employee. The incident that was not coded appears below:

The guest saw a valet employee parking a car when he was arriving at the hotel who was driving very quickly and recklessly around the corners while parking another guest’s care. This guest explained that the garage was down a winding narrow road on a hill and it was dangerous to be driving a care like that. He decided to walk the hill and park the car himself because of actions of the valet driver.

A total of fifty customer-contact employees were interviewed in this study. All of the employees were able to recall a recent satisfactory event, but only forty-three were able to remember a specific dissatisfactory encounter. There were no satisfactory or dissatisfactory incidents that failed to meet the critical incident criteria.
The critical incidents were first coded by the principal researcher according to the sorting process and decision figure created by Bitner, Booms, and Tetreault (1990). One subcategory arose that was not included in the 1990 study, and this subcategory was added to the Figure (see Appendix C) in order to make the classification process consistent among the judges. Another similar Figure was created that showed the fourth category used to classify employee responses (see Appendix D). The instructions for coders were modified as well so that they were relevant to this study (see Appendix E).

The critical incidents were then coded according to the instructions and Figure by the first judge. The inter-rater reliability for satisfactory guest groups was 95% and 92% for the categories. The inter-rater reliability for dissatisfactory guest groups was 100% for the groups and 97% for the categories. The inter-rater reliability for employee satisfactory groups was 94% and 92% for the categories. The employee dissatisfactory reliability was 96% for the groups and 94% for the categories. Coding discrepancies were discussed and resolved.

The second judge used the same instructions and Figure to again code the critical incidents. The inter-rater reliability for satisfying guest incidents was 89% for the groups and 84% for the categories. The inter-rater reliability for the dissatisfactory incidents was 100% for both the group and the categories. The inter-rater reliability for the satisfactory employee responses was 86% for the groups and 80% for the categories. The reliability for the dissatisfactory incidents was 92% for the groups and 86% for the categories. Discrepancies were again discussed and resolved by the principal researcher, since the researcher was the one who had contact with the respondents.
Guest and employee incidents were coded once again by a third judge. The inter-rater reliability for the guest satisfactory group responses was 81% and 86% for categories. The inter-rater reliability for the dissatisfactory incidents was 81% for the groups and 81% for the categories. The inter-rater reliability for employee satisfactory response codings was 80% for the groups and 94% for the categories. The inter-rater reliability for the dissatisfactory experiences was also 80% for the groups and 94% for the categories.

All of the judges met the 80% limit for both group and category codings. Incidents that were coded by the primary researcher that were different than responses by all of the other judges were changed to meet the consensus agreement. Other incidents that one judge coded differently than the other judges were discussed and resolved by the researcher.

The discussions regarding discrepancies between judges and the principal researcher revealed some misunderstandings. The first problem was that although the incidents were recorded directly after the interviews, some incidents were clear to the researcher but not clear to the other coders because of the way that the incidents had been translated. The translator explained the experience and then the researcher recorded it, but some of the English was not filled in so there were incidents that were difficult to understand. The incident below illustrates this issue:

Housekeeping stole his blazer out of the hotel room when she cleaned it. He argued with the Director of Housekeeping about ever having the blazer. It took a long time to resolve and he needed it for a meeting that day.
One judge understood that the Housekeeper stole the blazer while the guest was having the blazer cleaned. However, the situation was that the Housekeeper stole the blazer when she was cleaning the guest’s hotel room.

Another problem related to the descriptions was that some details were left out that were important to the situation. The reason for the lack of detail in some cases was that the researcher believed there was enough recorded information to be able to code the incidents. However, some parts that were left out were critical to the coding process, as seen in the incident below:

It was about 11pm and a guest was lost in the parking lot. He was walking the wrong way to his room. The employee stopped him and asked if he was lost. When the guest replied that he was trying to find his room, he walked him there. He then lit his fireplace for him when they got there.

The judges coded the above incident as an unprompted/unsolicited action by an employee because he stopped and asked the guest if he needed help and then aided him. However, the researcher coded the incident as a service delivery failure. The reason for the discrepancy is that the rest of the story was left out. The updated version is shown below:

It was about 11pm and a guest was lost in the parking after checking in at the front desk. He was walking the wrong way to his room because the front desk clerk had not explained the directions to the guest rooms. This employee stopped him and asked if he was lost. When the guest replied that he was trying to find his room, the employee walked him there. He then lit his fireplace for him when they got there.
The addition of the lack of directions at the front desk of a luxury hotel at 11pm at night explains why the incident is a service delivery failure, not an unprompted employee action. However, without the additional information there would be no way of knowing the entire situation.

The last issue that arose concerned coding the incidents by the triggering events, not by the recovery or lack of interest by the employee. Although the researcher was aware that this had been a problem in Johnson's 1999 study, there was no way of avoiding this obstacle because of the qualitative nature of the CIT. An example is shown below:

A guest paid a check in the restaurant and it was denied. The guest then gave him another card which was also denied. He gave him his last card which was denied again. The guest got very angry and started screaming that it was the cashier’s fault and that he didn’t know what he was doing. The cashier then asked to look at the cards and explained that they had all expired. The guest threw a good credit card at him and said then fine use this!

At first glance the above incident seems to fit into Group 4, Problematic Customer Behavior, because the entire story revolves on the guest’s unwillingness to cooperate. However, the triggering event, which started the service encounter between the guest and the employee, was the guest’s implicit request to use his credit card to pay for the check. His request was a preference because he preferred to use the credit card, rather than pay for it by check or cash. Triggering event discrepancies were discussed with all of the
judges to make sure that there was an agreement on the appropriate group and category for these types of incidents.

Major Groups and Categories

Robustness of Groups and Categories

The results from this study illustrate that hotel service incidents which occurred in a Central American luxury property fit into the groups and categories created by Bitner, Booms, and Tetreault (1990) and Bitner, Booms, and Mohr (1994). This finding suggests that hotel critical incidents reported by both guests and employees are not unique to hotels in the United States. All of the incidents fell into one of the overall groups as well as the subcategories, as shown in Tables 1 and 2. All groups and subcategories remained identical, except for one additional subcategory that was created under Group 2.

Group 1. Employee Response to Service Delivery Failures

Hotel guests usually turn to an employee if a service delivery failure occurs during their stay. How the employee handles the situation will lead the guest to remember the incident as either a satisfying or dissatisfying experience. A service failure recovery will result in a positive experience, whereas an upsetting or uncaring response will leave a negative impression in the guest’s memory. The service delivery failure incidents in this study dealt with hotel service, restaurant service, and hotel guest rooms.
Table 1

**Group and Category Classification by Type of Incident Outcomes as Reported by Guests**

<table>
<thead>
<tr>
<th>Group &amp; Category</th>
<th>Satisfactory</th>
<th>Dissatisfactory</th>
<th>Row Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Group 1: Employee Response to Service Delivery System Failures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Response to unavailable service</td>
<td>1</td>
<td>50%</td>
<td>5</td>
</tr>
<tr>
<td>B. Response to unreasonably slow service</td>
<td>0</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>C. Response to other core service failures</td>
<td>1</td>
<td>50%</td>
<td>14</td>
</tr>
<tr>
<td><strong>Subtotal Group 1</strong></td>
<td>2</td>
<td>6.1%</td>
<td>19</td>
</tr>
<tr>
<td><strong>Group 2: Employee Response to Customer Needs and Requests</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Response to special needs customers</td>
<td>0</td>
<td>0%</td>
<td>1</td>
</tr>
<tr>
<td>B. Response to customer preferences</td>
<td>5</td>
<td>62.5%</td>
<td>8</td>
</tr>
<tr>
<td>C. Response to admitted customer error</td>
<td>0</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>D. Response to disruptive others</td>
<td>0</td>
<td>0%</td>
<td>1</td>
</tr>
<tr>
<td>E. Response to request for information</td>
<td>3</td>
<td>37.5%</td>
<td>2</td>
</tr>
<tr>
<td><strong>Subtotal Group 2</strong></td>
<td>8</td>
<td>24.2%</td>
<td>12</td>
</tr>
<tr>
<td><strong>Group 3: Unprompted and Unsolicited Employee Actions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Attention paid to customer</td>
<td>17</td>
<td>73.9%</td>
<td>3</td>
</tr>
<tr>
<td>B. Truly out of the ordinary employee behavior</td>
<td>2</td>
<td>8.7%</td>
<td>2</td>
</tr>
<tr>
<td>C. Employee behaviors in the context of cultural norms</td>
<td>0</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>D. Gestalt</td>
<td>4</td>
<td>17.4%</td>
<td>0</td>
</tr>
<tr>
<td>E. Performance under adverse circumstances</td>
<td>0</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal Group 3</strong></td>
<td>23</td>
<td>69.7%</td>
<td>5</td>
</tr>
<tr>
<td><strong>Column Total</strong></td>
<td>33</td>
<td>100%</td>
<td>36</td>
</tr>
</tbody>
</table>

**Guest incidents**

The results illustrate that hotel guests found only 6.1% of the total satisfactory incidents related to service delivery failures. Of this group, 50% of the events fell into the subgroup response to other core service failures and 50% fell into response to unavailable service. However, 6.1% only represents two incidents which occurred because the guest room was not properly cleaned and because the hotel room was unacceptable because it was physically too small.
Unlike the satisfactory incidents, guests attributed 52.8% of their total
dissatisfactory experiences to service delivery failures. The majority of these failures,
73.7%, fell into the subgroup response to other core service failures. These incidents
arose because the hotel room was not clean when the guest was checked into the room,
the restaurant meal was cold, the employee was untrained/undertrained, charges were
incorrectly posted, there was poor service, or the product delivered was not what was
ordered.

**Employee Incidents**

Employees attributed 14% of their satisfactory incidents to their response to
service delivery failures. The greatest number of incidents was coded as a response to
other core service failures, 57.1%. Response to unavailable service accounted for the
other 42.9%. These incidents occurred because of a lost reservation, the hotel being
overbooked, an unavailable reserved guest room, or an unavailable employee to assist a
guest. Employee dissatisfactory incidents accounted for 74.4% of the total incidents.
Most of these incidents, 46.9%, were classified as other service failures.

**Group 2. Employee Response to Customer Needs and Requests**

On many occasions hotel guests make a request, because they have a preference,
or they need an extra service(s). Guests will approach a hotel employee to handle these
requests or to answer their questions. How the employee handles the request or need will
affect how the guest classifies the encounter. Employees will also classify these
encounters according to the nature of the request or need and their ability to
accommodate the guest.
Table 2

Group and Category Classification by Type of Incident Outcomes as Reported by Employees

<table>
<thead>
<tr>
<th>Group &amp; Category</th>
<th>Satisfactory</th>
<th></th>
<th>Dissatisfactory</th>
<th></th>
<th>Row Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Group 1: Employee Response to Service Delivery System Failures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Response to unavailable service</td>
<td>3</td>
<td>42.9%</td>
<td>4</td>
<td>12.5%</td>
<td>7</td>
<td>18%</td>
</tr>
<tr>
<td>B. Response to unreasonably slow service</td>
<td>0</td>
<td>0%</td>
<td>13</td>
<td>40.6%</td>
<td>13</td>
<td>33.3%</td>
</tr>
<tr>
<td>C. Response to other core service failures</td>
<td>4</td>
<td>57.1%</td>
<td>15</td>
<td>46.9%</td>
<td>19</td>
<td>48.7%</td>
</tr>
<tr>
<td>Subtotal Group 1</td>
<td>7</td>
<td>14%</td>
<td>32</td>
<td>74.4%</td>
<td>39</td>
<td>41.9%</td>
</tr>
<tr>
<td>Group 2: Employee Response to Customer Needs and Requests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Response to special needs customers</td>
<td>1</td>
<td>6.3%</td>
<td>0</td>
<td>0%</td>
<td>1</td>
<td>4.8%</td>
</tr>
<tr>
<td>B. Response to customer preferences</td>
<td>8</td>
<td>50%</td>
<td>4</td>
<td>80%</td>
<td>12</td>
<td>57.1%</td>
</tr>
<tr>
<td>C. Response to admitted customer error</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>D. Response to disruptive others</td>
<td>1</td>
<td>6.3%</td>
<td>1</td>
<td>20%</td>
<td>2</td>
<td>9.5%</td>
</tr>
<tr>
<td>E. Response to request for information</td>
<td>6</td>
<td>37.5%</td>
<td>0</td>
<td>0%</td>
<td>6</td>
<td>28.6%</td>
</tr>
<tr>
<td>Subtotal Group 2</td>
<td>16</td>
<td>32%</td>
<td>5</td>
<td>11.6%</td>
<td>21</td>
<td>22.6%</td>
</tr>
<tr>
<td>Group 3: Unprompted and Unsolicited Employee Actions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Attention paid to customer</td>
<td>24</td>
<td>92.3%</td>
<td>1</td>
<td>100%</td>
<td>25</td>
<td>92.6%</td>
</tr>
<tr>
<td>B. Truly out of the ordinary employee behavior</td>
<td>1</td>
<td>3.8%</td>
<td>0</td>
<td>0%</td>
<td>1</td>
<td>3.7%</td>
</tr>
<tr>
<td>C. Employee behaviors in the context of cultural norms</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>D. Gestalt</td>
<td>1</td>
<td>3.8%</td>
<td>0</td>
<td>0%</td>
<td>1</td>
<td>3.7%</td>
</tr>
<tr>
<td>E. Performance under adverse circumstances</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Subtotal Group 3</td>
<td>26</td>
<td>52%</td>
<td>1</td>
<td>2.3%</td>
<td>27</td>
<td>29%</td>
</tr>
<tr>
<td>Group 4: Problematic Customer Behavior</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Drunkenness</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>B. Verbal and physical abuse</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>C. Breaking company policies or laws</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>D. Uncooperative customer</td>
<td>1</td>
<td>100%</td>
<td>5</td>
<td>100%</td>
<td>6</td>
<td>100%</td>
</tr>
<tr>
<td>Subtotal Group 4</td>
<td>1</td>
<td>2%</td>
<td>5</td>
<td>11.6%</td>
<td>6</td>
<td>6.5%</td>
</tr>
<tr>
<td>Column Total</td>
<td>50</td>
<td>53.2%</td>
<td>43</td>
<td>46.8%</td>
<td>93</td>
<td>100%</td>
</tr>
</tbody>
</table>

Guest Incidents

Of the satisfactory experiences that guests recounted, 24.2% of were because of an employee’s response to their needs and requests. Most of the incidents, 62.5%, were
due to an employee's response to customer preferences. These preferences included times when the guests requested to extend their stay, to use a particular form of payment, to have a certain employee wait on them, or to have a smoking or non-smoking room.

The dissatisfactory incidents that guests recounted accounted for 33.3% of the total dissatisfactory incidents. 66.7% of the incidents in Group 2 were also due to an employee's response to customer preferences.

Employee Incidents

Thirty two percent of satisfactory employee incidents were due to a customer's request or need. Similar to the guest encounters, most of the incidents (50%) were because of the employee's response to customer preferences. Most of the employee dissatisfactory incidents (80%) that resulted from a response to customer needs or requests were also due to customer preferences. However, only 11.6% of the total employee dissatisfactory incidents could be coded into Group 2.

New Subcategory

Eleven incidents concerning a request for information prompted the formation of this new subcategory. Five guest incidents involved a request for information, two of which led to a dissatisfactory experience. Most requests made by guests were for directions, assistance to a hotel room, or for information about a particular place. Six employee satisfactory incidents also fell into this category, and none of their dissatisfactory experiences with guests were due to a request for information.

Group 3. Unprompted and Unsolicited Employee Actions

Employee actions that are unprompted and unsolicited can cause a guest to be satisfied or dissatisfied, depending on the action or attitude of the employee. These
actions are truly unprompted and unsolicited, implying that there is no service failure and no evidence of the guest having a need or making a request.

**Guest Incidents**

The highest percentage of satisfactory guest incidents (69.7%) fell into this group. Of these incidents, 73.9% occurred because of the attention that the employee paid to the customer. The attention paid to the guest could be because the employee made the guest feel special or pampered, addressed the guest by name, performed simple acts of kindness, paid special attention to detail, gave an upgrade, ignored the customer, or was impatient with the guest.

The percentage for guest dissatisfactory incidents that were classified in this group was much smaller, 13.9%. However, most of the incidents in this group (60%) fell into the same subcategory, attention paid to customer. All of the other incidents in this group, 40%, fell into the subcategory, truly out of the ordinary employee behaviors. Out of the ordinary behavior refers to a specific employee action that was truly beyond what an employee is expected to do.

**Employee Incidents**

Although the largest percentage of employee satisfactory incidents falls into the unprompted and unsolicited employee actions group, 52%, the percentage is not nearly as high as that of guests. However, 92.3% of these incidents were because of the attention that the employee paid to the guest. Only one dissatisfactory incident, 2.3%, was grouped into this subcategory.
Group 4. Problematic Customer Behavior

Bitner, Booms, and Mohr discovered in their 1994 study that there was a need to add this group to the employee study. Lesley Johnson, however, removed Group 4 from the analysis of her 1999 study because only one incident was classified in it. The present study found that 2% of satisfactory incidents and 11.6% of dissatisfactory incidents recounted by employees were due to problematic customer behavior. All of the incidents, however, fell into the same subcategory, uncooperative customer. Uncooperative guests were generally rude and uncooperative, were extremely demanding, appeared unwilling to be satisfied, and any efforts to compensate for a perceived service failure were rejected.

Test of Hypotheses

The chi-square goodness of fit test was run on the group data in cross-tabulations to test the three hypotheses. SPSS was used to test hypotheses 1 and 4 and hypotheses 2 and 3 were calculated manually because the researcher did not have all of the individual responses from the other studies. Individual subcategories were not tested because some of the cells had 0 counts. The subcategories for each group were calculated and the total for each group was analyzed. The level of significance for this study was .05. Hypothesis four was not analyzed because one criterion for this type of analysis is that no more than twenty percent of the cells can have an expected count less than five (Ott, 1977). In testing hypothesis 4a, 66.7% of the cells had an expected count less than five and 33.3% of the cells in Hypothesis 4b had an expected count less than five. The only two
hypotheses that were significant were 1b and 3b, illustrated in the table below. This result indicates that the distribution of incidents in these two hypotheses were different.

It should be noted that the Chi-Square Goodness of Fit test for the second and third hypotheses is extremely sensitive because of the difference in sample sizes between the two studies. The present study coded thirty-three satisfactory guest incidents and thirty-six dissatisfactory guest incidents. Bitner, Booms, and Tetreault's 1990 study had a sample of 347 satisfactory incidents and 352 dissatisfactory incidents. Fifty satisfactory and forty-three dissatisfactory incidents were reported by employees in the present study, compared to 397 and 377 critical incidents in Bitner, Booms, and Mohr's 1994 study.

**Guests and Employees of Present Study**

The statistical results show that the dissatisfactory incidents of guests and employees are different (.010 significance level) and the satisfactory incidents are the same (significance .272). Since the Chi-square statistic looks at proportions, one reason that the dissatisfactory incidents were statistically significant may be due to the difference in percentages between the groups (see Table 4).

**Distribution of Customer Incidents in the Present Study and the 1990 Study**

The Chi-Square significance level shows that the distribution of satisfactory incidents by guests in this study and customers in the study by Bitner, Booms, and Tetreault (1990) are the same. This result was found by manually performing the test. The formula used was:

\[ \chi^2 = \sum \left( \frac{n_i - E_i}{E_i} \right)^2 \]

where \( n_i \) is the observed number and \( E_i \) is the expected number.

The null hypothesis was rejected if \( \chi^2 > \chi^2_{a} \). Because there were two degrees of freedom
and the significance was .05, the critical value was 5.99147.

Table 3

Summary of the Chi-Square Test

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>$\chi^2$ Value</th>
<th>Supported/Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1a: Distribution of satisfactory incidents by guests and employees will be the same.</td>
<td>$\chi^2$ Value: 2.605</td>
<td>Supported</td>
</tr>
<tr>
<td>Hypothesis 1b: Distribution of dissatisfactory incidents by guests and employees will be the same.</td>
<td>$\chi^2$ Value: 9.213 *</td>
<td>Rejected</td>
</tr>
<tr>
<td>Hypothesis 2a: Distribution of satisfactory incidents by guests in this study and customers in the study by Bitner, Booms, and Tetreault (1990) will be the same.</td>
<td>$\chi^2$ Value: 3.7</td>
<td>Supported</td>
</tr>
<tr>
<td>Hypothesis 2b: Distribution of dissatisfactory incidents by guests in this study and customers in the study by Bitner, Booms, and Tetreault (1990) will be the same.</td>
<td>$\chi^2$ Value: 4.22</td>
<td>Supported</td>
</tr>
<tr>
<td>Hypothesis 3a: Distribution of satisfactory incidents by employees in this study and employees in the study by Bitner, Booms, and Mohr (1994) will be the same.</td>
<td>$\chi^2$ Value: 6.8132</td>
<td>Supported</td>
</tr>
<tr>
<td>Hypothesis 3b: Distribution of dissatisfactory incidents by employees in this study and employees in the study by Bitner, Booms, and Mohr (1994) will be the same.</td>
<td>$\chi^2$ Value: 13.573 *</td>
<td>Rejected</td>
</tr>
<tr>
<td>Hypothesis 4a: Distribution of satisfactory critical incidents by guests of different nationalities will be the same.</td>
<td>4 cells (66.7%) have expected count less than 5, therefore analysis not run.</td>
<td></td>
</tr>
<tr>
<td>Hypothesis 4b: Distribution of dissatisfactory critical incidents by guests of different nationalities will be the same.</td>
<td>2 cells (33.3%) have expected count less than 5, therefore analysis not run.</td>
<td></td>
</tr>
</tbody>
</table>

* Significant at .05.
Table 4

**Satisfactory and Dissatisfactory Group Percentages for Guests and Employees of Present Study**

<table>
<thead>
<tr>
<th>Satisfactory Incidents</th>
<th>Guests</th>
<th>Employees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1. Response to Failures</td>
<td>2 (6.1%)</td>
<td>7 (14.3%)</td>
<td>9</td>
</tr>
<tr>
<td>Group 2. Response to Requests</td>
<td>8 (24.2%)</td>
<td>16 (32.7%)</td>
<td>24</td>
</tr>
<tr>
<td>Group 3. Unprompted Actions</td>
<td>23 (69.7%)</td>
<td>26 (53.1%)</td>
<td>49</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dissatisfactory Incidents</th>
<th>Guests</th>
<th>Employees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1. Response to Failures</td>
<td>19 (52.8%)</td>
<td>33 (84.6%)</td>
<td>52</td>
</tr>
<tr>
<td>Group 2. Response to Requests</td>
<td>12 (33.3%)</td>
<td>5 (12.8%)</td>
<td>17</td>
</tr>
<tr>
<td>Group 3. Unprompted Actions</td>
<td>5 (13.9%)</td>
<td>1 (2.6%)</td>
<td>6</td>
</tr>
</tbody>
</table>

**Chi-Square Test for Satisfactory Incidents**

<table>
<thead>
<tr>
<th>Value</th>
<th>df</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>2.605</td>
<td>2</td>
</tr>
</tbody>
</table>

1 cell (16.7%) has expected count less than 5.

**Chi-Square Test for Dissatisfactory Incidents**

<table>
<thead>
<tr>
<th>Value</th>
<th>df</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>9.213</td>
<td>2</td>
</tr>
</tbody>
</table>

2 cells (33.3%) have expected count less than 5.

The number of incidents in each guest category is illustrated in Table 1. The percentage of incidents in each guest category for the 1990 study can be seen in Table 5.

The actual equation for hypothesis 2a was:

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(2 - 7.7)² + (8 - 10.0)² + (23 - 14.4)² = 3.7

Because the χ² value 3.7 was less than 5.99147, the hypothesis was supported. The incidents in this study and the 1990 study had the same distribution across categories.

The chi-square value for dissatisfactory incidents was calculated using the same formula. The number of guest incidents and the percent of incidents in each group are shown in Table 5. The actual equation was:

(19 - 5.4)² + (12 - 5.6)² + (5 - 14.9)² = 4.22

The chi-square value 4.22 is less than the critical value suggesting that the incidents were the same.

**Distribution of Employee Incidents in the Present Study and the 1994 Study**

The third hypothesis was that the distribution of the critical incidents reported by the customer-contact employees in this study would be the same as the distribution of the critical incidents reported by the customer-contact employees in the study of Bitner, Booms and Mohr (1994). In order to accurately compare the two studies, Group 4 has been added to the table. Group 4 was only valid in the employee studies; it was not used in the customer studies.

The Chi-Square statistic for satisfactory and dissatisfactory incidents was manually tested with the chi-square formula used in hypothesis 2. The critical value for this hypothesis, however, was 7.81473 because there were three degrees of freedom. The number of employee incidents in each group and the percentages of incidents in both studies appears in Table 6. The equations for hypotheses 3a and 3b were:
Hypothesis 3a: \( \frac{(7 - 13.75)^2}{50} + \frac{(16 - 24.7)^2}{50} + \frac{(26 - 11.2)^2}{50} + \frac{(1 - .4)^2}{50} = 6.8132 \)

Hypothesis 3b: \( \frac{(32 - 22.23)^2}{43} + \frac{(5 - 26.4)^2}{43} + \frac{(1 - 4.214)^2}{43} + \frac{(5 - 9.46)^2}{43} = 13.573 \)

The chi-square statistics above revealed that the distribution of satisfactory incidents was the same because 6.8132 is less than 7.18473, but the distribution for the dissatisfactory incidents was different because 13.573 is greater than 7.81473. The difference between the percentages of the dissatisfactory incidents groups was most likely the cause for the statistical significance of these incidents.

**Rank Order Distribution for North American and Latin American Guests**

Although the study initially intended to study more than two nationalities, nineteen of the guests who interviewed were from North America and eighteen were from Latin America. The rank orders below for satisfactory incidents were different and the dissatisfactory incidents were the same (see Table 8). This indicates that the frequency of responses in the categories were similar for dissatisfactory incidents and different for satisfactory incidents. This information is important, since the distribution of the critical incidents reported by the guests of the two nationalities could not be statistically analyzed (see Table 7).
Table 5

Comparison of Satisfactory and Dissatisfactory Group Percentages of Present Study and 1990 Study

<table>
<thead>
<tr>
<th>Satisfactory Incidents</th>
<th>Present Study</th>
<th>Bitner, Booms, and Tetreault Study (1990)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1. Response to Failures</td>
<td>2 (6.1%)</td>
<td>(23.3%)</td>
</tr>
<tr>
<td>Group 2. Response to Requests</td>
<td>8 (24.2%)</td>
<td>(32.9%)</td>
</tr>
<tr>
<td>Group 3. Unprompted Actions</td>
<td>23 (69.7%)</td>
<td>(43.8%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dissatisfactory Incidents</th>
<th>Guests</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1. Response to Failures</td>
<td>19 (52.8%)</td>
<td>(42.9%)</td>
</tr>
<tr>
<td>Group 2. Response to Requests</td>
<td>12 (33.3%)</td>
<td>(15.6%)</td>
</tr>
<tr>
<td>Group 3. Unprompted Actions</td>
<td>5 (13.9%)</td>
<td>(41.5%)</td>
</tr>
</tbody>
</table>

Profile of Hotel Guests

**Gender**

Out of the total 37 guest respondents, 35% were female and 24% were male. Employees had very similar percentages with 32% female and 68% male participants. Chi-square statistics suggest that gender does not have an effect on satisfactory and dissatisfactory experiences (see Tables 9 and 10) because the chi-square values were .409 for satisfactory incidents and .695 for dissatisfactory incidents, which are both greater than the established significance level of .05. The percentages in Table 11 support this finding.
Table 6

Comparison of Satisfactory and Dissatisfactory Incidents of Present Study and 1994 Study

<table>
<thead>
<tr>
<th>Satisfactory Incidents</th>
<th>Present Study</th>
<th>Bitner, Booms, and Tetreault Study (1994)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1. Response to Failures</td>
<td>7 (14%)</td>
<td>(27.5%)</td>
</tr>
<tr>
<td>Group 2. Response to Requests</td>
<td>16 (32%)</td>
<td>(49.4%)</td>
</tr>
<tr>
<td>Group 3. Unprompted Actions</td>
<td>26 (52%)</td>
<td>(22.4%)</td>
</tr>
<tr>
<td>Group 4. Problematic Customer Behavior</td>
<td>1 (2%)</td>
<td>(.8%)</td>
</tr>
</tbody>
</table>

Dissatisfactory Incidents

| Group 1. Response to Failures           | 32 (74.4%)    | 195 (51.7%)                               |
| Group 2. Response to Requests           | 5 (11.6%)     | 62 (16.4%)                                |
| Group 3. Unprompted Actions             | 1 (2.3%)      | 37 (9.8%)                                 |
| Group 4. Problematic Customer Behavior  | 5 (11.6%)     | 83 (22%)                                  |

Table 7

Satisfactory Group by Guest nationality

<table>
<thead>
<tr>
<th>Value</th>
<th>df</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>.013</td>
<td>2</td>
</tr>
</tbody>
</table>

4 cells (66.7%) have expected count less than 5.

Dissatisfactory Group by Guest nationality

<table>
<thead>
<tr>
<th>Value</th>
<th>df</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>4.418</td>
<td>2</td>
</tr>
</tbody>
</table>

2 cells (33.3%) have expected count less than 5.
Table 8

Rank Order of Satisfactory and Dissatisfactory Incidents for North American and Latin American Guests

<table>
<thead>
<tr>
<th>Satisfactory Incidents</th>
<th>N.A. Guests</th>
<th>L.A. Guests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1. Response to Failures</td>
<td>3 (5.9%)</td>
<td>1 (68.8%)</td>
</tr>
<tr>
<td>Group 2. Response to Requests</td>
<td>2 (23.5%)</td>
<td>2 (25%)</td>
</tr>
<tr>
<td>Group 3. Unprompted Actions</td>
<td>1 (70.6%)</td>
<td>3 (6.3%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dissatisfactory Incidents</th>
<th>N.A. Guests</th>
<th>L.A. Guests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1. Response to Failures</td>
<td>1 (47.4%)</td>
<td>1 (70.6%)</td>
</tr>
<tr>
<td>Group 2. Response to Requests</td>
<td>2 (36.8%)</td>
<td>2 (17.6%)</td>
</tr>
<tr>
<td>Group 3. Unprompted Actions</td>
<td>3 (15.8%)</td>
<td>3 (11.8%)</td>
</tr>
</tbody>
</table>

Table 9

Satisfactory Group by Gender

<table>
<thead>
<tr>
<th>GENDER</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
</tr>
<tr>
<td>Satisfactory Group 1</td>
<td>Count</td>
</tr>
<tr>
<td></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Group 2</td>
<td>Count</td>
</tr>
<tr>
<td></td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>24</td>
</tr>
<tr>
<td>Group 3</td>
<td>Count</td>
</tr>
<tr>
<td></td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>49</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
</tr>
<tr>
<td></td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>82</td>
</tr>
</tbody>
</table>
### Table 10

**Dissatisfactory Group by Gender**

<table>
<thead>
<tr>
<th>Dissatisfactory Group</th>
<th>GENDER</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
<td>Count</td>
<td>19</td>
<td>33</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>73.1</td>
<td>67.3</td>
<td>69.3</td>
</tr>
<tr>
<td>Group 2</td>
<td>Count</td>
<td>6</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>23.1</td>
<td>22.4</td>
<td>22.7</td>
</tr>
<tr>
<td>Group 3</td>
<td>Count</td>
<td>1</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>3.8</td>
<td>10.2</td>
<td>8.0</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>26</td>
<td>49</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

### Table 11

**Satisfactory and Dissatisfactory Incidents Compared by Gender**

**Satisfactory**

| Group 1. Response to Failures | Female (10%) | Male (4.3%) |
| Group 2. Response to Requests | (10%) | (30.4%) |
| Group 3. Unprompted Actions   | (80%) | (65.2%) |

**Dissatisfactory**

| Group 1. Response to Failures | Female (53.8%) | Male (52.2%) |
| Group 2. Response to Requests | (38.5%) | (30.4%) |
| Group 3. Unprompted Actions   | (36.1%) | (17.4%) |
Reason for Stay

Chi-square statistics could not be used to test the significance between guests who stayed for pleasure, business, or conventions because seven (77.8%) of the cells had an expected count less than five. As mentioned in Chapter 4, no more than twenty percent of the cells can have an expected count less then five. However, comparing percentages for each of the groups shows that the rank orders of satisfactory and dissatisfactory experiences are the same, but that there is a significant difference in the percentages for dissatisfactory incidents (see Table 12). The percentage of guests who reported a dissatisfactory incident that was coded in Group 2 was 40.9% and 23.1% for guests staying for a convention. The implications of this difference is guests who are leisure travelers make more requests and are sensitive to an employee’s response to their requests because they are most likely paying for the vacation themselves and expect to be pampered more because they are on vacation. Guests staying for convention purposes are most likely not paying for their stay and their schedule is usually fixed before they arrive. Therefore, they are unlikely to make many special requests because their time is not flexible.

Frequency of Travel per Year

Forty-three percent of the guests revealed how many times in the last twelve months they traveled for business and forty-nine percent of the guests disclosed how many times in the past year they traveled for pleasure. Sixty-nine percent of the guests who answered the business question traveled ten times or more in the past year. One respondent had traveled thirty-six times and another forty. On the other hand, the greatest number of leisure trips was eighteen and the second greatest was ten (see Table 13).
Table 12

**Rank Order of Satisfactory and Dissatisfactory Incidents Compared by Reason for Stay**

<table>
<thead>
<tr>
<th>Satisfactory</th>
<th>Pleasure</th>
<th>Business</th>
<th>Convention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1.</td>
<td>3 (5.3%)</td>
<td>-</td>
<td>3 (7.7%)</td>
</tr>
<tr>
<td>Group 2.</td>
<td>2 (21.1%)</td>
<td>1 (100%)</td>
<td>2 (23.1%)</td>
</tr>
<tr>
<td>Group 3.</td>
<td>1 (73.7%)</td>
<td>-</td>
<td>1 (69.2%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dissatisfactory</th>
<th>Pleasure</th>
<th>Business</th>
<th>Convention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1.</td>
<td>1 (45.5%)</td>
<td>-</td>
<td>1 (69.2%)</td>
</tr>
<tr>
<td>Group 2.</td>
<td>2 (40.9%)</td>
<td>-</td>
<td>2 (23.1%)</td>
</tr>
<tr>
<td>Group 3.</td>
<td>3 (13.6%)</td>
<td>1 (100%)</td>
<td>3 (7.7%)</td>
</tr>
</tbody>
</table>

Table 13

**Times per Year Traveled by Guests for Business and Pleasure**

<table>
<thead>
<tr>
<th>Times Per Yr. For Business</th>
<th>Frequency</th>
<th>Times per Yr. For Pleasure</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>10</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>24</td>
<td>4</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>32</td>
<td>1</td>
<td>18</td>
<td>1</td>
</tr>
<tr>
<td>36</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Managerial Implications**

Group rankings suggest that there is no difference between categories of experiences that female and male guests recall or either satisfying or dissatisfying incidents that leave a lasting impression. This is good for managers because they can focus on satisfying the needs of everyone, regardless of gender, which will help them focus on service not differentiating the customers by gender in order to provide excellent...
service. This finding also refutes the myth that females and males have different needs, however they may have specific preferences that are unique to their gender.

Although the rank order was the same for guests staying for pleasure and conventions, the difference in the percentages may indicate that they do have dissimilar needs. Business travelers are not considered in this discussion because there was only one guest who was staying at the hotel on business.

As mentioned earlier, guests who stay for pleasure may be more sensitive to employee responses to requests because of their travel intentions. Leisure guests are paying for their own expenses and are on vacation to relax and be pampered. Therefore, they are going to prefer certain things to others. However, guests staying at the hotel for conventions were more impressionable by employee responses to service delivery failures most likely because their expectations are that everything will work correctly and go as planned. The nature of a convention is that the experience will follow a structured pattern that should flow smoothly with excellent customer service and no failures. If there are service failures, recovery should occur immediately because guests notice employee reactions to the failures and remember their behaviors. Leisure guests, on the other hand, are more relaxed and their stay is less structured so they are more forgiving when it comes to delivery failures (45.5%).

Summary

There is a discussion of these results, not including the demographic profile of guests, in Chapter 5 that follows. Individual groups, as well as the major subcategories
are further analyzed and compared. Implications for managers as well as implications for further research are also included.
CHAPTER 5

DISCUSSION, MANAGERIAL IMPLICATIONS, AND IMPLICATIONS FOR FURTHER RESEARCH

In this Chapter the author describes the managerial and research implications of the study. Additional comments to the methodology, as well as limitations that arose, will also be discussed along with the individual groups and hypotheses. Ideas for further research topics that have come up during this study are included at the end of the chapter.

Uniqueness of Hotel Employees in this Central American Hotel

Unlike many cities in the United States, the town where the study was completed had a very laid-back feel and the attitude of the inhabitants was that things will eventually get done. Management seemed to conduct business in an unstructured manner, although the focus was always on excellent customer service and the needs of the guests. Line-level employees shared management’s vision, even though their class status and position was much different than that of their superiors. The field notes below describe this aspect of the hotel.

I’ve had my first meeting with the General Manager, what a nice person.

It’s interesting how laid back everything and everyone is here. I met to ask him questions regarding the interviewing process and there is no structure whatsoever. I have to be the one to take the initiative or nothing will get
done! I have discovered that the attitude here is that everything will work out and is fine. He was more concerned with when I was going to take time off and relax than when I was going to work. I've also already seen the huge difference between the guests and the employees. What a class difference. I have certainly seen a difference in culture as well (F.N. February 17, 2000).

The hotel was a luxury property and was considered one of the nicest, if not the best, hotel in the country. Due to this reputation, the hotel managers knew guests would have high expectations and wanted to meet the expectations of their customers. Unfortunately, hotel managers were not fully aware of the expectations of their guests. The most significant challenge for this particular hotel was that the hotel guests were very well traveled and were accustomed to what is considered 5-star service in the United States and in major Latin American cities. Therefore, when the hotel in Central America labeled themselves as a 5-star property, they raised the expectations and tolerance zones of their guests. Although the level of service needed to exceed guest expectations had been raised, guests were still more tolerant of service problems because of the nature of Central America and the beauty of the property. The hotel is described below.

When we arrived at the hotel I was awestruck. There is no other word to describe the beauty of this place. There are always running fountains in the background and the sound of parrots cawing from their perches on the grounds. There are flowers adorning every wall and light cascading over every relic. I am now sitting at breakfast in a room that is just walls, with
birds flying in and out and people enjoying the fabulous weather. What a place! (F.N. February 17, 2000).

Methodology

Management's Support

The General Manager decided to send out a memo informing all of the department heads that employees would be asked to interview during their scheduled work hours. He also asked them to please share the information with the employees and encouraged them to take the time to interview. The memo included a paragraph on his feelings of how important this project was to the success of the hotel. The General Manager, as well as all of the managers and employees were very enthusiastic and comfortable about sharing their experiences.

Interviews

The translator chosen to help the researcher conduct the interviews was the Concierge of the hotel. She was well-known by all of the employees and trusted by upper-management. It was announced during the interviews that all of the information was confidential and that no names were being recorded. However, none of the employees had ever been asked about their jobs or their feelings towards the workplace and it was a sensitive subject for many. It was a relief that the employees did share their feelings and experiences with the translator, which showed that the employees trusted both her and the interviewer. Employee participation could have been a potential limitation if they did not trust speaking with a fellow employee about their interactions with guests and their workplace.
Limitations

Several limitations that were not stressed or included in the Introduction of this paper surfaced either during or after the data was collected. The limitations concerned language limitations, employee incidents, and triggering events. Although it was mentioned in Chapter 1 that only Spanish-speaking and English-speaking guests were going to be interviewed, the researcher did not realize that unscheduled interviews could only be conducted with English-speaking guests because of the language limitation. There were times that the researcher stayed in the lobby and approached guests who were leisurely waiting, but only guests who spoke English could be interviewed. This limited the number of guests that could be randomly asked if they were interested in participating.

Although it was noted in Chapter 1 that the study was limited to guests and employees of one particular hotel, it was not intended that all of the employee incidents would have occurred at this hotel because they were asked to recount incidents from any hotel were they had worked. Guests recounted satisfying and dissatisfying experiences with employees from hotels all over the world. Employees, on the other hand, limited themselves to incidents that they remembered from this particular hotel only. Even new employees recounted critical incidents that had happened in the past day, week, or month.

The last limitation was previously discussed in the methodology, but it is significant enough that it should be highlighted again. This study was limited to triggering events rather than service recoveries or failures. It focused on why guests interacted with employees and whether the employee's behavior or actions left a positive or negative impression on the guest. Although some service recoveries can be seen
through guest and employee recounts of satisfying service delivery failure incidents, recoveries or failed recoveries were beyond the scope of this research.

Employee Response to Service Delivery Failures

As expected, most service delivery failures were labeled as dissatisfactory experiences for both guests and employees. However, two guests and seven employees did recount satisfying incidents that occurred due to a service delivery failure. This finding suggests that “it is not the initial failure to deliver the core service alone that causes dissatisfaction, but rather the employee’s response to the failure” because there were satisfying experiences that fell into this group. “In all group 1 dissatisfactory incidents, the employee failed to handle the situation in a way that could have satisfied the customer” (Bitner, Booms, & Tetreault, 1990, p.80). One example of a satisfying service delivery failure that was classified into the subgroup unavailable service occurred because the luxury hotel did not have a portable massage table on property. The guests and employee, however, had a wonderful memory of the event because the employee creatively solved the problem in a humorous way.

A masseuse had five women staying at the hotel, a mother and four daughters who were all older. They wanted to all get massages one after the other at the pool. They bought five hours worth of massages and explained to him that they had bad backs so it would be difficult to lay on the pool furniture (he does not have a portable massage table). He went to the restaurant and had a server help him carry a dining table out of the restaurant to the pool so that they could lie on the table. They all laughed

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and thanked him and he will never forget that they kept calling each other cakes because they were lying on a dining room table at the pool. They all thought it was pretty funny.

The greatest percentage of service delivery failure dissatisfying incidents for both guests and employees were due to an employee’s response to “other” core service failures. Other refers to failures that are not caused by unavailable services or unreasonably slow service. Forty-three percent of “other” service delivery failures reported by guests were due to the hotel room not being clean when the guest checked-in and went to the room. Forteen percent were caused by the guest being checked-into a very noisy room and another forteen percent were because housekeeping did not obey the “do not disturb” sign on the hotel room door. The other guest experiences were caused by food being cold, poor lighting in the guest room hallways, poor keys, housekeeping not cleaning the bathroom, and the front desk forgetting to deliver a wake-up call.

Twenty percent of employee dissatisfactory “other” incidents were because the food was cold when it was delivered and only thirteen percent were caused by the hotel room not being clean when the guest checked-in. All of the other incidents were due to things such as incorrect hotel charges, lack of knowledge about the job, not assisting a guest, and the hotel room being too loud. The second largest subcategory in group 1 for employees was response to unreasonably slow service. Seventy-seven percent of these incidents occurred in either the restaurant or room service department.

Managerial Implications

Management needs to understand that guests are very sensitive to service delivery failures and will remember experiences that were not quickly recovered. In order to
accomplish this, managers should empower their employees so that service failures can quickly be turned into satisfying experiences for guests. Excellent recovery will leave a positive impression on guests and they will remember the employee and his/her helpful and kind actions.

Management needs to focus their efforts on making sure that guest rooms are clean when they are entered as vacant and ready in the front office computer system. It is clear that many guests remember the inconvenience of going to a room and then having to move to another one because of a failure in the hotel system. The high percentage of guest responses due to this failure may suggest that recoveries are difficult in this area. If this is true, it is even more important that management ensures that rooms are ready when guests are given keys to them because it may not be possible to turn the negative experience into a positive one.

Only two employees recalled dissatisfactory critical incidents that were due to guest rooms not being ready when the guest went to the room after check-in. This finding may imply that employees do not realize how crucial it is to check a guest into a room that is ready. If employees do not understand the importance of this situation, they may not be as careful when they check guests in because they can simply give them another room if that one is not ready. If this is the attitude of employees, management should train them so they understand the implications of this type of situation.

Management should also focus on making sure that guests are not checked into rooms that are noisy. For example, if there is a large party in the convention area guests should not be checked in to rooms that are directly adjacent to the party. Managers also need to train employees on issues such as obeying the “do not disturb” sign in guest
rooms as well as serving the correct food. These are symptoms of the problem that the employees are not properly trained on policies and properly taking food orders. All of these dissatisfactory incidents caused by service delivery failures exist because guests have expectations that are not being met.

Employee Response to Customer Needs and Requests

Both guests and employees responses to customer needs and requests were ranked second for both satisfactory and dissatisfactory incidents. The percentage for guest dissatisfactory incidents was higher than the percentage for satisfactory incidents, whereas the percentage for employee satisfactory incidents was higher than the percentage for dissatisfactory incidents. The largest subcategory for guest and employee incidents in Group 2 is response to customer preferences. Although the overall percentages for employees in Group 2 was higher for satisfactory incidents than dissatisfactory incidents, the percentage for dissatisfactory incidents for this subgroup (80%) was higher than the satisfactory incidents (50%).

Satisfactory incidents due to an employee's response to customer preferences are remembered as satisfactory experiences by both guests and employees when the request granted. Incidents triggered by guest requests to extend their stay, have quick laundry service, stay in a non-smoking room, have a particular employee wait on them, split a check or eat breakfast at the pool when it is closed are all satisfactory because the employee took care of the request. One example of a satisfactory employee incident can be seen below:
A guest requested the first day for the housekeeper to clean his room at 7:30am every day so he could do some work in his room with it clean. The housekeeper was on time every morning and did a great job without him having to ask again. He stayed at the hotel for five days and thanked the housekeeper at the end of the stay for cleaning the room when it was convenient for him and for doing such a great job.

The incident above is satisfactory because the housekeeper agreed to clean the room when the guest preferred for it to be clean. If she refused to accommodate him, this incident would have been remembered negatively. Incidents that were dissatisfactory were caused by an employee’s refusal to accept another form of payment than was usually accepted, confirm reservations, allow a guest to check-out late, or help with luggage.

Response to a Request for Information

This new subcategory was added for the purposes of this study because there were eleven incidents that occurred because a guest requested information. Three incidents were caused by a guest’s request for directions and five employee incidents were triggered by a guest’s request for information about the hotel. These findings are not surprising given the nature of the hotel. The hotel is a historical landmark that is set in a cultural center where many tourists visit. Therefore, it is expected that guests would be curious about the hotel and how to get to certain places because of the hotel’s location. However, this hotel is not unlike others in that guests stay because they do not live in the area. Therefore, it can be assumed that requests for information would be a common occurrence in a hotel. Although the request is so simple, it should not be assumed that an
employee's response will leave the guest satisfied. When employees give wrong
directions or incorrect information, guests become very upset and that experience leaves
a lasting impression.

Managerial Implications

Successful service companies train their employees to do everything they are
capable of to respond to guest requests, regardless of what type of request is made.
Guests understand that not all requests are going to be met, however it is how the
employee responds to the guest that will either lead to a satisfying or dissatisfying
incident. If a guest requests to stay an additional night and it is not available, the
employee should try to find another hotel that has a room or see if it is possible to keep
him/her in the hotel. Managers should not only train employees how to handle guest
requests, but they should also train them on all of the amenities in the hotel and whatever
other relevant information that may be asked. Guests are going to ask questions and
employees need to be able to accurately answer them.

Unprompted and Unsolicited Employee Actions

The greatest percentage of guest and employee satisfactory incidents of all three
categories fell into Group 3, unprompted and unsolicited employee actions. 13.9% of
guest dissatisfactory incidents were in Group 3 and there were only 2.3% for employee
incidents. Guest dissatisfactory incidents were either because an employee ignored them
((60%) or stole from them (40%). The one incident reported by an employee was because
another employee ignored a guest.
Of guest incidents, 73.9% of this group fell into the subcategory attention paid to guest. Of employee incidents, 92.3% fell into this same subcategory. Although the subcategory was discussed earlier in the chapter, it is important to note the difference between attention paid to guests and truly out of the ordinary behavior. Although it seems that some actions are very unusual and special, in actuality they are not uncommon for the employee interacting with the guest. There were only two satisfying guest incidents that were truly out of the ordinary and one employee incident. The difficult in categorizing these types of incidents is that the experience revolves around exceeding customer expectations. One example of a truly out of the ordinary incident was:

A guest was staying in a hotel in China with her husband who was there on business. He had to go meet with a gentleman in the hotel at 7pm and she stayed in the room. About 1am she began to worry because he hadn’t returned. She didn’t speak any Chinese and didn’t know where to look for him. She finally got dressed and got on the elevator. She went downstairs to the lobby and an employee said hi Mrs. ___, can I help you. She had never seen him before and was very shocked. He then asked if she was looking for her husband and said that he would take her to him.

Although it is customary in some hotels to address a guest by his/her name, it was out of the ordinary that he was so knowledgeable about who she was and what she needed that she described as “it was almost creepy.”

Twenty-nine percent of guest incidents that occurred because of the special attention that an employee paid to a guest were because of actions by housekeepers. Three incidents were triggered by housekeeping putting flowers on the bed, one put
chocolate and a note on the bed and another market the TV guide for the appropriate day.

Four incidents were regarding upgrades that were given for no reason. Three incidents were because an employee addressed the guest by name, and the others were for reasons such as giving a rose to the lady at the restaurant, getting a doctor for an ill guest and checking on him, and making a child grilled cheese in an upscale restaurant.

Nine satisfying incidents reported by employees in this subcategory were regarding the special overall attention and kindness of the employee. Two were because an employee gave a free tour of the hotel to a guest (it is usually charged), two were because an employee addressed a guest by name and two were because the bellmen had set the luggage on a luggage stand in the room. It is interesting that the luggage incidents would be remembered as the most satisfying experiences that bellmen have had with guests because it is customary in the United States to do this. However, although it is a luxury property, it may not be customary in Central America. The other incidents also focused on attention, for example:

A guest was curious about an avocado. The employee overheard her asking another guest what it was. He went to the kitchen and got a whole avocado that wasn’t open yet and brought it to her to show her at the table.

Managerial Implications

Every service company should understand that employees have to pay special attention to detail and care genuinely care about the guests in order to be successful. It is the extra effort and special attention that makes guests feel important and good about themselves. Upgrading guests if the rooms are available, addressing guests by name, and simply putting flowers on the bed at turn-down service are simple ways to begin to at least
meet or exceed customer expectations. Employees should be trained about the little
details that are not job oriented, but are an important part of the service industry. This
training should go beyond basic customer service skills and should allow the employees
to be creative and involved in the service firm. The percentages of the incidents in this
group illustrates what a significant role employees play in a service establishment,
especially a hotel.

**Problematic Customer Behavior**

One additional group, problematic customer behavior, was added by Bitner,
Booms, and Mohr to the employee classification system. All of the six total incidents fell
into the subcategory uncooperative customer, but only one appeared in the satisfactory
incidents. This particular incident was satisfactory for the guest because of the recovery
by the employee. The other five, however, were guests who did not want to cooperate
with the employee. One example of this type of situation is below:

The front desk employee asked a guest to wait at the front desk while he
was helping another guest. The guest started screaming because he didn’t
want to wait. He wanted to be helped immediately, but the employee was
busy. The guest finally went to the manager and complained because he
said that no one would help him.

It is important that managers understand that there are guests who will
occasionally not cooperate with employees. In order to help employees handle these
types of situations, managers should train employees on what actions they should take
and the options that are available. One way of educating employees is to give them
possible scenarios and different scripts to choose from for handling each circumstance. Each employee should practice the scripts so that they feel comfortable enough to modify them to fit the situation. Unfortunately, it is impossible to avoid such situations but educating employees on solutions will help reduce the stress level and professionalism of the employees.

Implications of Hypothesis 1

The results of this study suggest that guests and employees have a good understanding of each other's needs and expectations. The statistics indicate that the satisfactory incidents were the same, which implies that employees are capable of not only meeting, but exceeding guest expectations. The fact that the two are aligned also means that employees know how each of the groups affects the guests. Managers need to train employees how to handle service failure situations so that there are more satisfying experiences due to recoveries.

Implications of Hypothesis 2

Statistics indicate that the responses of guests in the present study and customers in the study by Bitner, Booms, and Tetreault are the same. However, a comparison of the percentages may indicate that there are some differences. These differences may be due to the difference in sample size or the fact that the 1990 study involved three industries, whereas this study focused on the hotel industry. Another reason may be because this study took place at a luxury hotel.
Many of the guests who interviewed for this study were very well traveled, as seen in the guest profile in Chapter 4. Guests who stay in luxury hotels may be more accustomed to making more requests and special preferences because they are paying to be pampered. Unprompted and unsolicited actions by employees may not satisfy luxury guests because they are used to employees paying special attention to them. If this is true, managers of luxury hotel properties should pay special attention to communicating how important guest requests are to their employees.

Implications of Hypothesis 3

Statistics indicate that the satisfactory incidents were the same and dissatisfactory incidents were different for employees. Unfortunately, information on hotel employee responses alone were not illustrated in the 1994 study. Therefore, it is possible that other industries in Booms, Bitner, and Mohr's study are influencing this data.

The percentages for the dissatisfactory incidents in both studies are relatively close unlike the percentages for the satisfactory incidents. It is possible that the response to requests for satisfactory incidents in the 1994 study had the highest percentage because the employees interviewed worked for the airline and restaurant industries. It is assumed that special requests are common, especially in the airline industry. The group with the second highest percentage in the 1994 study was response to failures, which indicates that recovery was handled very well compared to service recovery in the present study. Another reason for the difference may be that the present study was completed at one particular hotel with a set customer base and the other study interviewed employees from several companies. The results of this hypothesis imply that employees have different
beliefs and management needs to train employees so that they all have the same knowledge base and understand who their customers are.

Implications of Hypothesis 4

The results of the rank order comparison for North American and Latin American guests imply that the only similarities between the two types of guests are in dissatisfactory incidents. The rank order for satisfactory incidents was exactly the opposite of one another and the rank order for dissatisfactory incidents was the same. The results show that 68.8% of satisfactory experiences for Latin American guests were due to service delivery failures. This percentage is astounding compared to the 5.9% for North American guests. One reason may be that Latin Americans are more understanding when there is a problem than North Americans. Another possibility is that Latin Americans are easier to please and have lower expectations than North Americans. Latin Americans, on the other hand, do not seem very impressed by unprompted actions since only 6.3% of Latin American guest satisfactory incidents fell into this group, compared to the 70.6% North American incidents. This finding implies that North Americans focus much more on an employee’s attention to detail than Latin Americans.

The results of the dissatisfactory incidents implies that guests, regardless of nationality, get upset about the same issues. Managers should recognize how important service recovery and responding to requests are to guests. It is a nice touch to have good service that includes unprompted actions, however nice actions will not ensure that a service company will be successful.
Implications for Further Research

Further research should be done on service recovery or failure, different market segments, and guests from other nationalities. There is an abundance of information that is provided using the Critical Incident Technique that is not within the scope of this study and the previous studies done by Bitner, Booms, and Tetreault, 1990, Bitner, Booms, and Mohr. 1994, and Johnson, 1999 that could be very useful to service companies. Guests and employees gave a detailed description of their service encounter experiences because the open-ended questions allowed for participants to recount everything they could remember about what occurred from the reason for the interaction until the interaction concluded. Because of the nature of the CIT method, information was available about what happened after the triggering event. Triggering events were crucial to this study, however as Johnson also discovered, it was sometimes difficult to pinpoint the triggering event because there was so much information regarding the overall encounter. A study should be done that not only looks at the triggering event, but also what happened after the trigger. It would be interesting to find out if a recovery was made and how that affected the guest/employee or if the employee failed to turn the situation around. This information could be classified using a similar model to the one used in this study.

This study interviewed guests and employees in the luxury segment. Many of the incidents that occurred may have been classified because guest expectations are different than guest expectations of other market segments. A study should be done that compares responses from other market segments to the luxury segment. Guests of other nationalities should also be studied because it has been indicated that there are differences that managers should use to train their employees.
Conclusion

This study identified critical service incidents that occurred in a luxury hotel in Central America. Hotel guests were asked to discuss satisfying and dissatisfying experiences that they have had with a customer-contact employee. Customer-contact employees were asked to identify a time when they or other employees have done or said something that resulted in a satisfying or dissatisfying experience for a guest. Statistical tests of the incident classifications suggest that customer-contact employees have an understanding of what satisfies or dissatisfies guests. There were more similarities between satisfactory classifications, however than dissatisfactory classifications. A comparison of the rank orders of Latin American and North American guests revealed that the order of classifications for satisfactory incidents was the same and different for dissatisfactory incidents.

The critical incidents identified in this study were coded according to the classification system developed by Bitner, Booms, and Tetreault, 1990. The classification system proved to be robust enough to fit the incidents from this study, with the exception of one new subcategory that was developed. The results of this study were then compared to the results of two previous studies by Bitner, Booms, & Tetreault, 1990 and Bitner, Booms, & Mohr, 1994. All of the hypotheses were supported when the studies were compared except for hypothesis 3b: the distribution of dissatisfactory incidents by employees in this study and employees in the study by Bitner, Booms, & Mohr will be the same. This finding suggests that more studies need to be done in order to make further comparisons.
Dear Guest:

My name is Kimberly Jacobs and I am a graduate student at the University of Nevada, Las Vegas in the United States. I am spending time at Casa Santo Domingo conducting research on what makes you, the guest, particularly satisfied or dissatisfied when you stay at a hotel. The results from this study will be used to ensure that the customer service at Casa Santo Domingo meets your expectations. The research will also be published so that other hotels can use the findings to improve their service. Thus, your input is very important.

I would like to talk to you either in the morning between 9 and 11 in the front lobby area, or in the evening between 4 and 7 in the bar. If you come in the morning I will be at the concierge desk in the hotel lobby and will provide you with complimentary coffee and breakfast breads while you speak with me. If you come in the evening I will be sitting in the bar area, and will provide you with a complimentary cocktail of the house in appreciation for your time. The interview will only take approximately ten minutes.

If you have any questions or concerns about this project you may contact Dr. John Bowen in the United States either by telephone at 702-895-0876 or by e-mail at bowen@ccmail.nevada.edu.

Thank you in advance for your support.

Sincerely,

Kimberly Jacobs
DATE: February 17, 2000

TO: Kimberly Jacobs
    Hotel Administration
    M/S 6023

FROM: Dr. William E. Schulte, Director
      Office of Sponsored Programs (x1357)

RE: Status of Human Subject Protocol Entitled:
    "Identifying Critical Service Incidents that have an Effect on Guest Satisfaction in
    a Central American Luxury Hotel"
    OSP # 605x0200-232

This memorandum is official notification that the protocol for the project referenced above has
been approved by the Office of Sponsored Programs. This approval is for a period of one year
from the date of this notification, and work on the project may proceed.

Should the use of human subjects described in this protocol continue beyond a year from the date
of this notification, it will be necessary to request an extension.

If you have any questions or require assistance, please contact the Office of Sponsored Programs
at 895-1357.

cc: OSP File

Office of Sponsored Programs
4505 Maryland Parkway • Box 451037 • Las Vegas, Nevada 89154-1037
(702) 895-1357 • FAX (702) 895-4242
APPENDIX C

GUEST RESPONSE CATEGORIZATION TABLE
Guest Response Categorization Table

- **Total Sample**
  - Is there a Service Delivery Failure?
    - Yes
      - Nature of Failure?
        - Group 1
          - Nature of Failure:
            - Unavailable (A)
            - Slow (B)
            - Other Failures (C)
            - Language (D)
    - No
      - Is there an Implicit/Explicit Request?
        - Yes
          - Nature of Request/Need?
            - Group 2
              - Nature of Request/Need:
                - Special Needs (A)
                - Customer Preference (B)
                - Customer Error (C)
                - Disruptive Behavior (D)
                - Need or Want Info (E)
        - No
          - Is there an Unprompted/Unsolicited Action by Employee?
            - Yes
              - Nature of Employee Action?
                - Group 3
                  - Nature of Employee Action:
                    - Level of Attention (A)
                    - Unusual Action (B)
                    - Cultural Norms (C)
                    - Gestalt (D)
                    - Adverse Conditions (E)
            - No
              - Put Aside

APPENDIX D

EMPLOYEE RESPONSE CATEGORIZATION TABLE
Employee Response Categorization Table

- **Total Sample**
  - **Is there a Service Delivery Failure?**
    - Yes → **Group 1**
    - No → **Is there an Implicit/Explicit Request?**
      - Yes → **Group 2**
      - No → **Is there an Unprompted/Unsolicited Action by Employee?**
        - Yes → **Group 3**
        - No → **Is the customer’s behavior problematic?**
          - Yes → **Group 4**
          - No → **No**

- **Group 1**
  - Nature of Failure?
    - Unavailable (A)
    - Slow (B)
    - Other Failures (C)
    - Language (D)

- **Group 2**
  - Nature of Request/Need?
    - Special Needs (A)
    - Customer Preference (B)
    - Customer Error (C)
    - Disruptive Behavior (D)
    - Need or Want Information (E)

- **Group 3**
  - Nature of Employee Action?
    - Level of Attention (A)
    - Unusual Action (B)
    - Cultural Norms (C)
    - Gestalt (D)
    - Adverse Conditions (E)

- **Group 4**
  - Nature of Guest Action?
    - Drunkenness (A)
    - Verbal Physical Abuse (B)
    - Resisting Company Policies (C)
    - Uncooperative Guest (D)
APPENDIX E

INSTRUCTION FOR CODERS
Overview:

1. You will be provided with a set of written critical service encounter events. Each "story" or "event" is recorded as either a good experience or a bad experience.

2. Each experience reflects the events and behaviors associated with an encounter that is memorable because it is either particularly satisfying or dissatisfying. The respondents were guests/employees of a hotel.

3. You will be asked to categorize each incident into one of 23 categories for employees and 18 categories for guests. Categorization should be based on the key factor that triggered dis/satisfactory incident, not the recovery. Sorting rules and definitions of categories are detailed below.

4. It is suggested that you read through each entire service encounter before you attempt to categorize it. If an incident does not appear to fit within any of the categories, put it aside.

Coding Rules:

Each incident should be categorized within one category only. Once you have read the incident, you should ask the following questions in order to determine the appropriate group and then subcategory.

1. Is there a service delivery system failure? That is, is there an initial failure of the core service that causes an employee to respond in some way?

   If the answer is yes, place the incident in Group 1. Then ask, what type of failure? (A) unavailable service; (B) unreasonably slow service; (C) other core service failures.

   A. Response to unavailable service (services that should be available are lacking or absent, e.g., lost hotel room reservation, overbooked hotel, unavailable reserved room).

   B. Response to unreasonably slow service (services or employee performances are perceived as inordinately slow, includes slowness due to understaffing.)

   C. Response to other core service failures (e.g., hotel room not clean when checked into it, restaurant meal cold, untrained staff, when product delivered isn't what was ordered).

   If the answer is no, go on to question 2.
2. Is there an explicit or implicit request or need for accommodation or extra service(s)?

If the answer is yes, place the incident in Group 2. Then ask what type of need/request is triggering the incident: (A) 'special needs' customer; (B) customer preferences; (C) admitted customer error; (D) potentially disruptive other customers.

A. Response to "special needs" customers (customers with medical, dietary, psychological, sociological, or associated with children or elderly customers).

B. Response to customer preferences (when the guest makes "special" requests due to personal preferences; this includes times when the customer requests to extend his/her stay).

C. Response to admitted customer error (Triggering event is a customer error that strains the service encounter, e.g., lost reservation form/number or missed reservations).

D. Response to disruptive others.

E. A request for information (e.g. directions, assistance to hotel room)

If the answer is no, go on to question 3.

3. Is there an unprompted and unsolicited action on the part of the employee that causes the dis/satisfaction? That is, does a spontaneous action or attitude of the employee cause the dis/satisfaction? (Since this follows rules 1 and 2, it obviously implies that there is no service failure and no evidence of the guest having a special need or making a special request). If the answer is yes, place the incident in Group 3. Then, ask what type of unprompted and unsolicited action took place: (A) attention paid to the customer; (B) truly out-of-the-ordinary action; (C) employee behaviors in the context of cultural norms; (D) gestalt evaluation; (E) exemplary performance under adverse circumstances.

A. Attention paid to guest (e.g., making the guest feel special or pampered, addressing guest by name, acts of kindness, attention to detail, ignoring or being impatient with the guest).

B. Truly out-of-the-ordinary employee behavior (A specific action that was truly beyond what an employee is expected to do).

C. Employee behaviors in the context of cultural norms (norms such as equality, honesty, fairness, discrimination, theft, lying, or refraining from the above when such behavior was expected).

D. Gestalt evaluation (an overall service experience, not a particular experience with one individual employee).
E. Exemplary performance under adverse circumstances (when the guest is particularly impressed or displeased with the way an employee handles a stressful situation).

If the answer is no, go to question 4 (only for employee responses).
If the answer is no, put the incident aside (only for guest responses).

4. (Only to be used with employee responses). Does the dis/satisfaction stem from the action/attitudes/behaviors of a "problem customer"? That is, rather than the dis/satisfaction being attributable to an action or attitude of the employee, is the root cause actually the customer?

If the answer is yes, place the incident in Group 4. Then, ask what type of behavior is causing the problem: (A) drunkenness; (B) verbal/physical abuse; (C) breaking/resisting company policies or laws; (D) uncooperative customer.

A. Drunkenness (in the employee’s perception, the customer is clearly intoxicated and creating problems, and the employee has to handle the situation).

B. Verbal and physical abuse (the guest verbally and/or physically abuses either the employee or other guests, and the employee has to handle the situation).

C. Breaking/resisting company policies or laws (the customer refuses to comply with policies (e.g., demanding a key to a hotel room that the guest is not registered in, illegal drugs in the hotel room) and the employee has to enforce compliance.

D. Uncooperative guest (guest is generally rude and uncooperative or extremely demanding; any efforts to compensate for a perceived service failure are rejected; guest may appear unwilling to be satisfied; and the employee has to handle the situation).

If the answer is no, put the incident aside.
REFERENCES


VITA

Graduate College
University of Nevada, Las Vegas

Kimberly Jean Jacobs

Local Address:
5500 Mountain Vista #916
Las Vegas, NV 89120

Home Address:
P.O. Box 2537
Lakeland, FL 33806

Degrees:
- Bachelor of Science, French, 1996
  Hamilton College, Clinton, NY

Special Honors and Awards:
- Eta Sigma Delta Hotel Honor Society

Thesis Title: Identifying Critical Service Incidents that have an Affect on Guest Satisfaction in a Central American Luxury Hotel
William F. Harrah College of Hotel Administration, Las Vegas, Nevada

Thesis Examination Committee:
- Chairperson, Dr. John Bowen, Ph. D.
- Committee Member, Dr. Sehmus Baloglu, Ph. D.
- Committee Member, Kathy Nelson
- Graduate Faculty Representative, Dr. Leanne Putney, Ph. D.