

North Americans feel better about hotels than ever. The goodwill is unlikely to last

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ABSTRACT

According to the survey, satisfaction is significantly higher among guests who are members of a hotel's reward programme.

FULL TEXT

The appeal of hotels is plateauing

J.D. POWER, a market-research company, has released the 2016 results of its annual hotel satisfaction survey for the United States, Canada and Mexico. At first blush, it seems a ringing endorsement of the hotel industry. Contentment among customers is at an all-time high, and has risen for four years in a row. But the report also contains some bad news. It is going to become increasingly difficult to impress guests with perks they have come to take for granted. The firm expects satisfaction levels to start tumbling in the coming years.

Patrons were once lured by amenities like free wireless internet and breakfast. Now, as Rick Garlick of J.D. Power told the travel website Skift, "they are no longer new and interesting." Instead, he goes on, "Guests are asking, 'what have you done for me lately?'"

The biggest problem for the hotel industry is a demographic one. According to the survey, satisfaction is significantly higher among guests who are members of a hotel's reward programme. But while 66% of hotels' baby-boomer clients are rewards members, and 56% of Generation Xers are, just 39% of millennial guests have signed up for a scheme.

"We're finding that every succeeding generation seems to be less likely to be a member of a hotel rewards programme than the one before," says Mr Garlick. "As we've seen across numerous industries that J.D. Power tracks, younger guests in particular are especially driven by the value proposition."

Call it the Airbnb effect, perhaps. As another Gulliver recently reported, the use of Airbnb properties by business travellers around the world more than tripled last year. Partly, that's because hosts have become better at catering for those on corporate trips. Partly, it's because big companies have grown more comfortable with Airbnb as an alternative to the staid hotels of old. But largely, it's because the travellers themselves want a more engaging experience than hotels typically offer. They want to stay in lively neighbourhoods rather than hotel districts, and to be able to cook meals if they are staying for more than a couple of nights. On a recent business trip, this Gulliver opted for Airbnb for that very reason—the prospect of six days of eating out seemed exhausting, time consuming and expensive.

That may be why the appeal of hotels is plateauing, and the perks they offer seem less exciting. (What is tempting about a free hotel breakfast of Danishes and cold cereal out of a dispenser when you can cook omelettes in your own kitchen?) Likewise, Airbnb can offer greater value for an equally satisfying stay. According the J.D. Power survey, the increase in overall hotel satisfaction was small this year, and the increase in satisfaction on the matter of cost more minuscule still.

Still, among traditional hotels, there remain favourites and less-than-favourites. The Ritz-Carlton was the most beloved luxury hotel group for the second consecutive year, earning the highest score in the survey's 20-year history. It was trailed by Four Seasons and JW Marriott, with the Grand Hyatt and W Hotels receiving the lowest luxury scores. Omni got top marks among "upper upscale" hotels for the second year running, with Kimpton in second and Sheraton at the bottom. Hilton Garden Inn was the top choice among upscale hotels.

The three most important hotel amenities, according to guests who took the survey, are free wi-fi, breakfast and parking. And while Airbnb has made inroads in these areas, traditional hotels probably still think they have an edge there. For now, at least.

DETAILS

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