

# Striving to be the best guest feedback programme in the world

Following a period of exponential growth, the UK's budget hotel market is approaching the mature phase in the product life cycle. With the clouds of recession gathering, **David McCaskey** and **Mandy Riches** show how Premier Inn are building on the brand differentiation of their unique 100% 'good night guarantee or you money back' promise with a 'guest recommend' programme that is just as challenging.

**I**N THE FIRST decade of the 21st century, following a period of exponential growth, the UK's budget hotel market is approaching the mature phase in the product life cycle. This phase in a market's development usually sees the implementation of strategies which strengthen and underpin market share and which develop competitive positioning. These strategies emphasise, via differentiation, unique brand benefits or propositions which in turn engender strong brand loyalty in their customer base.

In this article, we consider the strategies of Whitbread's Premier Inn which have secured its market leadership through a combination of generic growth and prudent takeovers, and which had already achieved significant loyalty through the introduction, in January 2001, of their unique 100% 'good night guarantee or you money back' promise.

Not known for resting on their laurels and, in furtherance of their objective of moving from 'great to world-class by 2010', Premier Inn have implemented guest-centric brand standards measured via an external professional brand audit programme, and a guest satisfaction feedback system which surveys over 1m guests a year to support this world-class intent.

This will be realised when 90% of guests are recommending Premier Inn. Currently over 84.4 percent of guests would be happy to recommend and well over 90

percent would choose Premier Inn again.<sup>1</sup> In order to meet customer expectations, world-class hotel brands must have a good understanding of their customers and what they want; have consistent delivery of product and service across all units, in particular, bringing all outlets up to standard and through this, grow emotional engagement with their customer.

Like many large hospitality and retail organisations, Premier Inn expands and grows through geographical dispersion, creating challenges for consistent implementation. Yet, consistency is the key component of successful branding. Although advertising and public relations affect brand and image,

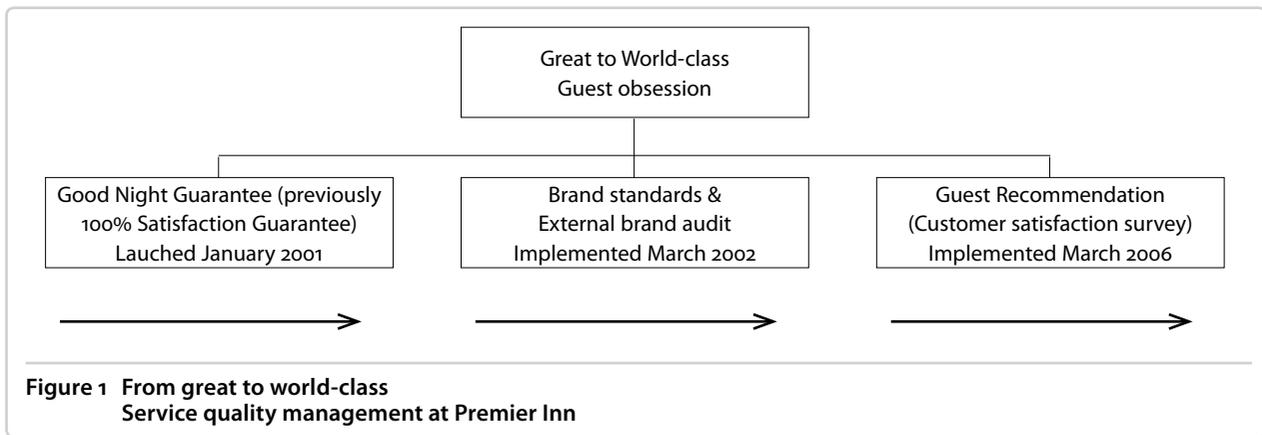
*the consistent delivery of an offer is the fundamental principle from which brands originated<sup>2</sup>*

and ensuring the details of that product offering meet

with delivery dependant on low-level unsupervised employees, there is a significant role for quality audits in delivering hard standards

customer expectations is essential. To deliver the customer experience, Premier Inn utilises a suite of tools as part of its quality management programme—the 100% satisfaction guarantee (recently renamed good night guarantee), brand standards and audit, and the guest recommendation survey (see Figure 1).

Premier Inn launched the Good Night Guarantee in



2001. It acts as a differentiator for the brand, winning the National Business Awards customer-service strategy of the year, and embraces a number of benefits such as driving brand consistency; enabling all employees to take action; and the provision of valuable information to the business as to what to fix and what really matters. It performs the role of a customer audit—setting ‘clear performance standards’ and generating ‘reliable data when performance is poor’ focusing the entire organisation on customer perceptions and possible failure points.<sup>3</sup> The financial pain of the Good Night Guarantee compels Premier Inn

### The financial pain of the Good Night Guarantee compels Premier Inn to try to eliminate potential service breakdowns

to try to eliminate potential service breakdowns. For 2007 invocations averaged 0.4% of bookings and cost £1.4m which can be offset by the marketing benefits gained.

Building on the Good Night Guarantee, the Premier Inn brand-standards audit was implemented in 2002. It is a critical business tool for controlling consistency and improving the gap between standards and delivery, particularly the harder static aspects of the service. From its introduction, fewer customers have experienced problems and it has inspired exceptional standards in areas of cleanliness, upkeep and maintenance. Moreover, it provides a robust tool for ensuring consistent brand delivery in a dispersed business run by different operators, and for integrating new businesses or acquisitions.

The intangibility of services increases a sense of risk for customers. In a growing hospitality brand, like Premier Inn, with dispersed locations and delivery generally dependant on low-level unsupervised employees there is a significant role for quality audits in delivering hard standards.

However, their appropriateness for monitoring human-interaction aspects should be carefully considered against cultural and organisational contexts. An unbalanced focus towards audit control can lead to a ‘compliance-for-compliance sake’ mentality, with employees hiding behind standards, or not taking responsibility for ensuring satisfaction in their obsession with control. In some instances employees simply do not feel empowered to enhance the standards in the interests of guest care. Furthermore, scripting of softer standards can create a robotic guest experience for fear of losing audit points. The audit should play a central role, but it is a tool, not an end in itself, and Premier Inn has made a conscious decision to introduce ‘hardline’ standards which must be delivered, and ‘guideline’ standards, which are opportunities to flex the standards to respond to guest needs without fear of being penalised by the audit.

Since quality management and customer satisfaction involve both organisational delivery and customer response, a more balanced holistic approach to service quality management is essential.

To monitor the softer human encounter and provide valuable information on expectation-delivery gaps, the Guest Recommend survey (essentially a customer satisfaction survey) was launched in 2006 as the key focus of ‘Great to World-class’ cultural change

workshops. It has potentially been the biggest change in Premier Inn in years, driving a genuine service orientation and, in conjunction with the Good Night Guarantee and brand audit, placing the customer at the heart of the business.

In 2005, following 8% like-for-like sales growth, a highly successful acquisition of Premier Lodge, and an 'all-green' Balanced Scorecard (all criteria fully met) the first in Whitbread's history, Premier Inn was described by Patrick Hargreaves (Goldman Sachs) as 'the best performing hotel business in Europe'. But to take the brand from Great to World-class and maintain market leadership, Premier Inn seek to understand what customers think of their product and service and to foster a 'guest obsession' culture at every single hotel, engaging all employees in the journey. The Guest Recommend programme has exploited the use of technology to enhance the value and usefulness of guest feedback and become an integral part of local and strategic decisions.

Moreover, it has been grasped by operational teams to coach behaviour at unit level, and to heighten focus on the Good Night Guarantee.

Critically, however in multi-unit businesses, the challenge lies in enabling employees to deliver great service without overly increasing expectations of the product or introducing complexity and cost. Consistency is still critical and a genuine service orientation is required rather than large-scale changes to the basic brand specification.

This article employs an outside-in approach to understand and explain, in a strategic context, the policies and procedures which have made Premier Inn market leader in every sense. It will also determine how the guest-feedback programme is about the long-term resolution of their standards and how its find-



ings will influence daily working practice and inform all future new builds, acquisitions and refurbishments. In setting this super-ordinate goal of moving from 'Great to World-class' evidenced through the achievement 90% of guests 'recommending' it is succeeding

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in energising and focusing all at Premier Inn towards one shared vision.

This approach is fully argued by Frederick Reicheld, of Bain & Co (sometimes known as the Harvard guru of loyalty) in his paper 'The One Number You Need to Grow'. At its simplest and most profound he states

*Most companies—striving for unprecedented growth by cultivating intensely loyal customers... investing lots of time in measurement when the good news is that you don't need expensive surveys, you only have to ask your customer one question: 'How likely is it that you would recommend our company to a friend or colleague?'*<sup>4</sup>

The more promoters your company has, the bigger its growth, the message to staff is straightforward; we need more promoters than detractors.

## The structure of UK budget hotel market

According to Mintel (September 2007), the sector has grown by 50% over the last five years and is forecast to grow by another 50% over the next five; the budget sector has outstripped that of the overall UK hotel market four times over.<sup>5</sup> The number of rooms and hotels held by the major players grows daily as Table 1 shows.

**Table 1 UK Budget Hotels 2007**

Brand	No. of rooms	No. of share %	Market hotels	No. of share %	Market
Premier Inn	32,762		38.2	488	41.7
Travelodge	19,335		22.6	304	26.0
Express by					
Holiday Inn	11,078		12.9	108	9.2
Ibis	6,536		7.6	48	4.1
Total top 4	69,711		81.3	948	81.0
Sector total	85,665		1,171		

Source The TRI/BDRC UK Budget Hotels Survey<sup>6</sup>

The remaining 20% of the budget hotel market is a motley of over 20 brands. TRI suggest that as the market has seen both a concentration in supply and further consolidation in the sector. They predict that, as the major players keep growing, properties run under less recognised brand names will become targets for acquisition and conversion. This was borne out a couple of months later by Premier Inn acquiring six hotels (770 rooms) trading under the Tulip Inn and Golden Tulip brands and, a secure pipeline to nine further sites (1,300 rooms planned to open over the next two years) for £44m.<sup>7</sup>

As markets mature, players tend to reposition their product offering. A readily understandable example is Tesco who in the 1990s repositioned themselves to match, in their customers' perception, that of Sainsburys. In a similar vein, through the process of

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prudent investment and fine-tuning in their brand standards, Premier Inn research shows that they now occupy the same perceptual cluster as Express by

Holiday Inns. According to Ries and Trout (2005)

*it is not where you choose to position yourself, it is about where customers perceive you to be relative to your competitors.*<sup>8</sup>

The most propitious purchase in the sector was made by Whitbread in 2004 when they acquired Premier Lodge from the Spirit Group. This bought 140 hotels, 8,964 rooms and nine sites in the pipeline. According to Deloitte Whitbread paid £505m or c. £54,000 per room. Their evaluations concluded

*Whilst this may seem a very 'full price' to pay, the Premier Lodge portfolio had been substantially refurbished and that Whitbread would be able to extract synergies that a financial bidder could not.*

The analysis continued:

*Already, the number-one budget hotel operator in terms of supply with Travel Inn... [this acquisition] puts significant distance between Premier Travel Inn and its nearest rival Travelodge. Industry observers believe that Whitbread has bought itself five to six years or organic growth as a result of this acquisition.*<sup>9</sup>

The combined group continued under the Premier Travel Inn brand until June 2007 when it was announced in that, following substantial research, the budget hotel business would be re-branded as Premier Inn. For consumers, this would be easier to remember, recognise more quickly the premier offering in the budget sector and create clear blue water between the brand and its competitors. This feature of recognition would be further enhanced by a new logo being rolled out across the estate of (by now) more than 500 hotels augmented by new lighting to further emphasise the branded environment.

Both Premier Inn and Travelodge have announced impressive growth plans for both the UK and abroad. Premier Inn have a target of 45,000 UK rooms by 2010,

it also plans to open in Dubai and to open 80 hotels in India over the next ten years. Travelodge are very bullish divulging plans for 70,000 UK rooms and 100 hotels in Spain by 2020.<sup>10</sup>

One factor driving UK growth is the 2012 Olympics and Paralympics and most analysts are trying to estimate

how much more growth is achievable before saturation point is reached. TRI/BDRC capture most of this debate:

Amongst the leading economies in Western Europe, only France's branded budget hotel sector achieves a higher market penetration of all business travellers than Britain's, with the latter's present figure of 39 percent. In 1994 the equivalent proportion in Britain was just 14 percent, which is the same as Italy today. In 2000 it was 27 percent, about the same as Germany now. This is a measure of how far the British market has come. It also hints at the opportunity in other countries where the budget concept is less developed.

Whilst ultimately there must be a limit to the business demand for budget hotel as yet, this is not evident... nor is there a sign yet for a limit for leisure demand... there is little doubt that in the leisure market in particular the budget hotel sector is an example that the creation of supply has helped to stimulate demand ... the convergence of several factors led by economic prosperity over the last decade have heralded an unprecedented growth in the market.<sup>11</sup>

## Variability in service industries

The quality and nature of the experience provided is so evidently at the crux of business success in the hospitality industry. A truly memorable experience may be one to relive, to revisit and to recommend. At the other extreme it may induce negatives that lead to roundly condemning to all who will listen. It is essential that we are able to isolate the components or factors that produce these opposing outcomes. Consumers have ever-increasing expectations best summed up by Paul Edwards CEO of the Henley Centre

*Brands and businesses can no longer tell consumers*

*what is good for them. Businesses are in a new type of relationship, a contract with informed, consenting adults.<sup>12</sup>*

In marketing terms, the service sector is characterised by 'the extended mix': the four Ps of marketing—product (service), place (distribution), price and promotion (communication) are augmented by the addition of 3 Ps—people, process and physical evidence—as well as industry characteristics all of which have the potential to introduce variability into service quality. Concerning the people element, de Cheratony (2001) suggests that



*Today's environment is one of paradoxes. Brands are complex entities, yet can be simplified to considering them as clusters of functional and emotional values. Sustaining a brand's competitive advantage is one of the goals of managers, yet with rapid advances in technology it is increasingly difficult to sustain a brand's unique functional values. Consequently more attention is focused on striving to devise and sustain emotional values... to break away from these paradoxes new thinking has emerged where companies are beginning to recognise that staff are the embodiment of the brand, providing a welcome difference not just through what the customer receives (functional values) but also how they receive it (emotional values).*

**Increasingly staff are being employed not just for their functional knowledge, more important is how much their values align with the values of the brand**

*A sustainable competitive advantage is that of an appropriate organisational culture reflecting the aggregate values of the employees.<sup>13</sup>*

Characteristic of product or service	Implication for quality assurance	Authors
<p><b>Intangibility</b> They cannot be experienced prior to being purchased 'Makes it difficult for customers and service providers to agree a precise definition prior to the interaction'. (Lashley 2001 p 232) The tangible and intangible nature varies according to the type of service on a continuum (Lashley 1998—see Appendix 7) Hospitality firms generally produce a combination of both</p>	<p>Customers often sense a higher level of risk—as a response firms have produced strong brands Meeting the brand promise is vital It is more difficult to set and measure standards than in manufacturing Firms may find it harder to understand how customers perceive their services and evaluate service quality (SQ) Branded firms standardise the tangible element to meet the demands of customers for predictability and security, yet may also demand a very individualised service 'As the significance of the intangible element increases, the need to gain employee commitment in "delighting the customer" increases and the amount of discretion accorded to the employee also increases.'</p>	<p>Lashley 2001 Silvestro et al 1990 Parasuraman et al 1985 Lashley 1998<sup>15</sup></p>
<p><b>Heterogeneity</b> Products and services are produced by different suppliers, with different customers involved Unlike manufacturing, no process action is identical</p>	<p>The customer may receive an entirely different encounter to the one the organisation intends to deliver The performance often varies between suppliers, customers and over time Implementation may fluctuate between locations in a multi-unit business Process control is highly problematic Because of the variable and very personal nature of the customer-employee interaction, services are difficult to standardise Firms attempt to homogenise the service encounter by scripting employees—phrases to be used during service</p>	<p>Parasuraman et al 1985 Jones 1999 Lashley 1998<sup>16</sup></p>
<p><b>Inseparability</b> Production and consumption occur simultaneously</p>	<p>The customer is involved in the process itself—their perceptions of the encounter are individual and hard to predict The product cannot be fully made and quality checked prior to delivery to the customer Customers can enhance or spoil the atmosphere for other customers. Their perception of the service environment is shaped by fellow customers The employee is an essential part of the product—particularly in hospitality</p>	<p>Lashley 2001 Parasuraman et al 1985 Bowie and Buttle 2004<sup>17</sup></p>
<p><b>Perishability</b> Services are time-dependent</p>	<p>'You cannot sell last night's bedroom tonight' Training staff effectively is vital 'Once the service has been undertaken, it cannot be returned by the customer for correction or reworking. This creates a need for service delivery to be right first time' Due to perishability and intangibility, customers do not 'own' the service, therefore have no permanent reminders of the features and benefits. Recommendation and repeat purchase is based on a collection of remembered experiences and expectations Service demand has to be satisfied as and when required, making it difficult to plan service delivery</p>	<p>Bowie and Buttle 2004 Lashley 2001</p>
<p><b>High employee turnover</b> Particularly relevant to the hospitality industry</p>	<p>High employee turnover represents a barrier to employee commitment and consistency, and increases the likelihood of untrained employees delivering the service</p>	<p>Lashley 2001<sup>18</sup></p>

**Table 1 Service industry characteristics and their implication for Service Quality assurance**

Premier Inn's focus is very much concerned with defining the externally-centred promise, 'Everything's Premier but the price' and in considering how their staff can be orchestrated to ensure commitment to delivering it. Increasingly staff are being employed not just for their functional knowledge, equally, or more, important is how much their values align with the values of the brand.

The process component is best summed up as 'are our processes user-friendly and frustration-free?' How easy is it to book (including referrals where first choice is not available), check-in or check-out? Can these processes be made seamless? In our cash-rich time-poor society, taking stultifying bureaucracy out of the process for travellers is a main consideration to both providers and users alike. Technological solutions are helping to facilitate these processes. One such example is their award-winning Short Message System (SMS) sent to their, mostly technology savvy, guests on the morning of their arrival enquiring as to whether they required travel direction and would they like to book for dinner that night. (see page XX above) Additional value added was gained as same day cancellations were captured earlier enabling released rooms to be sold on and thus eliminating the need for a dissatisfying non-arrival charge.

Physical evidence, best captured by Madonna it should be '...bright shining and new'. Because services are intangible, customers often rely on tangible clues or physical evidence. These include all those substantial aspects of our offering that can be seen, heard, touched, tasted, smelt, felt or sensed. In their dissection of what they call the Servicescape, Zeitham and Bitner suggest that

*many aspects of the physical environment serve as implicit and explicit signals that communicate about the place to its users. Signs displayed at the exterior and in the interior are examples of explicit communication. Other environment symbols and artefacts may communicate less directly than signs, giving implicit*



*clues to users about the norms and expectations for the behaviour of the place... it is without doubt that the servicescape provided can have a profound effect on both customers and employees.<sup>14</sup>*

and why it is given fastidious attention within Premier Inn.

Add to this mix, the particular characteristics of service industries as summarised in Table 2

The particular characteristics associated with service organisations have many implications for quality assurance:

- Meeting the brand promise and specification consistently is vital to give customers confidence in choosing the product repeatedly, particularly as this is based on a collection of remembered experiences.
- Getting it right first time is crucial, since customers consume the service as it is being produced; therefore there is limited opportunity to correct mistakes.
- The service is delivered by employees who need to be committed to delighting the guest and enabled to deliver individual guest needs, yet in hospitality they are often low-level staff who may not be fully trained in the brand standards or understand their role in achieving the vision.
- There is a balance required between control mechanisms and employee empowerment.<sup>19</sup>

Simply meeting the brand specification may not be enough—the whole quality management process requires evaluation in the context of customer expectations.

To overcome some of these challenges, Premier Inn have created robust brand standards, measured by a rigorous brand audit programme, endeavouring to get it right first time and meet the brand promise at every location. Even in the best-regulated organisations like Premier Inn, however, there will be occasions when service delivery is below par and results in guest dissatisfaction. It's how companies handle these problems (and stop them reoccurring) that make or break customer trust. To determine service delivery gaps and help deliver consistent problem resolution, the '100% Satisfaction or Your Money Back Guarantee' was developed.

### **Guaranteeing a good night – delivering brand standards**

Following extensive piloting, Whitbread Premier Inn (the market leader) launched their 100% satisfaction guarantee (or your money back) across the brand (then incorporating almost 300 outlets) on 8th January 2001 on national television and other media. This innovative and path-breaking (as opposed to benchmarking) strategy was intended to differentiate the brand and, through 'first mover' status, maintain its position as 'The UK's Favourite Place to Stay (over 17,000 sleepers every night)'. In turn, this would support the mission 'To be the Biggest (brand in the sector) and the Best (as in customer's preferred choice) in the budget hotel market'.

In marketing terms the guarantee encouraged new customers to buy because it reduces the risk element in the purchase decision; while enriching the long-term relationship and loyalty of existing customers. This is not simply a marketing gimmick, it captured the total company ethos and played a key role in building competitive advantage. Providing an unequivocal guarantee is not easy—precisely why this is a real competitive advantage. Premier Inn intended to grab a couple of years head start and all the benefits of first-mover status before the 'me-toos' and 'fast-followers' adopted similar, though often diluted, guarantees.<sup>20</sup>

In his vigorous reassertion of how strategic advantage may be gained through true differentiation, Porter affirmed that

*A company can only outperform rivals if it can establish a difference that it can preserve. It must deliver greater value to customers or create comparable value at lower cost or do both.* [Through this process of differentiation, Porter concludes

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that] *The arithmetic of superior profitability then follows: delivering greater value allows the company to charge higher average unit prices, greater efficiency results in lower average unit costs.*<sup>21</sup>

This virtuous circle we contend has been achieved by Premier Inn through its 100% Satisfaction Guarantee. The Premier Inn data should be considered against some of the issues Chris Hart identified about developing guarantees.

- Service guarantees can help companies institutionalize good performance. Committing to provide error-free service can help a company provide it.
- A strong service guarantee enables managers to control organizations, setting the goals and providing the necessary data to improve performance.
- A guarantee should be written in concise language that pinpoints the promise.
- A service guarantee loses power in direct proportion to the number of conditions it contains.
- The best service guarantee promises customer satisfaction unconditionally.
- A customer who is dissatisfied should not have to go to excessive lengths to invoke a guarantee, as this lengthy process will only increase dissatisfaction.
- Similarly, a customer should not be made to feel guilty about invoking the guarantee: pay-outs should be quick and easy.
- A service guarantee which is risk-free to the company will be of little value.
- A service guarantee forces a company to understand the where, when and how of its failures.<sup>22</sup>

A critical part of the Good Night Guarantee ethos is preventative action and delivery of brand standards. Premier Inn has robust operating standards designed around the guest experience and measured through an independent professional auditing company. The brand-audit measures customer-facing standards such as cleanliness, maintenance and service, but also operational policies and procedural standards that support the delivery of the customer experience throughout a multi-unit business.

In branded hospitality where units are dispersed geographically, quality audits provide a useful mechanism to control compliance to hard brand standards, but also to provide a feedback route centrally as to where problems exist that will be detrimental to the brand or the customer experience. Quality audits monitor the gap between service standards and actual service delivery.

In Premier Inn, there are tough consequences of brand-audit failure, and it focuses the organisation on getting the basics 'right first time'. It also enables the translation of best practice into common practice; particularly important considering the brand experience often relies on front-line staff who cannot be directly supervised. Now in its sixth year, the brand audit is key to the success of the brand and brings competitive advantage over other hotel brands and the unbranded sector. Because most Premier Inn guests regularly travel outside of their local territory, consistent delivery provides reassurance and security.

It would be dangerous to assume, though, that simply achieving brand standards will deliver satisfaction—it may be different to how a customer actually sees the service—their perceived-service quality. Therefore not only may there be a discrepancy between customer expectation and delivery but also between delivery and perception.

Restless in the search for greater customer understanding and in recognition of the internal need to place more emphasis on employee commitment to service behaviour as well as hard standards and audit, Premier

Inn implemented a guest recommendation survey. Not only would this enable monitoring of the softer human encounter as part of Premier Inn's quality management system, critically it would provide extensive customer insight at individual site level.

## The success of the guest-recommend programme

*Why is willingness to promote your company such a strong indicator of loyalty—and growth? Because when customers recommend you, they're putting their reputations on the line. And they'll take that risk only if they're intensely loyal.<sup>23</sup>*

Furthermore, customer recommendation is the most powerful and cost-effective form of customer acquisition, since the source of the message is highly trusted.<sup>24</sup>

Understanding customer experiences through research is widely acknowledged as critical to improving long-term business performance—the launch of the

## Service guarantees help companies institutionalize good performance. Committing to provide error-free service can help a company provide it

guest-recommend programme signalled a new era for Premier Inn, leveraging the whole organisation around a shared vision of 'guest obsession and recommendation' and moving away from satisfaction to advocacy,



loyalty and word-of-mouth. Central to the programme was engaging all employees in the journey from 'Great to World-class', and ensuring that every layer of the organisation placed the guests at the heart of their daily activities, thus a pioneering e-experience survey was implemented providing feedback at individual site level, rolling up to give substantial brand data. Guests are sent surveys online within 48 hours of their stay and asked to rate their experience on a one-to-five scale to allow for differentiation between high and moderate customer ratings.<sup>25</sup>



Recently short-listed for the Market Research Society Applications of Research Award, the first year of the research programme demonstrated fantastic success, surveying over 1m guests with 400,000 responses received, and delivering daily feedback to 500 hotels and head office employees via a real-time web-based reporting portal—a far cry away from the previous postal satisfaction survey of 10,000 customers providing only brand feedback. The second year of the programme has seen significant increases in all key performance indicators (recommendation up 4.3%, overall satisfaction up almost 6%, value for money up 3.1% and 'choose Premier Inn again' up 4.2%—January 2008).

In motivating change, Reichheld advocates a number of guidelines:

- ❑ *Be sure that everyone in the company knows which customers they're responsible for. Then ensure that all business functions—not just market research—own and accept the survey process and results.*
- ❑ *Make your scores transparent throughout your organization.*
- ❑ *Then issue the managerial charge: 'We need more promoters and fewer detractors in order to grow.'*
- ❑ *Create a sense of urgency by tying rewards to score improvement—giving customers, in essence, veto power over raises and promotions.<sup>26</sup>*

the first year demonstrated fantastic success, with 400,000 responses received, and daily feedback to 500 hotels via a real-time web-based reporting portal

Recommendation is the number one focus within Premier Inn, but the survey also asks guests to rate all areas of their experience enabling the whole organisation to be engaged into what aspects of the product and service need to improve to positively impact recommendation. All head office employees and every site and region are targeted and bonuses based on guest recommendation as part of the balanced scorecard.

Operational teams strive to hit individual targets and achieve 'green' on their balanced scorecard—those teams who are successful in achieving all-green scorecards or receive guest obsession awards at the annual company conference and are rewarded with an incentive trip. It provides a great opportunity to recognise those who not only deliver standards consistently, but

exceed the standards and go that extra mile for guests. Balanced scorecard results are also integral to promotion and remuneration decisions.

Described by Premier Inn's Managing Director, Patrick Dempsey, as 'worth its weight in gold', the real opportunity for the guest-recommend programme is in how the customer insight is used. Listening to guests and acting quickly on their feedback is of para-

mount importance, and the survey has become an integral part of local and strategic decisions.

Throughout the year, guest-recommend stories are circulated throughout the organisation, and via the reporting portal all hotels can see their own scores and those of other hotels to facilitate both sharing of best practice and to drive competition. Site and regional teams can also see guest comments on the portal, enabling them to react quickly and take action or coach team members. Many hotel managers have shifted their recruitment decisions to place more importance on behavioural traits—a natural service instinct more important than experience.

At brand level, it has informed significant strategic decisions. Firstly, by monitoring the softer human encounter and customer perceptions of their experience, key-driver analysis has uncovered the huge importance of employees in gaining a positive or negative recommendation score. Every team member has an opportunity to influence, thus the feedback is used to inform training and induction. Additionally, it places greater emphasis on the Good Night Guarantee, both in terms of encouraging sites to raise awareness, but also in highlighting coaching needs around problem resolution. Employee responses to service delivery failures could turn a disappointment into either a memorable incident or a source of dissatisfaction; not surprisingly there is a direct link to recommendation and future sales.

Early on, analysis of guest feedback revealed an opportunity to improve the Premier Inn breakfast, in particular food quality and product choice. A range of new breakfast products were trialled with feedback taken directly at site and via the recommendation survey, leading to implementation of a wider range of vegetarian and healthier options such as warming porridge, vegetarian sausages, granola, pomegranate juice, and green tea. Ratings for breakfast food quality and service have greatly improved as a result (between 8–9% up on last year—January 2008).

More recently, gaining a greater understanding of customers and what they want enables Premier Inn to fast-track investment where needed, for example the introduction of Freeview channels, installation of air conditioning at specified city centre locations and new builds, and property work at sites with signifi-

cant levels of negative recommendation. Freeview was by far the strongest choice stated in the survey when guests were asked which entertainment services would they most like to see available in Premier Inn bedrooms. Finally, through monitoring the national bedroom refurbishment programme, findings help to determine the level for future bedroom upgrades.

## Conclusion

### Challenges in a multi-unit brand

Despite this success, it's not all plain sailing and there are several challenges. Premier Inn recognise that there still opportunities to drive greater consistency—for every hotel to truly live a 'guest obsession' culture. As the brand grows this task becomes tougher, but the Good Night Guarantee, the brand audit and the guest-recommend survey provide comprehensive tools to flag issues centrally and drive behaviour at site-level. Organisational change is a long-term process, and Premier Inn must give continuous attention to their 'guest obsession' commitment through strong leader-

managers have shifted their recruitment decisions to place importance on behavioural traits – a natural service instinct more important than experience

ship, further embedding it as a way of life, and keeping restless in the search for continuous improvement.

An integrated approach to quality management brings many advantages; indeed as noted, the intangibility, heterogeneity, and inseparability of services demands a balance between standardisation and control mechanisms and processes which empower employees to take ownership for ensuring customers are satisfied with the service encounter. The challenge lies in how much discretion to give employees in a branded environment.

*Competitive businesses with demanding and informed customers must rely on employee initiative to seek out opportunities and respond to customers' needs. But pursuing some opportunities can expose businesses to excessive risk or invite behaviours that can damage a company's integrity.<sup>27</sup>*

Premier Inn employees need to be able to tailor their approach to respond to individual guest needs

and turn a night away from home into a recommendation to a friend, yet value and price are a fundamental part of the branded offering. In budget brands, the hotel is rarely the prime reason for being away from home—guests want the essentials delivered well at an affordable price, not paying for unnecessary extras, which they do not value. Multi-unit brands must not introduce complexity and cost to the core product. Local innovations are not desirable as this can create customer expectations which cannot be fulfilled in every location.

In a product where customers generally know what they want, and know that they will get what they expect, over-doing the ‘delight factor’ or offering additional services is likely to increase expectation for next purchase (and that of anyone they recommend to). As a worse case, this may actually decrease satisfaction and likelihood to recommend if it raises their expectation too high; what was previously a great experience may now feel only ‘OK’. As the survey analysis has shown, team members have the strongest impact on recommendation. A genuine care for guests is required: helping an elderly customer to their room with their luggage or offering a jug of iced water at reception on a very hot day, rather than the ‘amenity creep’ of offering a porter service or water cooler as standard which ultimately increase unit costs and eventually affects pricing.

In a world of consumers with ever-increasing expectations, Premier Inn must be mindful of how any product or service change in response to these opportunities, whether locally or centrally driven, can be delivered consistently across all units. Growth is crucial to success, but the increasing scale of the estate heightens the challenge of keeping all sites at the expected standard.

Thus we continue our evolutionary journey from Great to World-class, along the way embracing what we perceive to be ‘Probably the Best Guest Feedback Programme in the World’ and to perpetuate the parody ‘The future is bright... the future is Premier Inn.’



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