So Just How Satisfied are Millennials with their Hotel Experiences?

Seunghyun “James” Kim, Ph.D.
Michigan State University
kimseun8@msu.edu
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An Important Demographic Group

The Millennial generation is emerging as a powerful economic force across all economic segments, including lodging. With millennials being the largest generation of consumers, it is important to understand their satisfaction in important areas across two hotel segments as defined by price. We drew the data from the highly regarded American Customer Satisfaction Index. Millennials are defined as individuals born between 1980-1995 (Buckley, Viechnicki, & Barua, 2015). They are characterized as social, online-connected, health-oriented, and technology-savvy (Cavagnaro, Staffieri, & Postma, 2018). As this cohort increases in purchasing power, hotel brands are enhancing their offerings to better engage this segment. Thus, in an increasingly competitive lodging sector, it is important to examine drivers that influence this generation’s hotel experience. Our study focused on these drivers in two price segments. This report presents the findings and offers guidance to hotel management that can help them increase Millennials’ satisfaction with their hotel experience.

Studying the Lodging Experiences

The ACSI annually gathers comprehensive data from 180,000 customers covering 300+ companies in 44 industries and 10 economic sectors (ACSI, 2018). Kim, Cha, Singh, and Knutson (2013) conducted a longitudinal, time-series investigation to test the validity of the ACSI model (Fornell et al., 1996) in the U.S. hotel industry based on significant economic downturns and upturns. Three significant outcomes emerged from our study. First, we found that Millennials are generally satisfied with their overall hotel experience (range: 8.64 – 8.24; based on the ACSI scale of 10 = Excellent to 1 = Poor). As expected, their satisfaction levels are somewhat stronger for HE hotels than for the MR experiences; this is true across all nine experiential attributes. Second, when we looked at the two price segments separately, some differences did emerge. Guest satisfaction for making reservations and checking-in was slightly greater in the High-End segment. Interesting, their lowest evaluation was given to the hotel’s loyalty program. We also found variances between the two hotel price segments along other attributes, most notably food service quality (HE =8.52 vs. MR=7.82), room entertainment (HE=8.56 vs. MR=7.98), and amenities quality (HE=8.57 vs. MR=7.75). Third, it is evident that hotels in both segments can pay more attention to their food quality.

Study Implications and Industry Recommendations
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These findings offer numerous implications for hotel management. Leading the way is the need for making reservations and check-in processes convenient and easy on all platforms, including mobile. This could reflect this generation’s comfort with using online services (Franklin, 2017). It also reflects the busy and often time-starved lifestyles of today’s hotel guests – especially Millennials as they are in the throes of building their careers and families. Furthermore, these two involvements are often the first impressions guests have with the hotel brand. Hotels need to maintain/enhance their attention to the “law” of first impressions. With the growing challenges of finding qualified employees the results point to an opportunity and challenge for the industry. The growing labor shortage may require the industry to consider technology innovations to maintain service levels for both reservations and arrival experiences.

The lowest score was given to the quality amenities and food, which is perhaps indicative of the mismatch between millennial expectations compared to hotel offerings. This should serve as a cautionary note to branded and legacy hotel chains as the life style boutique segment of the industry has targeted the millennial generation and has emphasized beverage and food programming as a focal point in their market positioning. For MR brands, the increasing use of complimentary breakfast and happy hours offers opportunities to revise offerings. For HE brands, opportunities abound in exploring innovative restaurant concepts and delivery options that are unique to the individual brand.

Next, with the proliferation of brands and loyalty programs across every sector, our results point to the need for hotels to think creatively in terms of loyalty offerings as millennials truly value them. This is particularly important for HE brands, as we speculate that these guests are more experienced with loyalty programs and/or are just more avid “point counters.”

Lastly, the results point to high variances in service attributes between HE and MR hotels, which poses a challenge for the lodging industry, especially if operating in the Mid-Range. With the growing number of lodging brands, there is a shrinking distinction between chain scales. Depending on trip purpose, guests may stay in upper midscale when traveling on business or, if on leisure, in a midscale brand. If a guest has better food, amenities and in-room entertainment experiences at an HE property, they may be less satisfied with the midscale hotel offerings, even though they are paying less. For example, the increasing use of complimentary breakfast and happy hours in MR brands presents opportunities to revise offerings. For HE brands, opportunities abound in exploring innovative restaurant concepts, food and beverage choices and delivery options that are unique to the individual brand. These would include
authentic local food/beverage sourcing.

Our conclusion is that based on these overall scores, hotels in these two price segments are providing Millennials with a positive hotel experience. However, within the highly competitive hotel sector, there is always the need to constantly improve service quality for generational cohorts.

References


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