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Accommodating Culturally Diverse Guests: Large vs. Small Hotel Chains

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Abstract

Personalizing the product at no additional cost to the end user guarantees increases sales and customer satisfaction, but that becomes difficult when the supposed product is the service. Nevertheless, the data show that service personalization leads to increased customer satisfaction and consequently customer loyalty. Adjusting to the diversity of the guests should be a priority for hotels because that is a one way of service personalization directly increasing customer satisfaction. The paper investigates four best practices in this area. This research has been conducted by observing 6 US based Hotel Chains of which 3 are large (>4700) and 3 are small to medium sized (<1300). Websites, Social Media pages and PR statements were observed. It resulted in great findings, and possible valid recommendations for large chains, but the research did not show major suggestions for improvements for smaller chains. Research implies that smaller chains can pursue this strategy of customization in order to grow their customer base. For more in-depth research on-site visits to the hotel properties research would be advised as well as conduct the observation method in real world settings.

Keywords - Nature of Hospitality, Cultural Diversity, Hotel Chains, Identity of Guests, Customer Satisfaction, Small Hotel Chains, Large Hotel Chains

Hospitality Industry

The hospitality industry is often defined as just one section of the service industry and it refers to a variety of businesses that are included in this type of service industry, focusing on leisure and customer satisfaction. The primary idea and one of the most defining aspects of the hospitality industry is its goal to focus on ideas of luxury, pleasure, satisfaction and experiences of guests, rather than to focus on catering for necessities and essentials. The main difference between the hospitality industry and the travel industry is that the hospitality industry offers its services not only to tourists but also to other types of guests, such as locals or business people who come to a certain place for reasons other than tourism.

Nature of hospitality

Even though some people mistakenly see this industry as a very simple and routinely operated industry, many researchers as well as professionals claim that the hospitality industry is a very complex and delicate industrial sector, especially the hotel industry. Hospitality has been widely recognized as an important sector of the service industry and many researchers have tried to offer various models and frameworks which would provide relevant information and help professionals in this area to conduct their business better. Due to its importance, understanding the nature of the hospitality industry needs to be a top priority for all hotel businesses whether they are a small family-owned hotel or a large hotel chain. When trying to analyze the hospitality industry, as well as to better understand its complexity, one needs to identify specific categories

of this field. Managing a stand that sells hot dogs and a 5-star hotel both belong to hospitality, but these two businesses differ very much in the type of service they provide to the final customer, as well as in the expectations of their customers. According to Walker (2016), there are four main characteristics of Hospitality Business that describe the nature of hospitality. Hospitality professionals always seek to maximize *guest satisfaction* which in turn earns them customer loyalty and repetitive business which again raises the profit margin as there is no cost of acquiring a new customer. Services provided are *intangible* which means that customers can't have a trial period or test the product like taste the food before purchasing. *Intangibility* also means that customers can't own the dinner table or a hotel room, they only use it for the time being of a service. Third characteristic is the *inseparability* of production and consumption. Production is not possible without a customer present and service is being concurrently produced while the customer is consuming it, which many professionals will agree is the most demanding aspect of the business. Virtually every customer will have specific input or demand. The last characteristic is *perishability*. Every sale that did not happen today cannot be made up for tomorrow. If today a hotel has 100 nights to sell, and misses to do so, it cannot sell 200 rooms tomorrow to make up yesterday's loss. The same can be related to the food and beverages, in which case hotel owners should take into consideration that there is only a certain capacity restaurant can store at the moment. Personalizing the service to individuals, however, is a critical point and an essential part of all businesses that belong to hospitality.

Personalizing and Customizing

In the modern era of consumerism, personalizing the *product* is one of the top priorities of every good product manager because of evident reasons such as increased loyalty, gross profit, longer

lasting relationship and positive brand recognition. In hospitality, service is the product. Following the logic of product personalization, personalizing the service will have an even greater impact because it is more sincere. According to the research conducted by Santos Coelho and Jorg Henseler (2012): “customization increases perceived service quality, customer satisfaction, customer trust, and ultimately customer loyalty toward a service provider. Customization has both direct and mediated effects on customer loyalty and interacts with the effects of customer satisfaction and customer trust on loyalty.”. It is very understandable and easy to recognize when service is personalized, that guests will feel special and recognized by hospitality staff. A lot of research has been done on the different ways to personalize services in hospitality, but some researchers have specifically identified cultural background of clients as a crucial factor to personalize the service, form the sales process and positively benefit overall customer experience. There is a need in the hospitality industry to better understand how diversity affects customer satisfaction.

Multicultural Identity of Guests

In order to understand better how relevant multicultural identity of guests can be in hospitality, there is a need to further define the concept of cultural diversity. A definition in Dictionary.com (2022) describes cultural diversity as the cultural variety and cultural differences that exist in the world, a society, or an institution. On a more complex note, according to Geert Hofstede, former Dutch social psychologist, every person has a unique personality, history and interest but we all share human nature. Human nature means that we live in groups, express ourselves in language, feel empathy and practice collaboration. Culture is all these unwritten rules of how we go about these things to be a good or bad member of society. In 2011, Gert Hofstede offered a model of

six dimensions of national cultures: Power Distance, Uncertainty Avoidance, Individualism/Collectivism, Masculinity/Femininity, Long/Short Term Orientation, and Indulgence/Restraint. Below are explanations of these dimensions according to Hofstede:

- Power distance is a measure of how much less powerful society members consent to unequal power distribution in society. This dimension interprets inequality in the society but with the bottom-up approach which considers perspective from lower to higher, not opposite. It represents how much power inequality is supported by followers, not only leaders. Examples of opposites between the cultures would be that in small power distance society, corruption is rare and it causes career halts, whereas in big power distance society corruption is frequent and concealed. Another example is income distribution inequality, which tells us whether the society is small or big power distance.
- Uncertainty avoidance is not to be mistaken for risk tolerance. Rather, it describes society's tolerance for ambiguity. This measure demonstrates how comfortable or uncomfortable people are in unstructured situations. Unstructured situations are described as unknown, surprising and unusual situations. Societies that are avoiding uncertainties seek to diminish a chance of such an unstructured situation to happen. They will usually have strict behavioral code, defined laws and rules, censure of irregular behavior and belief in absolute Truth without doubt. People from weak uncertainty avoidance cultures change jobs easily, don't like the rules and have lower stress levels. On the other hand, people from strong uncertainty avoidance need clarity and structure, have high stress levels, have emotional need for rules and respect the code of conduct.
- *Individualism* versus *Collectivism* as a cultural characteristic is a measure of how much are people in the society unified into groups. In individualist societies individuals are

very detached from each other. People are expected to be on their own and only take care of themselves and their close family. Collectivist society has fundamentals on the concept of sharing and caring for each other. From early life people are integrated into very united and cohesive large groups that help them through life. It is typical in these societies to have tight knots with more distant relatives such as uncles, aunts and cousins. This is a very important characteristic for Hofstede because every society has a unique approach and it is very easily determined. Western countries tend to be individualistic, Eastern European countries more collectivists and Asian countries are in the middle.

- Masculinity-Femininity dimension indicates the distribution of values between genders. It tells us whether the society is masculine or feminine and what does that mean for the society's characteristics. Research showed that women's values tend to be very similar among societies, but men's values differ between societies. In masculine societies, women are caring and modest while men are assertive and competitive. In feminine societies, women are the same but men share more of their values such as modesty and caring. So that is what creates the gap between masculine and feminine societies. Feminine societies have sympathy for the weak while masculine societies admire the strong, mother decides the number of kids or father decides the number of kids, boys should not cry-girls can cry, more or less women in elected political positions etc.
- Long- term vs. Short-term dimension describes the mentality of society in terms of thinking and planning long or short term. Long-term oriented societies possess values like frugality, dedication, endurance, perseverance, ordering relationships by status and having a sense of shame. Short term oriented societies carry values such as respect for tradition, protecting one's "face", reciprocity of social obligations, personal balance and

dependability. Short term oriented societies tend to have large social spending and consumption, slow economic growth, and patriotism for their country. On the other hand, long-term oriented societies have large personal investments or retirement funds, fast economic growth, adapt to circumstances etc.

- The final category is Indulgence versus Restraint. It measures the people's perception of gratification and how this gratification is supposed to be earned. Indulgent cultures have an easy-going perception of having fun and treating oneself, while in countries with high restraint there are strict social norms forbidding the unearned gratification.

Importance of Diversity

It is important to understand why the need to understand cultural diversity is so important in hospitality. Basically, by recognizing differences in different cultures, and understanding how to value them by measuring and analyzing the impact those differences might have on an experience of everyone, can help professionals in the hospitality industry to better personalize customer's experience and better meet their needs. Recognizing and respecting a unique cultural and historical background of their guests helps hospitality workers to identify a specific service targeted for specific cultures and cultural identities. *Cultural Competence* is a real descriptive metric of an individual and organization. The American Speech-Language-Hearing Association describes cultural competence as understanding and valid responding to cultural variables and dimensions of diversity that customers bring into the relationship (OSHA, 2022). One could argue that increasing the front-line workers' cultural competence will result in increased customer satisfaction and loyalty, which is not completely untrue, but it is crucial to undertake the issue at organizational level. Organization needs to be perceived as culturally competent

which requires much more than only investing in talent and development for front line employees.

Best Practices

According to SiteMinder (2022), the world's leading hotel commerce platform, cultural awareness surfaced to become one of the most critical areas of service provided in hotels. SiteMinder claims that developing cultural awareness and competence will result in better reviews and increase overall satisfaction from both guests and employees. They shared four most important strategies to implement in a hotel business:

- *Be conscious of food requirements.* Food cultures vary a lot depending on a part of the world guests are from. When the data shows there is a feasible portion of guests from the same culture, SiteMinder suggests adjusting the menu to that group. Chinese people appreciate having their authentic food even when they are traveling, dominantly Muslim countries require Halal menu, Greeks like to eat dinner very late etc. Adjusting to the guest cultural background is vital for hotels.
- *Accommodate religious beliefs and rituals.* Culturally aware hotels have dedicated quiet and private space for religious rituals. Some religions have strict rules, such as Ramadan for Muslims, which means they need to perform their rituals no matter the time or place they are at. So even if traveling, they are required to do it. That is why culturally aware hotels provide them peace, quiet and understanding. Another thing they potentially do is take the alcohol out from the mini bar.
- *Educate the staff on customs and preferences.* It is advised to keep track of preferences. Providing a variety of channels on TV in hotel rooms will have a big impact on how the

guest feels. If there is only a local news channel, that shows the hotel is not culturally competent and caring of their guests. It is important to educate the staff about traditions and customs of your target group of guests. For example, bowing to Japanese guests even if it sounds right should not be performed since it can be done wrong and have worse consequences than not doing anything. Certain Middle-Eastern cultures do not allow handshaking between man and woman. SiteMinder suggests that staff should use some reserve and maintain neutral and respectful conduct.

- *Know how to get the best out of your staff.* It is very common that hotel staff itself will be very diverse so it is advisable to use that to the hotel's advantage. If front line employees are culturally matched with a certain cultural group base, management should let them handle it and use their input/feedback to further accommodate that group base.

Data Collection Method

Purpose

The purpose of the research was to investigate and discover how much and in what ways six various US based hotel chains adjust to the diversity (age, gender, language, ethnicity, religion, disability, race) of their guest base, with a specific focus on multicultural diversity.

Data Source

The research analyzed three large hotel chains (>4700 locations) and three small hotel chains (<1400 locations). All six chains are US based but three large ones also have international presence. Data was scraped from publicly available sources: websites and social media pages.

The general criteria to qualify was confirming statements that explicitly mentioned areas of diversity in a positive or accepting manner.

Instrument

An observation method was implemented in the research and custom-made Excel spreadsheet with fillable checkboxes was created to collect the data. Main 2 categories deciding eligibility for data collection was for a hotel to be a US based chain and have publicly accessible data. Public statements, special offerings and humanitarian actions that were intended to accept or encourage diversity of the guest base were recorded according to various addressed areas of diversity such as age, gender, language, ethnicity, religion, disability, and race.

Results

Large Hotel Chains

The data analysis proved the hypothesis that large hotel chains have systems in place which are responsible for accepting, understanding and adjusting to all researched areas of diversity. All three large chains through various policies and public statements appear to adjust their services and offers to all the categories explored: guests' age, gender, language, ethnicity, religion, disability and race. The proof for this was thus found either in their stated policies, such as visions and mission, or in public statements on their official webpages. Only one of the hotels actually had a pricing system based on age diversity. Even though discounts for senior citizens

are already applicable in many different businesses, they are still not so existent in the hotel industry. In the reservation process, all hotel chains examined, all offered to express neutral gender besides male and female, which showed their openness and willingness to recognize gender neutrality. The official web sites of all the hotel chains researched also provided proof that all the observed categories were respected and recognized. On all three chains' websites, it was convenient to get redirected from one language webpage to any other language webpage and they had the information needed in every language of every country they operate in. Their social media posts had pictures of culturally and ethnically diverse staff openly expressing welcome to all races and cultures, encouraging and inviting the guests to feel welcome staying in any of the locations across the globe.

Small hotel chains

The results obtained show that small hotel chains have not proven to be at the same level like large chains. Only two areas of diversity that all small chain hotels recognized and clearly satisfied were disability and gender while none of the small chain hotels recognized race and religion diversity. On the other hand, the results also show that language and ethnic diversity was only recognized by one of them while the distinction in age was recognized by two of them. Although they had much less invested into diversity than large chains, the quality of recognition of those critical points that small chains did recognize in their official pages and social media was quite similar to the one of their large competitors. Many statements found could be interpreted as solely stated there for legal purposes more than actual real-world voluntary adjustment to diversity..

Discussion

The data collected on the critical points observed in the research indicate that large hotel chains have already recognized and acted appropriately in researched categories of diversity and have systems in place that display accepting and adjustment to their guests. Compared to small hotel chains, their effort does not seem like simple insurance against lawsuits and legal action. Large hotel chains go beyond that and truly put effort into making guests feel welcomed and accepted. The information found related to small hotel chains reveals that their statements look very dry and forced, and rarely show any actual offerings that give special treatment to more or less diverse guests. Although this makes sense since large chains have international presence, and small chains are only based in the US, it is nevertheless rather surprising to see that small-hotel chains do not particularly want to invest more money to make these points more relevant and visible to their guests. According to Bureau Census data from 2020, the USA is more diverse and multiracial than ever before. The US is a small world for itself and one of the most diverse countries in the world. On top of that it has a huge influx of travelers from all around the world for business and leisure purposes. Besides Spanish, small hotel chains did not have any other languages included on their webpage.

When international travelers travel to the USA, they will most likely stay in an international chain hotel because they offer insurance of pleasant stay and whatever their diversity demand is, they rest assured that it will be satisfied. It is therefore rather surprising why small hotel chains are not trying to mimic large competitors and try to snatch on this opportunity, at least in the

areas where there is a big influx of international travelers. As a foreigner myself in this country, I got used to seeking for international brands for whatever demands I have, simply because I experienced that their staff and offering will be much more pleasant and understanding of possible language barrier, misunderstanding from my side because of cultural difference and product and/or service will be more common and universal. The majority of people are keen to give smaller brands a chance but if they do not see their desire to acquire new customers, the decision will be to primarily seek with the big names. Having an agile organization that adjusts to the current business and social environment is crucial for establishing a long term wide known brand. Constant thrive to exceed the customer expectations is a characteristic of successful hospitality organizations, as well as perpetual strategic thinking of how to take a bigger market share. Based on the industry research, and observation of current practices, I propose that smaller hotel chains can and should take advantage of this strategy in order to grow their customer base. In terms of large hotel chains, I believe that the next crucial step would be to visit their properties and conduct the observation method in real world settings. That would show if these practices are actually implemented and unified across all of the properties.

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