



Singidunum University

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Business Systems in Tourism & Hospitality

MASTER STUDY PROGRAMME

IMPORTANCE OF HUMAN RESOURCE AND INFORMATION SYSTEM FOR CUSTOMER LOYALTY IN THE HOTEL INDUSTRY

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1.INTRODUCTION TO THE MANAGEMENT OF HUMAN RESOURCES

Due to the rapid changes and specific conditions, human resource management is seen as a strategic factor that affects not only the success of the company but also the nation. One of the main objectives of planning is to reduce uncertainties and risks that future activities and events, and the planning process includes forecasting future conditions and events. The prediction allows to define the goals we wish to achieve in the future, which is one of the main tasks of planning. Human resource planning can be defined as an attempt to predict how much and what kind of the workers (employees) will be required in the future, and what are the requirements of these predictions imply. Human resource management involves understanding the existing human resources in the company and the needs of the future, and consequently, the establishment of programs for the recruitment, training, transformation, and possible reduction of employees in the organization. That's why every organization must develop a complex and mutually coherent network structures and systems, with the same aim of human resources planning. In reality, the planning of human resources should result that the right people doing the right things in the right place and, if possible, at the right time.

In a business environment the basic resource of any organization are the people and their skills, which contribute to the achievement of organizational goals. Their creativity, innovation, motivation, awareness of the characteristics that make them different from other resources in the enterprise. Therefore, employees are the most important resource in the creation of additional companies Balance sheet.

Since the advent of personal computer, the world has experienced an information explosion, and all industries have made substantial advances in information collection, analysis, storage, and retrieval. The hospitality industry was very much a part of this trend. As the external environment becomes more intricate and more competitive, informational needs become more complex. Organizations that employ a systematic approach to collecting, analyzing, storing, retrieving, and using information effectively and efficiently are likely to be the most successful in the future. Without the proper types of information available on a timely basis, management is more likely to more decisions that will adversely affect the performance of the organization.

A simple example will illustrate the point. Suppose that the management of a small restaurant chain must make a decision concerning the allocation of the advertising budget among the available media for the upcoming quarter. The advertising objectives of this restaurant are to increase the rate of repeat patronage by 10 percent by reinforcing the chain s restaurants for the first time by 10 percent. To make an effective decision about media allocation ,

the management of this chain has specific informational needs. Management needs access to the following types of information:¹

- The characteristics of the current clientele
- The characteristics of the target market segments most likely to patronize the chains restaurants for the first time
- The media habits of both of these groups
- The profile of the consumers of all available media (e.g. television, radio, print) and the individual media vehicles (e.g. individual radio station)

Without all of this information, the management of this restaurant chain will increase the uncertainty surrounding the decision. The results of a less informed decision could adversely affect the advertising effectiveness of the organization and directly affect its financial performance.

All too often, management is forced to make critical decisions without the necessary marketing information. On many occasions, managers must work with information that is not complete, or information that is not in the desired form. The new version of hotel reservation systems and restaurant point-of-sale systems are capable of obtaining more forms of data that can be used in making managerial decisions. Revenue- management and yield management software are available to help organize data for pricing decisions, and statistical programs are available for analyzing data and making forecasts.

1.1. SUBJECT OF THE RESEARCH

The subject of the research is importance of human resource and information system for customer loyalty in the hotel industry. Through this work, we will see what are the advantages and benefits of information systems and impact of information systems on customer loyalty. Also, we will see that human resource management is very important for customer loyalty.

1.2.PURPOSE AND OBJECTIVES OF THE RESEARCH

The objective of this paper is to highlight the importance of human capital as a key factor in hotel customer loyalty hotel and the realization of the idea that knowledge management, marketing, quality and professional approach, innovate their products offer a high level of diverse services and achieve good results that guarantee guests a

¹ Robert D. Reid, David C. Bojanic, Hospitality Marketing Management, fifth edition, 2010,208

comfortable accommodation, entertainment, culinary delights and quality requirements of the business.

The aim is to prove importance of human resource and information system for customer loyalty and to explain impact of information technology on customer loyalty in the hotel industry.

1.3.HYPOTHESIS

For the purpose of this study, a loyal guest is defined as a customer who holds favorable attitudes towards the company; commits to the repurchase of the product or service; and recommends the product or service to others.

This research addresses a number of questions which examine the relationship between information systems and guest loyalty in the hotel context. Accordingly, we can offer the following hypothesis:²

- H1: Information systems are necessary in the hotel industry.
- H2: Guest satisfaction with reception, guestroom, food and beverage, ambience, and price is positively related to guest loyalty.
- H3: Satisfied guests exhibit higher levels of purchase involvement than dissatisfied guests.
- H4: Satisfied guests provide stronger positive word-of-mouth advertising than dissatisfied guest.

1.4.METHODS AND RESEARCH PROCESS

In the preparation of this thesis were used secondary research, economic and statistical analysis, logical and dialectical method, the method of synthesis and abstraction, the method of description, and the primary research methods were applied to the observations and interviews

Tourism, the tourism industry and tourism enterprises in contemporary globalization, rapid and comprehensive change in the region, more than any other business or any other business entity depends on adequate management.³

The most important resource of any company's human resources or personnel employed there in. Human resources are the main driving force of the company.

² Robert D. Reid, David C. Bojanic, Hospitality Marketing Management, fifth edition, 2010, 210

³ Čerović, S (2009) Strategic Management in Tourism, Singidunum University, Belgrade n.105

Aspiration of the managers at that has the best staff-receptionists, cooks, waiters, bartenders, maids and others. Such a tendency has always prevailed in the hotel and catering trade, given that these activities have always been exposed to extremely tough competition which determined their survival. The essence of management in the hotel industry are human relations, and the efficient management of processes and people.⁴

The performance of the hospitality industry:

- Most of the services are provided in direct contact with consumers
- They are relatively few opportunities to work in the human service process substitutes technical resources (machines, appliances)
- Frequent staff turnover, and it is necessary to provide and maintain a constant high level of professional service and quality recovery operations
- It is also necessary technological, organizational and market adjustment of utility companies and various dynamic changes in the demands of its guests (consumers)⁵

Hotel general enterprises and enterprises in tourism are faced with very serious problems in hiring, developing and maintaining a loyal, competent, well-motivated management and workforce with focus on providing quality services more demanding and more critical to tourists-visitors. The company is successful and good only if they are successful and good individuals in it. As a creative and innovative part of any organization, people have a leading role in creating and maintaining its competitive advantage. Only a highly trained, properly motivated staff with constant and continuous learning new business skills, can meet the challenges posed by the new business environment.⁶

The good performance comes from satisfied and loyal customers as a result of the quality of service (for that price), and at the same time, good service is the result of a service process that depends primarily on the satisfaction and productivity of employees "in the first line," but the motivation, knowledge and skills of their immediate managers. When a company has motivated and satisfied employees, the service line to the highest managerial positions, the corporate culture of service-oriented and consumers, success is guaranteed.⁷

⁴ Barjaktarović,D (2008),Management of hotel company in modern tourism market,Singidunum University, Belrade n. 138-139

⁵ Čerović,S (2012) Human resource management in Hospitality, Singidunum University, n.17-18,22-23

⁶ Čerović,S (2012) Human resource management in Hospitality, Singidunum University, n.17-18,22-23

⁷ Veljkovic,S. (2009) Service marketing, Faculty of Economy, Belgrade, n.349

2.HUMAN RESOURCE MANAGEMENT

2.1. HISTORICAL OVERVIEW OF HRM

The ancient world The management of human resources in organizations today has a long history of different approaches that reflect the social conditions of the time. Prior to the industrial revolution, a number of different approaches to managing human resources were taken. In ancient Egypt, everything belonged to the pharaoh, which meant that everyone worked for the pharaoh. Some of the workers on large construction projects were slaves captured in wars, and their work motivation was quite different from that of the Egyptians in managing human resources can be seen in the remains of their public works projects: the pyramids at Giza, the burial chambers in the Valley of the Kings, and the temples at Luxor.⁸

Feudalism. In a feudal society, a new type of employer-employee relationship was invented. In the depressed economies of the Middle Ages, there was a shortage of currency, and wealth was contained in land. A land owner would grant his vassal some income-producing property (typically a parcel of land to use to grow food) and collect from the vassal a promise to work a certain number of days on the landowners land and to provide military service for a specified period of time. In the late Middle Ages, as currency became less scarce, this military service was often replaced by a monetary payment, which the landowner would use to purchase military service from mercenaries. To describe the feudal system in modern terms, the landowner was the employer, and the vassal and the knight were contract workers.

Industrial revolution. Prior to the industrial revolution, economies were primarily agricultural, and manufacturing typically consisted of small groups of craftsmen working in their homes. Apprentices would work for and be trained in a craft by a master craftsman until, as experienced journeymen, they produced their masterpiece. Then they would take on apprentices of their own and pass on their knowledge and skills. During the industrial revolution, more and more workers left the farms and shops for job in factories. Adam Smith (1776/1976) described how a factory could produce more goods more cheaply than could be made by hand by a craftsman, because each worker did one part of the production process and could become more skilled and efficient at the task. The basis of the industrial revolution was division of labor and specialization of function. Greater efficiency in production translated into lower costs and greater profitability. Although Eli Whitney is best known for the invention of the cotton gin, he made his fortune by mass production techniques were applied, guns were individually crafted and each of the parts would fit only one gun; with mass production, part became interchangeable. The skills of the craftsman were built into machine tools, and craftsmanship was replaced by monitoring the machines that made the product. Management of factory workers monitoring machines was focused on maximizing the number of hours the machines were producing goods.

⁸Kenneth. M York (2010) Applied Human Resource Management

Scientific management. At the turn of 20th century, the focus of HRM shifted from machines to people, with the advent of Frederick Winslow Taylors (1911) ideas on scientific management. Taylors insight was that to maximize productivity, the interaction between the machine and the worker must be carefully analyzed. The job of managers was to find the one most efficient way of performing the operations required by the job and then make sure that the workers did the job that way. Time-and-motion studies were used to make the job as simple as possible to learn and to do, minimizing training costs and maximizing productivity. If a worker is shoveling coal, Taylor observed, there is an optimal number of pounds of coal per shovel to maximize the total amount of shoveled in a workday. If the number of pounds is too small, more shovelfuls will be required to move a given weight of coal. If the number of pounds is too large, fatigue will reduce the total amount of coal that is moved. As a result of scientific management ideas, organizations became divided into those who determined the optimal way to perform the work and those who did the work. This division between managers and workers can still be seen in many workplaces today, where managers are considered to be sources of value the people who do the work are assumed not to have any sound ideas about increasing productivity or quality.⁹

Human Relations. During the early part of the 20th century, HRM ideas shifted in focus to the interactions among workers. A series of studies carried out in the 1930s established that the social environment of work had a strong influence on the productivity of the organization. In a group working under a piecework system during the Great Depression, few workers exceeded the quota set by management to collect the productivity bonus. Interviews revealed that the workers had a deep distrust of management and were afraid that if many of them got the bonus, the bonus level would then become the daily production quota and they would have to work at what was formerly the bonus level just to make the daily production target. Observations of workers on the job revealed that if a worker was working “too hard”, coworkers would exert social pressure on the worker to reduce his or her output. In a series of studies to determine the effect of illumination levels on productivity, productivity increased when illumination levels were raised, when they were lowered, and when old light bulbs were replaced with new light bulbs of identical wattage. Throughout the experiment, daily production rates were posted; feedback was a key factor that motivated workers to increase their productivity.

Total Quality Management (TQM). TQM represents another fundamental shift in HRM to focusing on the moving target of quality. Focusing on quality means that all employees in the organization take responsibility for examining individual and group work processes to find ways to improve them. TQM transforms the traditional workplace with a hierarchical structure of managers who plan the work and the workers who do the work, to a workplace where the focus is on satisfying internal and external customers , improving work processes, and ensuring that workers are committed to achieving a clearly stated mission. Organizations with better strategies for meeting the wants and

⁹ Kenneth. M York (2010) Applied Human Resource Management

needs of current and potential future customers will have a higher level of organizational effectiveness. The Malcolm Baldrige National Quality Award is a competitive prize given to companies that have achieved excellence in TQM.¹⁰

2.2. OBJECTIVES OF HRM

The primary objective of HRM is to take care of the work life of the employees from the time they join the organization to the time they leave it, while ensuring their best possible cooperation in achieving the organizational goals and objectives. This broad objective of HRM can be classified into the following specific ones:

1. To act as a liaison between the top management and the employees
2. To arrange and maintain adequate manpower inventory; which in turn, ensures the smooth working of the organization
3. To offer training as a way of developing skills, enhancing productivity and, most importantly, increasing individual and organizational performance to achieve the desired results
4. To devise employee benefit schemes for improving employee motivation and group morale and enhancing employer- employee cooperation
5. To ensure and enhance the quality of work life, which refers to the employees' perception of their physical and psychological well-being at work
6. To help keep up ethical values and behavior amongst employees both within and outside the organization

2.3. THE FUNCTIONS AND ROLES OF HRM

HRM functions (also called processes) are carried out by the HR manager to fulfill the goals and objectives of the organization. As illustrated in Figure 1.1, they perform two sets of functions, namely managerial functions and operative functions. The managerial functions are the basic functions performed by the HR managers in their capacity as managers or heads of their own departments. In fact, all managers, irrespective of their departments, perform these functions. The operative functions, on the other hand, are specialized activities performed exclusively by the HR managers, usually for all the departments. We shall first discuss the managerial functions.

Managerial Functions

Functions like planning, organizing, staffing, directing and controlling constitute the core managerial functions of an organization. The specific activities performed under each of these functions are explained as follows.

Planning It is an effective tool to deal with the future. It involves the process of predetermining the personnel programmes that are necessary to attain the

¹⁰ Kenneth. M York (2010) Applied Human Resource Management

organizational goals. In this context, accurate forecasting is vital to the success of any plan. Planning is such a crucial function for an organization that it is the key to all other managerial functions. The steps involved in planning are>

- Establishing goals and objectives to be achieved
- Developing roles and procedures
- Determining plans and forecasting techniques¹¹

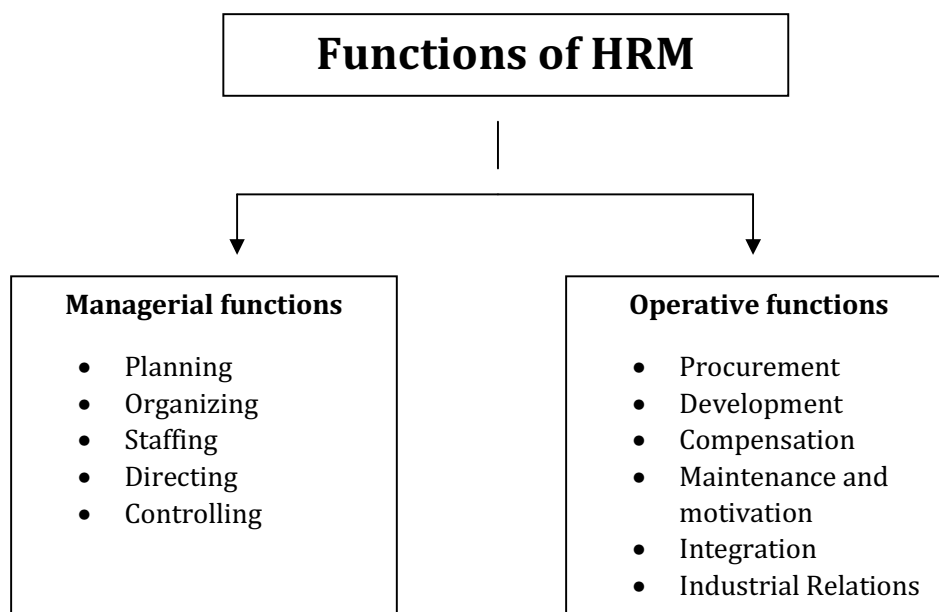


Figure 1.1

Organizing Once the plans are formulated, the next step is to organize the man and material in order to accomplish those plans. Organizing is a process through which the firm establishes its structure and determines the authority, responsibility and accountability of each member in relation to the job. Thus, organizing involves

- Giving each member a specific tasks
- Establishing departments and divisions
- Delegating authority to the members
- Establishing channels of authority and communication
- Creating a system to coordinate the works of the members

Staffing This functions deals with the creation and maintenance of human resources through employment, compensation , benefits, training and development, and industrial

¹¹ Pravin Durai (2010)Human Resource Management, n. 6-9

relation measures . It aims to put in place HR policies in order to deal with wage fixation, working conditions, and promotional opportunities for prospective employees. The steps involved in the staff function are

- Determining the type of peoples to be hired
- Recruiting prospective employees and selecting the best ones from them
- Compensating the employees
- Training and developing the employees
- Setting performance standards and evolution the employees ' performance
- Counseling the employees¹²

Directing is the sum several activities like communication, leadership and motivation. Directing is, as a function , aims at securing willing cooperation from the individuals and the groups to achieve the predetermined goals. It includes the following activities:

- Getting work done through subordinates
- Ensuring effective two-way communication for the exchange of information with the subordinates
- Motivating subordinates
- Maintaining the group morale¹³

Controlling is the process of checking the efficiency of the individuals and the groups in fulfilling the plans and goals through follow-up measures. It is essential for continuous improvement in the managerial actives. The processes involved in controlling are

- Establishment of standard performance
- Measurement of actual performance
- Comparison of actual performance with the standard one to find the deviations

¹² Pravin Durai (2010)Human Resource Management, n. 6-9

¹³ Pravin Durai (2010)Human Resource Management, n. 6-9

- Initiation of corrective actions, if there are any deviations¹⁴

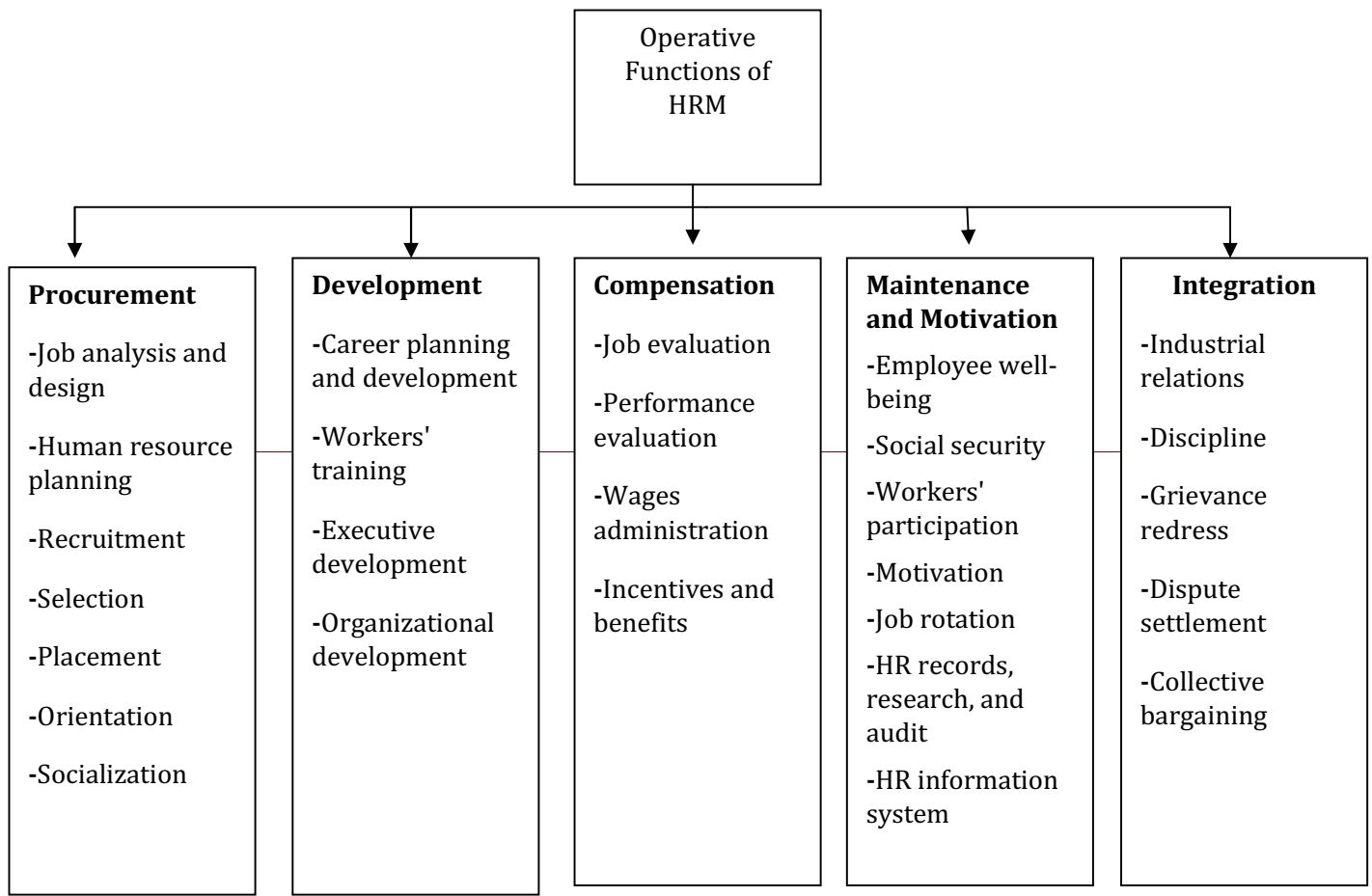
Operative Functions

Staffing is one of the managerial functions. But this function is normally performed by the HR managers for all the departments of the firm. In most organizations, the HR department establishes personnel policies and coordinates the HR functions of all the departments. This function is also called the operative function of HRM function. It includes, amongst others, the processes of hiring, training, compensating, appraising and retaining employees, and attending to their labor relations, health and safety, and equality concerns (see Fig 1.2). Andrews has carried out a detailed study on the functions of HRM and commented:

In most organizations, the personnel of HR department establishes policies and coordinates functions such as job analysis, personnel planning, the recruitment and selection of employees, training and development, performance appraisal, compensation and employee benefits, labor relations, employee discipline and control, and occupational health and safety.

Procurement Procurement refers to a series of activities undertaken by the HR managers for filling the present and future vacancies of the organization. The activities include job analysis and designing, HR planning, recruitment and, finally, the selection of suitable employees. Here, job analysis refers to both the determination of specific tasks and responsibilities connected to a job and identifying the skills, knowledge and abilities required for the job holder. HR planning involves choosing and placing the right person at the right job and at the right time. Recruitment involves gathering a pool of applicants from which suitable employees may be selected. Lastly, selection involves screening, testing, interviewing and hiring the most suitable employees for the organization.

¹⁴ Pravin Durai (2010) Human Resource Management, n. 6-9



Development here refers to both employees' training and management development. HR managers are responsible for conducting and supervising training and development programs for employees. The purpose of a training and development program is to increase the employees' competencies in their job by improving their knowledge, skills and abilities. Training and development is widely accepted as a method for enhancing the employee skills, increasing the individual and organizational performance, improving the employee morale, and achieving the business growth and success.

Compensation refers to the determination of the pay scale and other benefits for the employees. Establishing and maintaining the pay system of an organization is one of the principal jobs of the HR managers. They must devise ways to ensure fair and equitable pay rates. In addition, HR managers should regularly manage the performance evaluation system of the organization, and continuously design reward system such as performance-linked incentive plans and bonus and flexible work schedules.

Maintenance The maintenance function aims at retaining efficient and experienced employees in the organization. This calls for creative HR practices. In this regard, HR managers are responsible for offering a wide range of HR programs covering occupational safety, health promotion and physical fitness, canteen facilities, recreation

activities, transportation programs, employee suggestion schemes, career counseling and growth for creating a positive work environment.

Integration It consists mainly of industrial relations and aims at ensuring good relations between the management and the employees. HR managers have to implement industrial relations programs that would ensure ethical and fair treatment in disciplinary action, grievance redress, and career management processes. They should also counsel the employees and the management to prevent and, when necessary, resolve disputes over labor agreements or other labor relation issues.

It is to be understood here that the functions of HRM can vary widely from one organization to another, depending upon its nature, size and objectives. For instance, a smaller organization may follow a shorter HRM process with a greater emphasis on function like procurement and compensation and little or no priority for activities like training and development and industrial relations maintenance. On the contrary, large organizations may pursue a longer and more comprehensive HRM process to meet the requirements of both the management and the workforce.¹⁵

2.4. ISSUES IN HUMAN-RESOURCES MANAGEMENT

Human-resources management at all levels is one of the major concerns of hospitality managers. Staffing hotels and restaurants with willing and qualified employees has been a challenge for some time now. During the 1970s, when the hospitality industry's growth was fastest, there was also a continuing influx of young people into the workforce as the baby boomers entered their teenage and college-age years. By the beginning of the 1980s, however, the number of young workers began to decline, a decline that has continued to expand, a growing shortage of workers has developed in more markets, reaching crisis proportions for some operators. Although the shortage will not worsen seriously, it will be well into the decade before it gets better, and then only slowly.

As early as 1985, more than 80 percent of quick-service managers surveyed by *Nation's Restaurant News* reported their operation to be understaffed, and even when we have faced recession, most labor markets have continued to report periodic scarcity. We have noted, too, in earlier chapters, that competition for workers from sectors such as health care and retail is fierce now and likely to become more so. Quick service has felt the shortage of young workers more severely than have some other hospitality businesses, but virtually all segments are significant employers of young people, and all draw from roughly the same total labor pool. When the pool is in short supply, it doesn't take long for all segments to be affected.

Operations have found that where labor shortages have been severe, it meant that managers often had to work stations to cover for absent crew members. Moreover, when not working to cover missing employees, they had to spend an excessive amount

¹⁵ Pravin Durai (2010) Human Resource Management, n. 6-9

of time on recruiting. Later in the chapter, we'll look at what they and others have done to address the labor shortage. Even if there weren't periodic labor shortages, though, human-resources management would be a major concern for two good reasons.

First and most important is that in a field whose stock in trade is **personal service**, the success of the whole enterprise often rests on the kind of employee and how he or she performs a certain job. In particular, the public-contact employee- the waiter or waitress, counterperson, or desk clerk-must be chosen with special care. The back- of- the-house employee must also have definite qualifications. If the cook that the waitress must deal with in the back of the house is a temperamental plate thrower or a foul-mouthed grouch, it will be hard for her, regardless of how pleasant she may be, to show her good side in the dining room.

A second reason for the importance of staffing is the significance of its cost. Few hospitality firms spend less than 25 percent of their sales on **payroll costs**, and some hotel food service departments spend as much as 40 percent of food and beverage sales on payroll and related costs. Moreover, wages had been increasing rapidly in the hospitality industry even before there was a labor shortage. With wages rising at all levels of operation, you can be sure that wage cost will be a major concern for the rest of your career.

Aside from wages rates, one of the major contributors to the high cost of labor is high turnover. There are definite costs associated with hiring and training an employee. If that employee leaves just when he or she is about to become productive, the turnover will be both expensive and wasteful. Reducing turnover, then, is a primary goal of the human-resources function. This reduction involves some key ideas: matching the person to the job, giving the new employee a favorable first impression of the company, stressing the importance of the job, and providing enough training to make the new employee feel able to do the work required.

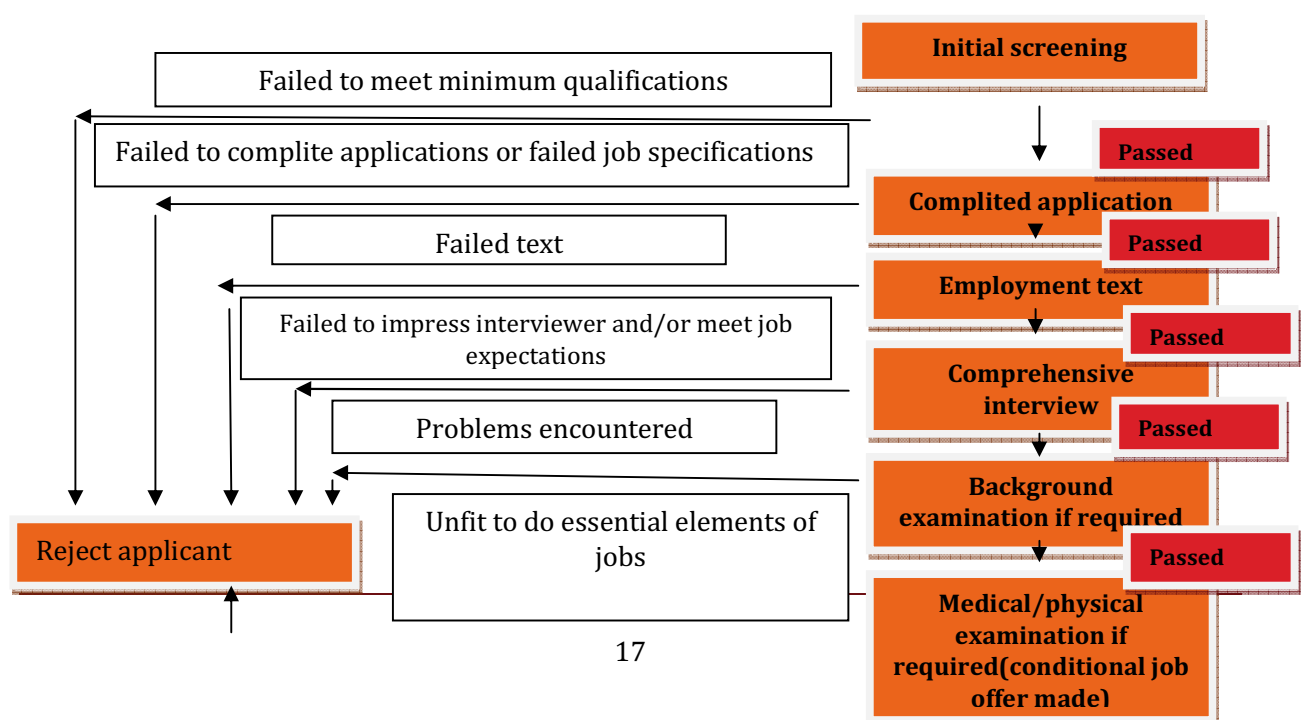
Actually, human-resources management involves, at one time at another, all the other components of the management process. As you will see in the last section of this chapter, staff planning is crucial, and staffing reflects management's organizing efforts at controlling labor costs. The process of induction and training is closely tied to the function of directing and leading. Because of the importance of people in our industry, however, we must isolate the staffing work of managers for the purposes of study. We can define staffing-or human-resources management- in this way: Staffing is the work that managers and supervisors do to determine the specific personnel needs of their operations- to attract qualified applicants and to choose the best-suited of these for employment and training. The manager accomplishes the human-resources management function by using specialized staff planning tools.

3. FITTING PEOPLE TO JOBS

Although most managers have always tried to choose the right person for the job, particularly in responsible positions, there was no general awareness of the importance of this practice until Frederick Taylor's time. In some places, tradition determined who would take a job. Labor was often so poorly paid that people were chosen for the jobs on the basis of how little payment they would accept. Thus, although it may seem obvious to us, the modern practice of matching person to job has been the general practice for only about a hundred years.

We should note that some people in hospitality management still don't have an organized notion of the human-resources function, and an even larger group sometimes appears not to understand it. Some managers are constantly surprised when work does not get done, even though they have not staffed their positions so that it will get done. Such people hire whoever comes in the door and put him or her to work with little or no training. Either hospitality managers who proceed in this way fail or they succeed in spite of their staffing weaknesses because of some other special strengths. Just because some operators do not understand the principle of wise staffing, however, is no reason to follow their lead and ignore these principles.

Many successful independent operators appear to follow no formal staffing procedures but achieve effective staffing results anyway. Although they may ignore formal procedures, these operators generally follow informal procedures picked up through experience, in talking with competitors, at trade shows and industry meetings, and so forth. In practice, these informal procedures may come close to more formalized programs. These operators, by and large, are the "old pros". Although their results are good, beginners would probably do better to start with proven fundamentals. Figure 18.1



3.1. JOB DESCRIPTIONS

If a company has no formal staffing procedure, the first step in adopting one will be to identify each job being done. For each job identified, the company prepares a **job description**. (Job descriptions for workers are often based on formal task analyses prepared by someone with industrial engineering training.) Figures 18.2 and 18.3 illustrate sample management job descriptions. Job specifications, on the other hand, specify the exact requirements that a person must bring to a job.

The logic of the job description should be obvious. We can hardly hire the right person for the job until we have a good idea of what the job is. Once a job is analyzed carefully, some minimum standards for an applicant should emerge. Sometimes these standards are broken down into physical requirements, mental ability, and emotional or attitudinal characteristics.

Physical Requirements. The person hired must be able to do the job. If a server must reach across a booth, the applicant may have to conform to some minimum height requirement (5 feet is used by some companies). A receiver's job may require someone able to lift 100 pounds and generally able to do heavy physical work. A company must be cautious when establishing any physical requirements for a job and be confident that they are indeed necessary qualifications. Federal regulations such as the Americans with Disabilities Act (in the United States) have complicated this process. An employer, however, still has the need to fit the person to the job to a certain degree.

Mental or Intellectual Abilities. Some jobs require specific intellectual abilities. Desk clerks and other public –contact employees must speak reasonably clear English. *In Quebec, they will need English and also are required to be fluent in French. In some parts of the United States, Spanish is helpful and/or necessary. (Waitresses and waiters must have sufficient arithmetic ability to total a check. Cooks and bartenders must be able to convert recipes from one yield quantity to another. Testing is one method that employers use to determine if a job candidate has the necessary abilities.

Emotional or Attitudinal Characteristics. Once again, public/contact employees should express by their manner a reasonably pleasant disposition. Those who are hired to work under pressure, such as servers and bartenders, should not project a nervous or irritable disposition. An increasing number of companies are concerned as well with an employee's ability to get along with fellow workers and to work in a team.

Employees with Disabilities. In some jobs, physical or mental disabilities are not a drawback. Food service is a major employer of handicapped workers. Among operators

¹⁶ Steps in the job selection process. (Source: David A. DeCenzo and Stephen P. Robbins, Human Resource Management, 5th ed, New York: John Wiley & Sons, 1996, p. 171. Reprinted with permission.)

who employ disabled workers, 90 percent reported that disabled workers performance was excellent or good when compared to nondisabled workers. Since the passing of the ADA in 1993, many businesses within the restaurant sector have been extremely proactive at hiring and training disabled workers. Certain restaurants have worked hard at hiring from this group and received tremendous recognition for their efforts. Of the 27 employees at the Wilson street grill in Madison, Wisconsin, over one-third have some sort of disability. The owners indicate that they haven't changed their high standards and continue to require tests and a probationary period for all employees. The organization has simply been successful match employees with the right job in the restaurant.¹⁷

¹⁷ William H. Davidow and Br Uttal, Total Customer Service: The Ultimate Weapon (New York:Harper&Row, 1989),p.40

NAME: _____ DATE: ____ / ____ / ____ Page ____ of ____

POSITION TITLE: Food Service Manager	JOB CODE:	EFFECTIVE DATE:	
REPORTS TO: Food Service Director	LOCATION: East		
DIVISION: Educational	AREA GROUP	REGION/DEPT	DIST/SEC/UNIT

Basic Function:

Handle all assigned responsibilities in a professional manner.

Scope:

1. Responsible for all phases of unit as designated by FSD.
2. Responsible for all phases of the cafeteria.
3. Responsible for all catered events.
4. Responsible for expanding business volume in the above-listed areas.

Principal Duties (by Key Result Area):

1. Training and developing staff to full potential.
2. Ordering, using competitive bids and approved suppliers.
3. Manning/pricing.
4. Developing two specials per month as per schedule forwarded to FSD and DM: that is, "monotony breakers."
5. Determining pre- and postcost to attain a financial success.
6. Maintaining records for following year reference.
7. Attaining financial goals.
8. Maintaining a high level of satisfaction.

Position Specifications:

1. Must be able to work as an integral part of a management team.
2. Must be able to maintain a rapport with superiors and subordinates.
3. Must be able to cope with work pressures.
4. Must be innovative and willing to take the initiative.
5. Must maintain a professional appearance as deemed necessary to satisfy the client.
6. Must have the ability to plan and organize.

Where/How to Obtain Training:

1. Second-phase management development program.
2. On-the-job training.
3. Company-initiated programs and films.
4. Management meetings.

Figure18.2. Job description-manager

NAME: _____ DATE: ____ / ____ / Page ____ of ____

POSITION TITLE: Chief Dietitian	JOB CODE: FO 6	EFFECTIVE DATE:	
REPORTS TO: Food Service Director	LOCATION: East		
DIVISION: Health Care	AREA GROUP	REGION/DEPT	DIST/SEC/UNIT

Basic Function:

To obtain or improve nutritional status of patients.

Scope:

To be responsible for high-quality nutritional patient care and instruction.

To be responsible for overseeing the activities of one other dietitian.

Principal Duties (by Key Result Area):

1. Visiting and instructing patients and recording in medical charts.
2. Supervising diet aides and ensuring that all patients are visited within 24 hours of admission.
3. Working closely with in-service department orienting new hires and students to procedures of dietary department.
4. Operating an outpatient diet instruction clinic.
5. Supervising proper preparation and distribution of tube feedings and nourishments.

Position Specifications:

BS degree in foods and nutrition.

1 year ADA-accredited internship.

ADA membership.

ADA registration.

Where/How to Obtain Training:

Local monthly dietitian's journal club.

State and national dietetic association meetings.

Local and state diabetes association meetings.

Figure 18.3. Job description-dietitian

4.RECRUITING

Once we know what kind of people we want for each job we have identified, we must try to attract a pool of applicants that permits us to select the best-qualified. This activity is known as **recruiting**. Indeed, we will shortly argue that, in the face of labor shortages, it has become as necessary to segment the labor market as it has been to target the appropriate customer group. The major sources of prospective employees are the operation itself (the internal source) and various outside sources. Each has its special strengths and problems.

It is interesting to see what steps are taken in the search process when there is a severe labor shortage such as the one we mentioned earlier. What one company did was to appoint a special task force of human resources and operations people to lead a crash recruiting program in the area. The task force compared the company's operating, pay, and human-resource practices with those of its competitors. As a result, wages and benefits were adjusted as appropriate, an incentive program was introduced for suggestive selling, and the employee food discount and vacation programs were improved. Moreover, the task force used mobile recruiting vans and developed a reward program for referrals of new employees by those already on staff.

As you can see, recruiting involved thinking through the job the company had to offer in much the same way it might have looked at a product for sale. Increasingly, employers are seeing themselves as having, in effect, "jobs for sale", with their prospective employees as their customer. Day in and day out, crisis or not, recruiting follows the same general pattern.

4.1.INTERNAL SOURCES

Recruiting via **internal sources** can be accomplished a variety of ways. Employees often recommend their friends and relatives for work. Many hotel and food service employers pay a bonus to employees who refer applicants who take a job and stay in it for a specified period of time. Hiring people who come with the recommendation of reliable employees increases the chances that the new employee will fit in with the existing organization. Because the person recommending the new employee has to go on record not only with the boss but also with fellow employees, he or she is likely to make recommendations cautiously. Besides, the current employee will have to work with the new hire, too.

A second internal source is the pool of former employees. Some may have left to raise children or pursue further schooling others may have changed employers for what looked like a better opportunity. Because former employees are a known quantity- and because they know the company and its practices- they have an advantage over a new applicant. Many firms make a practice of using former employees, particularly servers, on a **part-time** basis for parties and banquets or for an extra-busy day such as Mothers day or a football weekend.

Of course, when trying to fill higher-level positions*supervisory and above(, there is always the third source, which consists of current employees themselves. Some companies pride themselves on taking care of employees first by promoting from within. This practice will necessarily leave a vacant position at some level below the newly filled position, however, requiring the company to eventually search externally.

Although internal sources offer the advantages of a known quantity, these sources may not supply enough people in a tight labor market. If an operation requires a major addition to its workforce-for example, after expansion-these sources are often inadequate, and so the operation must look outside.

4.2.EXTERNAL SOURCES

The two major means of contacting employees via **external sources** are through advertisements and **employment agencies**. Also, some applicants walk in. finally, operations that are organized by a union can call the hiring hall and ask that members be referred for employment.

Advertising. The strengths and weaknesses of advertising lie in the number of applicants it generally yields. In help-wanted ads, posted either online or in traditional print media, you direct your request to a large readership. People who read help-wanted ads are usually searching for a job or thinking of changing jobs. From this large number of readers, a good number of people are likely to apply. Thus, the employer can choose those who appear to have the best qualifications from among a large pool of applicants. When several positions must be filled or when a new operation is being started, the large number of applicants offers obvious advantages.

On the other hand, those large numbers can be a disadvantage. Dealing with a great number of applicants is time-consuming. Each applicant submits an application (and in some cases, must be told how to complete it), and then each application must be processed. These clerical duties are compounded by management's commitment to interview the applicants, which also takes a great deal of time. Because applicants are members of the public-that is, members of the community from which the customers come-each applicant must receive courteous attention, or management risks losing their patronage and that of their relatives and acquaintances. Because of the time commitment necessary, many employers advertise jobs only if they have a number of positions to fill or if the labor market is especially tight.

Some firms have found job fairs and open houses an effective approach to mass recruiting. Job fairs provide a neutral atmosphere where job seekers and employers can meet informally. The setting lends itself to brief, informational exchanges that also often give the employer an opportunity to screen applicants and call back those who seem interesting. An open house functions in much the same way but gives the company an opportunity to acquaint applicants with its operation.

Employment Agencies. Each state maintains employment offices in or accessible to all communities in the state. The agencies are operated with tax revenue +; thus, they require no placement fee from either the employer or the employee. Because people must register with the employment service when they are out of work in order to qualify for unemployment compensation, this office remains constantly in touch with job seekers.

Many employers make it a point to become personally acquainted with the state employment office's manager and counselors. If the employment office staff knows an employer's applicant standards, the office can save a great deal of time by screening applicants for the employer. Then, too, these staff people are often contacted by people they have helped before who are considering a change of employer. The experienced counselor often helps employers make hiring choices, and the counselor's recommendation can also influence a capable employee's choice of employer.

Private employment agencies charge a fee, which is sometimes paid by the employer. Although some private agencies handle hourly personnel in the hospitality industry, the authors' experience suggests that the greatest users of private employment agencies in our field are supervisory and executive personnel.

4.3. SEGMENTING THE EMPLOYEE MARKET

Each segment- teens, working mothers, or older workers- has special needs. For teens, part-time and weekend work is important. Many mothers are interested in working while their children are in school. Older workers have quite different perceptions of the hiring process and do not respond well to newspaper advertising. Rather, they are more likely to respond to specialized employment organizations and state, city, and local agencies. They, too, prefer part-time employment and flexible scheduling.

In today's workforce, an educated and often discriminating employee decides where to work. Under the circumstances, recognizing recruiting as more like selling just makes sense.

5. SELECTION AND EMPLOYMENT

To this point, we have explored ways to determine what kinds of employees we need and ways to contact potential employees. We turn our attention now to the process of selecting and "breaking in" new workers. The first step, employee selection, is followed by orientation and then by training. Each step is crucial to developing productive workers.

5.1. SELECTION

Rich Melman's Lettuce Entertain You Enterprises (LEYE) has one of the hospitality industry's lowest turnover rates (47 percent). Suzie Southgate-Fox, the company's senior vice president for human resources, sums up the secret of Lettuce's success: "We hire carefully. We look for people with things we can't teach." She uses words such as "aware, caring, sweet, giving, team player" to describe the traits they want.¹⁸

The selection process involves gathering, classifying, and analyzing information available from several sources. An application often tells more than an applicant realizes. For instance, if an applicant cannot follow the simple directions on the form, a manager is entitled to wonder if he or she will be able to learn the job. If an applicant does not bother to fill it out completely, he or she may be unwilling to do assigned work. If the open position- say, that of a desk clerk - involves writing, an application filled out with an illegible scrawl may disqualify the applicant.

A properly completed application should account for the applicant's work over the period specified on the application. Any blanks or "extended vacations" should be carefully checked. (The cashier you're about to hire may have spent some time in jail for embezzlement.)

The application form usually helps screen out applicants, allowing management to pinpoint the ones it is interested in inviting for an interview. The application can even help start the interview. During the first part of the interview, an interviewer should clarify any ambiguous information on the application. The interviewer will also want to give the applicant information about the company and the job. This interchange helps most interviewers begin the process of sizing up the applicant, determining what kind of a person he or she is and how he or she would get along with the present employees. Interviewing should also focus on the applicant's background and indicate whether he or she is, in fact, qualified (or what is sometimes a bigger problem, overqualified) for the job and whether he or she would actually like the job and be likely to continue in it. A form that suggests one company's approach to summarizing an interview and an applicant evaluation is shown in Figures 18.4 and 18.5.

Applicants should list their references and former employers on the application blanks, and these entries should be checked. Most references are selected because the applicant thinks he or she will receive a good review, and so it is important to check with the employers to verify the employment history and, where possible, to learn how the applicant performed. At the end of the interview, the applicant should be told when he or she will be contacted regarding employment or a follow-up interview (depending upon company policy). If several people are being considered, an applicant should be told when a decision is to be made. Those applicants who are not hired should be notified promptly so they can continue their search for employment. Most employers maintain a

¹⁸ Christopher H. Lovelock, *Services Marketing* (Englewood Cliffs, NJ: Prentice-Hall, 2001)

file of applications from people who were not hired. Thus, a person not chosen at one time may be contacted later. (Incidentally, a file like this helps establish that management has followed fair-employment practices.)

Although the object of the selection process is to find the right people, in part that means avoiding the wrong people. One group most employers want to avoid is people who use drugs. Estimates of the proportion of drugs users range as high as 30 percent of the workforce- and 75 percent of drugs users use drugs on the job, so this is not a small problem. Experience indicates that drug users have five times as many workers' compensation cases and draw three times as much in health claims, thus impacting insurance premiums unfavorably. Absenteeism among drug users is two and a half times that of employees who do not use drugs, and people with this problem are 25 percent less productive than the rest of the workforce. Accordingly many employers have begun to use pre employment drug testing as a means of excluding these undesirable prospects. Marriott, Houston's, and Disney are just a few of the hospitality companies that have earned strong reputations for their selection processes.

5.2. ORIENTATION

It's an old saying- and a true one- that first impression are lasting impressions. It is surprising, then, how often new employees are told to sign some papers, given directions to the locker room, and then promptly forgotten. Such casual procedures destroy the golden opportunity to start a new employee off on the right foot. Common sense should suggest that the new employee be enthusiastically and cheerfully introduced to the operation, to fellow workers, and to the new job. **Orientation** presents companies with that very opportunity.

Ritz-Carlton puts heavy emphasis on orientation of new employees because it is the company's experience that the first three or four days are crucial in determining the outlook an employee will have in his or her work. It is not a coincidence that many successful hospitality companies have adopted this same attitude toward orientation.

6. TRAINING

Some operations- especially independent operations that do not feel they can afford a continuing training program- prefer to hire trained employees. Even when experienced workers take a new job, they must still receive enough training to orient them to the operation's special procedures. Many companies prefer to hire people with no experience at all. These companies argue that it is easier to train from scratch than to hire someone who has to unlearn what the employer, at least, views as a satchel of bad habits. An employee who knows only one way to do the work is unlikely to stray from approved practice.

Training is unquestionably costly. Employees must be paid for the time during which they are learning but not yet productive, and trainees also consume a good deal of the

trainer's valuable time. This is why the selection process we discussed earlier is so important. There is no point in spending time, money, and effort on somebody who turns out to be unqualified for or uninterested in the job.

The alternative to training- not training- may be even more expensive. Training does cost a lot; but the cost of not training is poor service and lost customers, and a lost customer may never return. Thus, the lost revenue from poor service far exceeds the cost of training a worker properly.

Not only does management lose customers by not training, but it is liable to lose the employee as well at just about the time he or she becomes productive. An employee who is thrown into a job that he or she does not know is bound to feel inadequate, to say the least, and is likely to begin looking for other work. In fact, many studies have shown a strong relationship between the training an employee receives and employee turnover.

Training and retraining can be the key to maintaining quality in products and, at the same time, reducing turnover. At Ritz-Carlton, for instance, training leads to certification for quality performance- and then to periodic retraining for recertification.

6.1. MANAGEMENT TRAINING

Companies, particularly those planning to expand, often develop large entry-level training programs for new or promotable management employees. Companies may accelerate their management training activity in advance of a major expansion drive so as to have a pool of assistant managers to draw from as new unit managers are needed. Some chains cooperate with local educational institutions, using both their facilities and staff to handle a surge in training needs. Some companies, too, are finding that management training helps reduce turnover. Such courses include content relating to both people skills and new technical skills needed on the job. Managers are often encouraged, too, to continue their training by means of company correspondence courses, local continuing education courses, as well as through professional reading.

Because managers are responsible for the productivity of all their employees, it makes good sense for companies to concentrate their efforts on preparing productive managers. For the future hospitality manager, management training programs may offer a shortcut to acquiring practical management know-how. Looking into your prospective employer's training program is just enlightened self-interest.

6.2. ON- THE- JOB TRAINING

The most common method of training in the hospitality industry is pairing the new employee with an experienced worker (also called "shadowing"). Unfortunately, this pairing is often done haphazardly: A new worker is assigned to whichever experienced worker may be handy. A "market research" study of restaurant employees' views on

training found that many felt their training had not been formal enough and that it lacked manager involvement. Employees prefer to train with a training specialist or a manager instead of “just another employee”.¹⁹

Although the details of developing an actual training program extend beyond our concern here, we can note that the basic elements involve developing trainers who known- and will show- the approved way of doing the task, and are trained in training as well as in the job.

Tasks analyses that spell out in writing the steps necessary in each job greatly facilitate training. The learner can be given them to study, and the trainer can use them to be ready to give instruction.

At the beginning of World War II, a huge number of war plant workers had to be trained for new jobs in a hurry. At that time, management experts identified a four-step procedure as the best way to go about his rapid training:

1. Tell me. Explain the task to the worker. Include why it needs to be done and why it must be done in just this way.
2. Show me. Demonstrate the job, explaining as you go along. Continue demonstrating until the worker is ready to try it.
3. Let me do it. Let the worker perform the task slowly, asking questions as needed. Not until trainer and trainee are comfortable with the trainee's independent performance should he or she be allowed to do it alone.
4. Follow up. Once the new employee achieves enough proficiency to be able to perform independently, he or she should receive close supervision to be sure that shortcuts or bad habits don't grow gradually to mar performance.

Many hospitality companies, particularly quick-service restaurants, follow this exact method of training. Notice that an employee is not generally trained in a job but in tasks. Thus, training for a new dishwasher might involve the following:

1. Scraping-removing garbage from plates
2. Racking-putting dirty dishes in racks
3. Feeding-feeding dirty dish racks into the dishwasher
4. Catching-receiving dish racks from the “clean end” of the machine
5. Stacking-removing clean dishes from the rack and stacking them in a temporary storage place
6. Transporting-moving clean dishes back to where they are used, often in special carts or lowerators

Each of these (and the list could be extended a great deal further) is a separate task, and for each, “one best way” will permit the greatest possible speed and the least

¹⁹ Shostock, “Planning the Service Encounter”, p.253

breakage and injury. Teaching tasks separately, one at a time, may seem slow, but it is really the best way to prepare a new employee for the complete dishwasher job.

6.3. EVERYBODY GETS TRAINED

A final point is worth nothing here: Training never stops. When a new employee comes to work, management can take charge of that learning process or leave it to whatever influences come along. Either way, the employee will be trained. Clearly, however, common sense sides with a planned, management- controlled training effort.

6.4. RETAINING EMPLOYEES

Because so much effort goes into recruiting qualified people, and so much time and trouble goes into training them, there is clear need to hold on to good people once they come on board. We can hardly solve so complex a problem here, but this may be a good place to review some key provisions that some companies are finding helpful. Several factors are crucial to **retaining employees**. As we've already indicated, taking the effort to get the right people is an important first step.

Second, the way people are treated makes a great difference. Praise in public for a good job, but reprimand in private when things don't go right. Efforts to improve the two-way flow of information are important, too. In smaller units, face- to- face conversation may be enough. In larger companies, company newspaper can recognize employees' accomplishments. At some companies, employees fill out an "employee comment slip" reporting what customers say, evaluating the food they served, and commenting on what was good or bad on their shift. Managers read these carefully. Even more companies use periodic employee surveys to assess employee morale and managers' effectiveness in dealing with people.

Offering opportunities for advancement is important. Companies that promote from within find most of their management trainees from their own hourly ranks. They offer an opportunity for advancement that is an added inducement to performance.²⁰

6.5. STAFF PLANNING

Hospitality managers concentrate on staff planning not only because of the high proportion of income they spend on salaries and wages but also because of the great importance they attach to adequate coverage- that is, always having sufficient staff in the appropriate jobs to meet the operation's needs. Anyone who has seen a hotel coffee shop flounder when the key breakfast cook failed to show up, or a kitchen where the pot washer walked out in the middle of a meal, knows the chaos caused by the absence of just one key person. On the other hand, you may have noticed some food service

²⁰ Peter G. Klaus, "Quality Epiphenomenon: The Conceptual Understanding of Quality in Face-to-Face Service Encounters," in Czepiel, Solomon, and Surprenant, eds, *The Service Encounter*

operations that both open at 7:00 a.m. and bring in a full dish room crew at the same time. The crew then sits around with nothing to do until the dirty dishes gradually start to collect a half hour or 45 minutes later. Proper staff planning ensures coverage, but it would avoid superfluous, wasteful coverage like this.

Because staff planning is so important, most hospitality curricula devote at least a large part of one course, and sometimes more than that, to it. In our brief discussion, we can only introduce this form of planning and some of its key tools.

7.INTRODUCTION TO HOSPITALITY CONSUMER BEHAVIOUR

Successful marketing managers focus on understanding their consumers' wants and needs as clearly as possible. Thorough marketing research has allowed marketing managers of tangible products such as automobiles, tooth-paste, laundry detergent, and most other products to understand their customers. More recently, markets have begun to better understand the subject of consumer behavior as it relates to the consumption of services. This knowledge enables marketing managers to develop sophisticated marketing programs aimed at very specific target market segments.

One of the most perplexing problems confronting hospitality managers is to understand why hospitality consumers behave as they do. This chapter explores several important aspects of consumer behavior, including the internal and external factors that influence consumer behavior, the way in which consumers make purchase decisions, satisfaction of hospitality consumers, and how continuous quality improvement can be used as a marketing tool. In general, consumers' behavior can be defined as the study of how an individual's thoughts, feelings, attitudes, opinions, and patterns of behavior affect what he buys, when he buys, why he buys, and how he uses the product or service he purchases. The study of consumer behavior focuses on understanding consumers as they purchase products or services. This behavior takes place within the larger context of the environment in which each individual operates. Therefore, consumer behavior examines the roles and influences that others have on the behavior of individual consumers.

Understanding the behavior of hospitality and tourism consumers is among the most important challenges facing management. It is critical that managers remain in constant communication with those who consume the products and services, and pay close attention to consumer needs so that they will be ready to change elements of the marketing mix when consumer preferences, wants, or need change. For example, in recent years many consumers have demonstrated an increasing emphasis on healthier diets. This concern has led them to request – even, in some cases, demand- menu choices that are healthier. Restaurants have responded by providing menu choices that are lower in fat and salt and adding more fresh fruits, vegetables, and grains. The product and services made available to consumer must respond to the changing needs of the target market segments.

The study of consumer behavior is based on two fundamental ideas: that consumer behavior is rational and predictable and that, as marketers, we can influence this behavior. Contrary to what some may think, the behavior of consumers is not irrational or random. Consumer behavior that appears to be irrational to the outside observer is very rational to the individual making the purchase decisions. As we've noted, restaurants are increasing the number of healthier menu choices because restaurant guests were demanding them. Yet at the same time, the sale of desserts and other sweets has also increased. Is this rational? Does it make sense from the consumer's point of view? How can consumers appear to exhibit this conflicting, and perhaps irrational, behavior? Consider it from the restaurant guest's point of view and it is very rational. Suppose that a particular customer has made healthy menu choices all during the week. However, when dining out on Friday evening, he indulges in a high-calorie, high-fat dessert, saying to his friends, "it's been a long, hard week, and I'm going to treat myself to the mocha swirl cheesecake." This is not irrational behavior in the mind of the consumer. He believes that he has cut back on calorie and fat consumption all week and it fact deserves a special treat at dinner on Friday. The challenge for restaurant makers is to recognize the trends in consumer behavior and provide the product and services that consumers demand.²¹

7.1. UNDERSTANDING THE GUEST

To well- managed hospitality organizations, guests are not statistical entities, vague concepts, or abstractions. They understand that within the heterogeneous mass of people they serve or want to serve, each is an individual, each is unique; some companies use the term VIP to remind their employees that they are serving "very individual people". Each guest brings to the guest experience a different bundle of needs, wants, capabilities and expectations. Some guests will arrive happy and excited about whatever is going to happen to them. Others will arrive unhappy, bored, or even angry. Some guests know how to use the fondue pots. Others need to be taught so they don't burn themselves. Even more challenging is that it is possible that the happy excited guest that came yesterday is the unhappy angry guest coming in the door today. The hospitality organization must not only strive to satisfy each of the guests it seeks to serve in its target market but also adapt what it does to account for the changes in expectations, wants, needs and capabilities that those guests may have from visit to visit.

The first step in understanding how to manage the guest experience than is to understand the guests that are in their target market, to whatever extent possible. Ideally, this understanding would include the traditional demographic breakdowns of age, race, gender and guests home locations; the psychographic breakdowns of how they feel, what their attitudes, beliefs, and values are, and what kind of experience they need, want, and expect the hospitality organization to deliver; and the capabilities (their knowledge, skills, and abilities to coproduce the experience.

²¹ Robert D.Reid and David C.Bojanic Hospitality Marketing Management(Fifth Edition)str.89

Meeting the expectations of a customer who arrives needing but not really wanting the service and angry at the service provider, perhaps even at the world itself, is difficult. In such situations,²² ensuring the quality of the service experience is even more crucial because of the circumstances leading to the need for the services. For example, those employing the services of a funeral home rarely do so under happy circumstances. Most dental patients coming in for a root canal will neither enter nor leave the dentist's office filled with joy. In hospitality, sometimes people must travel but don't particularly want to, like the overtired business traveler, the reluctant wedding guests, or the child forced to go on the family vacation or out to a family dinner. Fortunately, most guests of hospitality organizations not only are capable of coproducing the experience but also eagerly anticipate the service and have no problems with needing it or wanting it. They are easier to keep happy than the person waiting for the dentist drill, surgeon's knife, or divorce lawyer's advice, or otherwise forced into circumstances not by their choosing.

Understanding and appreciating the guests, their expectations, and their capabilities are varied motivates the guest-focused organization to design each guest's experience from each guest's point of view, to offer a personalized experience insofar as possible.

7.1.1. THE GUEST EXPERIENCE

A term that we have already repeatedly mentioned and will recur many times in the following pages is *guest experience*. It is the sum total of the experiences that the guest has with the service provider on a given occasion or set of occasions. If you tell your friend that last night you had a "wonderful evening at the dinner theater", you are referring to the evening as a whole and are thinking of it that way; the evening of theater was your guest experience. Providing you with the different phases and aspects that made up your wonderful evening, however, took many dinner theater employees, some of whom you saw and some of whom you were not even aware, who produced those different activities and projects flawlessly. For purposes of planning and execution, most hospitality organizations divide the total experience they offer into convenient units or components. For purposes of explaining the total guest experience, we shall do the same, even though such a division is to an extent artificial. W. Neu and S. W. Brown suggest that even traditional manufacturing organizations are increasingly interested in the service component of the manufactured product as they have recognized the value of the total product offering, including the services associated with it.²³

7.1.2. PRODUCT, SETTING, AND DELIVERY

In a way, this entire book can be oversimplified into one (fairly long!) sentence: We are going to show how the benchmark hospitality organizations use their strategy, staff, and systems to provide each guest with a seamless three-part guest experience—service

²² Managing quality service in hospitality, Robert C. Ford, Michael C. Sturman, Cherrill P. Heaton, 2012 Delmar Cengage Learning

²³ Managing quality service in hospitality, Robert C. Ford, Michael C. Sturman, Cherrill P. Heaton, 2012 Delmar Cengage Learning str.10

product, service setting, and service delivery- each part of which will at least meet the guests expectations and the sum total of which ideally will make the guest say, or at least think, “wow!”. In a simple service situation, the entire guest experience might be delivered by a single person in a single moment, but for the typical guest experience, speaking of a **service delivery system** seems more accurate. That system consist of an inanimate technology part (including organization and information systems and process techniques) and the people part – most importantly, the frontline server who delivers, or presents the service, or co- produces it with the guest.

Here is the basic equation that captures all the components of the customer experience that must be effectively managed by the guestologist:

Guest experience = service product + service setting +service delivery system

All the moments you spent at the theater add up to the guest experience you later describe as a “wonderful evening of theater”. But you probably had many, smaller service experiences during the evening. If, for example, at intermission you went to a designated area and received beverage service, that short experience would have its own service, setting, and a delivery system. The next time you go to the vacation resort, take a cruise, fly, or visit a theme park, although you will have numerous separate service experiences, you will end up making a judgment about the quality and value of the overall guest experience. If you spend three days or a week at a resort – as many people do – each days individual guest experiences will add up to the overall days experience, and the one- day experiences will add up to the overall resort experiences.²⁴

7.1.3. UNIQUE, YET SIMILAR

Because incidents and occurrences are never exactly the same for two people – whether at a theater, hotel, vacation resort, restaurant, or on a cruise ship – no two guest experiences are exactly alike. Even if the incidents and occurrences were exactly the same, your experience of them would be unique because the wants, needs, tastes, preferences, capabilities, and expectations you bring to the experience are uniquely yours and may change from day to day. Add in the intangibility of service itself, and the uniqueness of each guest experience cannot be questioned. That uniqueness is what provides the primary challenge to the hospitality service provider. The old saying has it that “you can’t please every guest”, but the hospitality organization has to try, even though everybody is different.

On the other hand, guest do respond to many experiences in similar if not identical ways. These categories of responses can be sampled, studied, and modeled to produce extremely accurate predictive models of what guests will do and how they will behave. Probabilistic statistics is a major tool in the guestologist’s kit for identifying how

²⁴ Managing quality service in hospitality, Robert C. Ford, Michael C. Sturman, Cherrill P. Heaton, 2012 Delmar Cengage Learning str.10

hospitality organizations can best respond to the needs, wants, and expectations of their targeted guest markets. Successful hospitality organizations spend considerable time, effort, and money studying their guests to ensure that each part of the entire guest experience adds something positive to it. They also expend significant resources finding and fixing the inevitable mistakes as best they can.²⁵

Components of the Guest Experience

Though the three elements that the hospitality organization has to work with often blend seamlessly into one experience – and should do so – we can for the purpose of discussion break them out into the service product, setting, and delivery system. Here is a fuller description of each.

7.1.4. THE SERVICE PRODUCT

The service product, sometimes called the service package or service/product mix, is why the customer, client, or guest comes to the organization in the first place. An organization's reason for being is often embodied in the name of the business: Riverside Amusement Park, Omni Convention Center, Sally's Video Arcade, Multiplex Movie Theater, Cheers Bar and Grill. The basic product can be relatively tangible, like a hotel room, or relatively intangible, like a rock concert. Most service products have both tangible and intangible elements and can range from mostly service with little if any product.

7.1.5. THE SERVICE SETTING

The second component of the guest experience is the setting or environment in which the experience takes place. The term *servicescape*, the landscape within which service is experienced, has been used to describe the physical aspects of the setting that contribute to the guests overall physical feel of the experience. Las Vegas casinos are famous for using their hotels design to make the focus of the service setting on the gambling. Hotel lobbies are lavish, making the customer feel he or she is in the resort. Everything the customer needs- the rooms, bars, fancy restaurants, fast food, shopping, shows, - are all conveniently inside the casino. And to get the any service you need-for example, the front desk to check in or out, or to get to any restaurant – you must always pass through the casino. The design of the service setting keeps the customer focused on where the hotel makes its money: from the casino. The servicescape is also extremely important to the themed “entertainment” restaurants like Bahama Breeze, hard Rock Café, and Rainforest Café. They use the distinctive theme of the food-service setting-from the building exterior, to decorations inside the restaurant, to background

²⁵ Managing quality service in hospitality, Robert C. Ford, Michael C. Sturman, Cherrill P. Heaton, 2012 Delmar Cengage Learning str.11

music choice, to table and menu design- as an important means of making themselves memorable and distinguishing themselves from other restaurants.²⁶

7.1.6. THE SERVICE DELIVERY SYSTEM

The third part of the guest experience is the service delivery system, including the human components (like the restaurant server who places the meal on the table or the sound engineer at the rock concert) and the physical production processes (like the kitchen facilities in the restaurant or the rock concerts sophisticated amplification system) plus the organizational and information systems and techniques that help deliver the service to the customer. Unlike a factory's assembly line system, which is generally distant from and unobservable to consumers who can avail themselves of the services directly and coproduce the experience. Also, the output products of an assembly line system can be touched, organization has slipped up and forgotten to clean the room, for example, a crucial moment has not been properly managed and a guest, possibly an excellent long-term customer, may be lost for good.

The moment-of-truth concept is very important :Each guest may have only a few moments of truth during a single guest experience or many moments in a lifetime relationship with a company, but each one needs to be positive. The best organizations identify when and where these moments of truth occur and ensure they are managed well. Since many involve a customer coproducing an experience with an employee, these organizations make a special commitment to ensuring that their servers know how to deliver on the many make-or-break moments of truth every day by not only delivering a flawless service but by doing so in a way that is memorable to the guests.

Another term often used in the services literature is **critical incident**. Dwayne Gremmler , in his review of the technique for collecting data on critical customer experiences, describes its uses, advantages, and disadvantages. His extensive review of the technique offers a helpful checklist of how to use it and interpret its findings.

Many hospitality organizations have asked their employees to identify such moments of truth or critical incidents and record them in a database. Gaylord Hotels, Hyatt, and Disney, for example, ask their staff members to share stories about critical incidents that they have observed so they can use these stories to help teach employees about their service culture.²⁷

7.2.GUEST EXPECTATIONS

Guest arrive with a set of expectations as to what that chosen hotel or restaurant can and should do, how it should do it, how the people providing the service should behave,

²⁶ Managing quality service in hospitality, Robert C. Ford, Michael C. Sturman, Cherrill P. Heaton, 2012 Delmar Cengage Learning str.13

²⁷ Managing quality service in hospitality, Robert C. Ford, Michael C. Sturman, Cherrill P. Heaton, 2012 Delmar Cengage Learning str.14

how the physical setting should appear, what capabilities guests should have to perform their roles or responsibilities in coproducing the experience, how the guest should dress and act, and what the cost and value of the successfully delivered service should be. First time guest build a mindset of expectations based on advertising, familiar brand names, promotional devices, their previous experiences with other hospitality organizations, their own imaginations, and stories and experiences of people they know who have already been guests. The organizational responsibility for bringing new or infrequent guests to the organization usually lies with the marketing departments ability to make promises about what expectations will be met.

Peoples past experience with an organization provide the primary basis for their expectations regarding future experiences. In many instances, this sets a high standard to meet: what may create a “wow” experience for guests upon a first visit may be only “as expected” the next time. The organizational responsibility for getting the repeat business of both new and previous customers rests on the service providers ability to meet and maybe even exceed both the promises that marketing has made and prior experiences of repeat guests. Depending on what sort of business you are in, you may or may not want to under-promise; but the key to delighting customers is to consistently over-deliver.

Most hospitality organizations try to provide their guests with accurate information ahead of time so these customer come to the experience with expectations that the organization can meet or exceed. If the hospitality organization does not provide that information, guests will obtain or infer it, accurately or inaccurately, from other sources: perhaps the organizations general reputation, ads, experiences that friends have had with the organization, those they themselves have had with similar organizations, or from the Web. People going to Wendys, for example, have well-defined expectations about the quick-serve experience and soon notice when the food is not up to par, service is slow, the rest rooms are dirty, or something else is different from what they expected.²⁸

7.2.1. MEETING EXPECTATIONS

The major responsibility for fulfilling the expectations created by the marketing department and by the past experiences of repeat guests experience falls short of what they have been led to expect or have learned to expect, they will be unhappy. They will not remember later a delightful, carefully planned guest experience; they will remember their unmet expectations as poor service and a bad experience. To preserve its reputation and customer base, the hospitality organization must meet or exceed the expectations of its guests. If it cannot or does not, it must either change its marketing strategy and create different guest expectations or change its service product, service setting, and/ or service delivery system so that it can meet present guests expectations.

²⁸ Managing quality service in hospitality, Robert C. Ford, Michael C. Sturman, Cherrill P. Heaton, 2012 Delmar Cengage Learning str.15

If enough people tell their friends what a terrible experience your restaurant or hotel provided, your reputation will be gone. With easy access to the World Wide Web, happy and unhappy guests are no longer restricted to talking with friends and neighbors over the backyard fence or on the phone. Angry customers can instantly tweet their friends or post their complaints on established Web sites or blogs dedicated to providing a means for customers to convey their experiences with different organizations or products. With such sites easily accessed-and indeed frequently used by individuals when planning trips-customers can convey their opinions about any hospitality organizations almost instantly to thousand of strangers all over the world! A visit to Trip Advisor or Easter will provide good examples of the power of individuals to influence others across the world.

The challenge for hospitality organizations is to anticipate, guest expectations as accurately as possible and then meet or exceed them. The ones that are consistently ranked as excellent spend extra time and money to ensure that the experience of each guest – first time and repeater – not only matches but exceeds that guests expectations. This is an especially big challenge when one considers the high expectations with which guest arrive at, say, a fancy cruise ship. First time customers have probably received travel agency brochures and seen cruise ships in movies and on television for years. They probably know of the cruise lines outstanding reputation and what that brand promises. Repeat passengers arrive with high expectations based on prior cruises. The cruise line wants new and repeat customers to leave the trip wowed and makes a concerted effort to exceed each passengers expectations.

The same is true throughout the hospitality industry. The Rocky Mountaineer claims that it proudly offers “The Most Spectacular Train Trips in the World” and Planet Earth Adventures claims on its Web page, “At the end of the day, we think you will treasure the memories of your time with us. We do everything we can to empower you to have the experience of a lifetime. Perhaps that is why many past participants have told us our adventures are the best vacations they have ever had.”

If the organization cannot meet certain types of expectations, it should not say it can; it should not promise more than it can deliver. During difficult times for airlines, no-frills Southwest Airlines has continued to do well. One reason is superb service. But another key reason for its real success is that it does not promise more than it can deliver. As one person noted on Yelp, “I really like Southwest Airlines. While not fancy, they do exactly what they are supposed to do- get you where you are going safely and efficiently – with your luggage!” The hospitality organization must assess guest expectations in its target market, assess its own competencies in meeting them, and try to meet or exceed them wholeheartedly.²⁹

²⁹ Managing quality service in hospitality, Robert C. Ford, Michael C. Sturman, Cherrill P. Heaton, 2012 Delmar Cengage Learning str.20

7.2.2. DO NOT PROVIDE MORE HOSPITALITY THAN GUEST WANT

Organization must be careful not to over-deliver to the point of making guest feel uncomfortable or unpleasantly surprised. If customers enter Eat “n” Run, which looks and sounds like a fast-food restaurant, and see white linen tablecloths, they may feel that they are about to experience expensive, leisurely, “fine” dining and incur a bigger cost than they expected. Most restaurant-goers enjoy fine dining, but they want to pick the occasion, not be surprised when it occurs.

Waiters are supposed to be attentive and polite. But consider a dining experience during which the waiter constantly hovers and speaks to the diners. If Mary Jones has taken her boss out for an important business discussion, or Bob Smith has come to the restaurant with his love interest in hopes of finding a quiet moment to propose marriage, the constant presence of an overly attentive waitstaff will be a major annoyance and too much service. When does enough become too much? The excellent hospitality organization will do two things to find out. First, it will spend the time and money to train its employees to be alert to customer cues, signals, and body language so they can fine-tune their interaction with their customers. Second, it will constantly survey or ask its guests what they thought about the experience, to ensure that guests receive more service value restaurant and other hospitality managers appreciate that the guest has also incurred other, less quantifiable costs, including the so-called opportunity costs of missing out on alternative meals at competing restaurants and foregoing experiences or opportunities other than eating a restaurant meal. The cost of the guests time and the cost of any risks associated with entering into this service transaction must also enter the equation. The guests time may not be worth an exact dollar figure per minute or hour, but it is certainly worth something to the guest, so time expenditures (time spent getting to your restaurant, waiting for a table, waiting for service) are also costly. Finally, the customer at your restaurant runs some risks, slim but real and potentially costly, like the risk that your restaurant cannot meet expectations or the risk that your service staff will embarrass that customer in front of the customer's own special guest today, as in our previous example, her boss.

All these tangible and intangible, financial and nonfinancial costs comprise the “all costs incurred by guest” denominator of the second equation. They make up the total burden on the guests who chooses a given guest experience.³⁰

7.2.3. COST OF QUALITY

An important concept in service organization is the cost of quality. Interestingly enough, cost of quality is often used as a reminder not of how much it costs the organization to provide service quality at a high level but of how little it costs compared to the cost of not providing quality. If the organization thinks about the costs of fixing errors, compensating guests for failures, lost customers, low employee morale, and negative

³⁰ Managing quality service in hospitality, Robert C. Ford, Michael C. Sturman, Cherrill P. Heaton, 2012 Delmar Cengage Learning str.21

word of mouth that can result from poor service, the cost of quality is low indeed and the cost of not providing quality enormous. That is why benchmark organizations expend whatever resources are necessary to accomplish two complementary goals: exceed expectations to deliver wow to the level of guest delight and prevent failures. Because preventing and recovering from failure are so important.³¹

7.2.4. WHO DEFINES QUALITY AND VALUE?

Because service is intangible and guest expectations are variable, no objective determination of quality level (and therefore of value) can be made. In some areas of business, a quality inspector might be able to define and determine the quality of a product before a customer ever sees it. In the hospitality field, only the guest can define quality and value. No matter how brilliantly the organization designs the service, the environment, and the delivery system or develops measureable service standards, if the guest is dissatisfied with any of these elements, the organization has failed to meet the guests expectations; it has not provided a guest experience of acceptable quality and value.

Of course, the hospitality organization may help the guest to perceive quality and value by offering a guarantee or a pledge of satisfaction that can be exercised by the guest when the guest feels that the experience did not meet expectations. Starbucks, for example, promises its customers good value by claiming in its advertising, “More for your money .A value to stay with.” Starbucks adds tangibly to this promise by offering a guarantee in its Pledge of Perfection: “Your drink should be perfect every time. If not, let us know and we will make it right.” The customer decides.

Premier Inn in the UK likewise has used a “Good Night Guarantee” that provides its guests with some customer-defined tangibility to its promise of service quality. Its guarantee states, “We know you want your stay with us to be easy and hassle-free; that is why we have our Good Night Guarantee. We believe in our people doing a good job for you – in fact we are so confident, we will give you your money back if you do not enjoy a good nights sleep-simle!”

To meet or exceed the expectations f all types of guest with their different needs, wants, experiences, capabilities, and moods is the fundamental and most exciting challenge of a hospitality organization. If the hospitality manager does not believe that the guest is always right (at least in the guests mind), then the manager had better find a new career. Even when guests are wrong by any reasonable standard, the hospitality manager must find ways to let them be wrong with dignity so that their self-esteem and satisfaction with the guest experience and the organization are not negatively affected.³²

³¹ Managing quality service in hospitality, Robert C. Ford, Michael C. Sturman, Cherrill P. Heaton, 2012 Delmar Cengage Learning str.22

³² Managing quality service in hospitality, Robert C. Ford, Michael C. Sturman, Cherrill P. Heaton, 2012 Delmar Cengage Learning str.23

7.3. DESCRIBING CONSUMER BEHAVIOR

Consumer behavior can be described, and to some extent it can be predicted, based on theory. James McNeal, in his classic book *Consumer Behavior*, advances the idea that human behavior is influenced by several factors.³³

SOCIAL SETTING. All consumers make decisions and take actions within the larger social setting and, in doing so, are influenced by their peers. In addition, the same consumers will, in turn, influence the actions of other consumers. Social settings will vary greatly. For example, the social setting of a consumer living in New York City is very different from that of someone living in Ames, Iowa; Paris, France; or an Eastern European country.

SOCIAL FORCES. Forces within the society set the standards of acceptable behavior. These rules are both written and unwritten, and they are established by those within the society with the most influence. For example, the behavior that a college student exhibits at a party on campus is likely to be quite different than the behavior exhibited while at home during break. Different social forces are at work in these two situations.

ROLES. A role is a pattern of behavior associated with a specific position within a social setting. Each of us assumes a variety of roles, some professional, other personal. Each role brings with it a set of expectations for behavior. For example, when an individual is in a position of authority, such as the manager of a hotel, employees look to the to provide direction, make decisions, and help the operation to run smoothly. However, when this manager leaves work and goes home, he or she may assume a less active decision-making role when interacting with his or her children. For example, at home, the manager may defer to the children the decision about what type of activity they will engage in during a day that they spend together.

ATTITUDES RELATIVE TO ROLES. Within each of the roles that we play are attitudes and knowledge that we gain about the setting. Attitudes are defined as consistently favorable or unfavorable evaluations of objects or situations. Attitudes are directly tied to a consumer's needs. These needs, which are the cause for all consumer behavior, are linked to an individual's attitudes and knowledge.³⁴

7.4. CONSUMER DECISION-MAKING MODEL

When consumers make decisions concerning the purchase of goods and services, a very complex decision-making process takes place. Numerous variables influence this decision-making process, as the many models of consumer behavior demonstrate. Figure 3.5 draws together several theories into a model that shows both the external and internal influences we have just discussed, as well as the process by which consumers make purchase decision.

³³ Robert D. Reid and David C. Bojanic(2010) Hospitality Marketing Management(Fifth Edition)str.90

³⁴ Robert D. Reid and David C. Bojanic(2010) Hospitality Marketing Management(Fifth Edition)str.90

This model illustrates the major steps in the decision-making process, as well as the role external and internal influences on consumers' decision-making processes. Hospitality managers need to develop awareness of the specific influences that are most important to their particular target market segments. Figure 3.5 shows five key elements in the decision-making model: problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation. Each element is affected by external and internal influence.³⁵



Figure 3.5. A consumer decision-making model

If the felt need is as basic as the need to eat because of hunger, the information retrieval process is likely to be brief.

7.5. CUSTOMER SATISFACTION

Customer satisfaction is the attitude-like feeling of a customer toward a product or service after it has been used. It is generally described as the full meeting of one's expectations (Oliver, 1980). The concept of satisfaction is important for marketers because it is the essence of success in today's highly competitive world of business. Marketers often try to become market-oriented and customer-focused and in doing so improving customer satisfaction becomes an important corporate goal for them. In fact, satisfaction is a major aim of all of our marketing activities and is a key influence in the formation of future purchase intentions. For instance, a satisfied customer is very likely to share their experiences with others, thereby engaging in what is known as positive

³⁵ Robert D. Reid and David C. Bojanic (2010) Hospitality Marketing Management (Fifth Edition) str. 102

word-of-mouth advertising. Similarly, a dissatisfied customer is very likely to switch brands and/or complain, thereby engaging in negative word-of-mouth advertising.³⁶

In order to understand what causes satisfaction, researchers have widely relied on the disconfirmation paradigm, which views satisfaction with products and brands as a result of two cognitive variables: pre-purchase decision expectations and disconfirmation. According to Peters and, 'pre-purchase expectations are beliefs about anticipated performance of the product; post-purchase perceptions are the consumer's thoughts about how well the product performed. Disconfirmation refers to the differences between the two'. In other words, post-purchase perceptions are compared with pre-purchase expectations and this comparison process determines disconfirmation. For example, when the perceived performance exceeds a customer's expectations (this is positive disconfirmation), then the customer feels satisfied. On the other hand, if the perceived performance falls short of customer's expectations (this is a negative disconfirmation), then the customer feels dissatisfied. Empirical research has generally supported this view. For instance, Churchill and Surprenant (1982) reported that when customers perceived the product performing better than expected, they became more satisfied. When actual product performance far exceeds expectations- that is, when there is a big difference between them- then consumers feel delighted . This obviously depends upon initial expectation levels, and if consumers already have higher expectations, then delighting customers can be a very difficult task. Also, when consumers are not familiar with a product category or the brand (if they have never used it before or never heard of it), then they are very likely to have some poorly formed expectations about the product or the brand. So it might be that once consumers' knowledge and familiarity goes up, their expectations go up as well.

Equity and attributions are also considered as determinants of satisfaction judgements. Equity is viewed as a "fairness, rightness or deservingness judgement that consumers make in reference to what others receive". Consumers are thought to be more satisfied when they perceive fair (i.e. equitable) treatment; also when they attribute favourable outcomes to themselves and negative to others. More recent work argues for taking into account not only cognitions but also affective responses as both coexist and make independent contributions to satisfaction judgements.

7.6. CONSEQUENCES OF CUSTOMER SATISFACTION

Consumers are very likely to complain when they attribute blame to someone else (rather than themselves), or when they experience a stronger dissatisfying consumption experience. Similarly, if there are greater chances of some kind of redress (e.g. the store will listen to my complaint), then consumers are more likely to complain. It also depends whether you have the right level of ability and motivation (e.g. time, monetary cost, perceived benefit) to complain. In addition to complaining to the service provider, the manufacturer or the retailer, consumers also share their dissatisfying experiences

³⁶ Martin Evans, Ahward Jamal and Gordon Foxall, Consumer Behaviour (2002), p.90

with others and, thus, engage in negative word-of-mouth advertising. This type of behavior also allows consumers to release their anger and frustration while regaining control over a bad situation and gaining sympathy from others. When consumers complain or engage in negative word of mouth, they are actually relieving their cognitive dissonance, which we discuss in detail in the following section.³⁷

8.INCREASING BRAND LOYALTY IN THE HOSPITALITY INDUSTRY

8.1. INTRODUCTION

Many hospitality firms are having difficulty increasing their market share because of rising international competition, slower growth rates, decreased population growth, and oversupplied and mature markets. Over the last two years, national hotel occupancy in the USA declined modestly, to 64.5 percent in 1997. A record 1,480 new hotels opened, and new records are expected to be set in the coming years.³⁸ As a result, an increasing number of hotel firms are pursuing fewer new customers. Under these circumstances, a large share of any firm's resources must be devoted to present customers. Firms may increase sales and their market shares by decreasing prices, expanding their distribution channels, launching promotional campaigns, and retaining their current customers.³⁹ However, customer loyalty would be a more profitable approach because as a mature industry, the hospitality business must pursue market-share gains, rather than market-growth gains.⁴⁰ When customers are lost, new ones must be attracted. However, replacement comes at a high cost. Capturing new customers is expensive because of advertising, promotion and sales costs, and start-up operating expenses. Reichheld, in his book, *The Loyalty Effect*, argues that in businesses like auto and life insurance and credit card firms, attracting new customer soften costs approximately five times what it costs to retain current customers. If companies knew how much it really costs to replace customers, they would make more investments to retain them. For example, credit card companies spend an average of \$51 to recruit a customer and set up the new account. It costs less to serve loyal customers because familiarity with the company's products and services makes customers less dependent on its employees for help and information. A satisfied, loyal customer can contribute a great deal to the bottom line of any company. Therefore, the purpose of this article is to emphasize the importance of brand loyalty and to determine factors that contribute to brand loyalty. This paper then provides strategies for hospitality managers for improving brand loyal customers.⁴¹

³⁷ Martin Evans, Ahward Jamal and Gordon Foxall, Consumer Behaviour (2002), p.91

³⁸ Ford, p.(1998) "Slow down ahead", Lodging May, str 58-64

³⁹ Cravens D.(1994) Strategic Marketing, Richard D. Irwin Inc Boston M.A.

⁴⁰ Jarvis L.P. and Mayo E.J. (1986) "Winning the market-share game", The Cornell hotel and Restaurant Administration Quarterly, November, str 73

⁴¹ Reichheld F.F.(1996), The Loyalty Effect, Harvard Business School Press, Boston, M.A.

8.2. WHAT IS A BRAND AND WHY IS IT IMPORTANT?

A brand is the product or service of a particular supplier, which is differentiated by its name and presentation, such as Marriott or Hilton for a hotel company. Many hotel and restaurant chains seek to create and fulfill the expectations of specific groups of customers. They want to leave their mark on a given field (e.g. Ritz Carlton for an upscale hotel) and set their imprints on a product or service (e.g. Disney's creative theme park concept). Brands introduce stability into businesses, help guard against competitive imitation, and allow consumers to shop with confidence in an increasingly complex world.⁴² Once customers have made a decision about a brand and its associations, they are often loyal to that brand, continue to buy it in the future, recommend it to friends, and choose the product over others, even those with better features or lower prices⁴³. Brands are natural barriers to new competitors because branding reduces consumer risks associated with the purchase of products or services. Thus, they support premium prices and sustain increasing revenue because of the consumer tendency towards long-term brand loyalty.

8.3. BRAND LOYALTY

Brand loyalty has been described as a behavioral response and as a function of psychological processes.⁴⁴ That is, brand loyalty is a function of both behavior and attitudes. Repurchase is not sufficient evidence of brand loyalty the purchasing practice should be intentional. Brand loyalty includes some degree of commitment toward the quality of a brand that is a function of both positive attitudes and repetitive purchases. Generally, more than one brand is offered of the same product within a given product category, and a buyer has to choose one of these brands at the moment of purchase. Today, many products and services are sold as branded products and services; this shows the great confidence placed in the effectiveness of branding. In general, the brand chosen at many previous purchases has a high probability of being bought again on subsequent occasions.⁴⁵ Holiday Inn was one of the first to introduce a branded service to the hotel business. By using the brand name to assure traveler so uniform service standards, experience, and consistency, Holiday Inn was able to capture a repeat customer base. To attract different market segments and respond to a variety of customer needs and budgets, Holiday Inn extended its product line from economy (Holiday Inn Express) to upscale (Crowne Plaza). This branding strategy helped Holiday Inn increase occupancy and revenue as some of the lodging segments have become saturated.⁴⁶

⁴² Aaker D.A.(1991)Managing Brand Equity, Free Press, New York, N.Y.

⁴³ Assael H.(1991) Consumer Behavior and Marketing Action, PWS-KENT, Boston,M.A.

⁴⁴ Jacoby J. and Kyner D.B.(1973) „Brand loyalty versus repeat purchasing“ Journal of Marketing Research, Vol 10, February pp 1-9

⁴⁵ Reicheld F.F.(1996), The Loyalty Effect, Harvard Business School Press, Boston,M.A.

⁴⁶ Seacord S.(1996)“Who's been sleeping in our beds?“American Demographics, March/April,pp 58-65

8.4. IMPORTANCE OF BRAND LOYALTY

Loyal customers are best for hospitality firms because they are easier to serve than on-loyal customers, and they provide higher profitability. Reichheld in his book, *The Loyalty Effect*, explains the advantages of brand loyalty as follows:

- **Continues profit.** The advantages of customer loyalty are long-term and cumulative. The longer a customer remains loyal, the more profit a business can get from that single customer.
- **Reduces marketing cost.** Businesses have to invest money to attract new customers, such as advertising. For loyal customers, these costs are eliminated or minimized.
- **Increases per-customer revenue growth.** Customer spending tends to increase overtime. For example, a customer who repeatedly stays at the same hotel becomes more familiar with the hotel's full product line, such as gift shops and banquet rooms. And that customer will be likely to sample other product lines of the company, thus helping the company achieve a larger share of customers.
- **Decreases operating cost.** For a loyal customer, the front desk clerk does not need to spend time entering data into the computer instead she/he retrieves the loyal customer's existent data. Loyal customers' familiarity with the company's products makes them less dependent on its employees for information and service, thus decreasing servicing cost.
- **Increases referrals.** Satisfied customers recommend the business to friends and others. Referrals are a vital source of new customers, and customers who show upon the strength of a personal recommendation tend to stay longer.
- **Increases price premiums.** Brand loyal customers pay more for a brand because they perceive some unique value in the brand that no other alternative can provide, and they are less likely to be lured away by a discount of a few dollars. Many people will pay more to stay in a hotel they know than to take a chance on a less expensive competitor.
- **Provides competitive advantage.** As consumers become loyal to a brand, they become less sensitive to a price increase. The company can maintain a price differentiation over the competition because of the product's ability to satisfy their needs.

8.5. FACTORS CONTRIBUTING TO BRAND LOYALTY

In order to increase the brand loyal customer base a hospitality firm should explore the factors that create brand loyalty. Then, tactics or strategies need to be developed and implemented by all levels and functions of the organization. For each customer, there as

on for brand loyalty may be different. However, loyal customers generally show these common behaviors: making repeat purchases, trying other product lines of the company, showing resistance to the pull of the competition, giving referrals, providing publicity, and serving on advisory boards (Bowen and Shoemaker, 1998). The following paragraphs summarize the factors that create brand loyalty.

Awareness

The first step toward loyalty begins with the customer's becoming aware of the product. At the awareness stage, a potential customer knows that the brand exists, but the bond between a customer and the product is low. At this point, a brand-name may provide the awareness of the product because brand names offer value to the consumers by helping them interpret, process, store, and retrieve large quantities of information about products.⁴⁷ Awareness can be enhanced in a variety of ways such as advertising, direct mail, trade press, word-of-mouth communication, and promotion activities.⁴⁸ The more the customer is aware of the product, the greater the possibility that she/he will purchase the product. Hospitality companies need to expose their products to more consumers to create and increase brand-loyal consumers who will buy their product wherever it is available. The more places the customer can buy the product, the more often that customer will become a new customer of the same product in another marketplace.⁴⁹ Holiday Inn benefits from being the number one chain in terms of size in the USA dominating 34 percent of the business-travel market.⁵⁰

Reputation

Selling high-quality products and commanding premium prices increases the reputation of a firm; thus, developing brand loyalty. In order to build and maintain a reputation, the promised quality of goods or services must be delivered. Having a good reputation increases a firm's sales, attracts more customers because of word-of-mouth activity, and cuts customer departures.⁵¹ For a firm expanding its product line, a well-known brand can facilitate user acceptance of the new product.⁵² Sellers who develop a reputation for high quality can often command premium prices (e.g. Ritz Carlton).

⁴⁷ Aaker D.A.(1991)Managing Brand Equity, Free Press, New York, N.Y.

⁴⁸ Grover R. and Srinivassan V.(1992)"Evaluating the multiple effects of retail promotions on brand loyal and brand switching segments",Journal of marketing Research , Vol 29, February ,pp76-89

⁴⁹ Lewis R.C.,Chambers R.E. and Chacko H.E.(1995)Marketing Leadership in Hospitality:Foundations and Practices, Van Nostrand Reinhold, New York N.Y.

⁵⁰ Aylsworth, K.(1996)" Hotels adopt to please business traveler." ,Grand Rapids Business Journal, November 25,p B1

⁵¹ Rogerson W.P. (1983)"Reputation and product quality",The Bell Journal of Economics, Vol,14,Autumn pp 500-10

⁵² Aaker D.A.(1991)Managing Brand Equity, Free Press, New York, N.Y.

Image

One of the first steps in maintaining customer brand loyalty is to build and sustain a positive brand image. A strong brand image is important to brand owners because the brand name distinguishes a product from the competitors' products. The image includes colors, symbols, words, and slogans that convey a clear, consistent message and not simply the name.⁵³ The brand image plays an important role in product choice because consumers attempt to reinforce their self-image by buying products that are congruent with their self-image. For example, a consumer may drive an Alfa Romeo rather than a generic brand because the Alfa Romeo reflects the style and flair that the consumer sees in his or her personality. The consumer may perceive that one brand is more desirable than its competitor's solely because of the difference in image.⁵⁴

Promotion

While promotion is the biggest reason consumers initially try a product, if tied to something positive, such as a new or better facility or a new product, it facilitates brand loyalty. Promotions can be used to develop cost leadership or differentiation, and can be used to create loyalty through switching costs.⁵⁵ For instance, many credit card companies discourage existing users from switching by offering them incentives or better deals (e.g. lower APR).

Perceived quality

A brand should represent a credible guarantee of quality to the consumers.⁵⁶ Once the consumers are persuaded that the brand offers what they expect, they stay with the brand. Brand names provide a symbolic meaning which assists the user in the recognition and decision-making process. A consumer will choose a familiar name because brand names carry higher perceived quality. Brands generally deliver the quality they promised. Customers feel comfortable with brand versus unbranded products. That is why brand-leading products consistently command a 10-to-15 per cent price premium over their competition (Elliott, 1996). Customers may also see this price difference as a quality indication.

⁵³ Berry, L., Leckowith E. and Claek T. (1988) "In services, what's in a name?" Harvard Business Review, Vol. 66 September-October pp28-32

⁵⁴ Schiffmann L and Kanuk L. (1991) Consumer Behavior, Prentice-Hall Englewood Cliffs, N.J.

⁵⁵ Srinivassan V. (1992) "Evaluating the multiple effects of retail promotions on brand loyal and brand switching segments", Journal of marketing Research, Vol 29, February, pp76-89

⁵⁶ Aaker D.A. (1991) Managing Brand Equity, Free Press, New York, N.Y.

Innovation

Innovation allows the brand to remain up-to-date and demonstrates an unceasing attentiveness to the changes in customer taste. To keep pace with changes in the marketplace companies should meet and exceed customer needs and wants. Studies show that successful new brands are typically more distinctive, novel and superior in comparison to established brands.⁵⁷ When companies make innovations to their products they have to consider customers' perceptions and attitudes. Customers may not approve the new ideas or products. If new additions or products, are so different from the existing core product, consumers may not make the proper connection between the new product and the mature brand, and thus may not transfer the brand's positive attributes to the new product.

Brand extension

Carrying the brand into new categories that fit well with its concept and image will help companies increase customer brand loyalty.⁵⁸ When the brand's associations and perceived quality can provide a point of differentiation and advantage for brand extension, the extension will be successful. However, there is a risk that an extension may damage the core brand by weakening its associations or its perceived quality. If customers want to buy a new product, they will prefer a familiar brand. They already know the brand and have the same performance expectations with the new product. If they do not get what they expect, they may switch to the new brand. The reason for the product extensions in the hospitality industry (e.g. Courtyard by Marriott) is to better meet more heterogeneous consumer tastes. From a marketing perspective, this is a way to reach different market segments. When a company uses a brand name that has already been established, some risk associated with new products may be eliminated. For brand names with high customer value, such as Holiday Inn, Ramada, and Marriott in the hospitality industry, brand extension has been a good tool for marketing and growth potential. Marriott estimated that adding the Marriott name to Fairfield Inn increased occupancy rates by 15 percent.⁵⁹

Satisfaction

The relationship between satisfaction and brand loyalty has been observed in several studies. Fornell (1992) examined 27 different businesses and found strong correlations between satisfaction and loyalty (e.g. 0.66 for television broadcasting). Fornell further found that loyal customers are not necessarily satisfied customers, but satisfied customers tend to be loyal customers. Highly satisfied customers are much more loyal than satisfied customers $\pm$ any drop in total satisfaction results in a major drop in

⁵⁷ Nowlis S.M. and Simonsen I.(1996) "The effect of new product features on brand choice", Journal of Marketing Research, Vol.33 February ,pp 36-46

⁵⁸ Aaker D.A and Keller K.L.(1990) "Consumer evaluations of brand extensions", Journal of Marketing, Vol.54, January pp27-41

⁵⁹ Farquhar, P.H.(1990) "Managing brand equity", Journal of Advertising Research ,Vol 30, August-September ppRC7-RC12

loyalty(Jones, 1990). Xerox conducted a study for satisfaction using a five-point scale: 5 (highly satisfied) to 1 (highly dissatisfied). The relationship between the scores and actual loyalty differed greatly. Customers giving Xerox fives were six times more likely to repurchase Xerox equipment than those giving fours.⁶⁰This relationship is illustrated in Figure 1

Customer background

Customer background characteristics may also contribute to brand loyalty (Morgan and Dev, 1994). Higher income customers may stick to one premium brand because they perceive it as a contribution to their social status. Some brands carry images or symbolic meanings that may provide social value for them. The higher household income, the less switching is expected because customer can exercise their preferences independently from monetary considerations. For instance, customers with more income can afford to repeat purchase of familiar lodging brands despite limited availability and wide price variation. As previously stated, the reasons for being brand loyal (e.g. brand image) may be different for each customer. Some firms offer trial discounts to attract new customers, whereas others offer loyalty programs to retain their current customers. The next section discusses in detail how loyalty programs have an impact on brand loyalty.

9.DEFINITION OF A MANAGEMENT INFORMATION SYSTEM

The MIS has more than one definition, some of which are given below.⁶¹

1. The MIS is defined as a system which provides information support for decision making in the organization.
2. The MIS is defined as an integrated system of man and machine for providing the information to support the operations, the management and the decision-making function in the organization.
3. The MIS is defined as a system based on the database of the organization evolved for the purpose of providing information to the people in the organization.
4. The MIS is defined as a Computer-based Information System.

MIS plays very important role in the organization, helps the top management in goal setting, strategic planning and evolving the business plan and their implementation.

⁶⁰ Reicheld F.F.(1996), The Loyalty Effect, Harvard Business School Press, Boston,M.A.

⁶¹ Management Information Systems: Text and cases 5/e Waman S. Jawadekar, 2013

9.1.OBJECTIVE OF INFORMATION SYSTEM

The main objective of information system is to create better condition for the functioning of the system and to achieve better business results. The most important tasks of information systems are:⁶²

- to create an adequate database
- develop methods of scientific decision-making
- establish the optimal organization

The main purpose of information system is to receive, store, process and exchange the information throughout the organization, at the right time, right place in the right form, for the right operation to be performed.

9.2.COMPONENTS OF INFORMATION SYSTEM

The main components of information systems are: ⁶³

- Hardware is the physical components within a computer system.
- Software is set of instructions, written in a specialized language, the execution which controls the operation of computer
- Telecommunications refers to the means of electronic transmission of information over distances.
- Database is an organized collection of interrelated data.
- Human resource refers the people needed who initiate input be it data operating instructions or applications program.
- Procedures refers to the outline of a course of action.

9.3.PROCES OF INFORMATION

Development of information technology has enabled major changes in the process of information. Today, process of information is a process of creating information processing of the data with the help of information technology.

There are seven information processes:⁶⁴

1. Collecting –defines the required data; identifies the source for the data; determines how the data will be gathered
2. Organising- determines the format in which data will be represented in the information system

⁶² V.Rajaraman, Analysis and Design of Information Systems,2004

⁶³ www.wikipedia.org

⁶⁴ www.wikipedia.org

3. Storing & Retrieving- interprets the data, transforming it into information
4. Processing- saves data and information for later use; obtains data and information previously saved
5. Analysing- manipulates data and information
6. Transmitting & Receiving- sends and receives data and information, within and beyond information systems
7. Displaying – decides the form in which the information will be displayed; displays the information

10. INFORMATION SYSTEM IN THE HOTEL INDUSTRY

Modern business management must be based on valid information. Organization must develop specific information systems in order to obtain necessary information. The information system is an electronic system for processing data and information within the organization. The electronic system enables the collection, organization, processing, storage and distribution large amounts of data. The main objective of electronic system is economical and efficient management with the use of computer technology.⁶⁵

“Management of hotel business is today impossible to imagine without the use of an intelligent information system with elements of e-business.”⁶⁶

IT is necessary in the hotel industry:

- to modernize hotel management
- to display all changes on the market
- to increase productivity and reduce labor costs
- to ensure the growth of quality hotel services

HIS(Hotel Information System) is a comprehensive solution which covers all aspects of hotel operations..⁶⁷

- ***Sale-Reservation***

-fast and efficient way to check available capacity and to achieve maximum sales of hotel capacity with the best commercial terms

- ***Recepcion***

-Reservation, check-in, check-out, cancel reservation, change room, extend a reservation...

- ***E- Booking***

⁶⁵ www.ling-elearning.com

⁶⁶ Njeguš A.(2011)Informacioni sistemi u turističkom poslovanju, Univerzitet Singidunum, Beograd,str.149

⁶⁷ Njeguš A.(2011)Informacioni sistemi u turističkom poslovanju, Univerzitet Singidunum, Beograd,str.162

-Managing customer portal, automatically update of hotel data, confirmation of reservation, report of confirmed and cancelled reservation, upload pictures...

- **Management system – Business Intelligence (BI)**

- BI is a set of methodologies and software tools that allows use of data from the database and convert them into information for making new business decision.

WEB Hotel is distributed information system which works 24x7. It is designed for hotels which don't have infrastructure for self-hosting and want to follow their business in a fast, modern and efficient way. The choice of adequate hotel information system is influenced by many factors.

System need to:⁶⁸

-increase productivity of hotel staff

-increase promet of hotel guests and hotel services

-reduce of hotel costs

11.HUMAN RESOURCES INFORMATION SYSTEM

Human Resources Management System (HRMS) or Human Resources Information System (HRIS), refers to the systems and processes at the intersection between human resource management (HRM) and information technology. It merges HRM as a discipline and in particular its basic HR activities and processes with the information technology field, whereas the programming of data processing systems evolved into standardized routines and packages of enterprise resource planning (ERP) software. On the whole, these ERP systems have their origin from software that integrates information from different applications into one universal database. The linkage of its financial and human resource modules through one database is the most important distinction to the individually and proprietary developed predecessors, which makes this software application both rigid and flexible.⁶⁹

The function of human resources (HR) departments is administrative and common to all organizations. Organizations may have formalized selection, evaluation, and payroll processes. Management of "human capital" progressed to an imperative and complex process. The HR function consists of tracking existing employee data which traditionally includes personal histories, skills, capabilities, accomplishments and salary. To reduce

⁶⁸ Njeguš A.(2011)Informacioni sistemi u turističkom poslovanju, Univerzitet Singidunum, Beograd,str.165

⁶⁹ www.wikipedia.org

the manual workload of these administrative activities, organizations began to electronically automate many of these processes by introducing specialized human resource management systems. HR executives rely on internal or external IT professionals to develop and maintain an integrated HRMS. Before client–server architectures evolved in the late 1980s, many HR automation processes were relegated to mainframe computers that could handle large amounts of data transactions. In consequence of the high capital investment necessary to buy or program proprietary software, these internally developed HRMS were limited to organizations that possessed a large amount of capital. The advent of client–server, application service provider, and software as a service (SaaS) or human resource management systems enabled higher administrative control of such systems. Currently human resource management systems encompass:⁷⁰

- Payroll
- Time and attendance
- Performance appraisal
- Benefits administration
- HR management information system
- Recruiting/Learning management
- Performance record
- Employee self-service
- Scheduling
- Absence management
- Analytics

The **payroll module** automates the pay process by gathering data on employee time and attendance, calculating various deductions and taxes, and generating periodic pay cheques and employee tax reports. Data is generally fed from the human resources and time keeping modules to calculate automatic deposit and manual cheque writing capabilities. This module can encompass all employee-related transactions as well as integrate with existing financial management systems.

The **time and attendance module** gathers standardized time and work related efforts. The most advanced modules provide broad flexibility in data collection methods, labor distribution capabilities and data analysis features. Cost analysis and efficiency metrics are the primary functions.

⁷⁰ www.wikipedia.org

The **benefits administration module** provides a system for organizations to administer and track employee participation in benefits programs. These typically encompass insurance, compensation, profit sharing and retirement.

The **HR management module** is a component covering many other HR aspects from application to retirement. The system records basic demographic and address data, selection, training and development, capabilities and skills management, compensation planning records and other related activities. Leading edge systems provide the ability to "read" applications and enter relevant data to applicable database fields, notify employers and provide position management and position control. Human resource management function involves the recruitment, placement, evaluation, compensation and development of the employees of an organization. Initially, businesses used computer based information systems to:

- produce pay checks and payroll reports;
- maintain personnel records;
- pursue talent management

Online **recruiting** has become one of the primary methods employed by HR departments to garner potential candidates for available positions within an organization. Talent management systems typically encompass:⁷¹

- analyzing personnel usage within an organization;
- identifying potential applicants;
- recruiting through company-facing listings;
- recruiting through online recruiting sites or publications that market to both recruiters and applicants.

The significant cost incurred in maintaining an organized recruitment effort, cross-posting within and across general or industry-specific job boards and maintaining a competitive exposure of availabilities has given rise to the development of a dedicated applicant tracking system, or 'ATS', module.

The **training module** provides a system for organizations to administer and track employee training and development efforts. The system, normally called a "learning management system" (LMS) if a stand alone product, allows HR to track education, qualifications and skills of the employees, as well as outlining what training courses, books, CDs, web based learning or materials are available to develop which skills. Courses can then be offered in date specific sessions, with delegates and training

⁷¹ www.wikipedia.org

resources being mapped and managed within the same system. Sophisticated LMS allow managers to approve training, budgets and calendars alongside performance management and appraisal metrics.

The **employee self-service module** allows employees to query HR related data and perform some HR transactions over the system. Employees may query their attendance record from the system without asking the information from HR personnel. The module also lets supervisors approve O.T. requests from their subordinates through the system without overloading the task on HR department.

Many organizations have gone beyond the traditional functions and developed human resource management information systems, which support recruitment, selection, hiring, job placement, performance appraisals, employee benefit analysis, health, safety and security, while others integrate an outsourced applicant tracking system that encompasses a subset of the above.

Assigning Responsibilities Communication between the Employees.

The **Analytics** module enables organizations to extend the value of an HRMS implementation by extracting HR related data for use with other business intelligence platforms. For example, organizations combine HR metrics with other business data to identify trends and anomalies in headcount in order to better predict the impact of employee turnover on future output.

There are several advantages to firms in using HRIS (Beckers & Bsat, 2002). They include the following:⁷²

- Providing a comprehensive information picture as a single comprehensive database; this enables organization to provide structural connectivity across units activities and increase the speed of information transactions⁷³
- Increasing competitiveness by improving HR operations and improving management processes
- Collecting appropriate data and converting them to information and knowledge for improved timelines and quality of decisions making
- Producing a greater number and variety of accurate and real-time HR- related reports

⁷² Beckers A. M., & Bsat M.Z. A DSS classification model for research in human resource information systems, Information Systems Management, 2002, 41-50

⁷³ Legnick- Hall, C.A & Legnick-Hall, M.L., HR, ERP, and knowledge for competitive advantage, Human Resource Management, 2006, 179-7-194

- Streamlining and enhancing the efficiency and effectiveness of HR administrative functions
- Shifting the focus of HR from the processing of transactions to strategic HRM
- Reengineering HR processes and functions
- Improving employee satisfaction by delivering HR services more quickly and accurately to them

The ability of firms to harness the potential of HRIS depends on a variety factors, such as ⁷⁴

- The size of the organization with large firms generally reaping greater benefits
- The amount of top management support and commitment
- The availability of resources (time, money and personnel)
- The HR philosophy of the company as well as its vision, organizational culture, structure, and systems
- Managerial competence in cross-functional decision making, employee involvement, and coaching and
- The ability and motivation of employees in adopting change, such as increased automation across and between functions (Ngai & Wat, 2004)

HRIS is an integrated system used to gather, store and analyze information regarding an organization's human resources' comprising of databases, computer applications, hardware and software necessary to collect, record, store, manage, deliver, present and manipulate data for human resources function. The use of HRIS in organizations has various advantages for managers especially in decision making processes.

11.1. DIFFERENT TYPES OF HRIS

There are multiple typologies for the classification of computer-based systems; however, we are going to define the most basic types of systems and then apply them to their development and use within an HRIS. One of the earliest books in their field of

⁷⁴ Ngai, E. W.T. & Wat F.K.T. Human resource information systems: A review and empirical analysis, Personnel Review, 2004,297-314

computer-based systems (Sprague & Carlson, 1982). One of the earliest books in this field of computer-based systems placed systems under three basic categories: ⁷⁵

- Electronic Data Processing (EDP)
- Management Information Systems (MIS) and
- Decision Support Systems (DSS).

EDP is primarily electronic storage of information and was first applied to automate paperwork. As Sprague and Carlson (1982) note,

Its basic characteristics include: ⁷⁶

- A focus on data, storage, processing, and flows at the operational level
- Efficient transaction processing
- Scheduled and optimised computer runs
- Integrated files for related jobs
- Summary reports for management

In the MIS category, Sprague and Carlson (1982) state that the characteristics of MIS include: ⁷⁷

- An information focus, aimed at middle managers
- Structured information flows
- Integration of EDP jobs by business function (production MIS, marketing MIS...)
- Inquiry and report generation (usually with a database)

This type of HRIS emerged as technology improved over time, and it fits the traditional level of HR activities, such as recruitment, selection, and compensation.

Sprague and Carlson (1982) note that DSS are focused still higher in the organization, with an emphasis on the following characteristics: ⁷⁸

- Decision focused, aimed at top managers and executive decision makers
- Emphasis on flexibility, adaptability, and quick response
- User initiated and controlled
- Support for the personal decision-making styles of individual managers

HRIS at this level began to emerge in the cost-effectiveness era of HRM development, and it fits the transformational level of HR activities- adding value to organizational processes.

⁷⁵ Sprague R.H & Carlson E.D. Building effective decision support systems, Englewood Cliffs, NJ, Prentice Hall, 1982

⁷⁶ Sprague R.H & Carlson E.D. Building effective decision support systems, Englewood Cliffs, NJ, Prentice Hall, 1982

⁷⁷ Sprague R.H & Carlson E.D. Building effective decision support systems, Englewood Cliffs, NJ, Prentice Hall, 1982

⁷⁸ Sprague R.H & Carlson E.D. Building effective decision support systems, Englewood Cliffs, NJ, Prentice Hall, 1982

There is another type of HRIS, identified by Kavanagh et al., (1990), which should be used in organizations to maximize the effect of computer-generated knowledge on managerial decision making. There are numerous reports generated on a regular basis from both the EDP and the MIS types of HRIS – for example, overtime and benefits usage. The critical question is, How many of these reports are used by either line managers or HR professionals in their daily work, particularly in their decision-making capacity? All HRIS software is designed to generate a standard set of reports, but surveys and reports from both managers and HR professionals indicate that many of these reports are typically discarded. Thus, it is apparent that another type of HRIS exists- the human resources management decision system (HRMDS). This type has the following characteristics:

- Report formation and generation based on identified managerial needs for decision making
- Categorization of reports by management level
- Timing of report generation based on frequency of managerial use: daily, weekly, monthly
- Historical information retained and reported in a timely manner so that managers and HR professionals can see the results of their use of the information in their previous decisions

This type of system could be described as the ideal system since it provides critical information for decisions involving the human resources of the company, and thus, should be used as a standard for the development and application of any HRIS.

HRIS systems are used by HR departments, employees as well as managers. A typical HRIS system has four or five major types of users:⁷⁹

- Employees
- HR users
- Managers and administrators (HR, time)
- IT users
- In some unique situations external vendors could also be accessing the HRIS system

Across this user base, users access both the front-end and portal-based user interface as well as the back-end systems. These user categories are common irrespective of the type of organization, industry or country.

HRIS software:⁸⁰

- **ABRA SUITE:** This software is used for HR and payroll management

⁷⁹ Satish M. Badgi, Practical guide to Human Resource Information Systems, 2012

⁸⁰ www.whatishumanresource.com

- **ABS (Atlas business solutions):** Information of general wages, emergency, reminders and customer documents
- **CORT:HRMS** applicant tracking, Attendance tracking and calendars, Wage information, Skills tracking, Reports-to information, Status tracking, Job history tracking, Cost center tracking, Reviews and tracking, Mass update and change tools etc.
- **HRSOFT:** Identify and track senior managers, Assess management skills and talents, Generate a wide range of reports, resumes, employee profiles, replacement tables and succession analysis reports, Identify individuals for promotion, skills shortages, unexpected vacancy, Discover talent deep, Competency Management, career development, align succession plans etc.
- **Human Resource Micro Systems:** sophisticated data collection and reporting, flexible spending accounts, compensation, employment history, time off, EEO, qualifications, Applicant/Requisition Tracking, Position Control/Succession Planning, Training Administration, Organization Charts, HRIS-Pro Net (employee/managerial self-service), HR Automation (eNotification and eScheduler), and Performance Pro (performance management)
- **ORACLE-HRMS:** Oracle iRecruitment, Oracle Self-Service Human Resources, Payroll, HR Intelligence, Oracle Learning Management, Oracle Time and Labor
- **PEOPLESOFT:** Enterprise eRecruit, Enterprise Resume Processing, Enterprise Services Procurement, Workforce Planning, Warehouse
- **SAP HR:** Human Capital Management (HCM) for Business, All-in-One: Rapid HR,
- **SPECTRUM HR:** Vantage® and HRVantage®. iVantage is a Web-based HRIS product designed for organizations with up to 10,000 employees.
- **VANTAGE:HRA:** 'Point-and-Click' report writing, internal Messaging System for leaving reminders to yourself, to someone else or to everyone using HRA - very useful for Benefit Applications, Disciplinary Actions, Special Events, Employee Summary Screen for Basic, Leave (Absenteeism) and Salary/Position History, skills & training module, Leave Tracking Module.

- **EmpXTrack Starter Edition EmpXTrack:** combines payroll software with an employee database, featuring a self-service option that lets employees keep their own information up-to-date. Pricier editions add tools for performance evaluations, surveys and recruiting.
- **Microsoft Dynamics NAV and GP:** for some smaller companies, these offerings from Microsoft could be overkill, but they might be worth the investment for employers with robust growth who already rely heavily on Microsoft products.

The screenshot displays the Sage Abra SQL HRMS software interface. The main window is titled "Sage Abra SQL HRMS" and features a menu bar with options: File, Edit, Actions, Processes, Analysis, Reports, Rules, Details, Query, and Help. The "Employee" dropdown menu is set to "ZSABC SYSTEMS, INC - ZSI".

On the left, there is a "Tasks" pane with a list of actions including "View/Edit Employee", "Add New Hire", "Assign Leave of Absence", "Change Employee ID", "Change Job", "Change Job and Pay", "Change Pay", "Change Personal Status", "Cross Employer Transfer", "Delete Employee Record", "Retire Employee", "Return from Leave of Absence", and "Terminate Employee". Below this is a "Processes" pane with options like "Create OrgPlus File", "Import Calculations", "Mass Update", "Mass Update Pay Rate", "Mass Update Pay Stop Rate", and "Mass Update Step Rate Service".

The main area shows the "Current Pay" window for "ZSABC SYSTEMS, INC". It displays employee information for "Donald A. Adams" with SSN "232-09-0027" and ID Number "101". The status is "Active Employee 02/12/1994". Navigation buttons include "Find", "First", "Previous", "Next", and "Last".

Below the employee information, there are tabs for "Current Pay", "Pay and Performance", "User Defined", and "Step Rate". The "Current Pay" tab is active, showing various fields:

Pay Effective	01/01/2009	Payroll Status	Active
Unit Pay Rate	70.41604	Shift	A1 - Admin 1st
Pay Period Salary	5633.28289	Shift Premium (%)	0.0000
Hours / Units	80.00000	Comparatio	135.42
Pay Frequency	Biweekly	Bonus Amount	10000.00
Annual Pay	146465.36		

At the bottom right, there are buttons for "OK", "Cancel", and "Apply".

Abra HR and Payroll Software (www.google.com)

Benefits of HRIS:⁸¹

- HRIS can process, store and retrieve enormous quantities of data in an economical way.
- The records can be updated quickly.
- There is improved accuracy.
- HRIS can greatly reduce fragmentation and duplication of data.
- Information can be readily manipulated, merged and disaggregated in response to special and complex demands and presented promptly.

12. TECHNOLOGY DEVELOPMENT IN THE HOTEL INDUSTRY

12.1. GLOBAL DISTRIBUTION SYSTEM

A global distribution system (GDS) is a network operated by a company that enables automated transactions between vendors and booking agents in order provision travel related services to the end consumers. A GDS can link services, rates and bookings consolidating products across all three travel sectors: i.e. , airline reservations, hotel reservations, car rentals, and activities.⁸²

A global distribution system is a distributor of hotel rooms to corporations such as travel agents that buy rooms in large volume. GDSs that play a prominent role in securing guest reservations include Amadeus, Galileo, SABRE, and Worldspan. The main benefit of the GDS is that it provides a perfect virtual marketplace for travel inventory sellers such as hotels, airlines, and car rental systems to showcase their wares to a global Internet travel audience.⁸³

12.2. ONLINE HOTEL RESERVATIONS

Online hotel reservation is becoming a very popular method for booking hotel rooms. Guest can book hotel rooms from home using online security to protect their privacy information. Also, guest have ability to use several online travel agents to compare prices and facilities at different hotels.

Earlier guest contacted hotels on phone or fax or used a travel agency to make a room reservation. Nowadays, guest can make reservation on hotel web sites that give them pictures and virtual tours to help them make their choices.

⁸¹ www.whatishumanresource.com

⁸² www.wikipedia.org

⁸³ www.wikipedia.org

Large hotel chains typically have direct connection to the airline global distribution systems (GDS) (Sabre, Galileo, Amadeus...) that in turn provide hotel information directly to the hundreds of travel agents who subscribe to these system. Individual hotels and small hotel chains may not afford the cost of subscription to the GDSs and rely on other companies to provide the connection.⁸⁴

Nowadays, it has become imperative for hotels to integrate with all supply channels so that their guests are able to make accurate online booking.

12.3. CENTRAL RESERVATION SYSTEM

CRS is a computerized system that stores and distributes information on a hotel, resort, or other lodging facility. Central reservation systems are available exclusively to hotel representation companies, hotels themselves, and CRS providers. Many hotels have their own central reservation system.⁸⁵

MICROS FIDELIO

Micros Fidelio is a leading provider of information technology for the hospitality with over 220.000 installations worldwide including hotel chains such as Marriott and Hilton. Micros system are currently installed in table and quick service restaurant, hotels, motels, casinos leisure and entertainment, and retail operations in more than 130 countries, and on all seven continents. The firm provides complete IT management strategies that include software, hardware, enterprise systems integration, consulting and support services. Micros Fidelio (OPERA) is software solution for the hotel industry. OPERA provides all the tools a hotel staff needs for doing their day-to-day jobs-handling reservations, checking guests in and out, assigning rooms and managing room inventory, accommodating the needs of in-house guests, and handling accounting and billing. Micros provides property management systems, central reservation and customer information solutions under the brand Micros- Fidelio for more than 20.000 hotels worldwide, as well as point-of-sale and loss prevention products.⁸⁶

AMADEUS

Amadeus is the largest GDS provider in the worldwide travel and tourism industry, operates in 195 countries worldwide. Amadeus offer solutions for travel agencies, corporations, airlines, ground handlers, hotels, railways, car rental companies, airports, cruise lines and ferry operators. Amadeus was created by Air France, Iberia, Lufthansa and SAS in 1987 in order to connect providers' content with travel agencies and

⁸⁴ www.wikipedia.org

⁸⁵ Njeguš A.(2011)Informacioni sistemi u turističkom poslovanju, Univerzitet Singidunum, Beograd,str.150

⁸⁶ www.micros-fidelio.eu

consumers in real time. Amadeus worked with almost 300 hotel companies. Amadeus provides online booking, avoiding the need of mediation and charging additional fee.⁸⁷

Amadeus offer:⁸⁸

- Booking in real time
- Direct sales of arrangements

The quality of the application is reflected in the large number of information about hotel room, and any other relevant information. Amadeus Trip tools is a guide that provides additional services for their customer.⁸⁹

Through, Amadeus 67,000 travel agency locations and 10,000 airline sales offices worldwide are able to booking with:

- 490 airlines representing more than 95 per cent of world's scheduled airline seats
- 70,000 hotel properties
- 45 car rental companies, serving over 29,000 locations
- Other travel providers e.g. ferry, rail, cruise liners, insurance companies, and tour operators.⁹⁰

HOTELIER

Hotelier is an information system composed of numerous modules and applications that together enable the smooth, fast and precise operation of all hotel structures. Hotelier enables the exchange and linking of data among all separate operational segments.

HOBS

Hotel Business Solution is a simple, fast and efficient information system. HOBS as an integral platform covers all business processes of hotel and restaurant business and according to the transparency principle, enables successful organization and management, efficient and profitable operation, in line with user defined business strategy.

12.4. SMART ROOM SYSTEM

Not so long ago, clean bad linen was enough to keep a hotel guest satisfied, but not anymore. New trend in hotel industry is a smart room system.

Smart room system provide the following benefits:⁹¹

- Ability of management to check the room situation from anywhere and anytime

⁸⁷ www.wikipedia.org

⁸⁸ www.amadeus.com

⁸⁹ Sudhir Andrews, Hotel front office, a training manual, 2013, 167

⁹⁰ Sales & Marketing, a textbook for the hospitality industry, Sudhir Andrews, 2009, 152

⁹¹ www.smarttech-smartroom.com

- Save energy
- Ability of guests to control light, air conditioning system, curtains, room status, television, music and video system
- Warning: SOS alarm, alarm in case of fire, failure alarm
- Sensor control: Bathroom light can be controlled by sensor
- Service info: Service reminding, please do not disturb(DND), Please clear, check out reminding
- Wardrobe lighting: Wardrobe of lighting will be on when guest open wardrobe
- Temperature control: guest can control air condition by wall panel, hotel receptionist can select check-in status to clear room air quality before guest check in
- Door lock reminding: voice reminding will be triggered when guest forget to close door

12.5.INTERNET

Internet has become a powerful channel for business marketing and communication and for new business opportunities. E- booking offer benefits to all parties: the supplier and customer. First of all, in the traditional merchant model, the hotel industry had agreements with travel agencies, where the hotel made rooms available at wholesale rates and the agencies would mark those rates up by 15% to 30% before peddling them to the public at fixed prices for fixed periods of time. With the emergence of the internet, hotels developed the sharing model in which they had more control of their rooms via online booking by providing higher priority to their own websites. Furthermore, the old system allowed travel agencies to make an average profit of 20% from original wholesale process; with the new system hotels were able to offer a more competitive price on their own websites. Other benefits provided to suppliers included increased customer satisfaction as service was simple and faster. On the other hand, benefits to guests included direct online booking which enabled them to book accommodation directly at hotel, real-time, without waiting for answer, regardless of time difference or hotel working time. Guests were also for the first time able to pay directly online. And last but not least, it was quick and easy to compare rates with other hotels.

Hotel are turning to Internet advertising with their more limited marketing budgets. This form of advertising is trackable and has been demonstrating noteworthy returns on investment. The advertising landscape has been shifting with customers who are using Web sites run by airlines and hotel over the big travel sites like Expedia...

Internet advertising involving hotel Web pages feature photographs and information on the hotel and the surrounding area. Most Web sites have the capability for guest to make reservations. Many Web sites offer visitors the opportunity to take a virtual tour of the hotel, including guest rooms, restaurants, lobby, and pool, spa, or recreational areas.

At Marriot's Web site (www.marriott.com), visiting customers can use a mapping system to locate any Marriott, Courtyard, Residence Inn, or Fairfield Inn in the United States. Once the location is mapped, the visitor may zoom in or out for desired detail. Also, at the click of button, the system can calculate estimated driving times and road-by-road directions to and from any location, including any of the 16 million businesses and attractions found in the database.⁹²

13. LOYALTY IN THE HOSPITALITY INDUSTRY

The concept of customer loyalty was the combination of repeat purchases from one service provider or brand coupled with the customers. Customer loyalty vary in different aspects of their daily interactions.⁹³

Generally, customer loyalty consists of three separate dimensions: behavioral, attitudinal and composite. Behavioral loyalty considers repetitious purchase behavior as an indicator of loyalty. There are two problems with this type of measurement. The first problem is that it provides limited understanding of the factors underlying repeat purchase are not always the result of a psychological commitment towards the brand. For example, a traveler may stay at a hotel because it is the most convenient location. When a new hotel opens across the street, they switch because the new hotel offers better value.

Attitudinal dimensions refer to a customer intention to repurchase and recommend, which are good indicators of a loyal customer. The third, composite measurement, combines the first two dimensions: behavioral and attitudinal. Composite measurement has been acknowledged as a two- dimensional construct. That allow researchers to understand customer loyalty in several field such as retailing, recreation, upscale hotels and airlines. Loyal guests are guests who recommend the hotel to others.

Shoemaker and Lewis(1999) defined loyalty as it pertains specifically to the hospitality industry: "Loyalty is when the customer feels so strongly that you can best meet his or her relevant needs that your competition is virtually excluded from the consideration set; these customers buy almost exclusively from the preferred service organization-referring to the organization as their hotel or their restaurant"⁹⁴

⁹² Intoduction to the hospitality industry Clayton W. Barrows and Tom Powers , 2009

⁹³ Carmen Tideswell & Elizabeth Fredline, Developing and rewarding loyalty to hotels: The guest's perspective,2004

⁹⁴ Carmen Tideswell & Elizabeth Fredline, Developing and rewarding loyalty to hotels: The guest's perspective,2004

14.SURVEY

Data collection

In this study i participated in 22 hotels in Belgrade. The research was conducted in collaboration with the hotel managers.

** -Slavija, Bristol

***- Park, Tulip In, Slavija Lux, 1000 ruža, Panorama,

****-Holiday Inn, Falkensteiner, Prag, Life Design, Mažestik, Moskva, Bah, Mr. President Design Hotel, Balkan, Palace, Town House, Hotel M, Sučević, Evropa

*****- Square Nine,

Survey 1

1. Guest satisfaction survey in Your hotel:
 - a) Do not perform, because you believe that there is no need
 - b) Perform during the guest stay
 - c) Perform via e-mail after guest departure
 - d) Perform orally on reception desk
2. Employee satisfaction survey in Your hotel:
 - a) Perform orally on meetings
 - b) Perform in writing form
 - c) Do not perform, because you believe that there is no need
3. Your employees interview:
 - a) 2 times a year
 - b) Once a year
 - c) Do not perform, because you believe that there is no need
4. Do you have a system with a guest database?
 - a) Yes
 - b) No
 - c) The guest database is still in the process of making
- 5.Do you have a guest loyalty database?
 - a) Yes
 - b) No

6.Do you have a marketing reward program for loyal guest?

- a) Yes
- b) No

7.Do you have marketing reward program for employees?

- a) Yes
- b) No

8.Do you have training for employees?

- a) Yes
- b) No

9.How motivate and reward Your employees?

- a) Pay rise
- b) Dinner/overnight in hotel
- c) Journey
- d) Nothing

10.How reward Your loyal guest?

- a) A voucher for a discount
- b) Dinner
- c) Massage
- d) Nothing

Research Results

Results of the surveys in percents%:

	a)	b)	c)	d)	bd)	cd)	bc)	bcd)	ab)	ac)	abc)
1.	5	22	5	18	27	13	5	5			
2.	68	9	18						5		
3.	32	36	32								
4.	95	5	0								

5.	82	18									
6.	82	18									
7.	59	41									
8.	27	23									
9.	54	5	5	26						5	5
10.	45	0	0	23					14	9	9

1. 5% of hotels do not conduct surveys on satisfaction ratings, 22% conducted in writing, by email, 5%, and 18% orally. 5% carried out in writing and e-mail. 13% conducts email and word of mouth. 27% conducts writing and orally, and 5% in writing and orally and by email.
2. Survey on employee satisfaction 68% of the hotel conducted orally in meetings, writing implements 9%, and 18% not being implemented, and 5% both orally and in writing.
3. 32% of hotels surveyed its employees every six months, 36% annually, and 32% of hotels do not interview their employees.
4. 95% own a system with a database yet a 5% hotel does not have a system with a database.
5. 82% of the hotel has a loyal guests while 18% since the hotel does not have a loyal guests.
6. 82% of the hotel has a marketing program to reward our regular guests, and 18% of the hotels there.
7. 59% of the hotel has a marketing program to reward employees, and 41% do not.
8. 77% of hotels have training for employees, and 23% don't have.

9. 54% of hotels motivate employees wage increases, 5% with dinner, 5% of the trip, and 26% do not reward employees. 5% of hotel rewards employees and wage increases and travel, a 5% pay rise and dinner and travel.
10. 45% of hotel rewards loyal guests with a voucher for a discount, 23% of the hotel does not reward its guests, 9% hotel rewards its guests and discount vouchers and massage. 14% rewards its guests with a voucher for a discount and a dinner, a 9% hotel rewards its guests and discount vouchers and dinner and massage.

Survey 2

In this study i participated in 10 hotels in Belgrade. The research was conducted in collaboration with the hotel managers.

*** -Tulip Inn, Kasina

****- Evropa, Life Design, Bah, Moskva, Cristal

*****-Square Nine, Hyatt Regency

1. Which reservation system you have in Your hotel ?
2. Is Your hotel at the following reservation systems?
 - a) Booking.com
 - b) Hotel beds
 - c) Jac travel
 - d) Expedia
 - e) VisitSerbia.org
 - f) Trip advisor
3. Do you have smart room system in Your hotel?
4. How usually takes reservations?
 - a) By phone
 - b) By e-mail
 - c) By reservation system
 - d) By Fax
 - e) On reception desk

5. Do you promote Your hotel on Facebook?

1. 50 % of hotels work on Fidelio reservation system and 50% have their own reservation system.
2. 100% of hotels are on booking.com, 40% are on Hotel beds, 30% are on Jac travel, 50% are on Expedia, 10% are on VisitSerbia.com and 50% are on Trip Advisor
3. 50% of hotels have smart room system and 50% don't have smart room system.
4. 40% of hotels take reservation by phone, 90% by e-mail and 30% by reservation system
5. 90% of hotels have page on Facebook.

According to research Fidelio is the most frequently used system in hotels. Currently the most popular reservation system is booking.com. Almost every hotel has introduced on booking. Results show that only luxury hotels have smart room system. But on the other hand hotel usually takes reservation by e-mail, which indicates that the Internet is necessary in hotel. The most popular way to promote hotel is to create page on Facebook. The main benefit of social networks is free advertising.

Example of hotel site- Square Nine (www.squarenine.rs)⁹⁵

⁹⁵ www.squarenine.rs

SQUARE NINE

HOTEL BELGRADE

/ THE HOTEL / ROOMS / DINING / EVENTS / SISLEY SPA
/ LOCATIONS AND MAPS / PRESS AND AWARDS
/ RESERVATION / GIFT CERTIFICATES / SOCIAL /

EN/SR



Square Nine Hotel has modern and affordable website. Guest has possibility to see pictures of hotel rooms, restaurant, conference room, spa center and lobby bar.

On square nine website guest can:

- check location of the hotel and pricelist
- make reservation
- download a brochure
- see Square Nine awards

Also guest can get a lot information about city history. Square Nine has page on Facebook, Twitter, Instagram and has Android mobile application and Iphone mobile application.

15.CONCLUSION

In saturated and highly competitive industries such as hospitality, the key to increasing and preserving market share is not just winning customers but keeping them. Brand loyalty is crucial in the hospitality industry because repeat business constitutes a large percentage of room and food sales. Brand loyal customers resist competitors' price cuts and help hospitality firms maintain high occupancy rates. Since product (and service) knowledge is an important factor in the hotel selection process, hoteliers should make their customers aware of their offerings. New customers will try the product based on an initial notion of perceived quality and if their trials result in satisfaction, the perceived value of the product will increase, leading to further purchases. The brand will survive and fulfill its intention if it continuously creates new ideas and attractive choices (innovation).

Over time, as familiarity and expertise with the brand escalates, the customer begins to develop a sense of brand loyalty. This, in turn, encourages him or her to purchase other new products under the same brand name (brand extension).

Although building and maintaining a brand loyal customer base is vital for competitiveness in the hospitality industry, it is hard to say that hospitality managers are successful in ensuring customers return to their properties.⁹⁶ Previous studies showed that customers could easily switch among hotel brands. For some customers brand image may be important, for others availability or frequent-guest programs. Therefore, managers should investigate what drives their customers to be loyal and then determine the components of their loyalty. Thus, managers should continually ask themselves, how can they make a loyal customer even more loyal. The strategies (actions) below may help hospitality managers increase their number of brand loyal customers.

- Offering added value features and consistently providing high quality service: To-day's customers are generally more price-conscious and are on the search for a better deal. Thus they are knowledgeable of the competitors' products and services. Therefore, the offerings should live up to their expectations. Additionally, consumers' trust and confidence in hoteliers' promises can play key roles in starting the long-term relationship between firms and customers.
- Staying in touch with the customers: To develop customer loyalty to a hotel or restaurant brand, firms must learn their customers' wishes and needs, and make certain that they meet or exceed their specific requirements. Hospitality firms should keep in touch with customers and provide satisfaction and reinforcement to current and past customers as well. Appreciation of customers' business and acting on what customers' desire can contribute repeat business and word-of-mouth advertisements.

⁹⁶ Lewis R.C., Chambers R.E. and Chacko H.E. (1995) *Marketing Leadership in Hospitality: Foundations and Practices*, Van Nostrand Reinhold, New York N.Y

- Segmenting customers by their buying habits: Hospitality firms cannot offer a "one size fits all" approach to their varied customer demands. Managers should determine buying behaviors across segments (e.g. business and leisure) and provide products (and services) that best match customers' needs and wants.
- Selecting service-oriented employees: Front-line employees play an integral role in gaining loyalty because of high customer and employee contact in the hospitality industry. It is important to select those employees carefully and train them well.
- Using relationship (database) enable hospitality firms to understand their customers' attitudes, behaviors, and motivations. Therefore, they can appeal to their customers on an individual basis. When hospitality firms give individual attention and remember their repeat customers, those customers will be more likely to keep their business with the company. Through frequent guest programs, customers should be rewarded and given the best value to make them completely committed for the company (brand).
- Building a system that facilitates organization wide planning and implementation: Many hospitality firms enjoy wide spread recognition of brand names; however, because of brands' rigid standards, hospitality companies may face difficulties in responding to changing customer demands. Therefore, building a brand-loyal customer base for a hospitality firm is not just the marketing department's job; it requires concerted effort throughout the organization. Managers should build a system that facilitates organization-wide planning and implementation to respond to market changes. Such a system requires a mix of strategic management, marketing, motivation, innovation, training, financial techniques, customer satisfaction, and so on.

Human Resource Management should be seen as a strategic function of an organization. It helps to build a competitive edge for an organization by positively engaging its employees. Key ingredients of effective Human Resource Management are having in place an appropriate leadership style and effective two-way communications with employees. This creates an open and honest environment where employees feel that their ideas are being listened to and that they can make a contribution to decision making. Engaged employees are more likely to be proud to work for their organization and therefore will believe in and live out the values of the organization.

This research show that information systems are necessary in the hotel industry. Today is impossible imagine one hotel without Internet or reservation system. Development of the internet has had the greatest impact on business development in the hotel industry. Using the Internet in the hotel industry has many advantages: reduction of costs, increase the market, intensive marketing, capability of the interactive communication with potential clients and partners.

These are just some of the advantages of this way of doing business in the hotel industry. Certainly the biggest advantage of the internet in the hotel is the use of global distribution systems and central reservation systems. Thanks to the development of Internet and telecommunications networks, major global trends increasingly influence the development of the hotel industry.

Since all information systems in use today, the most important information systems are used to manage production in enterprises. The use of information technology significantly reduces production costs, increase competitiveness and profitability of the company. Internet development has enabled the rapid growth of hotel industry. Internet reduces costs, extends the scope of the market and increases quality of services. It also increases the value of customer relationship at certain levels, such as access, convenience and low cost.

Today, hotel managers are completely aware of benefits that Internet as a promotion tools offers to their business, and accordingly, they are motivated to create greater awareness of their hotels with the goal of increasing number of guests and improving hotel reputation.

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