



# Competitive Mystery Shopping

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## Competitive Intelligence

**Geoffrey Prince**  
Sr. Product Manager  
Product and Strategy

**2012  
SERVICE  
EXCELLENCE  
SUMMIT**

# Agenda

- Setting the Stage:
  - How Mystery Shopping Relates to Syndicated Results
  - Syndicated NA Hotel Guest Satisfaction Index Study Overall Satisfaction
- Mystery Shop Test Case Methodology
- Guest Room
- Hotel Facilities
- Check in / Check out
- Summary



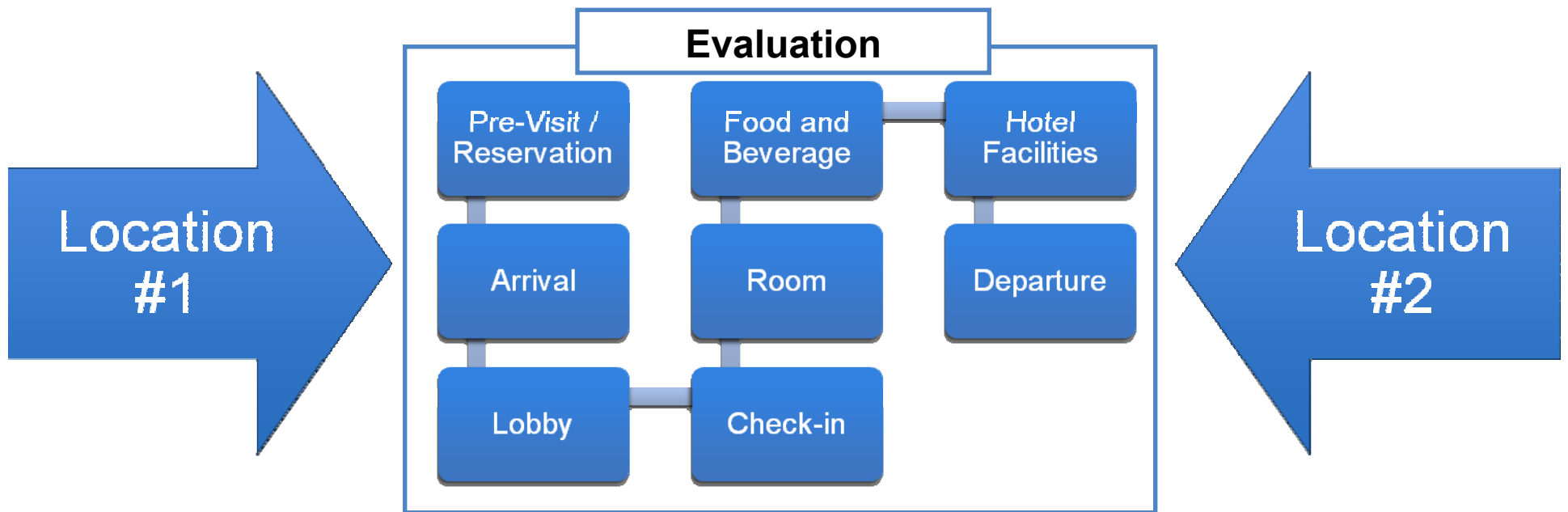
## Mystery Shop Test Case Methodology

- 9 Shoppers assigned to the Chicago Area
- 3 Shoppers at each of the following hotels:
  - InterContinental (North Michigan Ave.)
  - JW Marriott (West Adams St.)
  - Fairmont (North Columbus Dr.)
- 2 Shoppers at each hotel did a compare and contrast shop
  - Shoppers stayed the night at two hotels and filled out a comparison report
    - Out of 100 points possible shoppers award points to each hotel based on performance during each stage of the guest experience
- ***SMALL SAMPLE N FOR PRESENTATION PURPOSES***



# Questionnaire Design

- The shopper questionnaire follows the entire guest experience during a one night stay at a single hotel. Elements measured include:



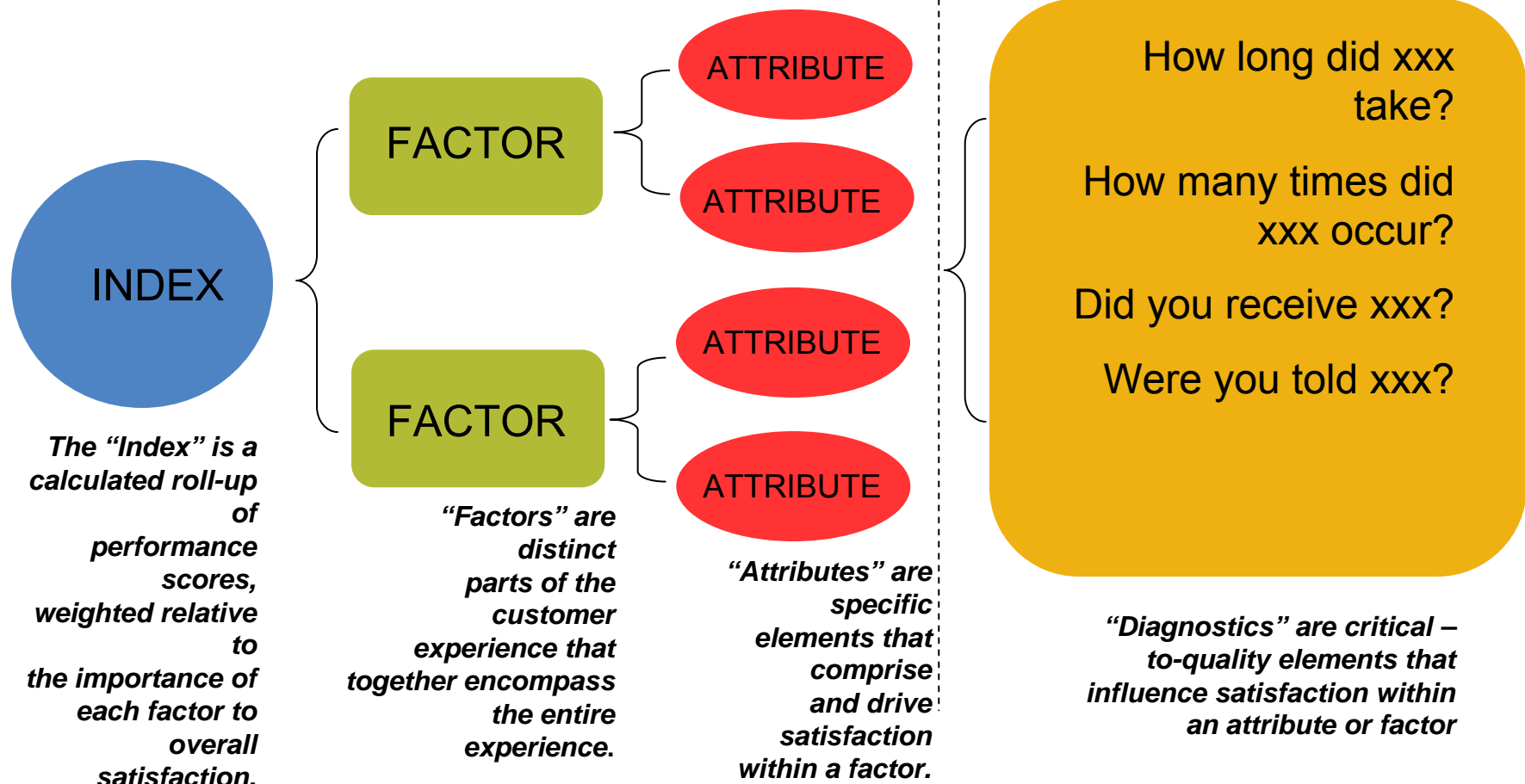
- The Compare and Contrast methodology is unique to JDPA and yields a concrete comparison of two brands from the perspective of a single shopper
  - Data is used to assess specific strengths and weakness between brands throughout the entire guest experience



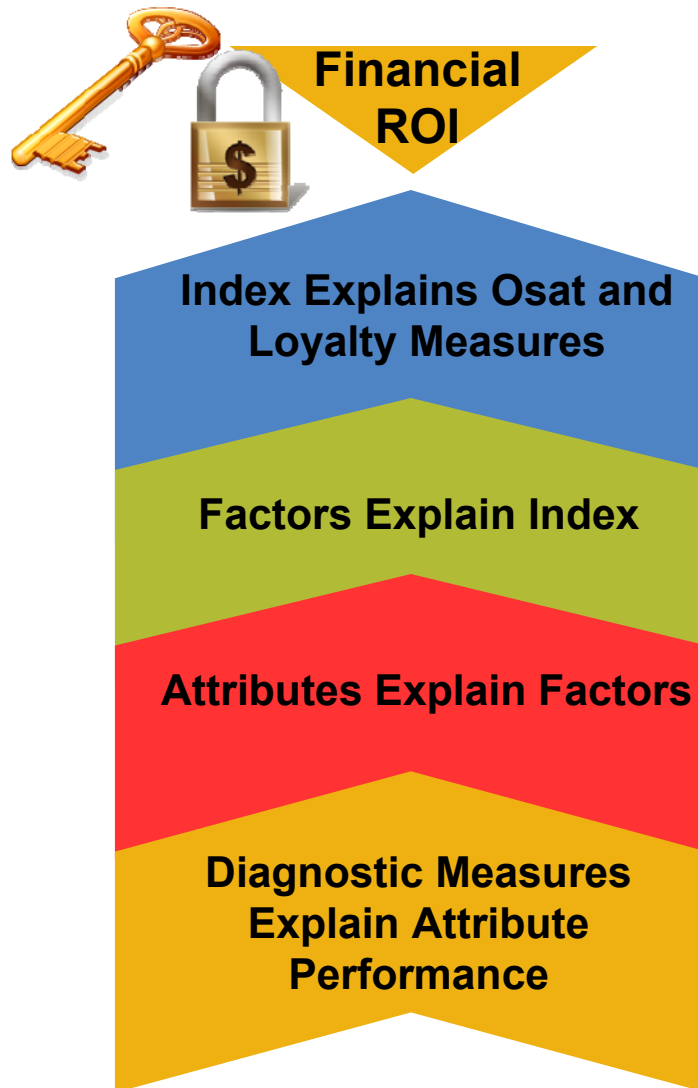
# How Mystery Shopping Works with Satisfaction Index Model

**Satisfaction Index -**  
Subjective Customer Feedback

**Mystery Shopping -**  
Objective Diagnostics



# Understanding and Improving Diagnostic Measures Leads to Increased Satisfaction and Financial ROI



Companies typically will have one of the following general problems which they are looking to isolate and solve for...

1. Data discrepancies – benchmarks not necessarily reflecting reality
2. Compliance management – how are we performing and how can I more deeply enact change of behaviors within my organization
3. Competitive view – what, how, why are my competitors performing better or catching up to my position within the market place

*Mystery Shopping provides the foundational diagnostic measures needed to improve scores starting at the attribute level*



# NAGSI Luxury Segment Index Model Weights

| Phone Reservation                                     | Web Site Reservation                                  |
|---|---|
| (14%) Ease of getting through to a representative     | (17%) Ease of navigation                              |
| (27%) Courtesy of telephone reservation staff         | (23%) Appearance/design of the Web site               |
| (18%) Ease of booking                                 | (25%) Ease of booking                                 |
| (20%) Availability of booking options/travel packages | (17%) Availability of booking options/travel packages |
| (21%) Knowledge of telephone reservation staff        | (18%) Usefulness of the information on the Web site   |

**Reservation, 4%**

**Guest Room\*, 21%**

**Hotel Services, 10%**

**Food & Beverage, 8%**

**Check-In/Out\*, 17%**

**Costs & Fees, 22%**

**Hotel Facilities\*, 17%**

**Restaurant/Bar (73%)**

- (17%) Variety of menu choices
  - (24%) Quality/taste of food and beverage
  - (14%) Ambiance (atmosphere)
  - (20%) Courtesy of staff
  - (25%) Timeliness of your order
- Room Service (27%)**
- (27%) Variety of menu choices
  - (22%) Quality/taste of food and beverage
  - (25%) Timeliness of your order(s)
  - (26%) Courtesy of staff

- (23%) Speed of check-in process
- (18%) Courtesy of staff
- (11%) Knowledge of staff
- (7%) Responsiveness of staff
- (21%) Clarity of billing statement/folio
- (20%) Speed of check-out

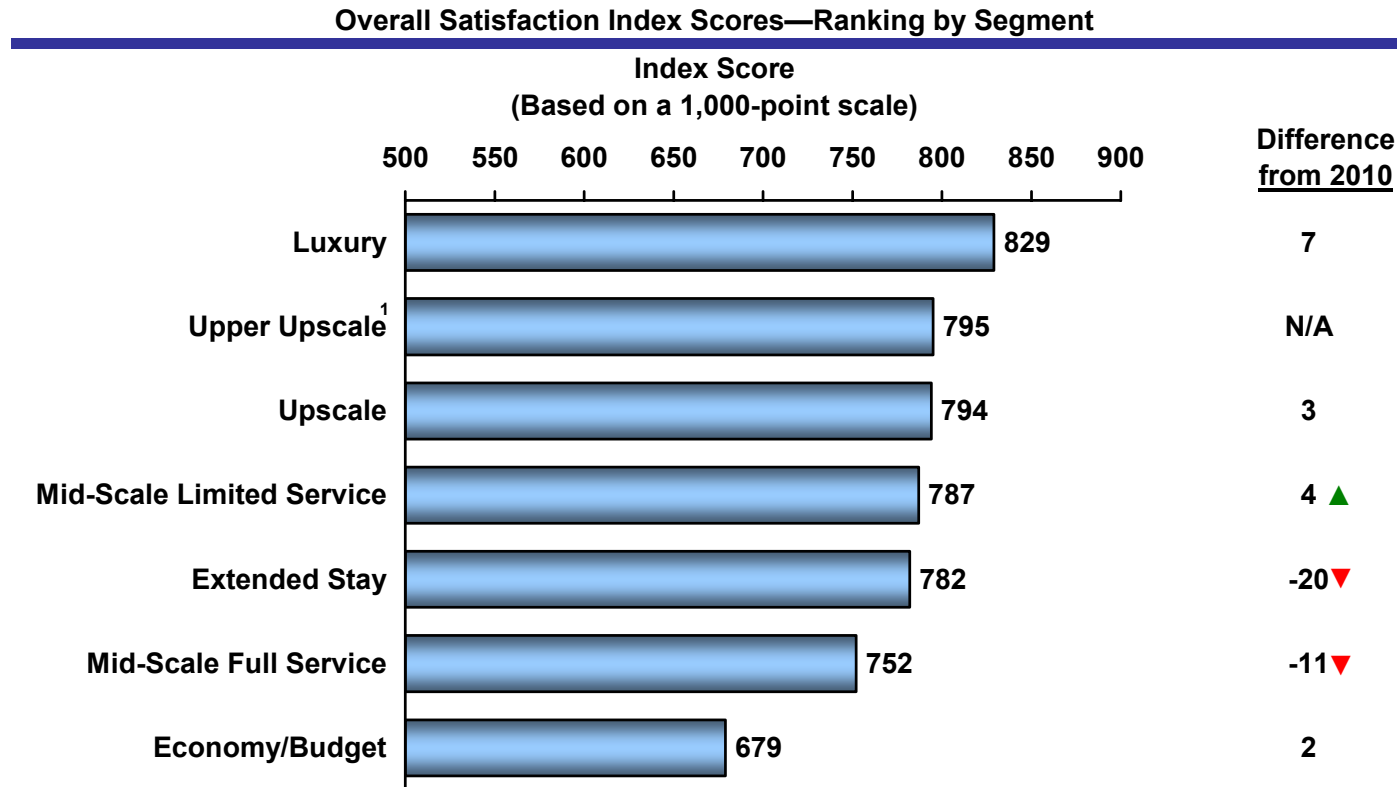
- (22%) Ease of parking
- (20%) Appearance of hotel grounds (exterior)
- (24%) Décor of hotel (interior)
- (17%) Maintenance and upkeep of hotel
- (17%) Security/safety of hotel

- (8%) Cleanliness of guest room
- (11%) Décor/furnishings of guest room
- (11%) Comfort of bed
- (15%) Quietness of guest room
- (10%) Ease of adjusting room temperature
- (12%) Variety of in-room business amenities available
- (10%) Variety of other in-room amenities available
- (17%) Quality of bathroom
- (7%) Guest room smell

\*indicates factors included in case study



# 2011 NAGSI Segment Performance



<sup>1</sup> Additional segment in 2011 study

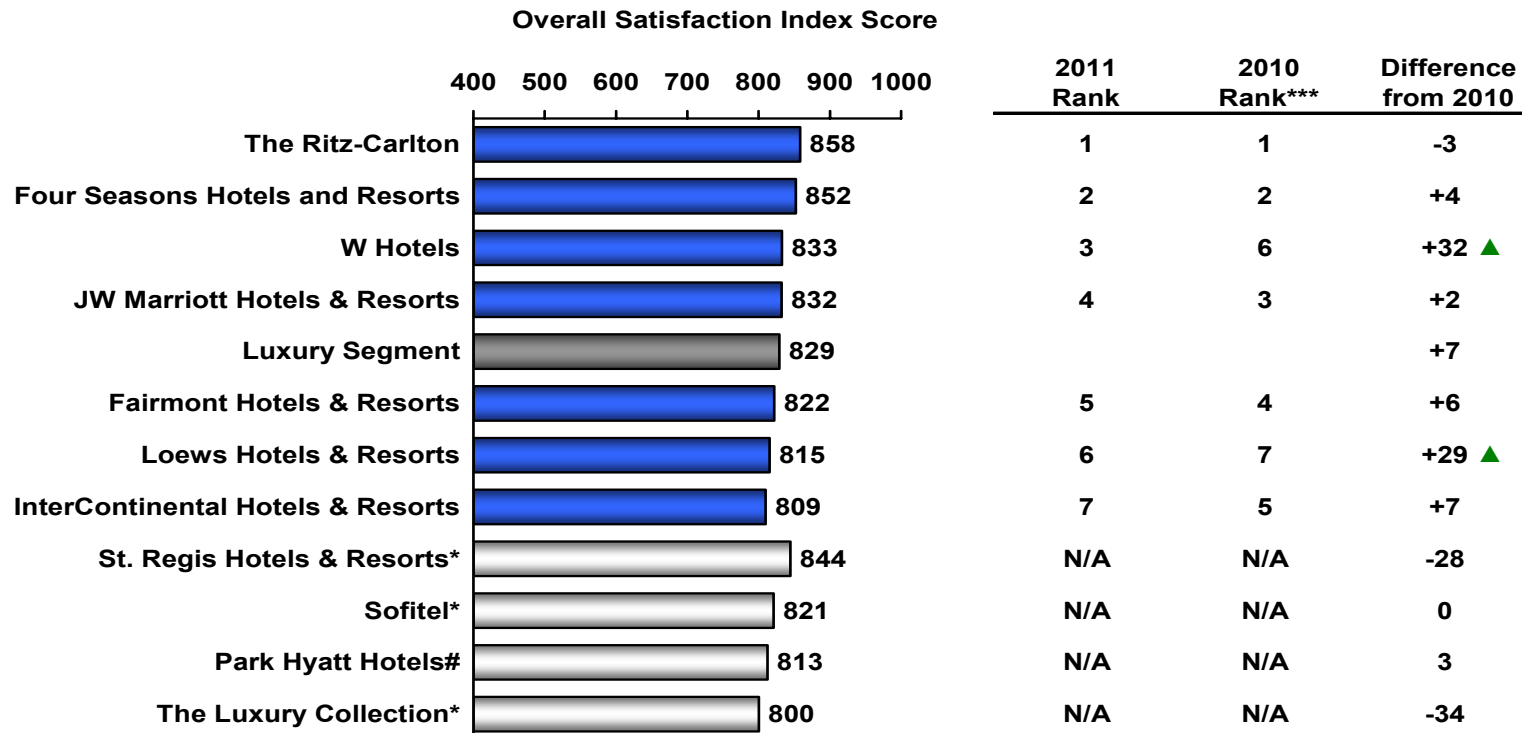
▲ Significantly BETTER at 90% Confidence

▼ Significantly WORSE at 90% Confidence



# 2011 NAGSI Luxury Segment: Overall Satisfaction Rankings

## Overall Satisfaction Index Scores – Luxury Segment



▲ = Significantly Better

▼ = Significantly Worse

\*CAUTION: Small sample size (n=30-99).

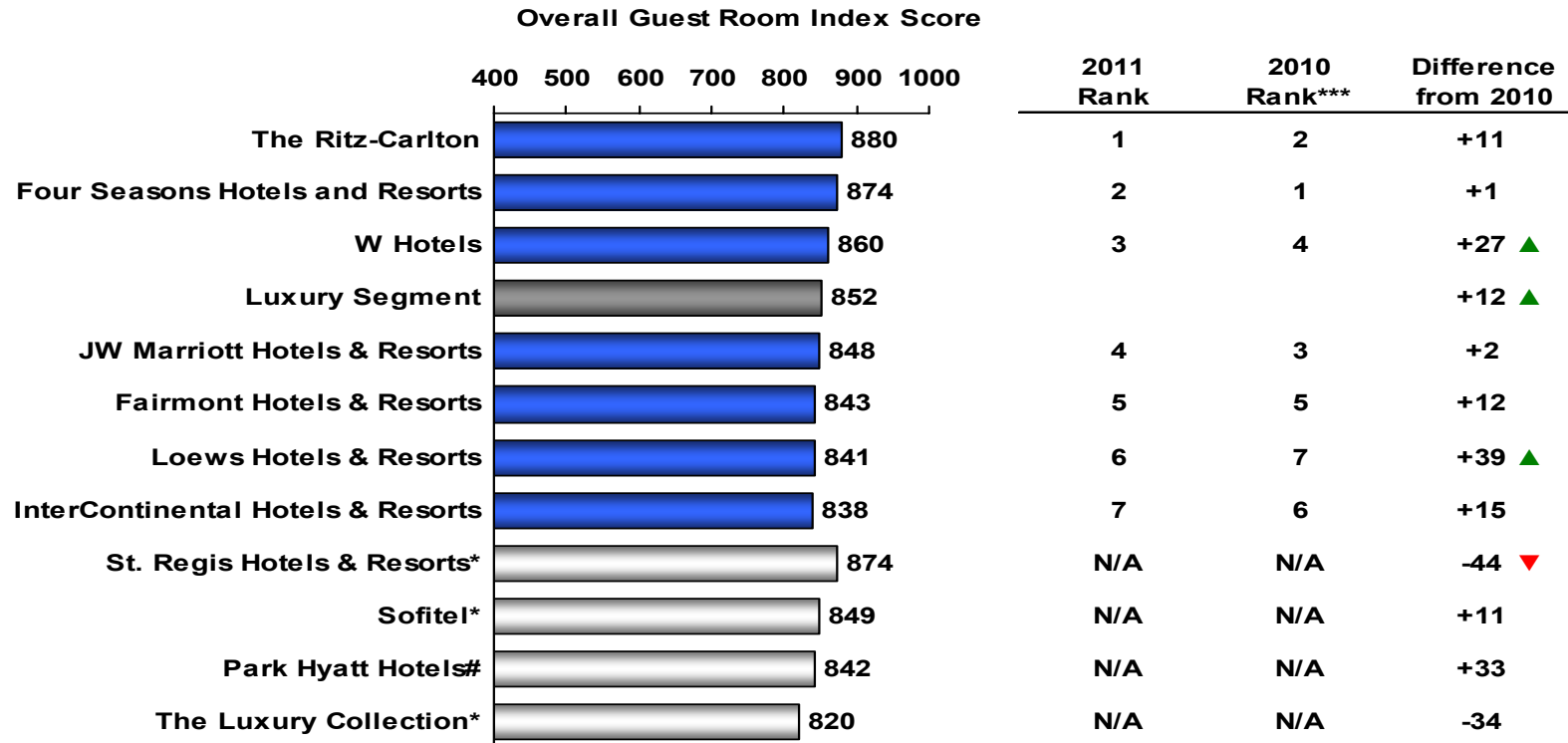
#INSUFFICIENT Sample size (n<30).

\*\*\*2010 Ranked by 2011 Segmentation - may differ from 2010 results



# 2011 NAGSI Luxury Segment: Overall Guest Room Rankings (21% of Overall Satisfaction)

## Overall Guest Room Index Scores – Luxury Segment



▲ = Significantly Better

▼ = Significantly Worse

\*CAUTION: Small sample size (n=30-99).

#INSUFFICIENT Sample size (n<30).

\*\*\*2010 Ranked by 2011 Segmentation - may differ from 2010 results



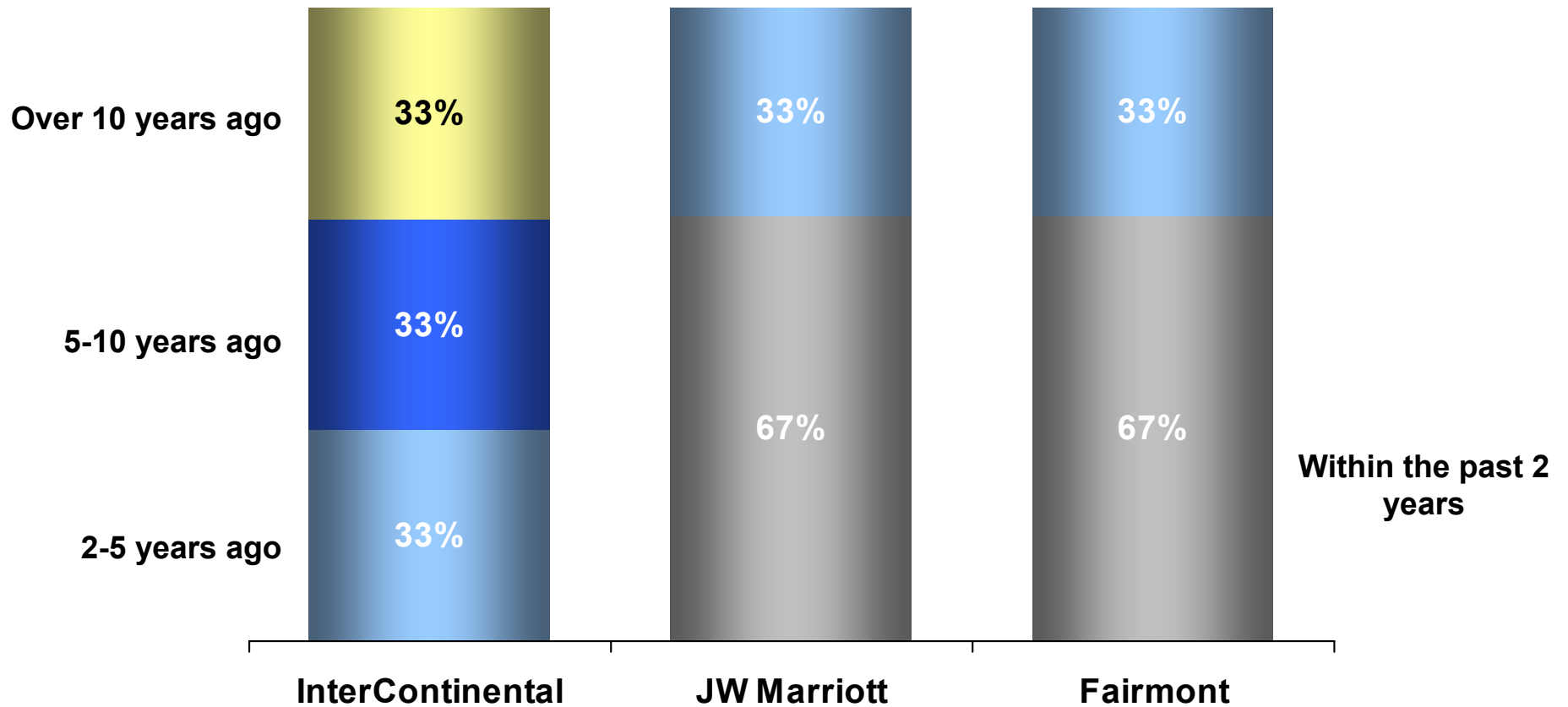
# NAGSI Guest Room – Comparative Set: 2011 vs. 2010

## 2011 vs. 2010

|  | Fairmont Hotels & Resorts | JW Marriott Hotels & Resorts | InterContinental Hotels & Resorts |
|--|---------------------------|------------------------------|-----------------------------------|
| <b>Overall Guest Room - 21%</b>                              |                           |                              |                                   |
| <b>Cleanliness of guest room - 8%</b>                        | <b>0.20</b>               | <b>0.07</b>                  | <b>0.24</b>                       |
| <b>Décor/furnishings of guest room - 11%</b>                 | <b>-0.01</b>              | <b>-0.05</b>                 | <b>0.26 ▲</b>                     |
| <b>Comfort of bed - 11%</b>                                  | <b>0.01</b>               | <b>-0.03</b>                 | <b>0.02</b>                       |
| <b>Quietness of guest room - 15%</b>                         | <b>0.28</b>               | <b>0.15</b>                  | <b>0.17</b>                       |
| <b>Ease of adjusting room temperature - 10%</b>              | <b>0.29 ▲</b>             | <b>-0.15</b>                 | <b>0.02</b>                       |
| <b>Variety of in-room business amenities available - 12%</b> | <b>-0.04</b>              | <b>-0.13</b>                 | <b>0.14</b>                       |
| <b>Variety of other in-room amenities available - 10%</b>    | <b>0.12</b>               | <b>-0.01</b>                 | <b>0.17</b>                       |
| <b>Quality of bathroom - 17%</b>                             | <b>0.14</b>               | <b>0.16</b>                  | <b>0.24</b>                       |
| <b>Guest room smell - 7%</b>                                 | <b>0.12</b>               | <b>0.13</b>                  | <b>0.20</b>                       |



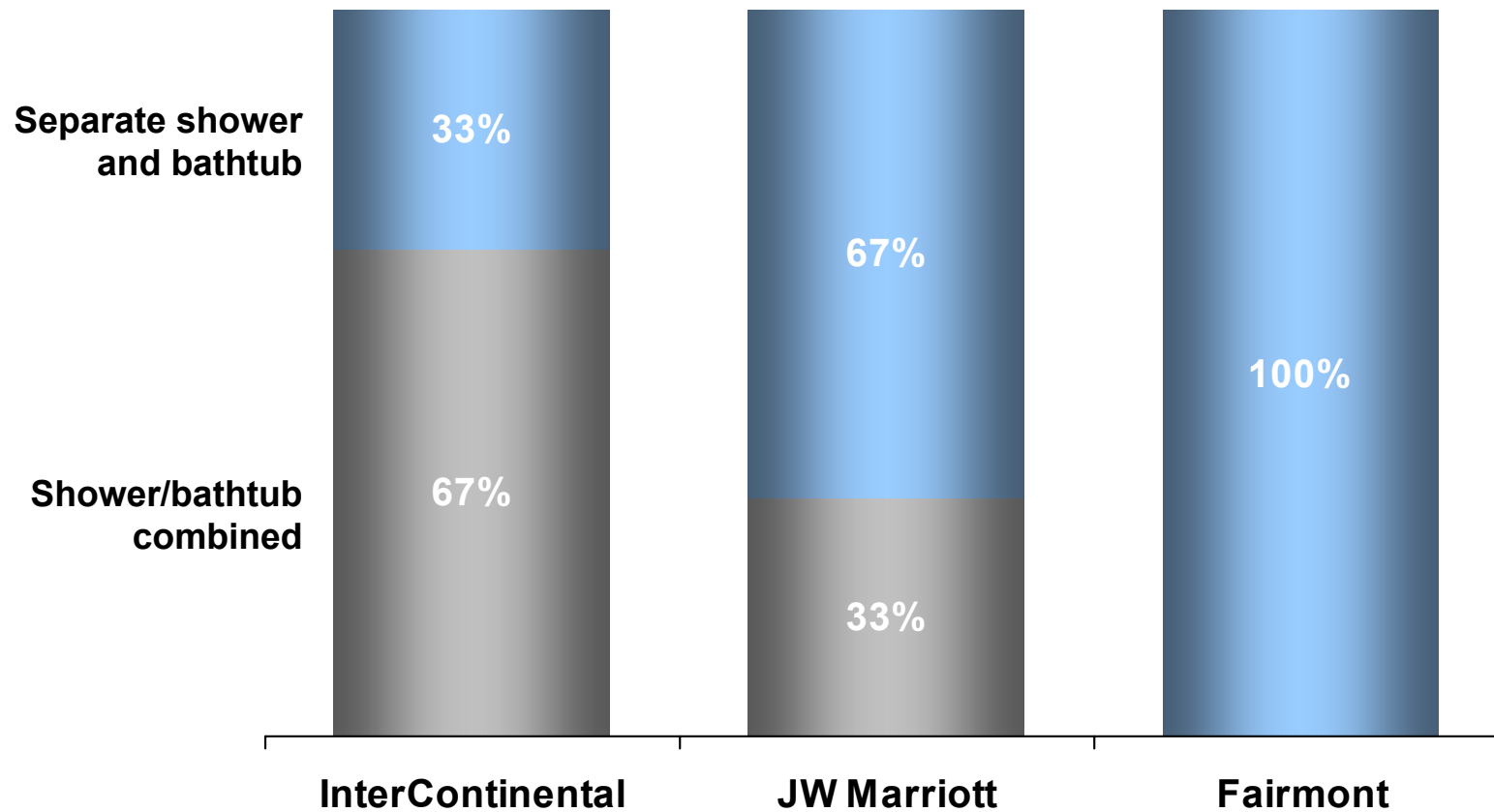
# Opinion of When Room Was Last Renovated – Mystery Shopping Results



Small Sample N=9



# Description of Bathroom Facilities – Mystery Shopping Results



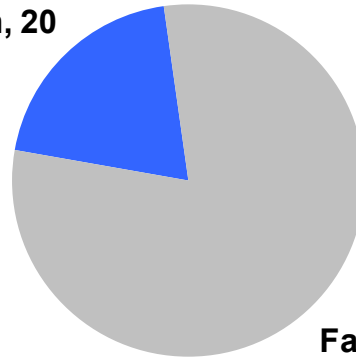
Small Sample N=9



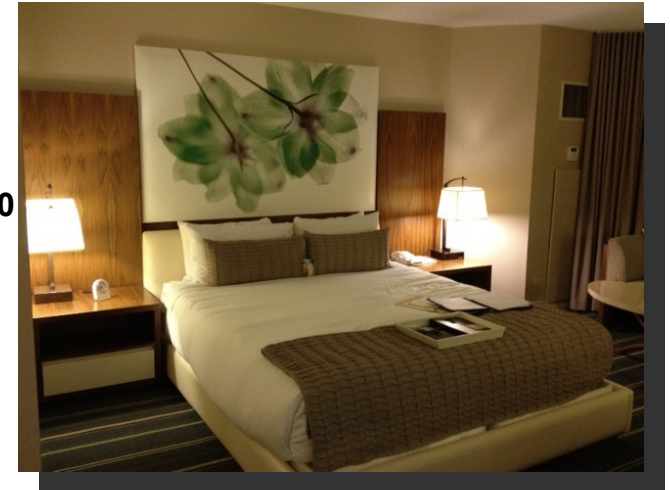
# InterContinental vs. Fairmont – Guest Room

Points Awarded:

InterCon, 20



Fairmont, 80

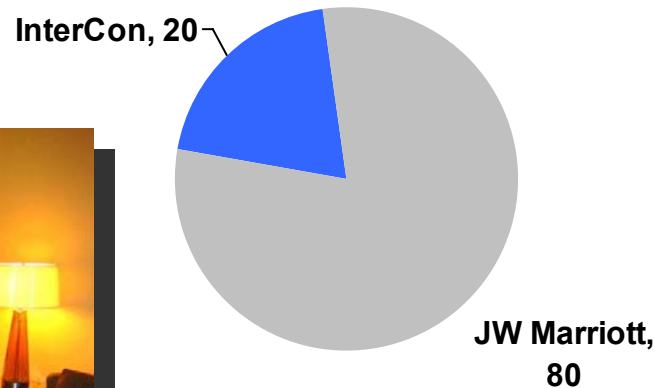


***The Fairmont's room was larger, better lit, and much more modern than the InterContinental's room. The Fairmont appeared as if it had been redecorated within the last 5 years, while the InterContinental's furniture seems quite old and old-fashioned.***



# InterContinental vs. Marriott – Guest Room

Points Awarded:

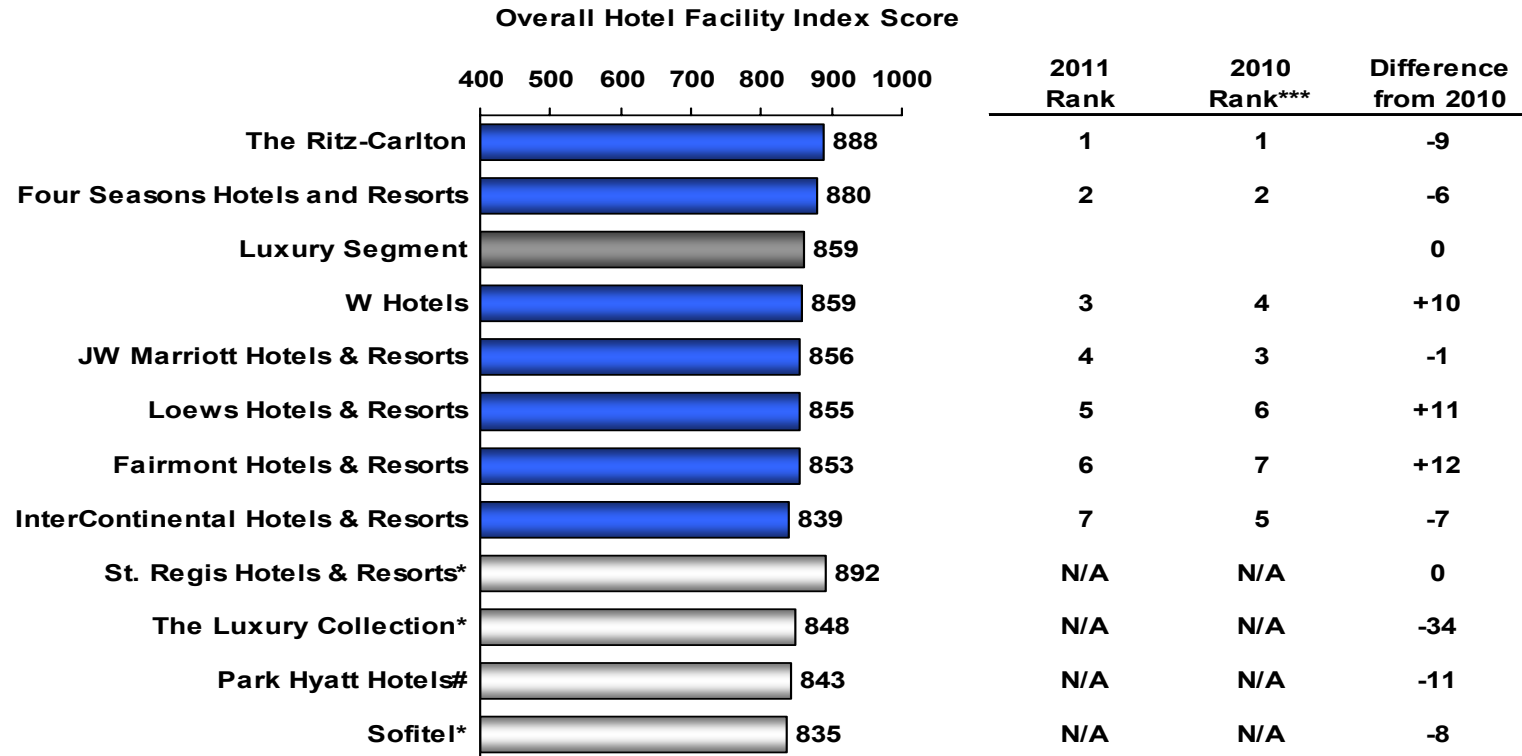


*InterContinental's guest room had a **few superior touches**, such as the **interactive digital screen and different types of pillows** so one can choose his/her preference. These were the only two features that made InterContinental stand out in comparison to Marriott. Marriott's guest room, however, looked **more updated**, and had more of a **boutique-type feel** because of the eclectic (but not distracting) touches.*



# 2011 NAGSI Luxury Segment: Overall Hotel Facilities Rankings (17% of Overall Satisfaction)

## Overall Hotel Facility Index Scores – Luxury Segment



▲ = Significantly Better

▼ = Significantly Worse

\*CAUTION: Small sample size (n=30-99).

#INSUFFICIENT Sample size (n<30).

\*\*\*2010 Ranked by 2011 Segmentation - may differ from 2010 results



# Hotel Facilities – Comparative Set: 2011 vs. 2010

## 2011 vs. 2010

|   | Fairmont Hotels & Resorts | JW Marriott Hotels & Resorts | InterContinental Hotels & Resorts |
|---|---------------------------|------------------------------|-----------------------------------|
| <b>Facilities Overall - 17%</b>                     |                           |                              |                                   |
| <b>Ease of parking - 22%</b>                        | <b>0.39</b>               | <b>-0.06</b>                 | <b>-0.06</b>                      |
| <b>Appearance of hotel grounds (exterior) - 20%</b> | <b>0.00</b>               | <b>-0.05</b>                 | <b>0.02</b>                       |
| <b>Décor of hotel (interior) - 24%</b>              | <b>0.01</b>               | <b>-0.02</b>                 | <b>-0.09</b>                      |
| <b>Maintenance and upkeep of hotel - 17%</b>        | <b>0.14</b>               | <b>0.00</b>                  | <b>-0.03</b>                      |
| <b>Security/safety of hotel - 17%</b>               | <b>0.07</b>               | <b>0.09</b>                  | <b>-0.13</b>                      |



# Hotel Entrance – Mystery Shopping Results

Fairmont



JW Marriott



InterContinental



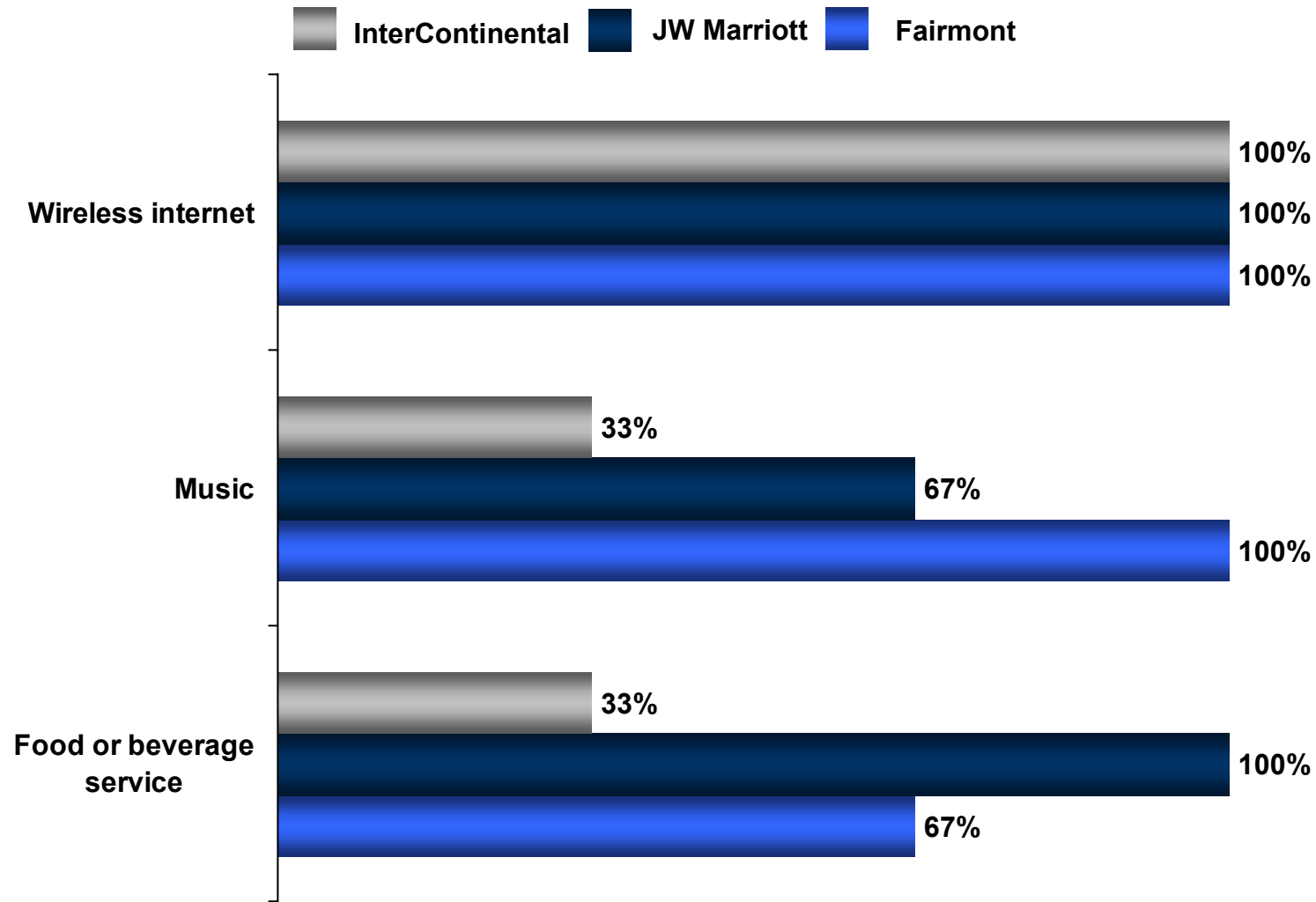
*The Fairmont entrance was very **difficult to locate**, as drive-up access was underground by a parking garage, whereas the main entrance was a short turnaround.*

*The front entrance of the JW Marriott was very stately in appearance. It was free of garbage and well-lit. The row of brightest lights closest to the building were **heat lights**...*

*The entrance architecture was beautiful and regal. The flags and gold ornamentation resemble many of the high class hotels in New York...*



# Which of the following were present in the lobby? – Mystery Shopping Results

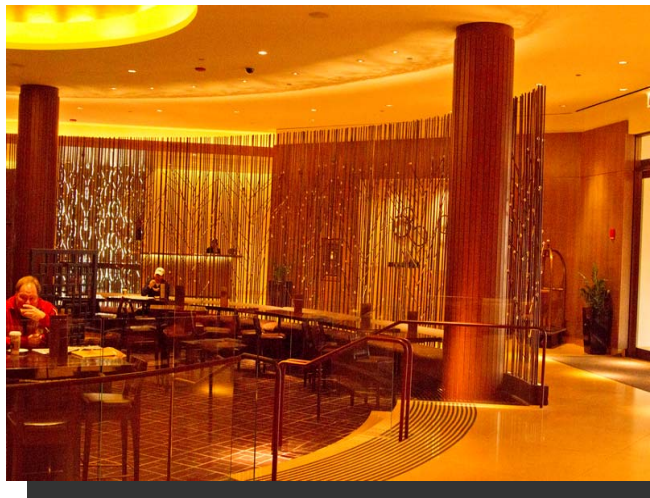
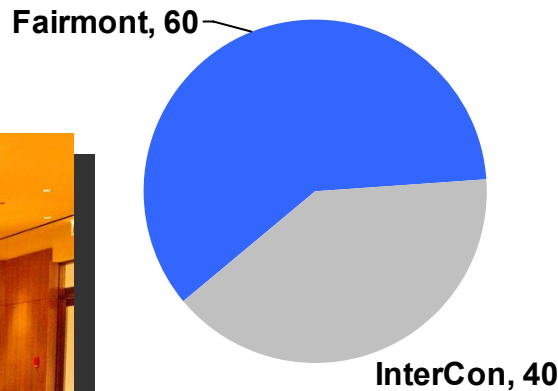


Small Sample N=9



# Compare and Contrast Fairmont vs. InterContinental – Lobby

Points Awarded:



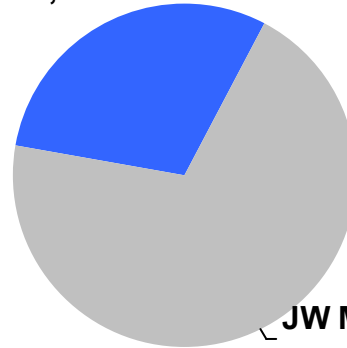
***Both hotels had beautiful, inviting lobbies. Both lobbies were clean, sparsely furnished, and quiet. However, the Fairmont's lobby was included a bar in the center which was very nice, as it provided an additional atmosphere to relax or socialize with friends, family, or business acquaintances. WiFi connectivity worked fine in both hotel lobbies.***



# Compare and Contrast Fairmont vs. JW Marriott – Lobby

Points Awarded:

Fairmont, 30



JW Marriott,  
70

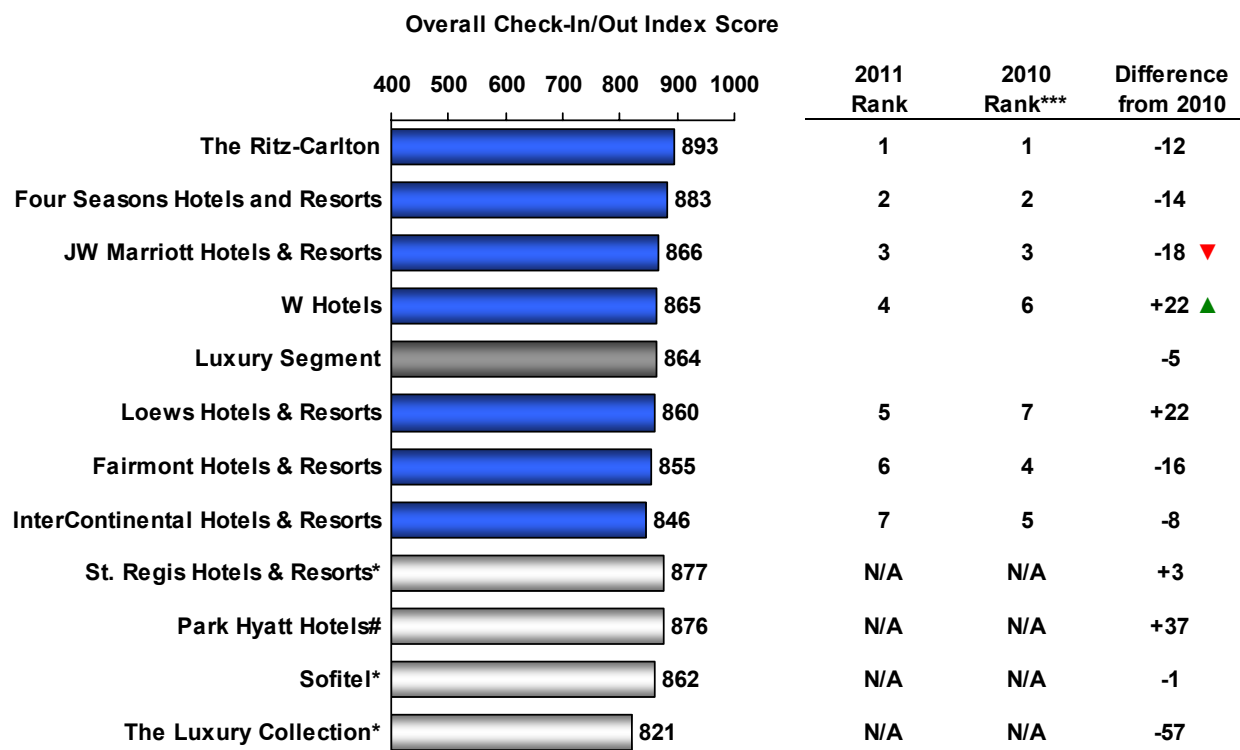


***The amenities available in either lobby were comparable. The cleanliness and WiFi connectivity were comparable. We preferred the lighting, openness, and decor of the JW Marriott lobby. It was easier to navigate, whereas the Fairmont was dimly lit, and its circular layout made it difficult to navigate.***



# 2011 NAGSI Luxury Segment: Overall Check-in/Check-out Rankings (17% of Overall Satisfaction)

## Overall Check-In/Out Index Scores – Luxury Segment



▲ = Significantly Better

▼ = Significantly Worse

\*CAUTION: Small sample size (n=30-99).

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# Check-in/Check-out – Comparative Set: 2011 vs. 2010

## 2011 vs. 2010

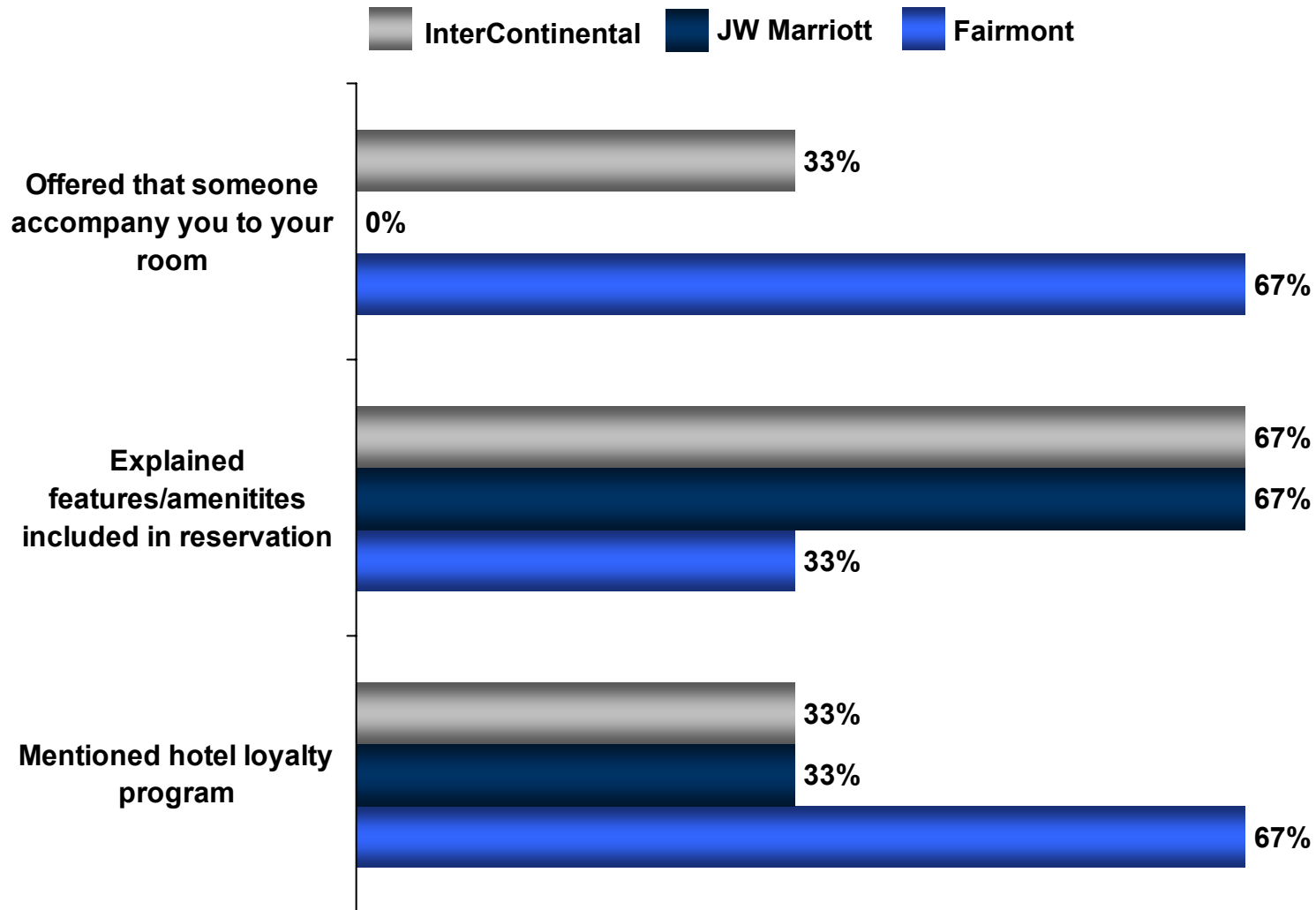
|  | Fairmont Hotels & Resorts | JW Marriott Hotels & Resorts | InterContinental Hotels & Resorts |
|--|---------------------------|------------------------------|-----------------------------------|
| <b>Overall Check-in/out - 17%</b>        |                           |                              |                                   |
| Speed of check-in process - 23%          | -0.21                     | -0.29 ▼                      | -0.20                             |
| Courtesy of staff - 18%                  | -0.38 ▼                   | -0.20 ▼                      | -0.14                             |
| Knowledge of staff - 11%                 | -0.06                     | -0.22 ▼                      | 0.00                              |
| Responsiveness of staff - 7%             | N/A                       | N/A                          | N/A                               |
| Clarity of billing statement/folio - 21% | -0.09                     | -0.08                        | -0.03                             |
| Speed of check-out - 20%                 | -0.19                     | -0.15                        | -0.11                             |

\*Small sample size (n=30-99).

#Insufficient sample size (n<30).



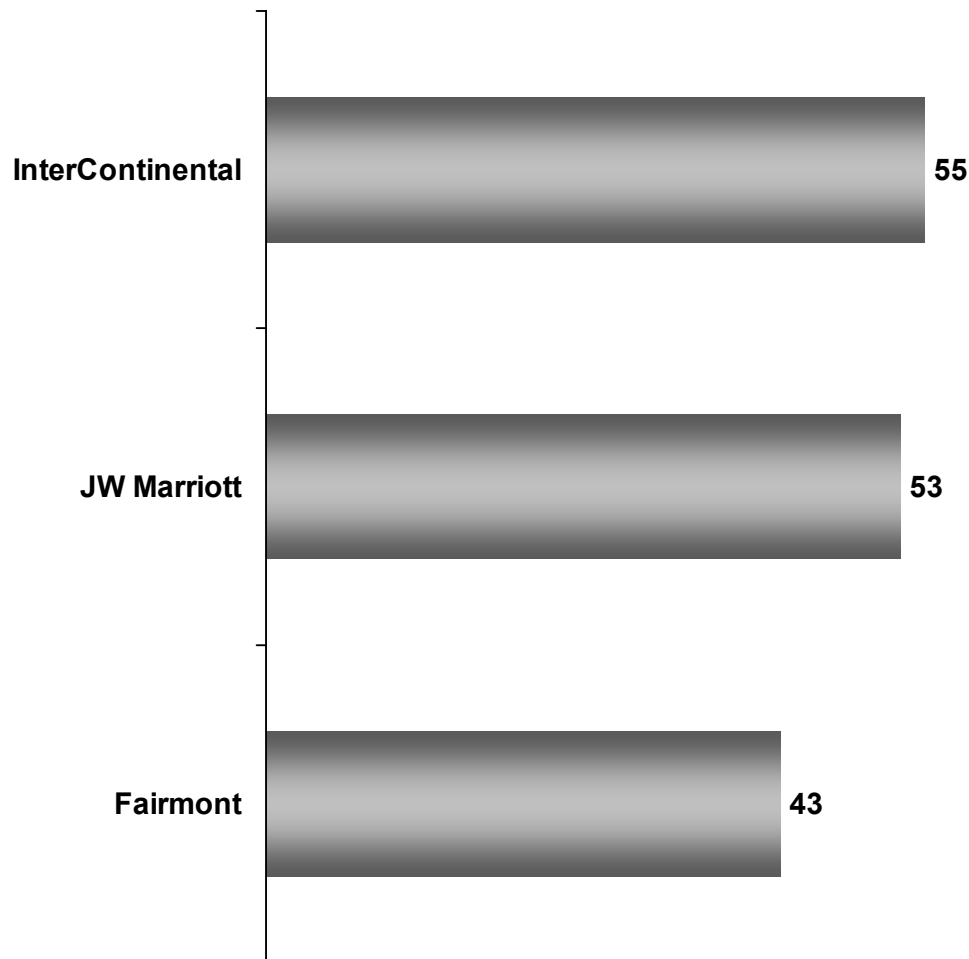
# Which of the following were done at check in? – Mystery Shopping Results



Small Sample N=9

# Compare and Contrast – Check-in

Average Points Awarded (out of 100):



## InterContinental

*The check in process **was easy and delightful**. The staff member was **pleasant and offered me informational brochures** to make my stay as good as it could be. The staff member assured me I got the best room I could have in the tower with a **great view of the lake**.*

## JW Marriott

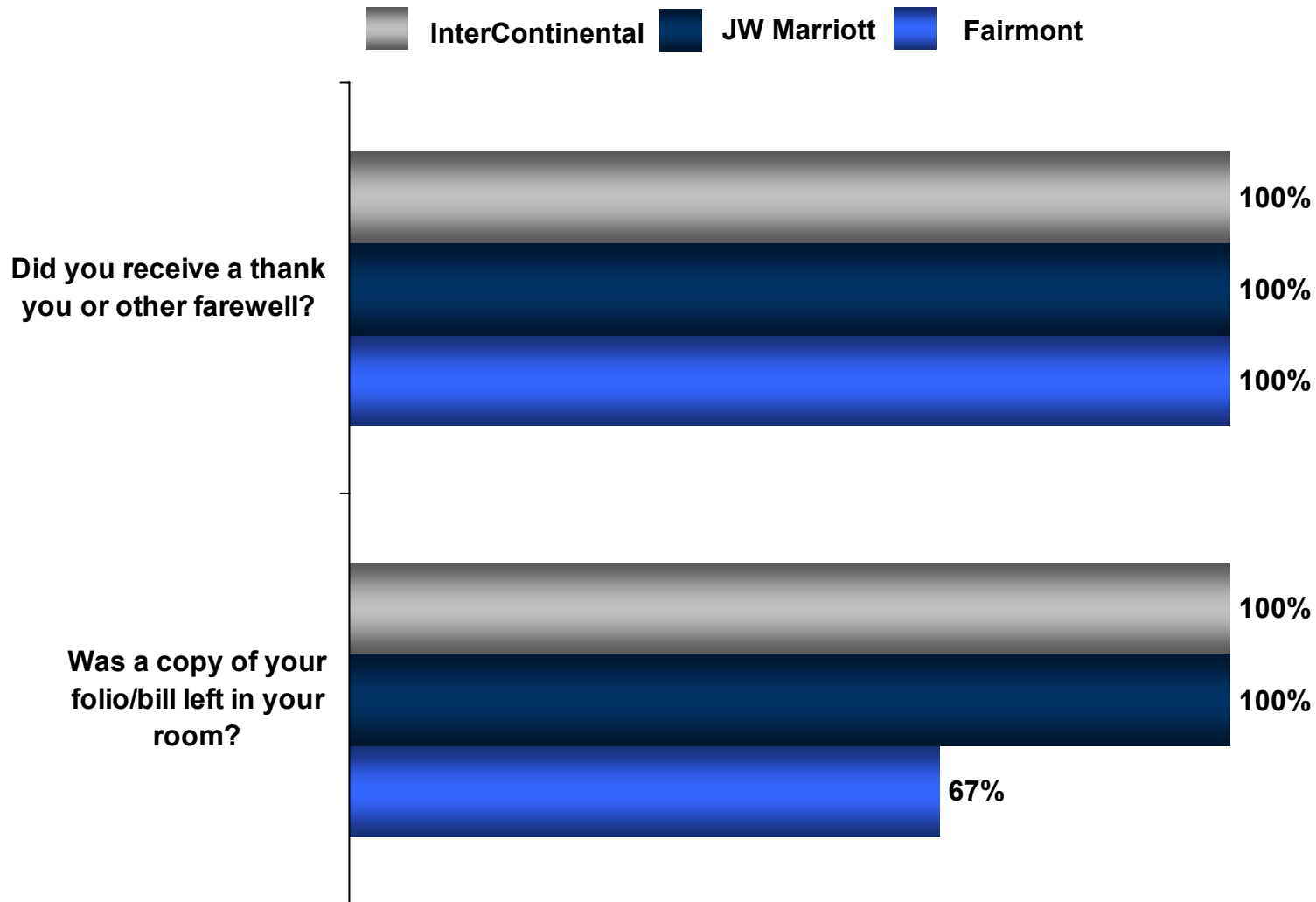
*XXX was available to **check us in immediately**. He was **warm and professional, indicating** that we would have a king size bed in our room on the 11<sup>th</sup> floor. XXX made **small talk** by asking us what brought us to Chicago as he prepared our room keys*

## Fairmont

*The check in process was **very quick and easy**. However, the person who checked us in was so efficient that **she spoke too quickly for us to be able to absorb** everything she said. She was **polite and professional, but very short**.*



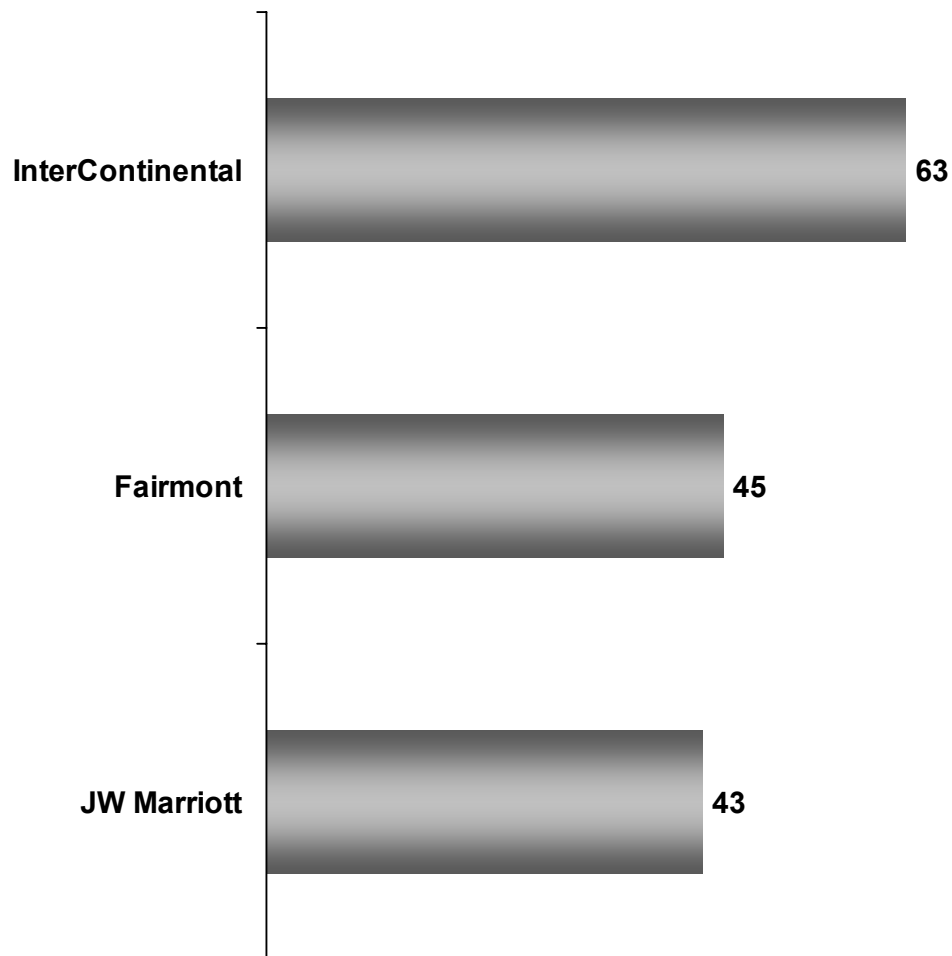
# Check-out Metrics – Mystery Shopping Results



Small Sample N=9

# Compare and Contrast – Departure

Average Points Awarded (out of 100):



**InterContinental**  
*We checked out in our room, but went to the lobby to receive an updated copy of our invoice (as the Internet charge was not listed on the original slipped under our door). The employee at the front desk was exceptional, speaking kindly and graciously to us.*

**Fairmont**  
*Our check out process was quick and easy. We were able to send a text message to the parking service to retrieve our car. The bellhop confirmed for us that the valet was on the way with our vehicle.*

**JW Marriott**  
*We checked out at the front desk, as there were a few incorrect charges on our original invoice ...we did not drink anything from the refrigerator, so the front desk employee was happy to reconcile our invoice and provide a new copy.*

Small Sample N=9





J.D. POWER  
AND ASSOCIATES®

## Summary

2012  
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# Customer Satisfaction Translates into Value

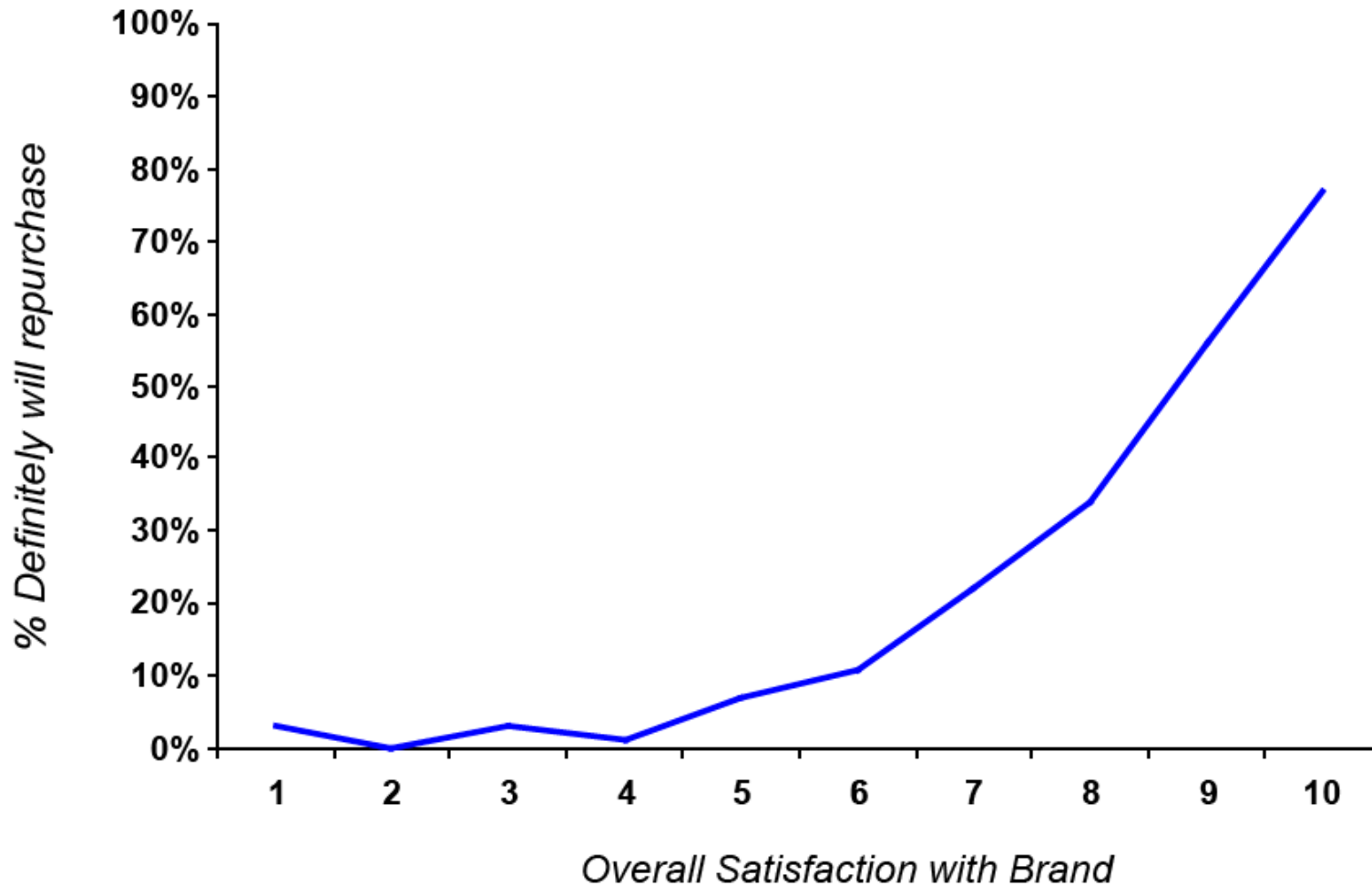
- Customer Loyalty
- Price Premiums
- Word of mouth
- Ancillary spending

**Increased Value**



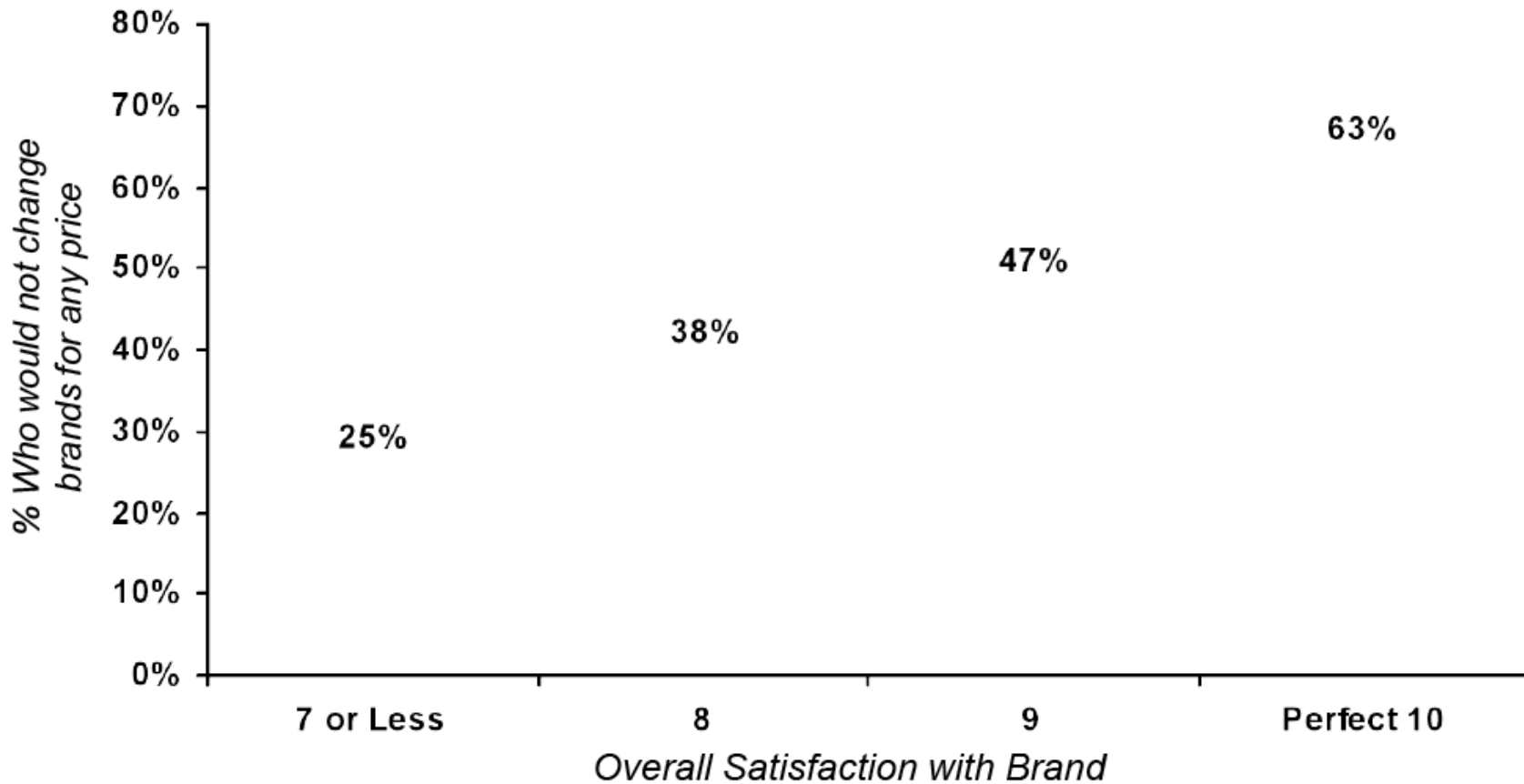
# Customer Loyalty

*As satisfaction increases, stated loyalty increases*



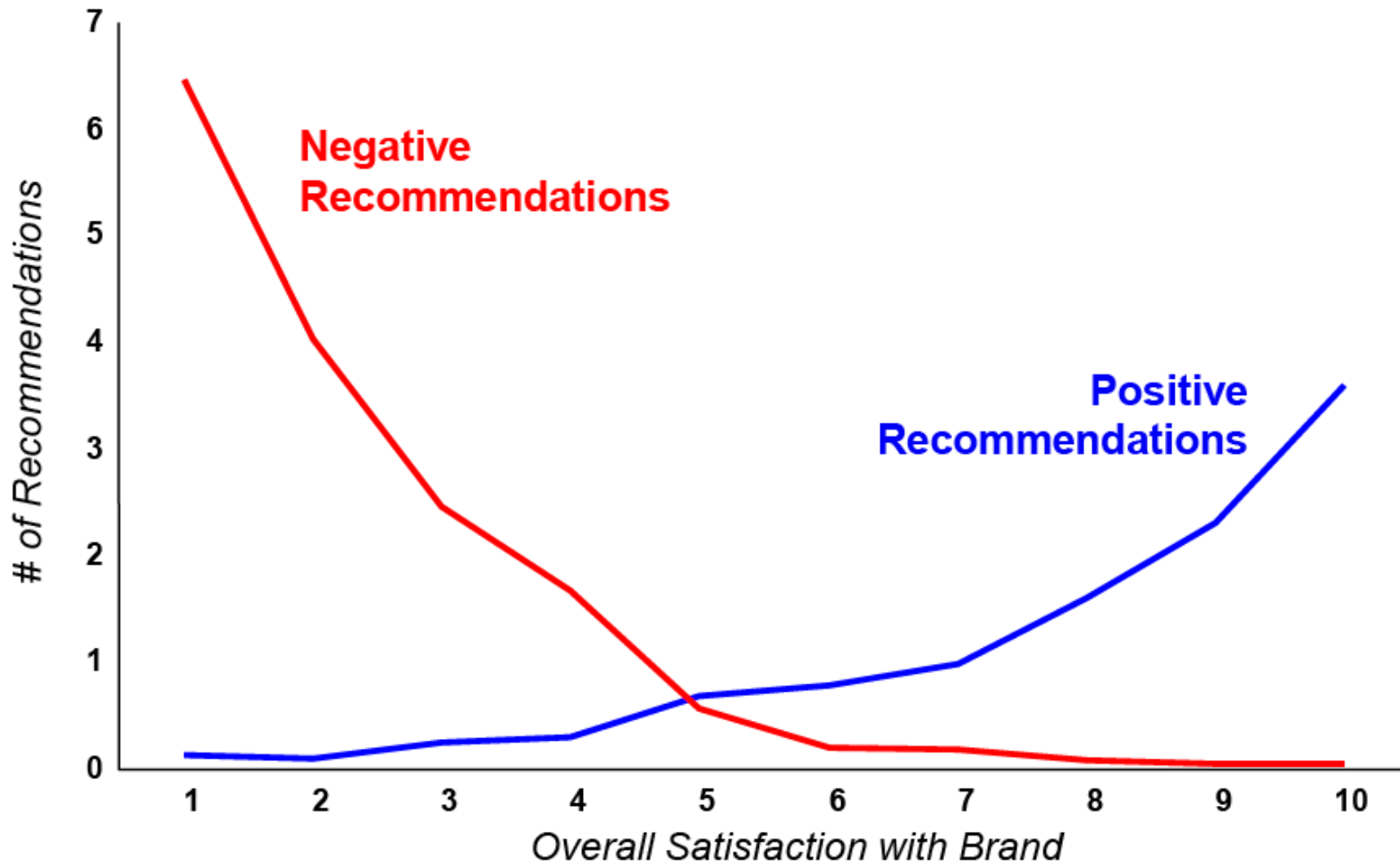
# Price Premiums

**Highly satisfied customers are less likely to consider switching brands based on price**



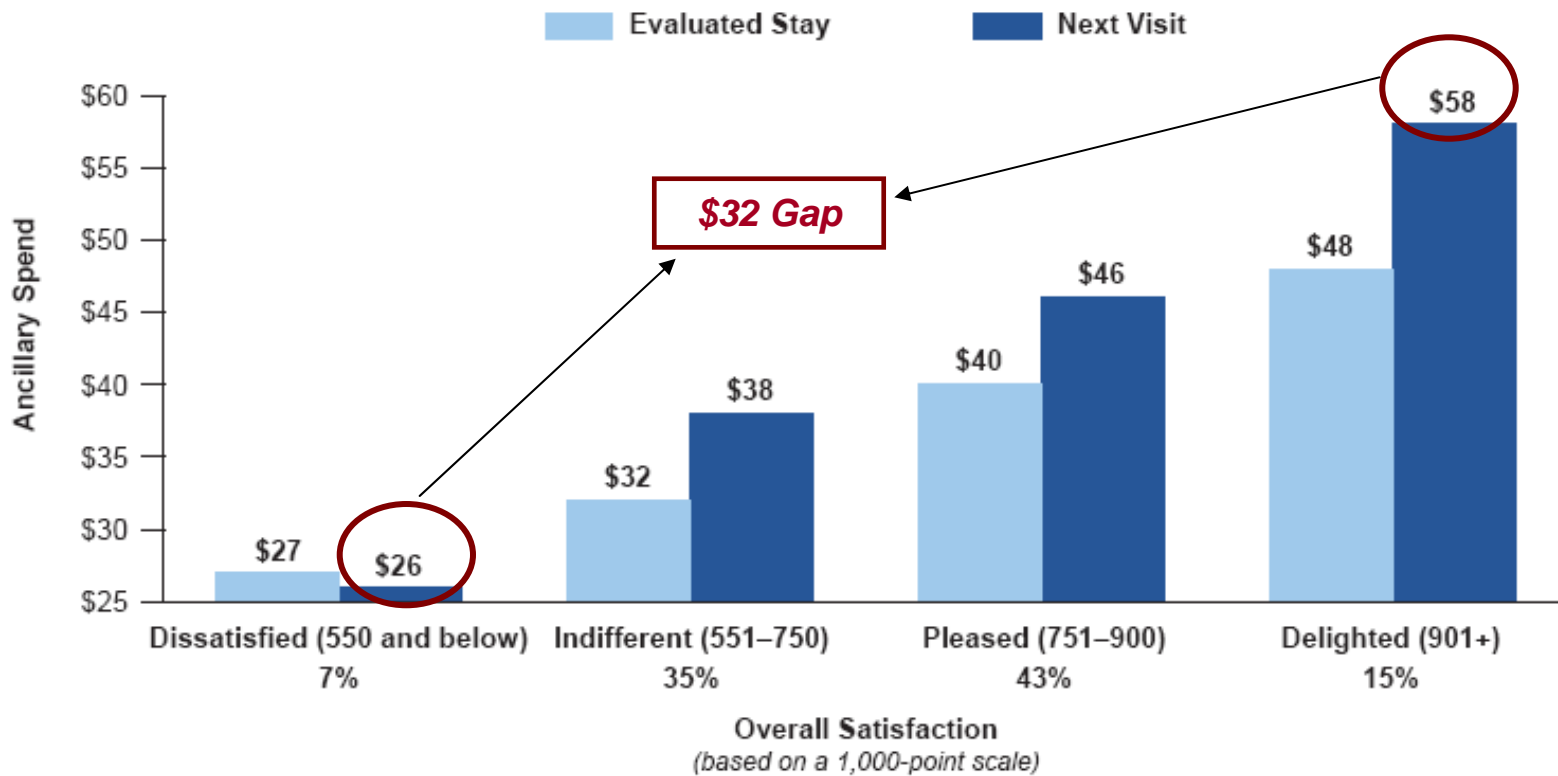
# Word of Mouth

*As satisfaction increases, positive recommendations increase and negative recommendations decrease*



# Satisfaction and Ancillary Spend

## Service Excellence vs. Ancillary Spending at Hotels



Source: J.D. Power and Associates Research

# 2011 North America Hotel Guest Index Simulator

JW Marriott Hotels & Resorts Reset LUXURY

| Index   | Weight | Current    | Adjusted   | Comparison | SWOOP      |
|---|--------|------------|------------|------------|------------|
| <b>Reservation</b>  |        | <b>832</b> | <b>837</b> | <b>829</b> |            |
| <b>Phone Reservation</b>                                  |        | <b>849</b> | <b>849</b> | <b>850</b> | <b>0.4</b> |
| Ease of getting through to a representative               | 0.3%   | 8.39       | 8.39       | 8.59       | -0.1       |
| Courtesy of telephone reservation staff                   | 0.5%   | 8.60       | 8.60       | 8.76       | -0.1       |
| Ease of booking   | 0.4%   | 8.51       | 8.51       | 8.58       | 0.0        |
| Availability of booking options/travel packages           | 0.4%   | 8.44       | 8.44       | 8.29       | 0.1        |
| Knowledge of telephone reservation staff                  | 0.4%   | 8.47       | 8.47       | 8.59       | 0.0        |
| <b>Website Reservation</b>                                |        | <b>870</b> | <b>870</b> | <b>845</b> | <b>0.6</b> |
| Ease of navigation  | 0.4%   | 8.71       | 8.71       | 8.46       | 0.1        |
| Appearance/design of the website                          | 0.5%   | 8.63       | 8.63       | 8.48       | 0.1        |
| Ease of booking   | 0.6%   | 8.83       | 8.83       | 8.61       | 0.1        |
| Availability of booking options/travel packages           | 0.4%   | 8.61       | 8.61       | 8.21       | 0.2        |
| Usefulness of the information on the website              | 0.4%   | 8.67       | 8.67       | 8.41       | 0.1        |
| <b>Check-In/Out</b>                                       |        | <b>866</b> | <b>880</b> | <b>864</b> | <b>2.9</b> |
| Speed of check-in process                                 | 4.0%   | 8.46       | 9.06       | 8.42       | 2.8        |
| Courtesy of staff   | 3.1%   | 8.76       | 8.76       | 8.76       | 0.0        |
| Knowledge of staff  | 2.0%   | 8.57       | 8.57       | 8.60       | -0.1       |
| Responsiveness of staff                                   | 1.2%   | 8.56       | 8.56       | 8.59       | 0.0        |
| Clarity of billing statement/folio                        | 3.6%   | 8.76       | 8.76       | 8.73       | 0.1        |
| Speed of check-out  | 3.4%   | 8.77       | 8.77       | 8.72       | 0.2        |
| <b>Guest Room</b>   |        | <b>848</b> | <b>860</b> | <b>852</b> | <b>1.9</b> |
| Cleanliness of guest room                                 | 1.7%   | 8.73       | 8.73       | 8.84       | -0.2       |
| Décor/furnishings of guest room                           | 2.2%   | 8.34       | 8.84       | 8.44       | 1.0        |
| Comfort of bed (include mattress, cover, linens, pillows) | 2.2%   | 8.61       | 8.61       | 8.74       | -0.3       |
| Quietness of guest room (free from outside/hall noises)   | 3.1%   | 8.48       | 8.48       | 8.46       | 0.1        |
| Ease of adjusting room temperature                        | 2.2%   | 8.33       | 8.33       | 8.39       | -0.1       |
| Variety of in-room business amenities available           | 2.5%   | 8.30       | 8.30       | 8.27       | 0.1        |
| Variety of other in-room amenities available              | 2.0%   | 8.43       | 8.43       | 8.35       | 0.2        |
| Quality of bathroom                                       | 3.4%   | 8.67       | 9.07       | 8.72       | 1.3        |
| Guest room smell  | 1.5%   | 8.40       | 8.40       | 8.46       | -0.1       |

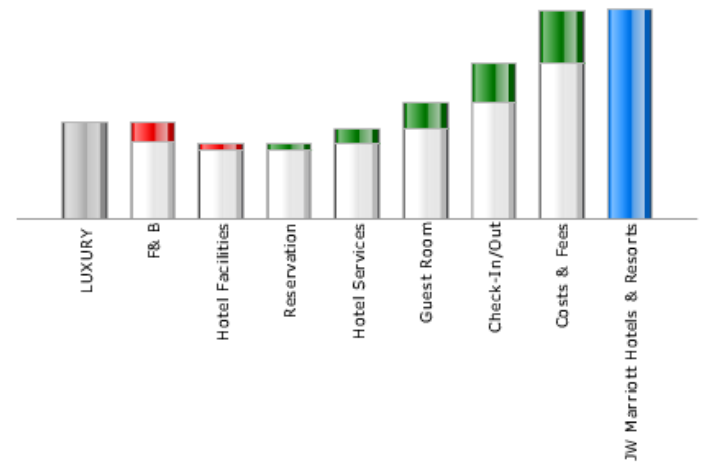
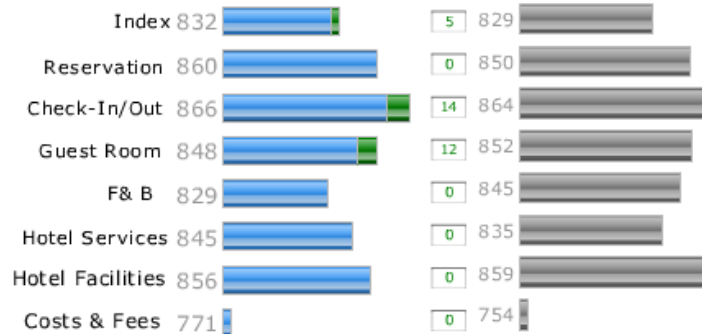
| F & B                                  | Weight | Current    | Adjusted   | Comparison | SWOOP       |
|--|--------|------------|------------|------------|-------------|
| <b>Restaurant/Bar/Lounge</b>           |        | <b>829</b> | <b>829</b> | <b>845</b> | <b>-1.5</b> |
| <b>Variety of menu choices</b>         |        | <b>833</b> | <b>833</b> | <b>849</b> | <b>-1.0</b> |
| Variety of menu choices                | 1.1%   | 8.16       | 8.16       | 8.15       | 0.0         |
| Quality/taste of food and beverage     | 1.5%   | 8.33       | 8.33       | 8.53       | -0.3        |
| Ambiance (atmosphere)                  | 0.9%   | 8.45       | 8.45       | 8.65       | -0.2        |
| Courtesy of staff                      | 1.3%   | 8.57       | 8.57       | 8.82       | -0.3        |
| Timeliness of your order               | 1.6%   | 8.17       | 8.17       | 8.34       | -0.3        |
| <b>Room Service</b>                    |        | <b>805</b> | <b>805</b> | <b>844</b> | <b>-0.5</b> |
| Variety of menu choices                | 0.4%   | 7.77       | 7.77       | 8.07       | -0.1        |
| Quality/taste of food and beverage     | 0.3%   | 8.00       | 8.00       | 8.45       | -0.1        |
| Timeliness of your order(s)            | 0.4%   | 7.81       | 7.81       | 8.39       | -0.2        |
| Courtesy of staff                      | 0.4%   | 8.63       | 8.63       | 8.85       | -0.1        |
| <b>Breakfast</b>                       |        |            |            |            |             |
| Variety of food choices                |        |            |            |            |             |
| Quality/taste of food and beverage     |        |            |            |            |             |
| Ambiance (atmosphere)                  |        |            |            |            |             |
| Courtesy of staff                      |        |            |            |            |             |
| Cleanliness of area                    |        |            |            |            |             |
| <b>Hotel Services</b>                  |        | <b>845</b> | <b>845</b> | <b>835</b> | <b>1.1</b>  |
| Service                                | 10.0%  | 8.45       | 8.45       | 8.35       | 1.1         |
| <b>Hotel Facilities</b>                |        | <b>856</b> | <b>856</b> | <b>859</b> | <b>-0.5</b> |
| Ease of parking                        | 3.9%   | 8.18       | 8.18       | 8.13       | 0.2         |
| Appearance of hotel grounds (exterior) | 3.5%   | 8.72       | 8.72       | 8.69       | 0.1         |
| Décor of hotel (interior)              | 4.1%   | 8.61       | 8.61       | 8.72       | -0.4        |
| Maintenance and upkeep of hotel        | 3.0%   | 8.70       | 8.70       | 8.76       | -0.2        |
| Security/safety of hotel               | 2.9%   | 8.65       | 8.65       | 8.74       | -0.2        |
| <b>Costs &amp; Fees</b>                |        | <b>771</b> | <b>771</b> | <b>754</b> | <b>3.9</b>  |
| Cost                                   | 22.6%  | 7.71       | 7.71       | 7.54       | 3.9         |

**Top 5**  
**Bottom 5**

829 -1.5 -0.5 0.4 1.1 1.9 2.9 3.9 837

### Expected Increase in Revenue Per 1000 Stays

|                      |                 |
|----------------------|-----------------|
| Avg # of Recom.      | 5.87            |
| Conversion Rate      | 10%             |
| Avg Room \$ per Stay | \$579           |
| Recommendation       | \$5,517         |
| Repurchase           | \$6,350         |
| <b>Sum</b>           | <b>\$11,867</b> |

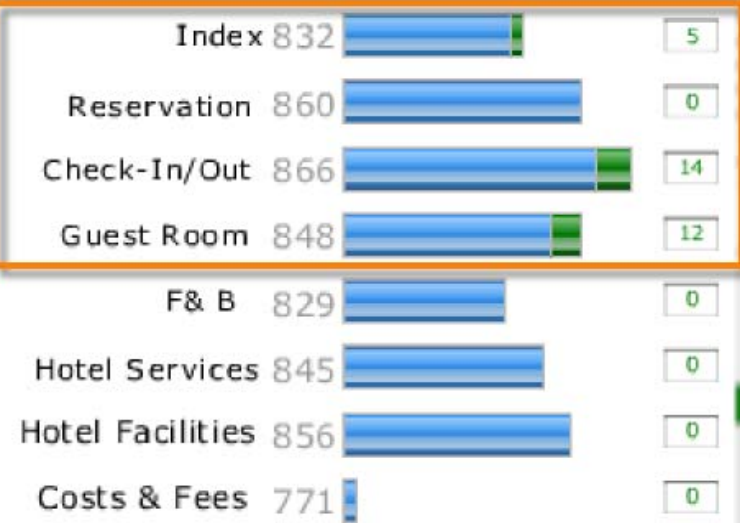


# 2011 North America Hotel Guest Index Simulator

| Weight  | Current    | Adjusted   | Competition | Delta      |
|---|------------|------------|-------------|------------|
| <b>Guest Room</b>   | <b>848</b> | <b>860</b> | <b>852</b>  | <b>1.9</b> |
| Cleanliness of guest room                                 | 1.7%       | 8.73       | 8.73        | 8.84 -0.2  |
| Décor/furnishings of guest room                           | 2.2%       | 8.34       | 8.84        | 8.44 1.0   |
| Comfort of bed (include mattress, cover, linens, pillows) | 2.2%       | 8.61       | 8.61        | 8.74 -0.3  |
| Quietness of guest room (free from outside/hall noises)   | 3.1%       | 8.48       | 8.48        | 8.46 0.1   |
| Ease of adjusting room temperature                        | 2.2%       | 8.33       | 8.33        | 8.39 -0.1  |
| Variety of in-room business amenities available           | 2.5%       | 8.30       | 8.30        | 8.27 0.1   |
| Variety of other in-room amenities available              | 2.0%       | 8.43       | 8.43        | 8.35 0.2   |
| Quality of bathroom                                       | 3.4%       | 8.67       | 9.07        | 8.72 1.3   |
| Guest room smell  | 1.5%       | 8.40       | 8.40        | 8.46 -0.1  |

## Expected Increase in Revenue Per 1000 Stays

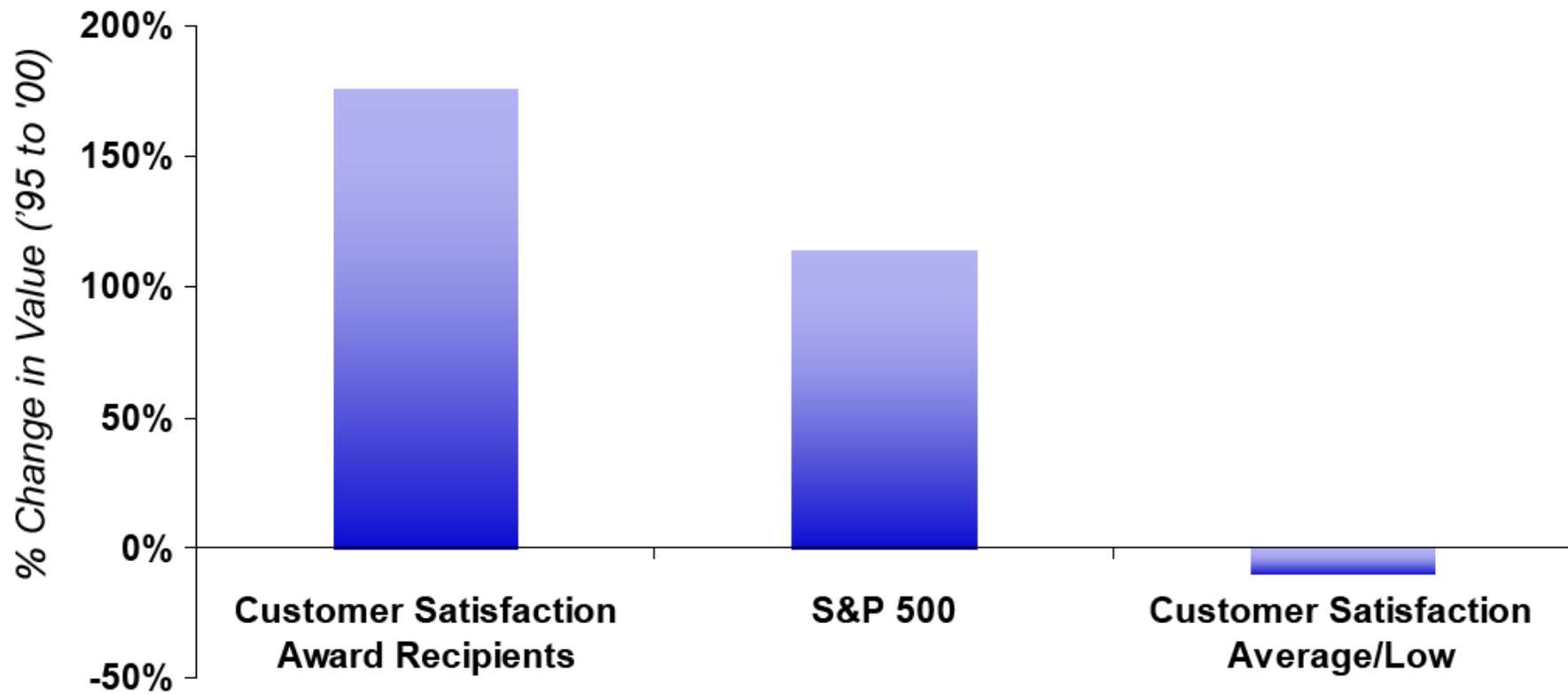
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| <b>Sum</b>           | <b>\$11,867</b> |



JW Marriott Hotels & Resorts

# Value

## *Cross-Industry Comparison of Customer Satisfaction and Stock Valuation—1995-2000*





**J.D. POWER**  
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**Thank You  
Questions?**

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