

After Mastering Product Offerings, Hotels Must Turn Attention to Services, J.D. Power Finds

Upgrades Losing Their Effectiveness to Drive Higher Satisfaction after Years of Capital Investment

COSTA MESA, Calif.: 24 July 2018 — It's a good time to be a hotel guest. Across the board, hotels are making their customers happier than ever, according to the J.D. Power 2018 North America Hotel Guest Satisfaction Index (NAGSI) Study,SM released today. Driven by increased approval of guest rooms and hotel facilities, overall satisfaction for the industry increases 8 points to 825 (on a 1,000-point scale).

"Hotels in all price ranges have excelled at ensuring their customers have a top-notch experience," said **Jennifer Corwin, Associate Practice Lead for the Global Travel and Hospitality Practice at J.D. Power.** "Years of capital investment in offerings such as higher-end televisions and in-room tablets have left their mark. Now, as hotels look to push customer satisfaction levels higher, their focus should turn to service areas, particularly when it comes to direct booking."

Service areas also are improving, but at a slower rate. According to Corwin, in consideration of economic cycles, hotels should emphasize refining their service effort which represents greater opportunity for improvement and requires less investment than capital improvements.

Now in its 22nd year, the study is designed to help hoteliers add focus and clarity to product and service improvement efforts that matter most to their guests. The study measures overall guest satisfaction across eight hotel segments: luxury; upper upscale; upscale; upper midscale; midscale; economy; upper extended stay; and extended stay. Seven key factors are examined in each segment to determine overall satisfaction: reservation; check-in/check-out; guest room; food & beverage; hotel services; hotel facilities; and cost & fees.

Following are some key findings of the 2018 study:

- **Up, up and up:** Compared with 2017 results, the greatest improvement in overall satisfaction occurs in the upper midscale segment (+12 points on a 1,000-point scale). A 7-point increase is posted in the luxury, upper upscale, upscale and midscale segments, while a 6-point improvement is found in the upper extended stay, extended stay and economy segments.
- **Flying high:** The Ritz-Carlton scores 902, up 14 points from last year and the highest ever for a brand in the study. The Ritz-Carlton is at the top in five of the seven factors in the luxury segment. Similarly, Drury Hotels scores 895, also up 15 points from last year and the third-highest score of any brand. Drury Hotels ranks highest in the upper midscale segment across all seven factors. Both brands have high levels of consumer loyalty and advocacy, with 70% or more of guests stating they "definitely will" recommend the brand to someone else and more than half of guests saying they "definitely will" stay at that hotel chain again.
- **Technology offerings are important:** Technology is becoming more pervasive in the guest experience, specifically in guest rooms. Adding capabilities has a clear association with higher guest

satisfaction, but this plateaus as offerings become standard. Consider that 77% of guests surveyed say a large flat-panel television was available in their rooms, but only 10% have a tablet for in-room information. The former is worth a 12-point lift, while the latter is worth a much larger 47-point increase. Mobile app adoption generates a 58-point increase in 2018, compared with a 65-point increase in 2017.

- **Service satisfaction increases at a lesser rate:** While on the rise, hotel services satisfaction continues to be outpaced by the growth in product satisfaction. Guest room and hotel facilities satisfaction, which are primarily product-focused, are increasing at a greater rate than any other factor (13 and 11 points, respectively). The factor areas with the highest level of staff touch points (check-in/check-out and food & beverage) have improved the least (5 and 7 points, respectively), which coincides with a smaller improvement in cost & fees (5 points).
- **Think local, act local:** Providing authentic local experiences has increasingly become an important focus of the hotel industry as a means of providing a unique, destination-specific feel to a hotel room. While providing an authentic local experience in food and beverage is essential, more guests experience the guest room décor and hotel facilities. Focusing on delivering a location-specific feel can cause a greater lift to overall satisfaction.

Study Rankings

The following hotel brands rank highest in guest satisfaction in their respective segments:

Luxury: **The Ritz-Carlton** (for fourth consecutive year)
Upper Upscale: **Kimpton Hotels**
Upscale: **Hilton Garden Inn** (for third consecutive year)
Upper Midscale: **Drury Hotels** (for 13th consecutive year)
Midscale: **Wingate by Wyndham** (for fourth consecutive year)
Economy: **Microtel Inn & Suites by Wyndham**
Upper Extended Stay: **Staybridge Suites** (for second consecutive year)
Extended Stay: **Home2 Suites by Hilton**

The 2018 North America Hotel Guest Satisfaction Index Study analyzes guest responses to more than 150 questions regarding their overall experiences and includes 70 officially ranked brands in eight market segments. This year's study is based on responses from approximately 55,000 hotel guests who stayed at a hotel between May 2017 and May 2018. The study was fielded between June 2017 and May 2018.

For more information about the 2018 North America Hotel Guest Satisfaction Index Study, visit <http://www.jdpower.com/resource/jd-power-north-america-hotel-guest-satisfaction-index-study>.

See the online press release at <http://www.jdpower.com/pr-id/2018114>.

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NOTE: Eight charts follow.

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Included in this segment but not ranked due to small sample size are 21c Museum Hotels, Andaz, Belmond, Mandarin Oriental, Park Hyatt, Sofitel, St. Regis Hotels & Resorts, The Luxury Collection, Thompson Hotels, Trump Hotel Collection and Viceroy Hotels & Resorts
Source: J.D. Power 2018 North America Hotel Guest Satisfaction Index StudySM

Power Circle Ratings Legend

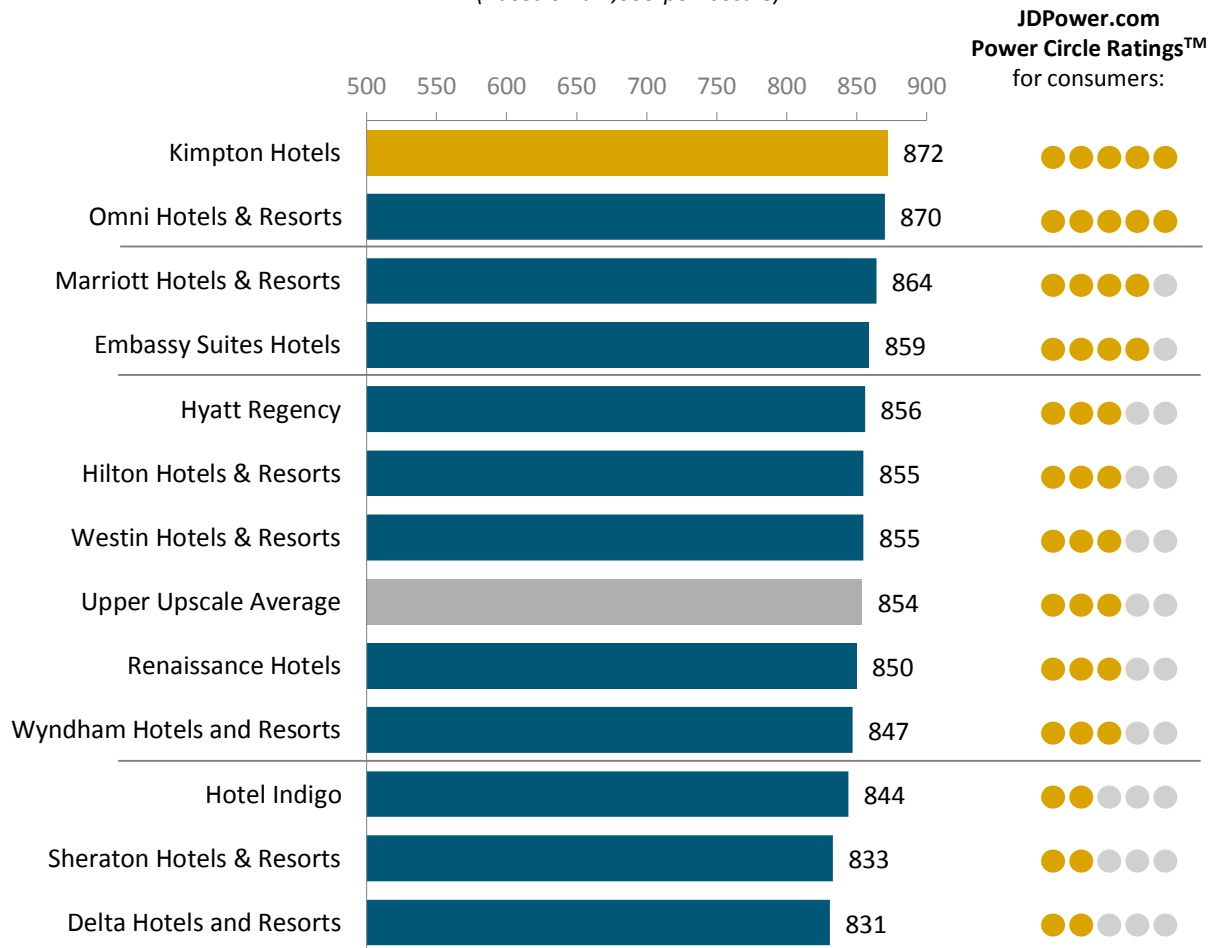
- Among the best
- Better than most
- About average
- The rest

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Customer Satisfaction Index Ranking Upper Upscale Segment

(Based on a 1,000-point scale)



Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

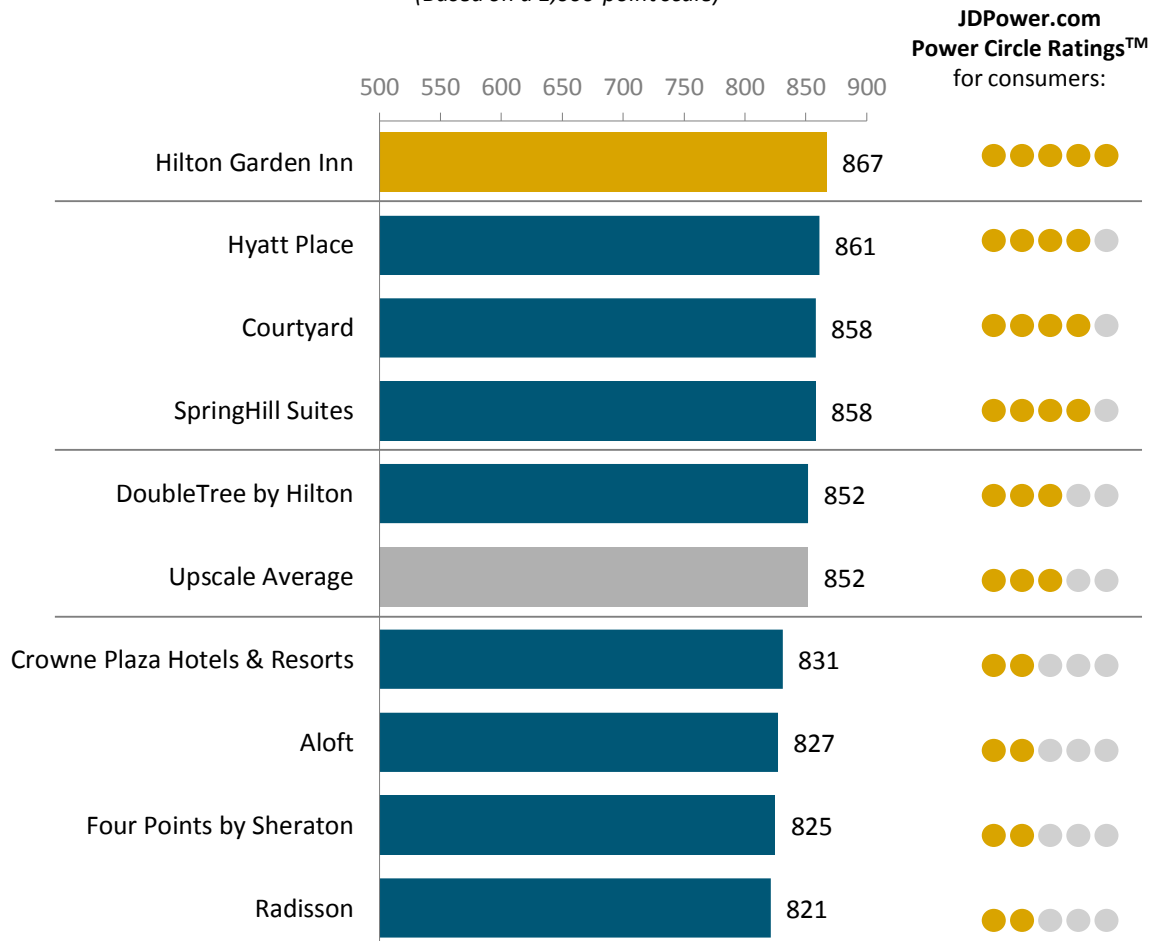
Source: J.D. Power 2018 North America Hotel Guest Satisfaction Index StudySM

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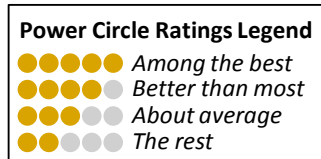
Customer Satisfaction Index Ranking Upscale Segment

(Based on a 1,000-point scale)



Included in this segment but not ranked due to small sample size are Best Western Premier, Cambria Suites, Coast Hotels & Resorts and Sonesta Hotels.

Source: J.D. Power 2018 North America Hotel Guest Satisfaction Index StudySM

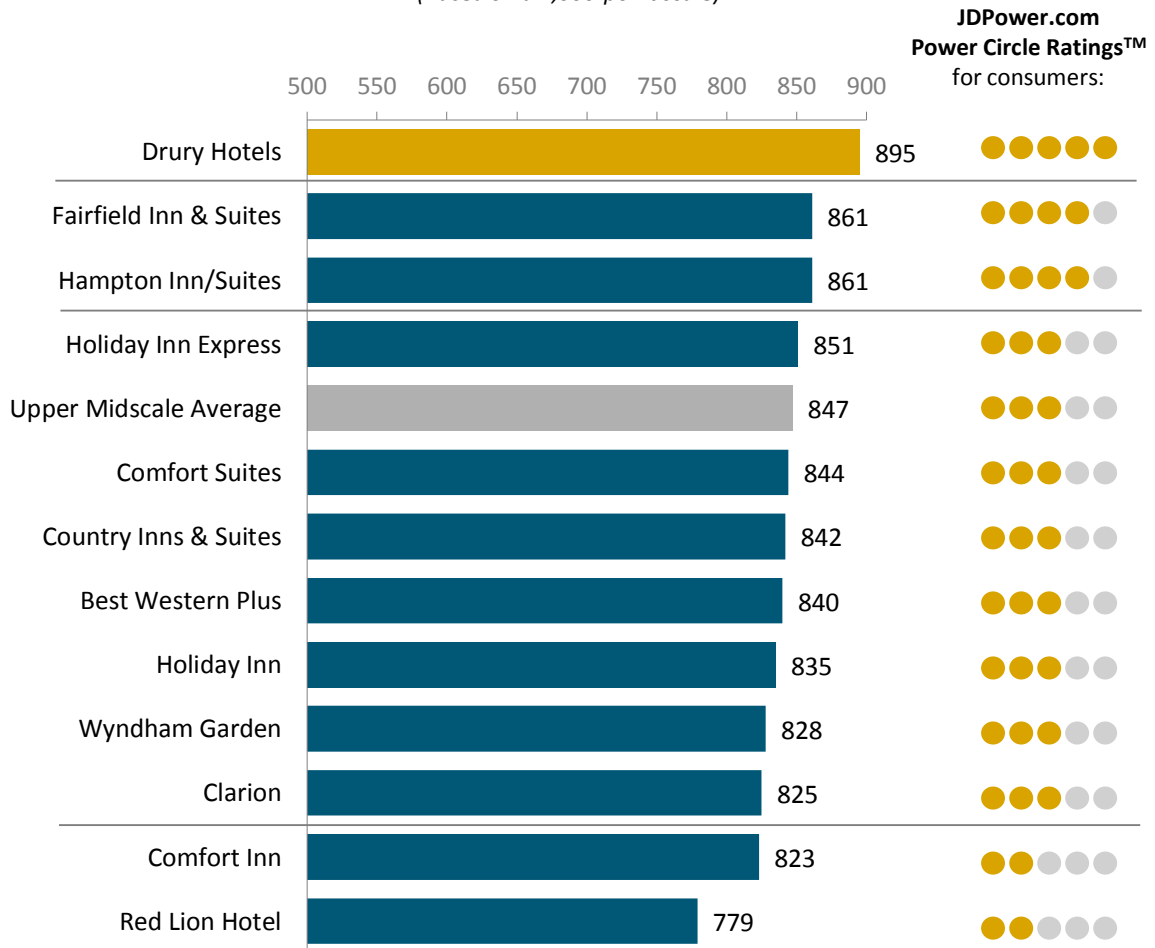


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Customer Satisfaction Index Ranking Upper Midscale Segment

(Based on a 1,000-point scale)



Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

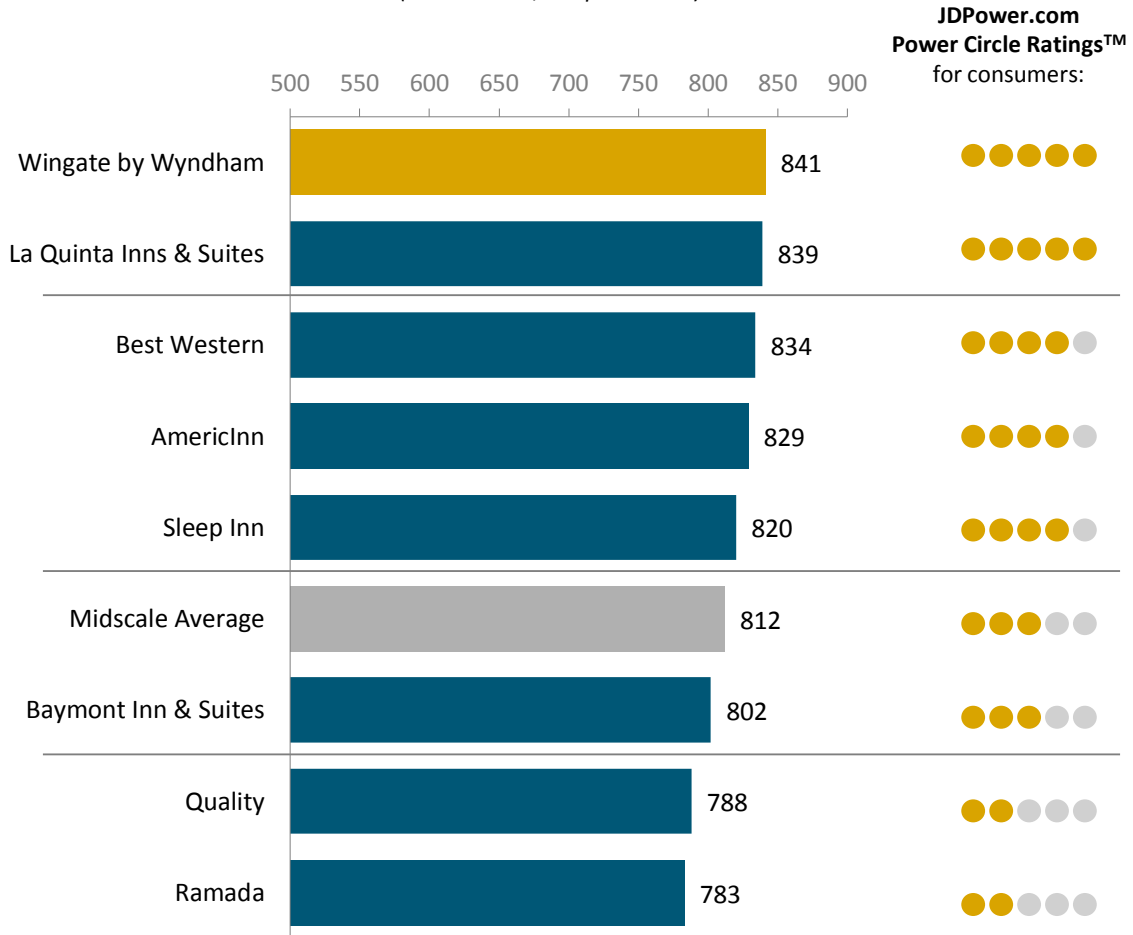
Source: J.D. Power 2018 North America Hotel Guest Satisfaction Index StudySM

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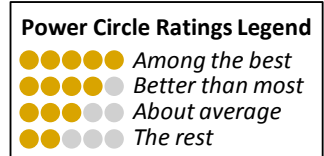
Customer Satisfaction Index Ranking Midscale Segment

(Based on a 1,000-point scale)



Included in this segment but not ranked due to small sample size is Red Lion Inn & Suites.

Source: J.D. Power 2018 North America Hotel Guest Satisfaction Index StudySM

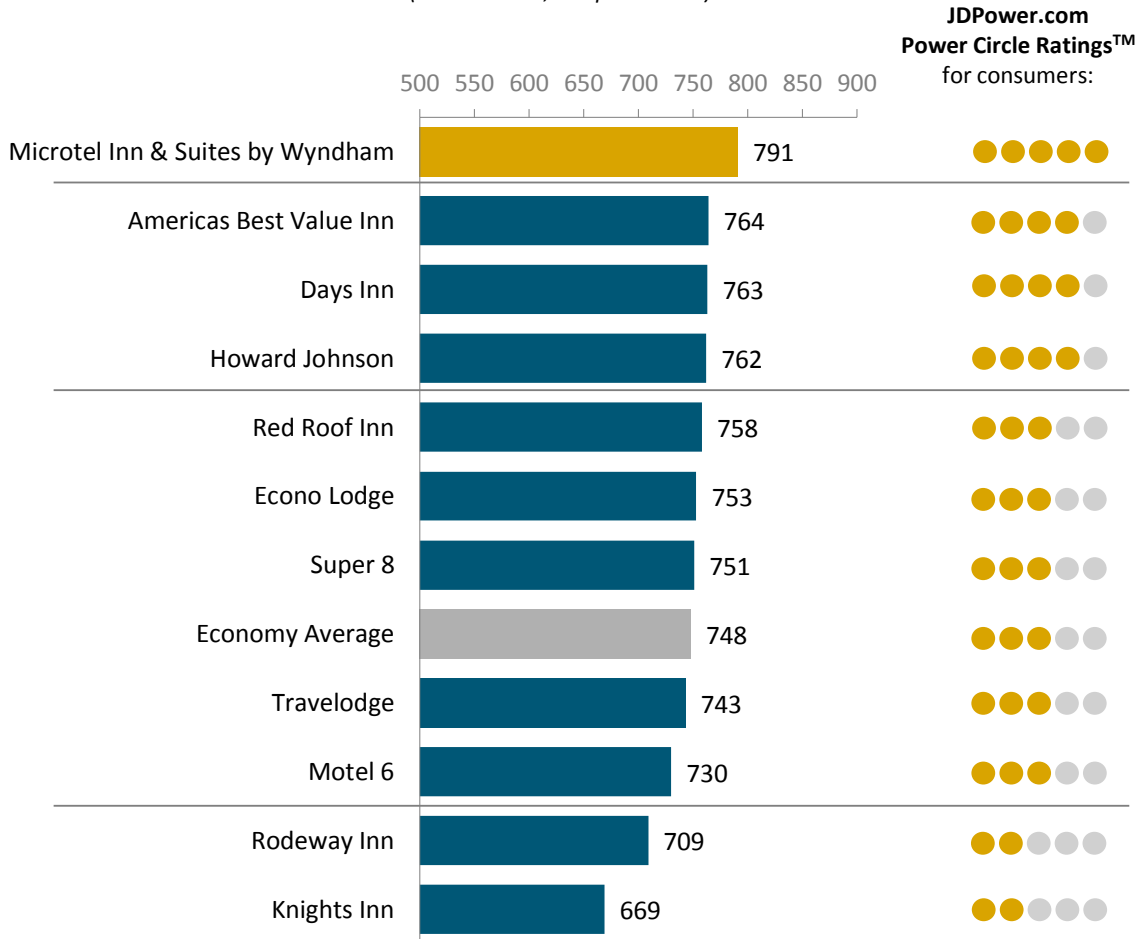


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Customer Satisfaction Index Ranking Economy Segment

(Based on a 1,000-point scale)



Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

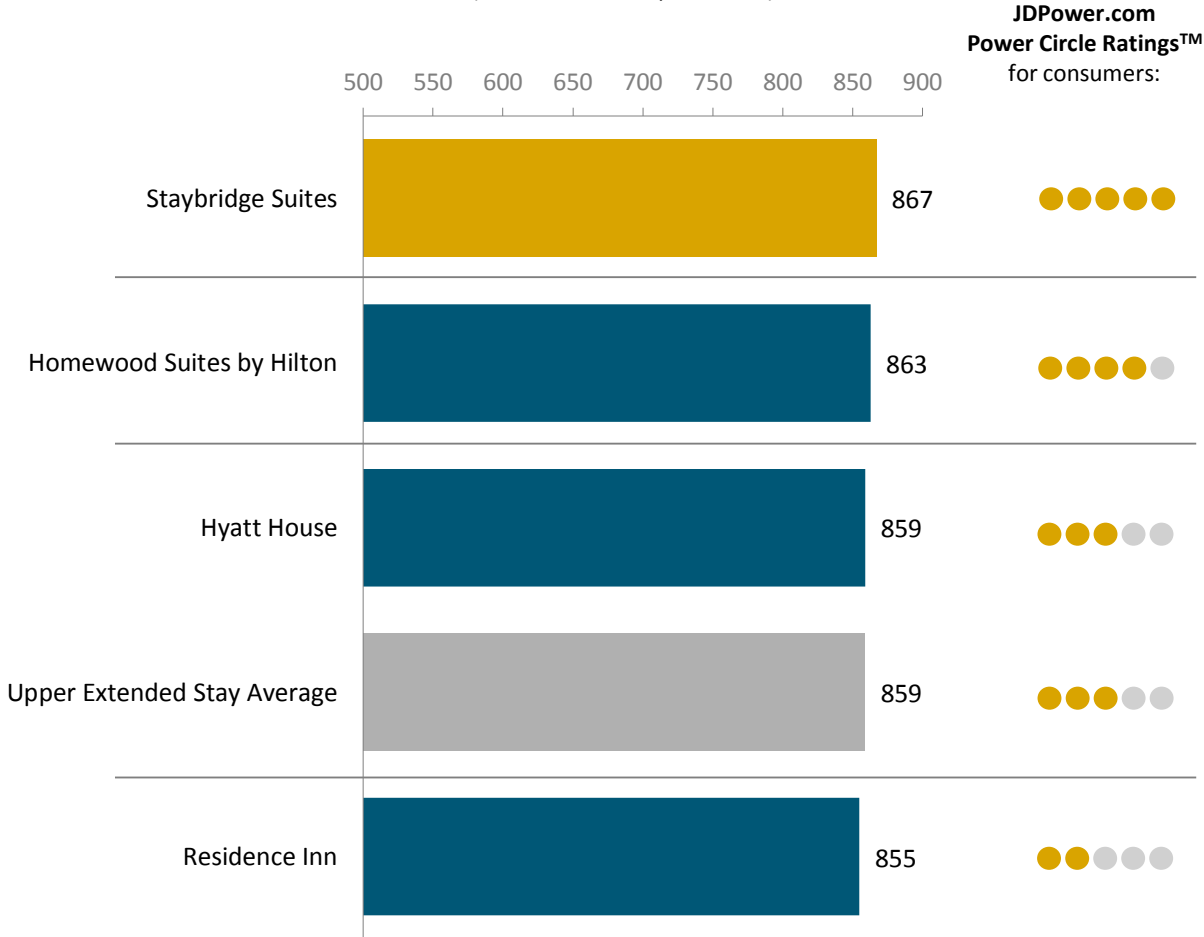
Source: J.D. Power 2018 North America Hotel Guest Satisfaction Index StudySM

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Customer Satisfaction Index Ranking Upper Extended Stay Segment

(Based on a 1,000-point scale)



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for consumers:

Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

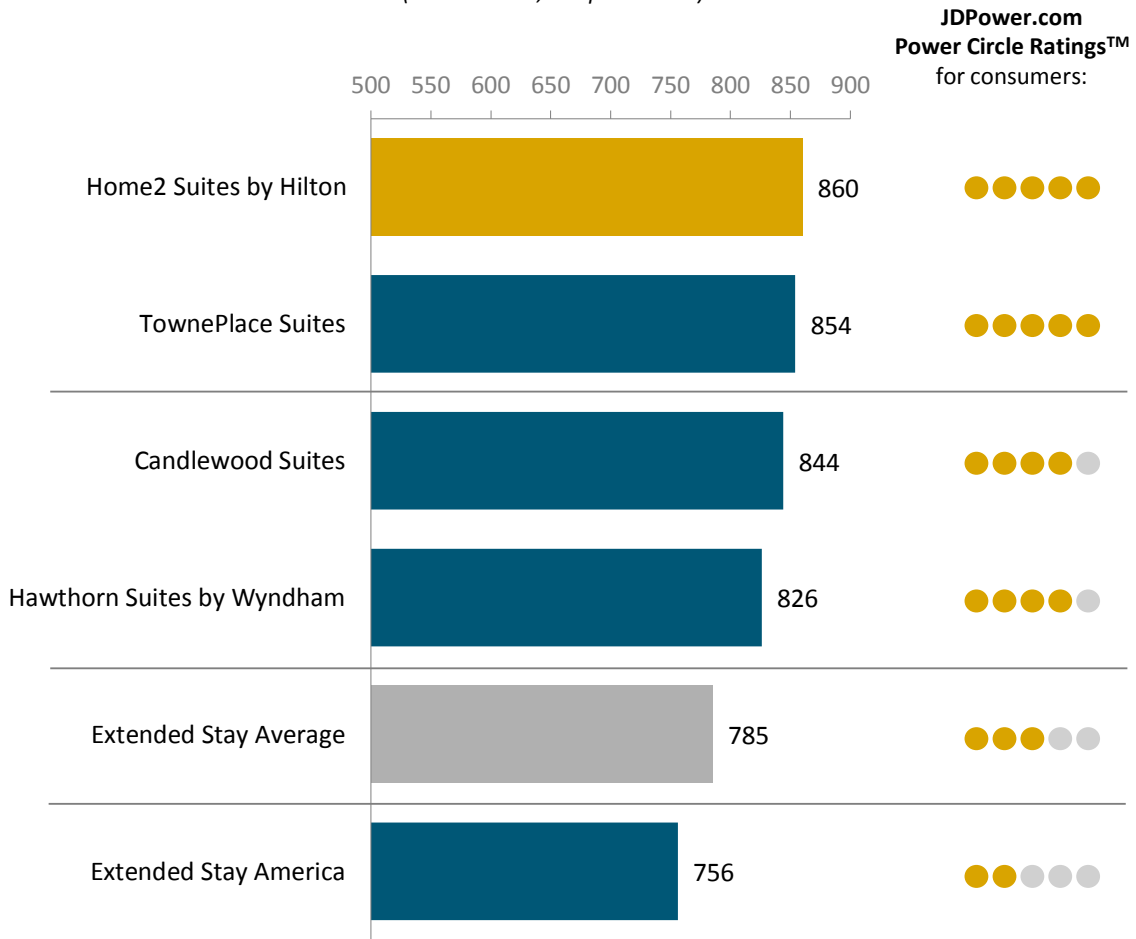
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Customer Satisfaction Index Ranking Extended Stay Segment

(Based on a 1,000-point scale)



Included in this segment but not ranked due to small sample size are Crossland Economy Studios, InTown Suites, Main Stay Suites, Studio 6 Extended Stay, Suburban Extended Stay and Value Place/WoodSpring Suites.

Source: J.D. Power 2018 North America Hotel Guest Satisfaction Index StudySM

Power Circle Ratings Legend

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- About average
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