



Press Release

J.D. Power and Associates Reports: As Guests Return to Hotels, Rates Increase and Industry Fundamentals Improve, Hoteliers Are Falling Further Behind in Meeting Guest Expectations

Drury Hotels; Omni Hotels & Resorts; Holiday Inn; Homewood Suites;
Hilton Garden Inn and SpringHill Suites (in a tie); Jameson Inn;
And The Ritz-Carlton Each Rank Highest in Guest Satisfaction in Their Respective Segment

WESTLAKE VILLAGE, Calif.: 25 July 2012 — While the hotel industry continues to gradually recover from the economic downturn, guest satisfaction with the underlying hotel experience continues to deteriorate as hoteliers fall further behind guest expectations, according to the J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM released today.

Now in its 16th year, the study measures overall hotel guest satisfaction across seven hotel segments: luxury; upper upscale; upscale; mid-scale full service; mid-scale limited service; economy/budget; and extended stay. Seven key measures are examined within each segment to determine overall satisfaction: reservations; check-in/check-out; guest room; food and beverage; hotel services; hotel facilities; and costs and fees.

Overall guest satisfaction has declined to 757 on a 1,000-point scale, down 7 index points from 2011. However, guest satisfaction with the underlying experience has deteriorated much more than this score suggests, as relatively high levels of satisfaction with cost and fees mask declines in other areas of the guest experience. Satisfaction with check-in/check-out; food and beverage; hotel services; and hotel facilities are at new lows since the 2006 study and satisfaction with guest room has declined within one point of its lowest level in the past seven years.

“As the industry continues to recover and rates increase, hoteliers need to get back to the fundamentals and improve the overall guest experience,” said Stuart Greif, vice president and general manager of the global travel and hospitality practice at J.D. Power and Associates. “Charging guests more and providing less is not a winning combination from a guest satisfaction perspective, much less a winning business strategy. In short, hoteliers are falling further behind and need to catch up.”

The Staff Opinion Model, a new portion of the 2012 study, examines guest satisfaction with hotel staff by staff type across the guest experience. Overall, 56 percent of hotel guests have a high opinion of staff; 34 percent have an average opinion; and 10 percent have a low opinion of staff. Satisfaction is significantly higher among guests with a high opinion of hotel staff (average of 841 index points), compared with those with an average (673) or low (570) opinion of staff.

“Advocacy and loyalty rates are also much higher among guests with a high opinion of the hotel staff. These guests are also more likely to use various hotel services, such as eating at a hotel restaurant,” said Jessica McGregor, senior manager of the global travel and hospitality practice at J.D. Power and Associates. “A friendly, service-oriented staff helps drive top- and bottom-line financial performance, not just satisfaction, by also generating greater repeat business and positive word of mouth.”

Yet it's not just room rates that affect customer satisfaction with costs and fees; as more than one-half of guests use the Internet during their hotel stay, charges for access can drag down satisfaction. The study finds that 55 percent of hotel guests use the Internet during their hotel stay—an increase from 20 percent in 2006—and 87 percent use Wi-Fi to connect. Among those that use the Internet, only 11 percent are charged an additional fee to connect. Yet those that were charged a fee have an average costs and fees satisfaction score of 688, 76 index points lower than those that were not charged a fee or the fee was part of the room rate. Complimentary Internet access is more likely included at mid-scale limited service, mid-scale full service, upscale, and economy/budget hotels.

“Guests enjoy Wi-Fi for free in many places outside of their hotel experience, such as in coffee shops, restaurants and other locations, setting expectations against which hotels are compared,” said McGregor. “When guests learn they have to pay for Internet or when connection speeds are slow at a hotel, they are much more dissatisfied than they were in the past”

Research conducted by J.D. Power's Consumer Insight & Strategy Group¹ to track social media activity finds that:

- Hotels that charge extra for Internet access are perceived as taking advantage of guests, especially given the number of places that offer this service for free.
- While consumers use social media to complain about how slow Internet connections are at hotels, it is not uncommon for hotel guests to praise hotel brands that are known for fast, reliable Internet service.
- While complaints about Internet fees charged by hotels are common, rolling Internet charges into a generic “resort fee” heightens resentment among hotel guests.
- Loyalty club members have come to expect free Internet as a perk at their hotel of choice.

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

- [Luxury](#): The Ritz-Carlton (for a third consecutive year)
- [Upper Upscale](#): Omni Hotels & Resorts
- [Upscale](#): Hilton Garden Inn and SpringHill Suites (in a tie)
- [Mid-Scale Full Service](#): Holiday Inn (for a second consecutive year)
- [Mid-Scale Limited Service](#): Drury Hotels (for a seventh consecutive year)
- [Economy/Budget](#): Jameson Inn
- [Extended Stay](#): Homewood Suites (for a third consecutive year)

The study also examines how guests book their hotel stay. Guests who book through an online travel agency (OTA) tend to be more price sensitive; have lower levels of satisfaction with their stay; are less loyal to hotel brands; and tend to report more problems, compared with guests who book through the hotel website or call the hotel or hotel brand directly. Satisfaction among guests who book through the hotel brand website or call directly averages 774 and 768, respectively, compared with guests who book through an independent website or online travel agency (OTA), 729.

“There will always be some guests for whom price sensitivity trumps all else and who will use independent websites or OTAs to make their reservation,” said Ramez Faza, senior manager of the global travel and hospitality practice at J.D. Power and Associates. “However, independent website and OTA customers still represent an opportunity for hoteliers. Once these guests are at a hotel, there is the opportunity for the hotel to provide an

¹ North America hotel guest social media research includes information gathered online from July 2011 through May 2012, and consisted of more than 86,000 online communications across various social media.

outstanding experience and create reasons for them to return to the brand and book through its channels for future stays.”

For hotel guests, J.D. Power and Associates offers the following tips:

- If you book via any channel other than directly through the hotel, call the hotel to confirm your reservation and get the hotel’s confirmation number for your reservation.
- Ask the hotel staff if Internet is included in the room rate or if there are additional fees so there are no surprises when you check out.
- To make the check-in process quick and easy, have your reservation confirmation, credit card and driver’s license ready. Verify that the rate charged is the rate originally quoted.
- If you have a problem during your stay, report it to the front desk right away—the hotel staff can’t help if they aren’t aware that there is an issue.
- Most hotels have established checkout times ranging from 11 a.m. to 2 p.m. If you need additional time, request it in advance; otherwise, you may be charged an additional fee.

The 2012 North America Hotel Guest Satisfaction Index Study is based on responses gathered between August 2011 and May 2012 from more than 61,700 guests from the United States and Canada who stayed in a hotel in North America between June 2011 and May 2012.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company providing performance improvement, social media and customer satisfaction insights and solutions. The company’s quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on [airlines, hotels and rental car reviews and ratings](#), [car reviews and ratings](#), [car insurance](#), [health insurance](#), [cell phone ratings](#), and more, please visit [JDPower.com](#). J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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McGraw-Hill announced on September 12, 2011, its intention to separate into two public companies: McGraw-Hill Financial, a leading provider of content and analytics to global financial markets, and McGraw-Hill Education, a leading education company focused on digital learning and education services worldwide. McGraw-Hill Financial’s leading brands include Standard & Poor’s Ratings Services, S&P Capital IQ, S&P Indices, Platts energy information services and J.D. Power and Associates. With sales of \$6.2 billion in 2011, the Corporation has approximately 23,000 employees across more than 280 offices in 40 countries. Additional information is available at <http://www.mcgraw-hill.com/>.

Media Relations Contacts:

Jeff Perlman; Brandware Public Relations; Woodland Hills, Calif.; (818) 598-1115; jperlman@brandwarepr.com
Syvetril Perryman; J.D. Power and Associates; Westlake Village, Calif.; (805) 418-8103;
media.relations@jdpa.com

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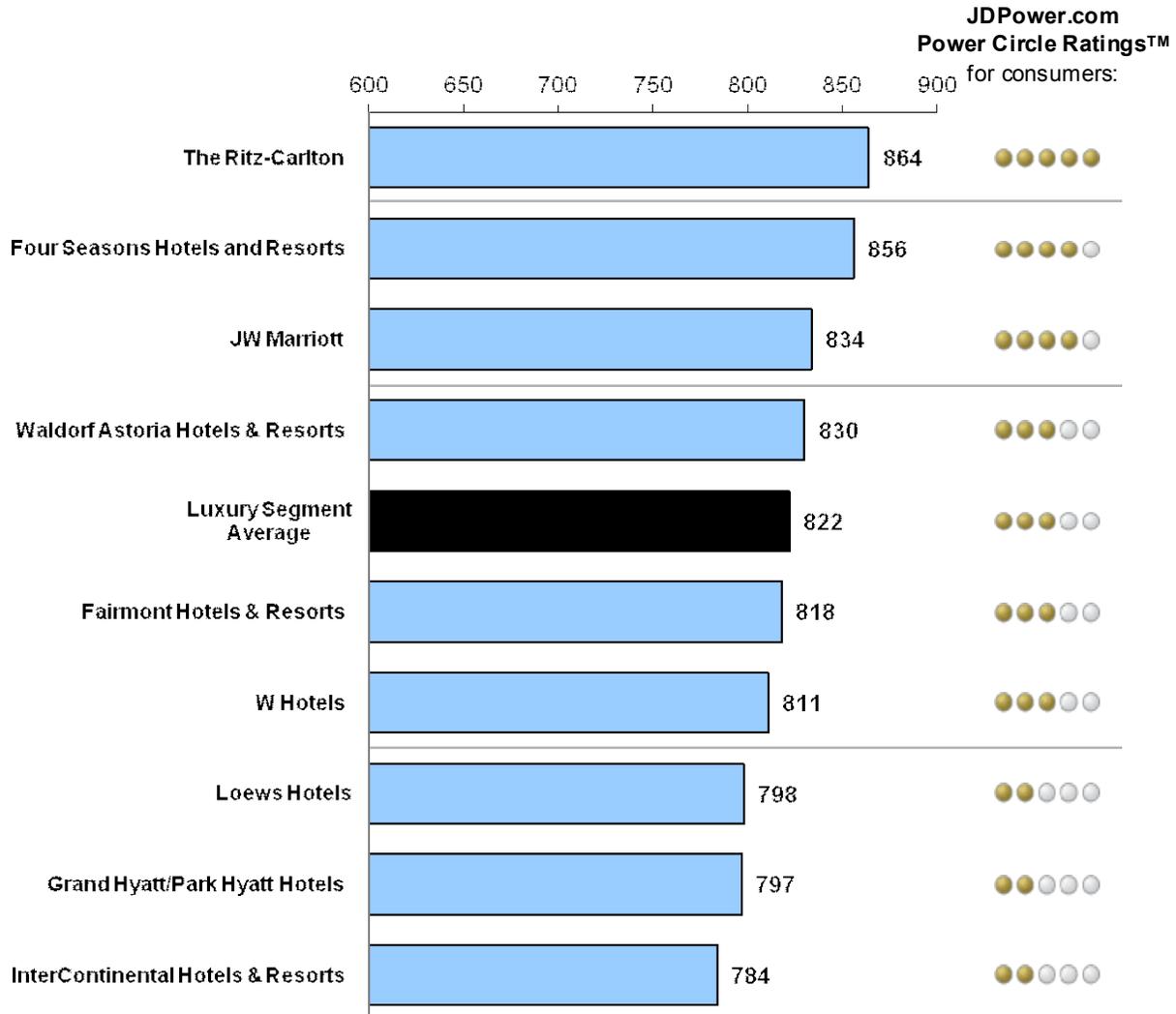
NOTE: Seven charts follow.

J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

Customer Satisfaction Index Ranking

Luxury Segment

(Based on a 1,000-point scale)



Included in the segment, but not ranked due to small sample size are:
Mandarin Oriental, Sofitel, St. Regis Hotels & Resorts and The Luxury
Collection.

Source: J.D. Power and Associates 2012 North America Hotel Guest
Satisfaction Index StudySM

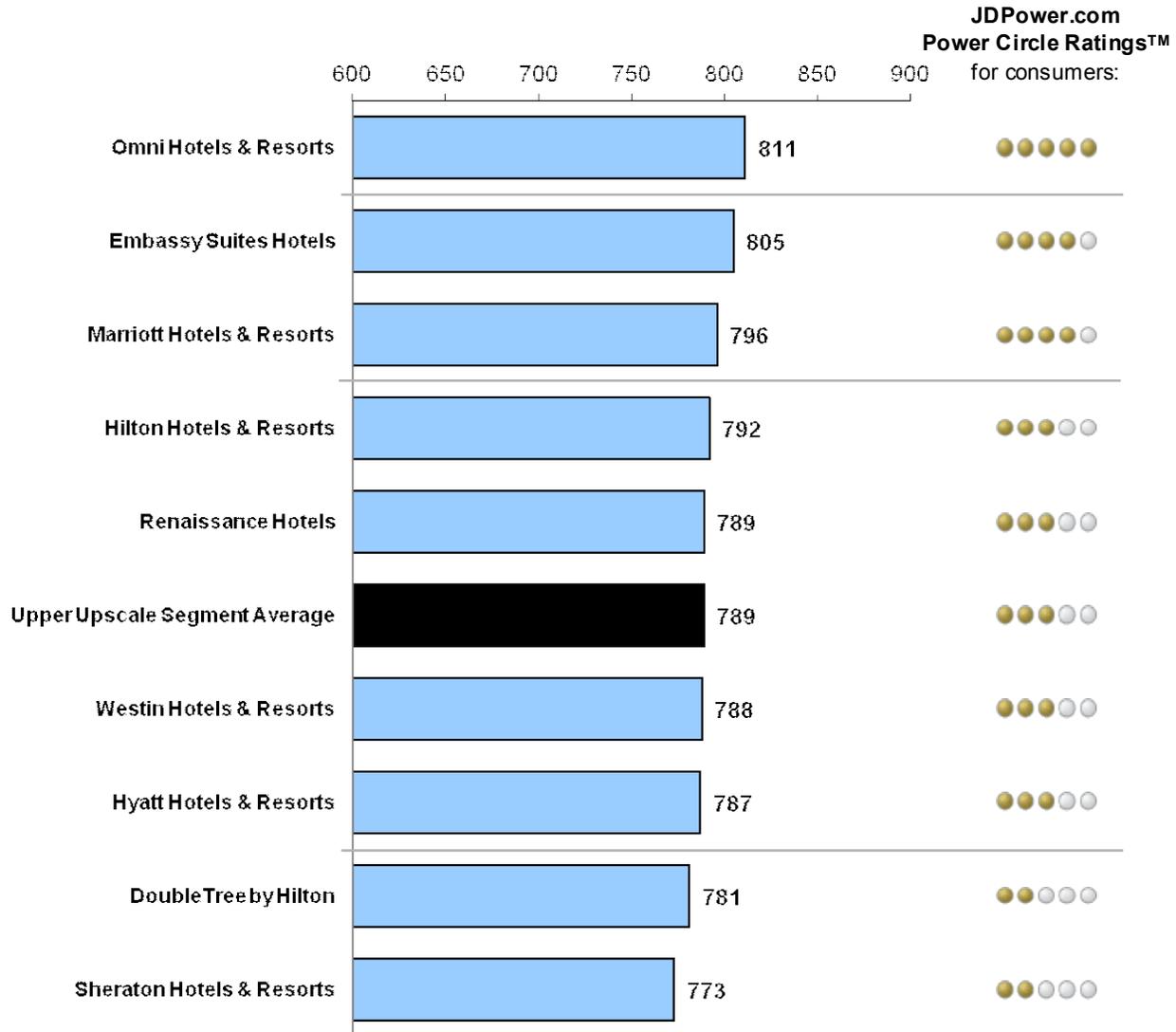
Power Circle Ratings Legend

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

Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power and Associates as the publisher and the J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. JDPower.com Power Circle RatingsTM are derived from consumer ratings in J.D. Power studies. For more information on Power Circle Ratings, visit jdpower.com/faqs. No advertising or other promotional use can be made of the information in this release or J.D. Power and Associates survey results without the express prior written consent of J.D. Power and Associates.

J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

Customer Satisfaction Index Ranking Upper Upscale Segment (Based on a 1,000-point scale)

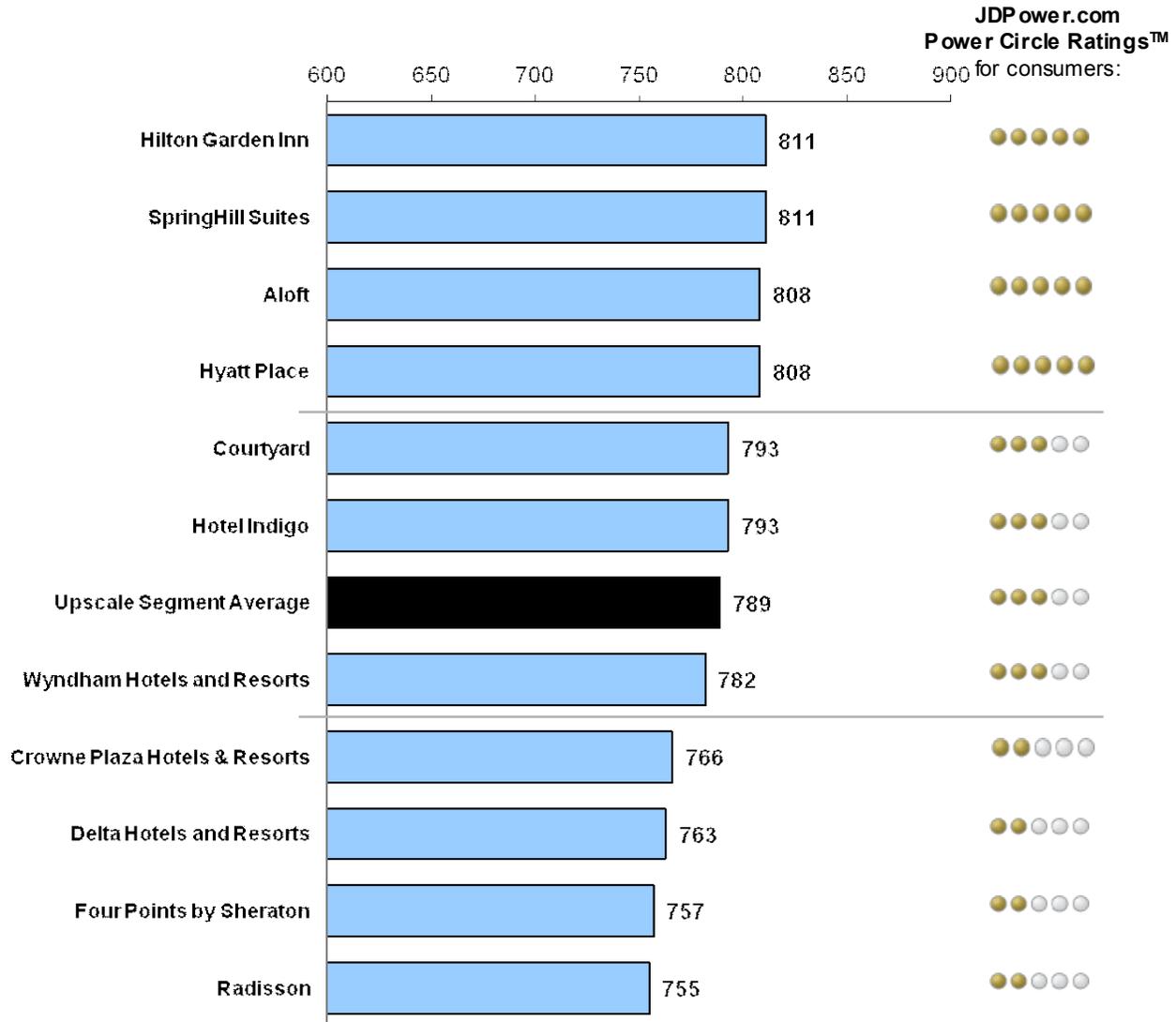


Source: J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

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J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

Customer Satisfaction Index Ranking *Upscale Segment* (Based on a 1,000-point scale)



Included in the segment, but not ranked due to small sample size is Cambria Suites.

Source: J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

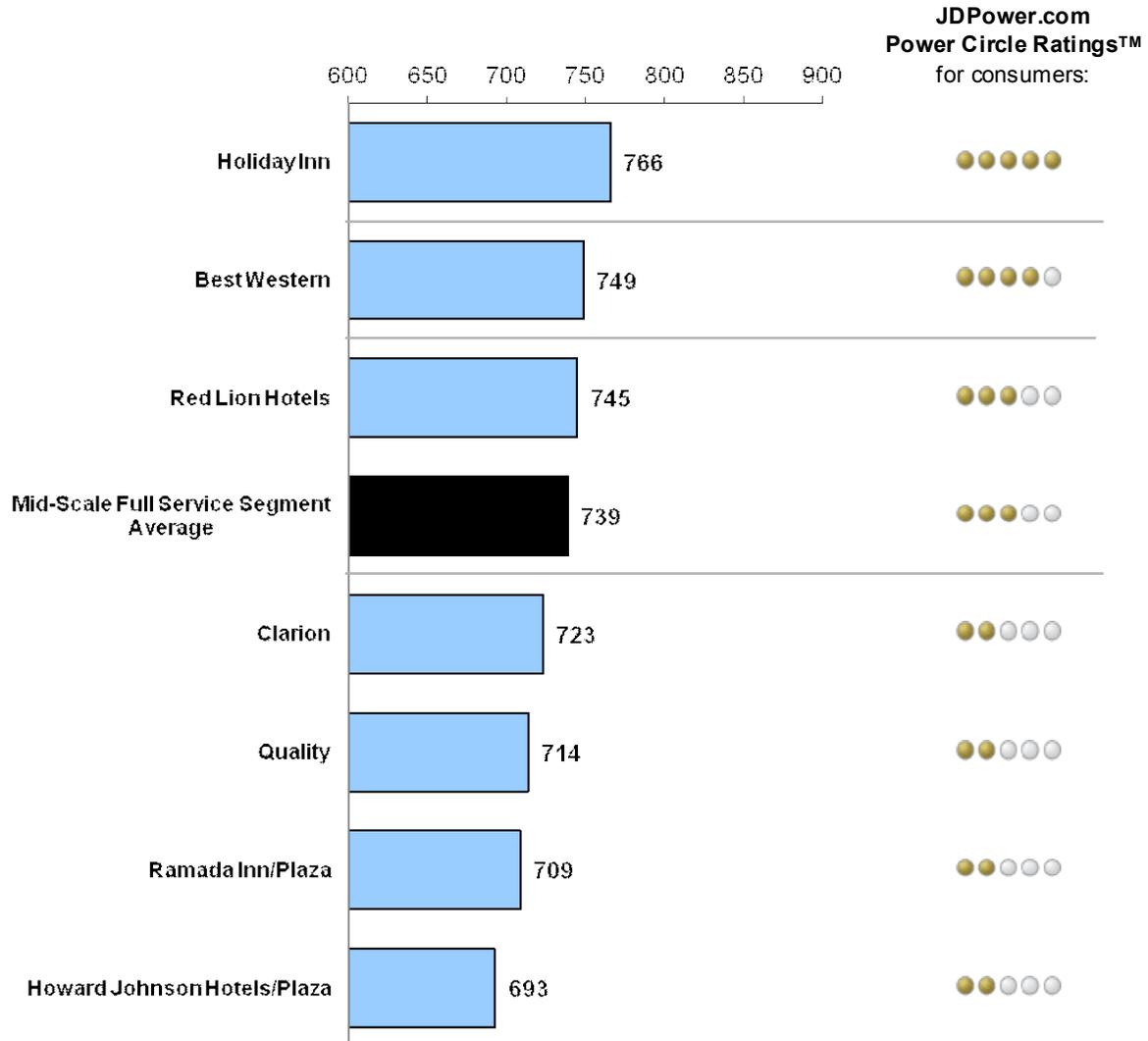
Power Circle Ratings Legend

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

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J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

Customer Satisfaction Index Ranking Mid-Scale Full Service Segment (Based on a 1,000-point scale)



Source: J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

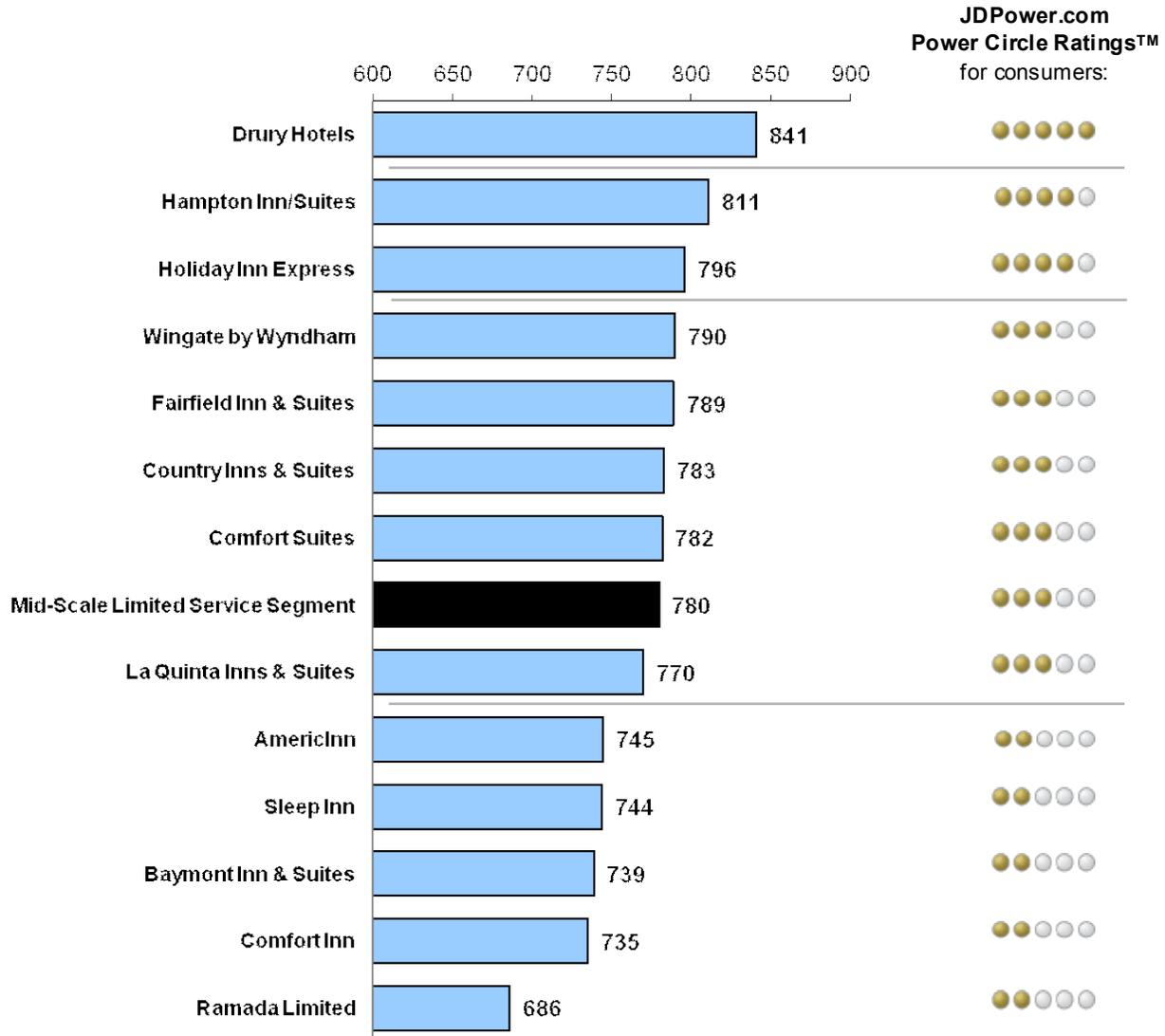
Power Circle Ratings Legend

- Among the best
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- The rest

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J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

Customer Satisfaction Index Ranking Mid-Scale Limited Service Segment (Based on a 1,000-point scale)



JDPower.com
Power Circle RatingsTM
for consumers:

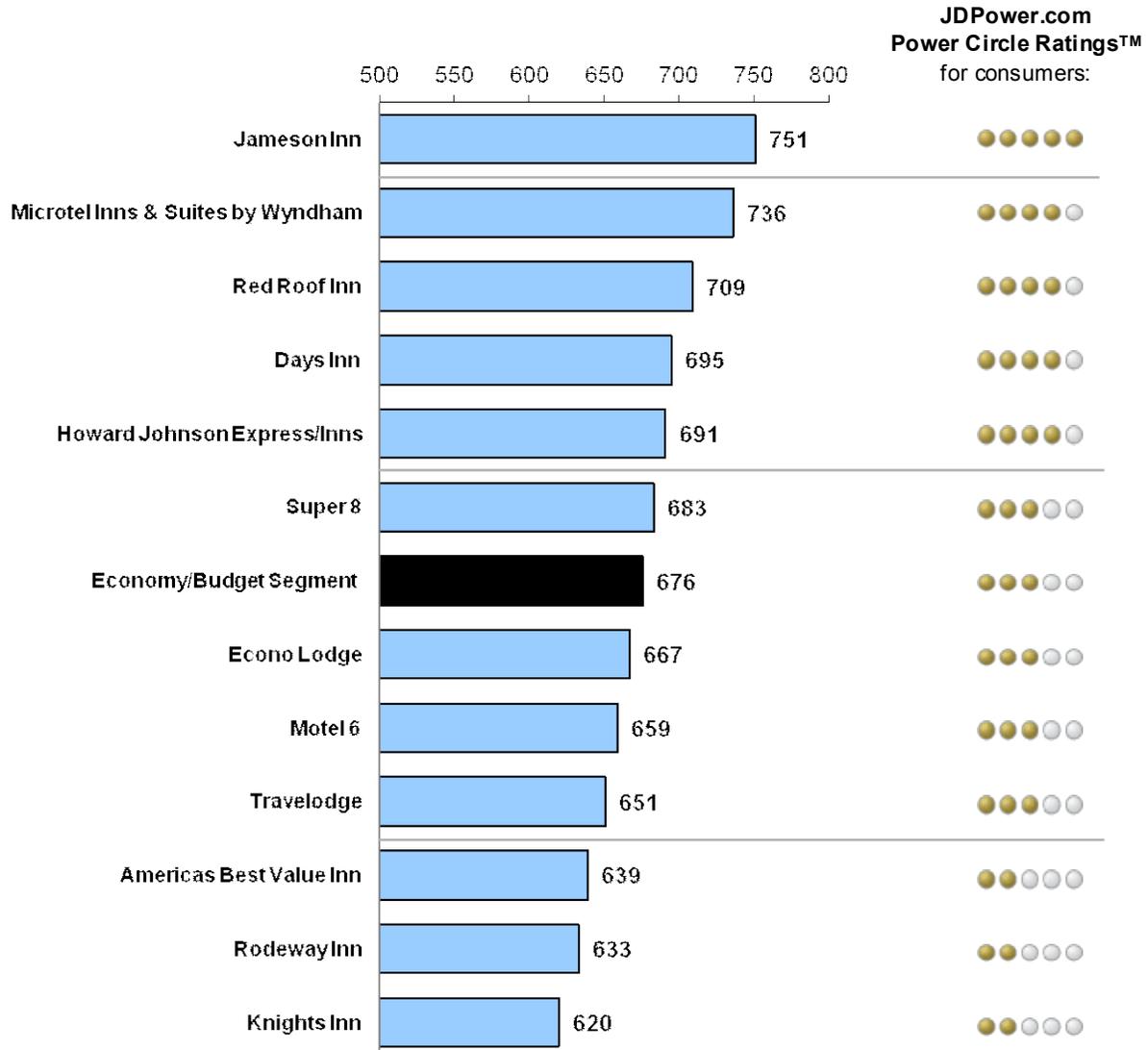


Source: J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

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J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

Customer Satisfaction Index Ranking Economy/Budget Segment (Based on a 1,000-point scale)



Included in the segment, but not ranked due to small sample size are:
America's Best Inns & Suites, Budget Host Inn, Budget Suites of America,
Country Hearth Inn & Suites and Red Carpet Inn.

Source: J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

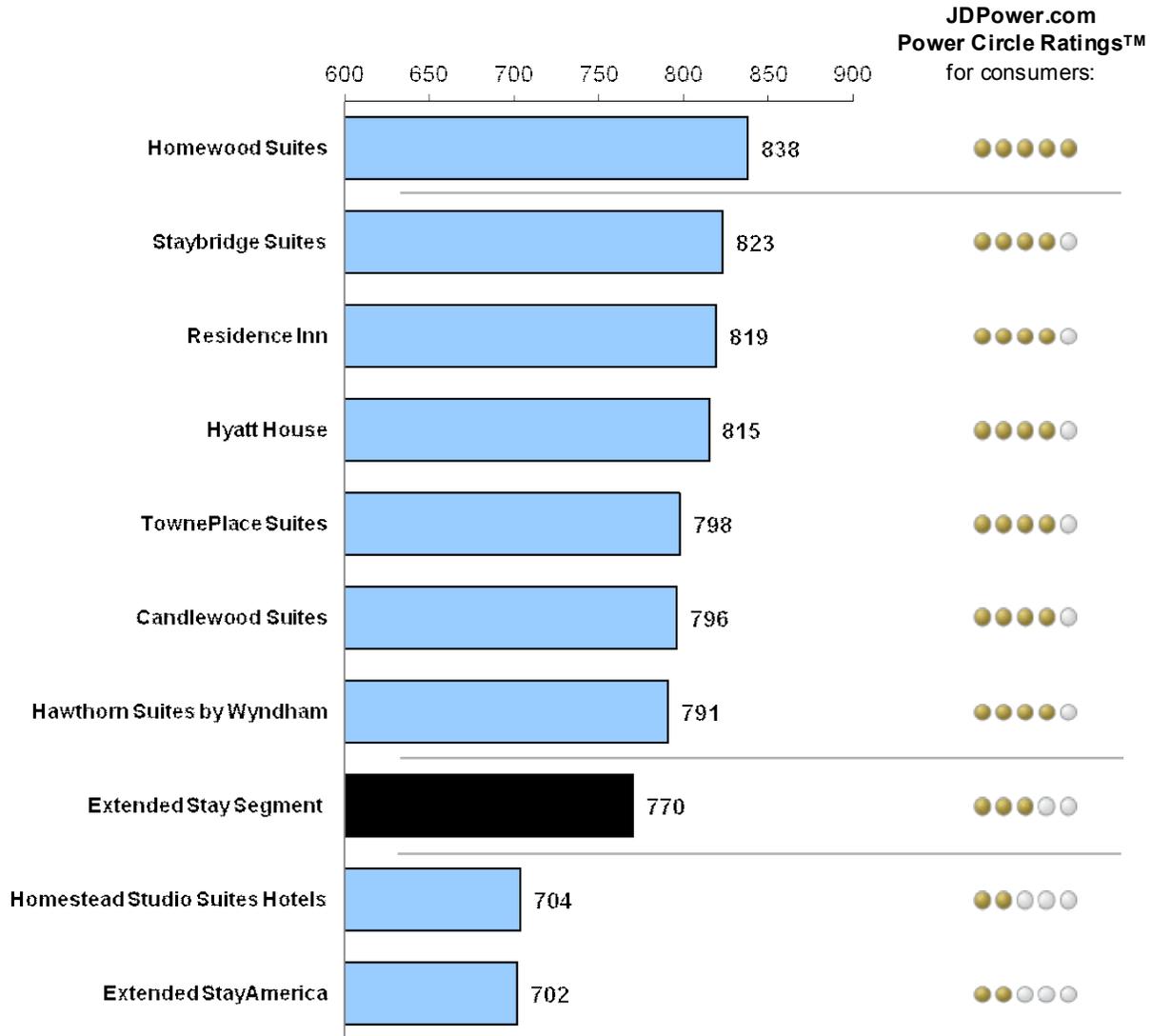
Power Circle Ratings Legend

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J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

Customer Satisfaction Index Ranking Extended Stay Segment (Based on a 1,000-point scale)



Included in the segment, but not ranked due to small sample size are:
Crossland Suites, InTown Suites, MainStay Suites, Studio 6 Extended Stay,
Suburban Extended Stay and Value Place.

Source: J.D. Power and Associates 2012 North America Hotel Guest Satisfaction Index StudySM

Power Circle Ratings Legend

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- About average
- The rest

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