



Digital Transformation in Hospitality and the Potentially Disastrous Implications for Service

Service Excellence Is Becoming Increasingly Important as Touch Points Vanish

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Coming out of the COVID-19 pandemic, the hospitality industry is facing some significant challenges.

I am a fourth-generation hospitality professional and, all my life, I've been talking about the labor crisis. Well, the labor situation pre-pandemic was a lot better than it is today. Hospitality workers got furloughed and many have found other employment with no intention of returning to the industry. The competition to recruit and retain staff for all positions is fierce.

Digital transformation has been welcomed by hospitality operators. One of the primary reasons is it takes the pressure off with respect to labor.

On a recent trip to New York City, I booked my plane ticket online. I made my hotel reservation online. I checked to my flight and hotel using an app. I checked out of the hotel on the app. I ordered lunch using mobile/order pay, etc. Everything was easy and efficient.





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Other than the flight attendant, I interacted with nobody at the airline. I had no interactions with staff at the hotel. I interacted with no staff at the lunch I ordered and paid for on my phone. People who know me will attest that I am not an introvert. As I flew home, I was thinking about the service touch points I had on my trip, and there were almost none.

Pre-pandemic, customers were embracing digital transformation in the hospitality industry and almost all aspects of their commercial interactions. Digital transformation

accelerated in terms of consumer and service provider adoption and acceptance during the pandemic. Touch points in all service industries are disappearing. The importance of those remaining touch points are increasing exponentially. The winners in the hospitality industry will be those operations that deliver service excellence alongside new digital interfaces.

The ability to provide service excellence brings us back to my first point, attracting and retaining staff. Many hospitality operations currently have reduced hours and/or provide reduced services and almost all are short-staffed. More often than they would like, hospitality managers are hiring, for lack of a better term, warm bodies as opposed to those predisposed to provide excellent service. Between the reduced service touch points and the lack of staff predisposed to provide excellent service, a real challenge is presented.

So, how do hospitality managers overcome this challenge? The answer is going back to basics with respect to your human resources practices.

Take a hard look at your hiring practices. My comment earlier about warm bodies notwithstanding, seek out people predisposed to providing great

service — people that are gregarious. You can't teach that, so hire the person and train for the skill set you want. In addition, make sure that you are paying competitive rates. All businesses seem to be looking for staff; it is a job applicant's market, maybe more so for those pre-disposed to providing customer service. You don't want to lose out on a great potential employee over a dollar an hour.

Once you have hired someone, spend time on their training and make them feel comfortable at work. Too often, people are thrown into the fire and expected to perform tasks without sufficient training and well out of their comfort zone. Such practices can lead to turnover, and you are back where you started. Training is key and, in addition to the hard skills required to perform their position, soft skills required to provide service excellence are key.

A highlight of my career was my time on the Walt Disney World College program. The day and a half Traditions Orientation Program was so well done that all who completed it were motivated to make guests' experience magical through great service. While Walt Disney World's interview to hire ratio has dropped from eight to one when I worked there in the late '80s to closer to one-to-one today, the Traditions Program inspiring all new employees remains ... and remains effective. Showing how to provide service excellence as well as the results when it is delivered is a major key to success.

As part of their training, staff should work their first few shifts with an experienced staff member. Ideally, a staff member predisposed to providing excellent service is selected for this important task. The senior staff member should know they were asked to do so because of their commitment to customer service.

With the reduced touch points, every interaction with your guests is important. Any staff member that comes in contact with a guests should be trained to smile and make eye contact and interact with that guest. If

something seems amiss, find out what the issue is and take steps to correct it.

Staff should be empowered to provide great service. I like to tell the story of Ritz-Carlton where all employees are empowered to spend up to \$2,000 per guest per day in service rescue without the approval of a manager. While such a policy is not right for all organizations — i.e., the lifetime value of a customer is greater at Ritz-Carlton than most other hospitality organizations — providing front-facing employees with autonomy to resolve guest problems is an effective way to increase the level of service provided by your organization.

Management support for customer service is also essential. Managers should encourage and reward great customer service. Examples of great service should be shared and celebrated throughout the company. This relatively easy task can go a long way to develop a service culture in an organization.

Management must also be available for support when service recovery is required. These situations happen. I look back on my career to a time when I was a summer student working the front desk at a large airport hotel. We “walked” several guests every night and, unsurprisingly, they weren’t happy about the experience. Many asked to speak to a manager; however, our front office manager — by the way, the person responsible for the overbooking — refused to leave his office, instead telling us what to say. The message sent was “this is not a service-excellence environment.” Service recovery situations are often stressful for employees, so management support is key. Let them know you are in this together and will always have their backs.

In conclusion, digital transformation is great for the industry and is a welcome development given the challenges in recruiting and retraining hospitality industry employees. Such transformation; however, reduces the points of contact with our guests making each point of contact extremely

important. This is the hospitality industry, and we must practice service excellence to ensure long-term success.

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