

# Great Expectations in a Recession

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Hospitality organizations have been scaling back on amenities and product quality during the current economic recession. I recently called a local hotel to inquire about meeting space and rates. After three separate phone calls to the property I nearly gave up. My calls were transferred to an extension with no sign of a human response, let alone any voicemail option. When I finally spoke to the front desk agent on the fourth call, she apologized and mentioned that management had cut back on staff.

Customer service is the lifeblood of the hospitality industry. Could it be that the cut backs at this property were severe enough to affect service? Some hospitality organizations fail to remember that, no matter the economic climate, people still have high expectations. In the 1950's, Ellsworth Statler of Statler Hotels put it very simply, "A hotel has just one thing to sell. That one thing is service. The hotel that sells poor service is a poor hotel. The hotel that sells good service is a good hotel." Regardless of the number of amenities offered in a hotel room or restaurant, people will still have expectations regarding the service. In an economic recession, it is so much more competitive and guest expectations in terms of product delivery are being viewed with a microscope.

Did I really want to hear about the internal staffing problems at a hotel, when attempting to do business? Recession or not, that tactic does not fly when someone is looking for information and answers. I was seeking out a meeting coordinator who would have the knowledge and resources to explain lodging, food and beverage, and meeting space. I was not seeking an explanation of current company staffing, protocol, or policies and I certainly wasn't looking for an excuse. Whenever you go to a store, restaurant, or lodging business and hear an employee discussing company policy, it is a red flag regarding the service image of that establishment. People do not care and do not want to hear it.

An economic recession, a very competitive time, should provide a hospitality organization the opportunity to set itself apart from the pack. Companies that do not do so will potentially face failure. Families have taken big hits in their financial portfolios and need, now more than ever, their hard-earned dollars to travel farther these days. The bar on expectations should be set higher. An interesting comment from ["Business Wire"](#) regarding tourism in Florida suggests that businesses should not cut back in obvious areas.

"Cutting labor, pulling out of markets, shelving new products, and cutting back on research and development will ultimately weaken the organization, by cutting productivity and retarding the ability to respond to competitive threats and changes in the marketplace. Slowing development will mean missed opportunities and ultimately contribute further to the organization's demise. Organizations need to look to areas in the business that can be reduced without negatively impacting revenue or productivity."

In terms of lodging, what are some of the noticeable cutbacks in guest services? The list includes fewer towels in some hotel properties, hand lotions have been removed,

reduction of cookies or free coffee in lobby areas, longer lines at front desks, reduction in buffet items and displays of fresh-cut flowers in lobby area, reduced operating hours for restaurants, gift shops, and spas. To balance these cutbacks, many properties have lowered prices to help soften the blow.

“According to Smith Travel Research, a lodging-industry research firm, the average daily room rate in the U.S. fell 2.5% in November from a year earlier. At the luxury end the fall was steeper -- down 6.6%. The declines came as hotel occupancy rates industry-wide fell 10.6% in November from a year earlier.”

Some restaurant's strategies for staying alive during a recession have included making more products internally, cutting expensive products on the menu, decreasing the number of production items on a menu, purchasing more local products, reducing the décor budget, closing an hour earlier, offering more value-oriented style menus such as prix fixe or table d'hote, still buying quality but in smaller quantity, working faster and more efficiently, and being flexible in honoring guests requests. A Redding, California restaurant dropped prices on all menu items by two-dollars (<http://www.redding.com/news/2009/jan/11/hard-times-force-restaurants-to-get-creative/>) in an economic stimulus effort. The rise in volume exceeded expectations, staff kept their jobs, and the level of service remained consistent. Their competitive efforts to remain open paid off.

Overall, consumer expectations are influenced by a business' ability to balance product quality, service, and retail pricing. If one of these elements appears to be out of whack, the business may meet its own demise. But, this is the same scenario for a non-recessionary period. It is just that now is an opportune time to improve...more than ever.

On a final note, the California Community Colleges have recently raised tuition fees and reduced services. I asked one of my teaching colleagues in the Business Department how he thought that model of doing business would survive in the private sector. He replied, “The doors would be closed.” Yes... since they rely so much on repeat business, raising prices and reducing services in a hotel or restaurant may lead to the doors closing. In a way, access to the community colleges have partially closed for some, too.

“Scott Lay, president of the Community College League of California, said he expects the community college system, which had about 2.7 million students last year, to enroll 250,000 fewer students this year.”

The question is “Will they return?”

For more on this topic, I recommend the following sites:

[http://www.seattlepi.com/national/1110ap\\_us\\_california\\_college\\_crisis.html](http://www.seattlepi.com/national/1110ap_us_california_college_crisis.html)

[http://www.starchefs.com/features/editors\\_dish/beat\\_the\\_recession/index.shtml](http://www.starchefs.com/features/editors_dish/beat_the_recession/index.shtml)

<http://www.allbusiness.com/economy-economic-indicators/economic-conditions-recession/10524187-1.html>

<http://www.htrends.com/trends-detail-sid-40076.html>