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Companies give front-line employees more power Travel industry workers fix customer problems with cash, free rooms

By Gary Stoller
USA TODAY

Chris Byrd was disgusted by a dirty Michigan hotel room on a business trip in April. But hairs in the bathroom and crumbs in a chair didn't deter him from booking there a few weeks later.

The Arizona pharmaceutical research consultant is one of many travelers who have made an instant turnaround from angry customer to loyal fan. A Hampton Inn apology and a \$350 refund for his three-night stay short-circuited his vow to never return and won him over.

The hotel chain used a customer service technique that a growing number of hotels, airlines and rental-car companies are now embracing. It's called "service recovery": empowering employees to immediately solve a problem and give something of value to a disgruntled customer.

"It can take a customer from hell to heaven in 60 seconds or less," says John Tschohl, whose book about service recovery, *Loyal for Life*, will be published this summer. "It puts a smile on a customer's face after a company has screwed up and sends him out the door feeling as if he's just done business with the greatest company on Earth."

Byrd's turnabout took longer than 60 seconds, because he checked out without mentioning the dirty room to anyone. Hampton Inn contacted him after he received a customer satisfaction e-mail and expressed his displeasure. "I wouldn't have come back if they didn't come up with an offer," he says.

Service recovery works best when a front-line employee apologizes, fixes a problem and offers something of value before an unhappy customer leaves the premises, says Chip Bell, co-author of *Knock Your Socks Off Service Recovery*.

That's what happened to Tom Taylor, an auditor in Lansing, Mich., who checked in after midnight to a Hampton

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Inn in Greenville, S.C., last month. Taylor says he complained to the front-desk person because directions on the hotel's website were wrong, two room lights weren't plugged in, a shower's hot and cold water were reversed and the air conditioning was too cold. The hotel clerk instantly offered two nights for free, but he says he accepted only one because the compensation was excessive.

The chain's senior vice president, Phil Cordell, says every employee is empowered to resolve problems, including giving a dissatisfied customer a free stay. "You don't have to call an 800 number," he says. "Just mention it at the front desk or to any employee — a housekeeper, maintenance person or breakfast hostess — and, on the spot, your stay is free."

Each year, he says, Hampton Inn refunds half of 1% of its total room revenue to dissatisfied guests. It pays off, Cordell says, because for every \$1 refunded, the hotel gets back an average of \$7 in business from a new customer or a dissatisfied one who wouldn't have returned without the refund.

Service recovery is not a new concept. Studies were done decades ago, showing its effectiveness in keeping bank customers from closing their accounts, says Judy Siguaw, dean of the Cornell-Nanyang Institute of Hospitality Management in Singapore. Some hotels talked about service recovery in the late 1970s, but the industry started focusing more on it in recent years, she says.

Airline, hotel and rental-car executives say they've come to realize the power of service recovery. "You can truly turn the customer into an ambassador for the brand," says JetBlue President David Barger.

Customer service experts say Southwest, JetBlue and other new airlines have fanned the service-recovery flame. "Price alone is not a competitive weapon," says author Tschohl. "Southwest and JetBlue understand the service strategy and have empowered their employees to provide the best possible service to their customers."

Barger says JetBlue has "put some tools in the toolbox for front-line employees." The tools include a voucher for up to \$100 off a future flight for passengers delayed more than two hours because of a JetBlue problem and a voucher for the price of the ticket for delays exceeding five hours.

Travel company executives say they now understand that it's more cost-effective to regain the trust of a dissatisfied customer than to spend advertising dollars looking for new ones. "We much prefer to hold onto our customers than to constantly create new ones," says Celia Stokes, Independence Air's vice president of marketing.

Don Himelfarb, chief administrative officer of Dollar and Thrifty rental car, suggests that the Internet might also be a reason the travel industry is paying more attention to service recovery. "The Internet has leveled the playing field," he says. Consumers can easily compare companies' rates or fares, so "you can't leave yourself open to be at a competitive disadvantage in customer service."

Tschohl says travelers shouldn't get giddy about the increased focus on service recovery. All industries are "weak" at it, he says, including many travel companies that claim to practice it but don't deliver when push comes to shove. "I can count on one hand how many times a company in the travel business said it was their fault."

Frequent fliers also are skeptical. Laura Robb, a propane industry auditor in Sedalia, Mo., says no airline, hotel or rental-car company has bent over backward to resolve one of her disputes. Most of her disputes, she says, were not settled immediately on site and were resolved after she contacted company headquarters.

Nearly all airlines, hotels and rental-car companies interviewed by USA TODAY say they now train their employees to use service recovery. To succeed at it, they agree, low-level employees must be empowered to settle a disgruntled customer's dispute on the spot without calling in a supervisor. Then they must apologize, show empathy and do what they can to fix the problem.

"If you don't apologize and don't make customers know you care, it's very difficult to recover the customer afterward," says Mary Blundell, Midwest Airlines' director of service excellence.

Customer service experts say such steps are essential and might win over some consumers, but travel companies are missing the boat if they don't also give something of value to regain a customer's trust and cement a lifetime relationship.

"Time is money in today's time-crunched society, and an apology doesn't pay for my time," says Bonnie Knutson, professor of marketing at Michigan State University's School of Hospitality Business. "They have to compensate for the time wasted."

Airline and hotel executives say they've empowered their front-line people to give freebies to unhappy customers, including vouchers for discounts off future tickets, free meals, free movies and drinks. But many companies say giveaways, including free airline seats and hotel rooms, are rarely necessary and try to avoid issuing them.

Barry Biffle, Spirit Airlines' chief marketing officer, says an apology and fixing a problem can be enough to win over a customer. A \$100 voucher or a free meal, he says, won't appease a family of four with two young children who are told that seats aren't available to sit together on a flight. The way to make them happy is to figure out a way to let them sit together, Biffle says.

Any efforts toward service recovery, though, couldn't have come at a better time for travelers. Many have endured years of reduced airline customer service, flight delays and cancellations, shrinking frequent-flier benefits and the hassles of increased post-Sept. 11 attacks security screening. "Travel is not fun anymore," says Knutson.

At Hilton Garden Inn, Vice President Mark Nogle says the service-recovery program is as important as the frequent-stay program, which hotels have used successfully for decades to ensure repeat customers.

The chain last fall began a new policy called "Own the Goodbye," which requires hotel managers to call guests before checkout to see whether they are satisfied with their stay. "Not everyone takes the time to fill out a comment card," says Nogle. "We also saw people were having issues but didn't report them to us." Two of the most common issues: billing problems and an insufficient amount of hot water in a shower.

Managers are trained to correct a problem before a guest leaves and are empowered to give something to make amends. It could be a free breakfast, a free taxi ride, a deduction off a room bill or, "if someone has truly had a bad experience," a free night's stay, Nogle says.

At the 162-room Hilton Garden Inn at Los Angeles airport, general manager Barbara Bejan says her hotel handles about 2,500 guests per month and might give a free room twice each month to unhappy guests.

Wyndham Hotels & Resorts started giving empowerment training to all its employees in 1998, says Vice President Kathi Kulesza. "It was a culture shift to tell someone it's OK to give something away."

Front-desk employees can give away up to one free room night without management approval, but that rarely needs to be done, she says. Dissatisfied customers can be won over by other offers, including removing a dry cleaning, movie or restaurant charge, or offering a free meal or spa service.

The Ritz-Carlton empowers all its employees to settle a customer dispute up to \$2,000 per day. Vice President Diana Oreck says hotel standards are so high and service-recovery training is so rigorous that no employee has ever had to provide a \$2,000 credit.

At Dollar and Thrifty rental car, counter agents are trained to immediately settle disputes by asking customers what they think would be a fair settlement, Himelfarb says.

The agents can settle a problem up to a monetary limit, which Himelfarb wouldn't reveal. He says the average customer transaction is about \$175, so "it's not out of the question to give someone \$50 or \$100" credit.

Airline and hotel executives say they're not worried about being scammed by customers who complain just to get something in return. "About 1% of the traveling population may be like that," Oreck says. "It's a small blip on the radar screen."

Tschohl estimates that 1% to 3% of customers might be trying to get something they don't deserve, but he says companies shouldn't worry about it. They're still benefiting because they're recovering 97% of their customers with legitimate complaints, he says.

It's important to win over those with complaints, because today's hotel guest is "far more demanding and far less loyal" than those in the past, says Knutson. "There's far more competition. If you don't get what you want

in Hotel A, you can walk across the street to Hotel B.”

Frequent flier Frank Crawford, an accounting firm president from Oklahoma City, says he'll bolt to a competitor and even pay more rather than be treated unfairly by an airline, hotel or rental-car agency.

Says Crawford: “Customer service is the key to loyalty, and loyalty is the key to profitability.”

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