



HOSPITALITY ECONOMY

UMassAmherst | Isenberg School
of Management



What is the #1 Differentiator in customer purchases?

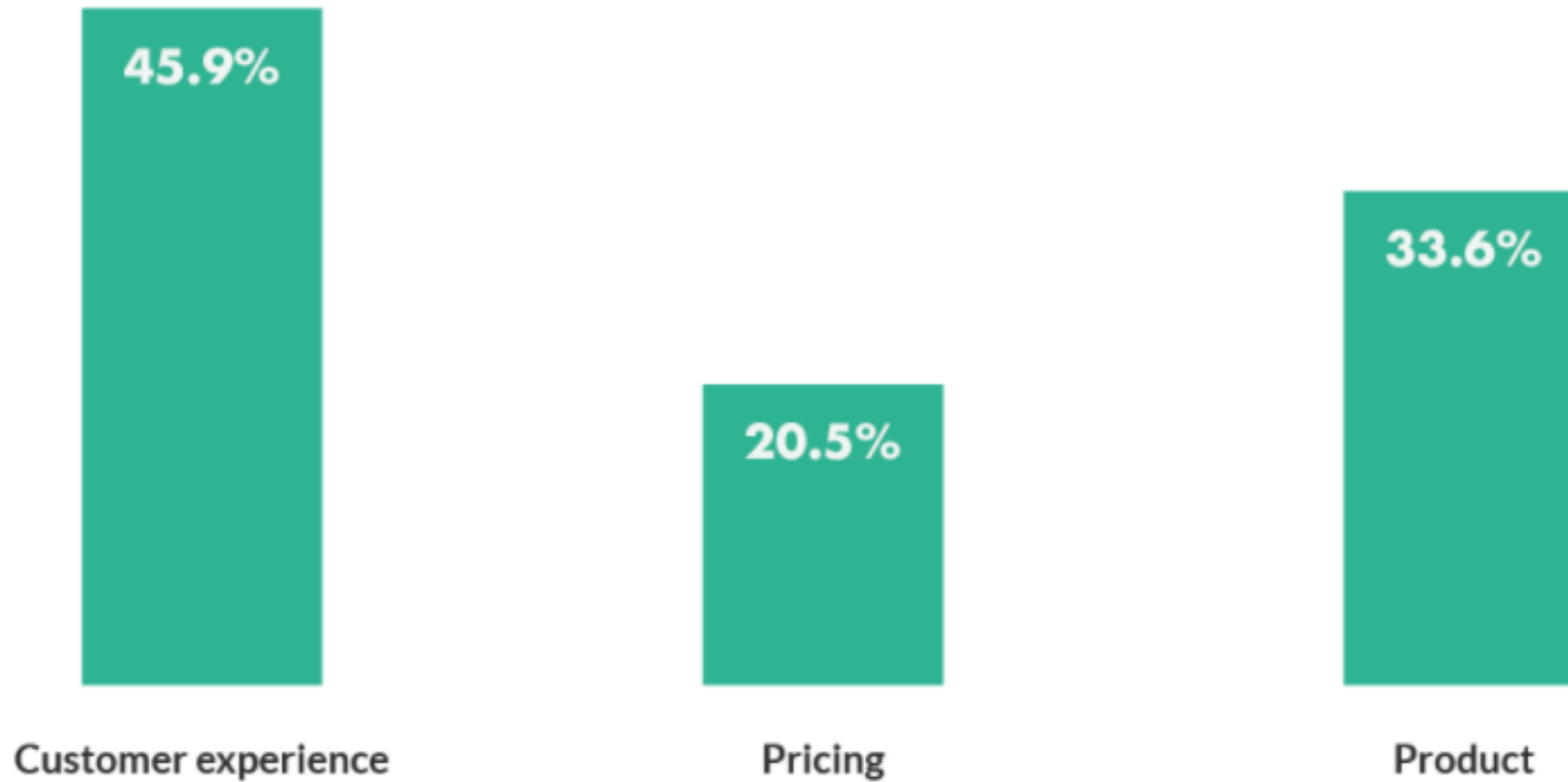


By **2020**
customer experience will
overtake price and product
as the key brand differentiator

86% of buyers will pay
more for a better
customer experience



WHAT IS THE TOP PRIORITY FOR YOUR BUSINESS IN THE NEXT 5 YEARS?



U.S. companies lose more than \$62 billion annually due to poor customer service.

Newvoicemedia.com

7 out of 10 U.S. consumers say they've spent more money to do business with a company that delivers great service.

American Express 2017 Customer Service Barometer

A moderate increase in Customer Experience generates an average revenue increase of \$823 million over three years for a company with \$1 billion in annual revenues.

Increasing customer retention rates by 5% increases profits anywhere from 25% to 95%.

Bain & Company

It is anywhere from **5 to 25 times more expensive** to acquire a new customer than it is to keep a current one.

Americans tell an average of 15 people about a poor service experience, versus the 11 people they'll tell about a good experience.

American Express 2017 Customer Service Barometer

After one negative experience, 51% of customers will never do business with that company again.

Newvoicemedia.com

74% of people are likely to switch brands if they find the purchasing process too difficult.

Hospitality experience drives sales

CUSTOMER EXPERIENCE DRIVES SALES

In a transaction-based business, sales are driven by good customer experience.

ANNUAL REVENUE INCREASE PER CUSTOMER



SOURCE MEDALLIA ANALYSIS

HBR.ORG

CUSTOMER EXPERIENCE DRIVES MEMBERSHIP

In a subscription-based business, membership is driven by good customer experience.

PREDICTED FUTURE MEMBERSHIP (YEARS)



SOURCE MEDALLIA ANALYSIS

HBR.ORG

Why is it so hard to get a good experience?

DUNKIN'

The Chick-fil-A logo is rendered in red. It features a stylized chicken head profile on the left, with three wavy lines above it representing feathers. To the right of the head, the words "Chick-fil-A" are written in a cursive script. A registered trademark symbol (®) is located at the end of the word "A".



When do customers “quit” a firm?

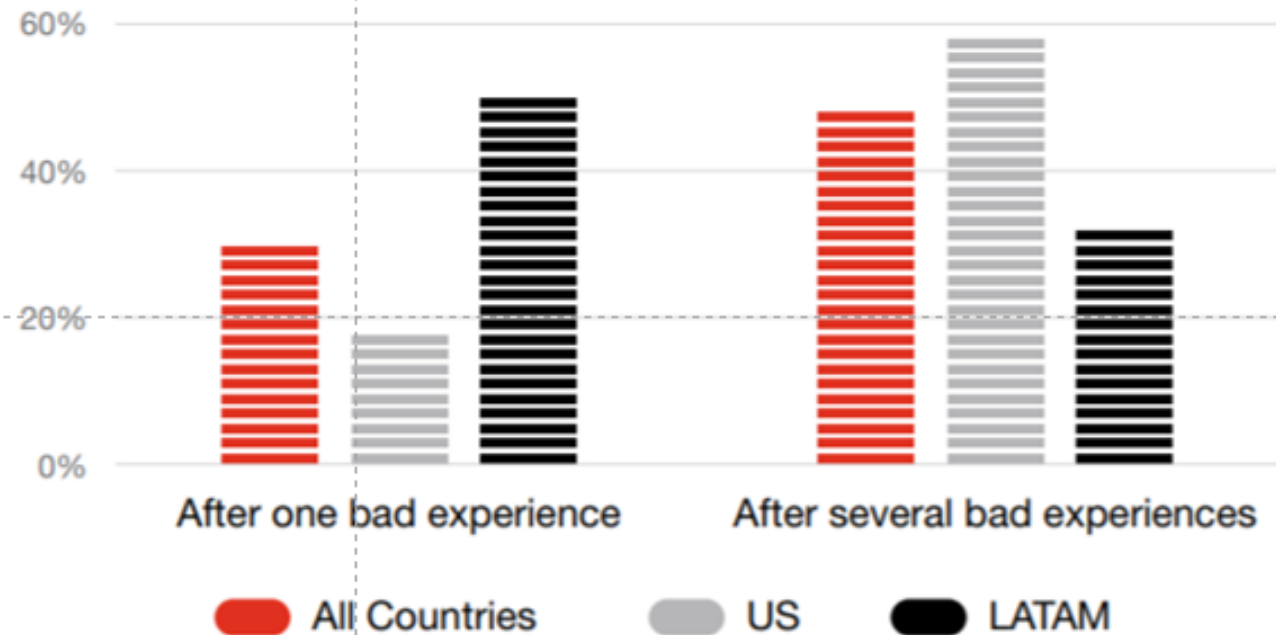


After one bad experience
After 2-3 bad experiences
After 4+ bad experiences
I stay loyal no matter what

Where are there opportunities for minimizing bad experiences?

Mapping the customer experience journey

Creating a hospitality culture



Q: At what point would you stop interacting with a company that you love shopping at or using?
Source: PwC Future of Customer Experience Survey 2017/18



1 IN 26
CUSTOMERS COMPLAIN
THE REST SAY NOTHING

For many companies, the absence of negative feedback is a sign of satisfaction.

But, as the research shows, this might not be the case. Your customers may not be happy, or worse, they're sharing their bad experiences with others.

Customer expectations are at an all-time high and it's a tough time for companies to meet and exceed them.



SERVICE

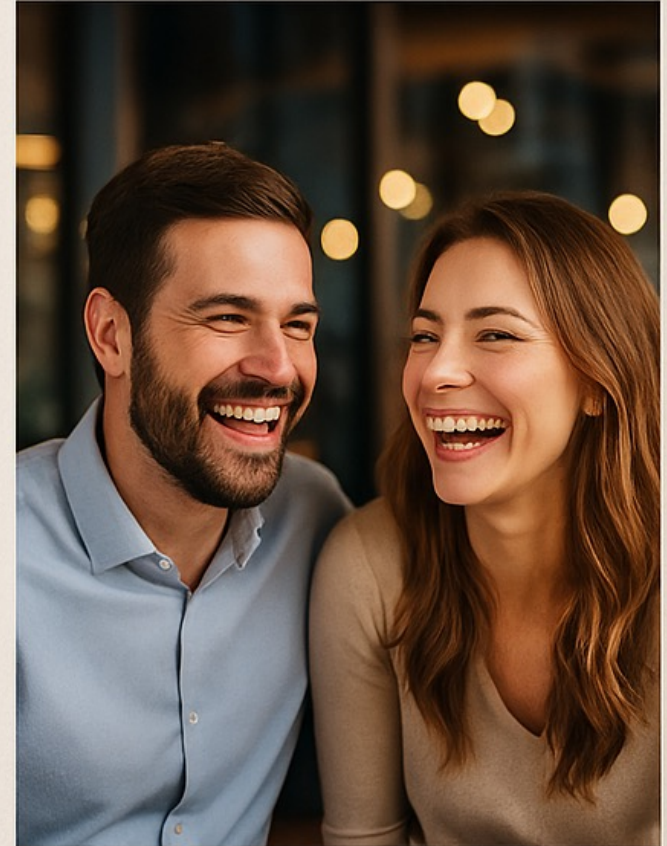
What you do to someone

VS

HOSPITALITY

How you make someone feel

THE PERFECT RECIPE = FOOD + HOSPITALITY



The Hospitality Economy

Product and Service Economy has been breeding for efficiency, speed, and uniformity

Hospitality Economy is about one size fits one

The Hospitality Economy



WELCOME TO THE HOSPITALITY ECONOMY

If you're here it means that you believe, as we do, that how we serve is as valuable as what we serve — and that you've made the choice to be unreasonable, not just in pursuit of product, but also in pursuit of people. We've spent our careers doing just that — being intentional and creative in pursuit of relationships. We are so excited to invite you into our world and teach you the many things we've learned along the way.



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