

4. The Service Culture

#Role Play

Divide into groups

- One group plays the customer with the complaint.
- One group plays the employee or service representative.
- The remaining participants can act as observers and evaluators

Each group have 10 minutes to perform the role-play based on both scenarios.

In class, each group will be allocated to a role (unknown until the class, so you must prepare for both)

Observers evaluate the interactions and take notes on what went well and what could be improved

Discussion (30')

- Participants will share their experiences and insights from the role-playing exercises.
- Observers will share their views and discuss areas for improvement.

#Case 1

Aviation Complaint: Flight Cancellation

The Scenario: You arrive at the airport for your long-awaited vacation flight. As you approach the check-in counter, you are informed that your flight has been canceled due to unforeseen technical issues. You had meticulously planned your trip and had connecting flights and accommodations booked at your destination.

- Express your disappointment and inconvenience due to the flight cancellation.
- Explain your connecting flight and accommodations arrangements that are now disrupted.
- Request assistance with rebooking on the next available flight and inquire about compensation or vouchers for the inconvenience caused, such as meal vouchers or hotel accommodation if applicable

#Case 2

Hotel Complaint: Reservation Error

Scenario: You made a hotel reservation for a three-night stay at a well-known hotel chain. However, when you arrived at the hotel, the front desk staff informed you that they have no record of your reservation and that they are fully booked for the night. You're frustrated because you have a confirmation email, and you were looking forward to your stay

- Present your reservation confirmation email.
- Express your frustration about the reservation error and inconvenience caused.
- Request immediate resolution, such as finding an available room or arranging accommodation at a nearby hotel, and inquire about compensation for the inconvenience.

Culture

- Schwartz and Davis (1981, p. 32) define culture as **“a pattern of beliefs and expectations shared by organization's members”**
- Hofstede (1991), “culture is the collective programming of the human mind which **distinguishes the members of one organization from another**”
- Mintzberg (1989) – culture is the traditions and beliefs of **an organization that distinguish it from other**

Service Culture

- “A service culture exists **when you motivate the employees** in your organization to take a customer-centric approach to their regular duties and work activities.”
- “[We define service culture as] a **shared purpose** where everyone is focused on creating value for others inside and outside the organization.” (Kaufmann)
- Our shorthand definition of service culture is “where **employees are obsessed with customer** service.” (EHL)



THE RITZ-CARLTON

CREDO

The Ritz-Carlton is a place where the genuine care and comfort of our guests is our highest mission.

We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed, yet refined ambience.

The Ritz-Carlton experience enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of our guests.

MOTTO

WE ARE
LADIES AND
GENTLEMEN,
SERVING
LADIES AND
GENTLEMEN.

Service Culture – some evidence

- Customer **retention is cheaper than** customer **acquisition** - the customer acquisition cost (CAC)—how much it costs to acquire a new customer—is higher for a company that doesn't invest a small percentage of its budget in customer service
- Customers **will pay more** to companies with **better** customer service (Over 80% of customers reported that they would be willing to pay more to get a better experience)
- Customer service grows **customer lifetime value (CLV)** - it is a pretty important metric when you're running a business. CLV represents the total revenue you can expect from a single customer account. Growing this value means your customers shop more frequently or spend more money at your business)
- **Customer service** can lead to **more revenue** (A report showed that 89% of companies with "significantly above average" customer experiences perform better financially than their competitors)

Service Culture | Kaufman (2016)

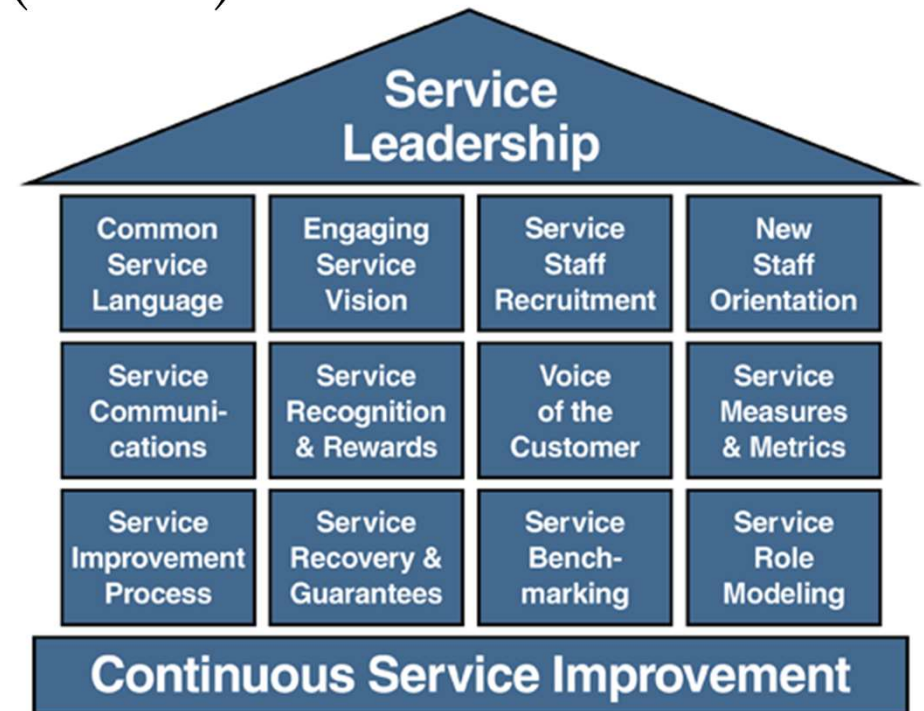
Rule #1: Don't start with customer-facing employees. Instead, involve everyone, with a special focus on internal service providers.

Rule #2: Don't start by training people on specific service skills, scripts and procedures. Instead, educate them first to a better understanding of what service excellence really means.

Rule #3: Don't pilot the change. Instead, go big and go fast to build momentum for the new culture.

Rule #4: Don't focus on traditional KPIs during the service revolution (such as satisfaction, NPS, operational measures, and sales). Instead, focus on leading "revolution indicators" (i.e., number of ideas generated and ideas implemented) to generate value-adding ideas and new service actions.

Source: Wirtz & Kaufman (2006)




Source: Wirtz & Kaufman (2006)

Service Culture | Toister (2017)

1. Create a Customer Service Vision

- Participative process
- All levels of employees (frontline > senior executives)
- Vision characteristics:
 - Simple and easily understood
 - Focused on customers
 - It reflects what you are now and what you aspire in the future
- Engage employees with the vision

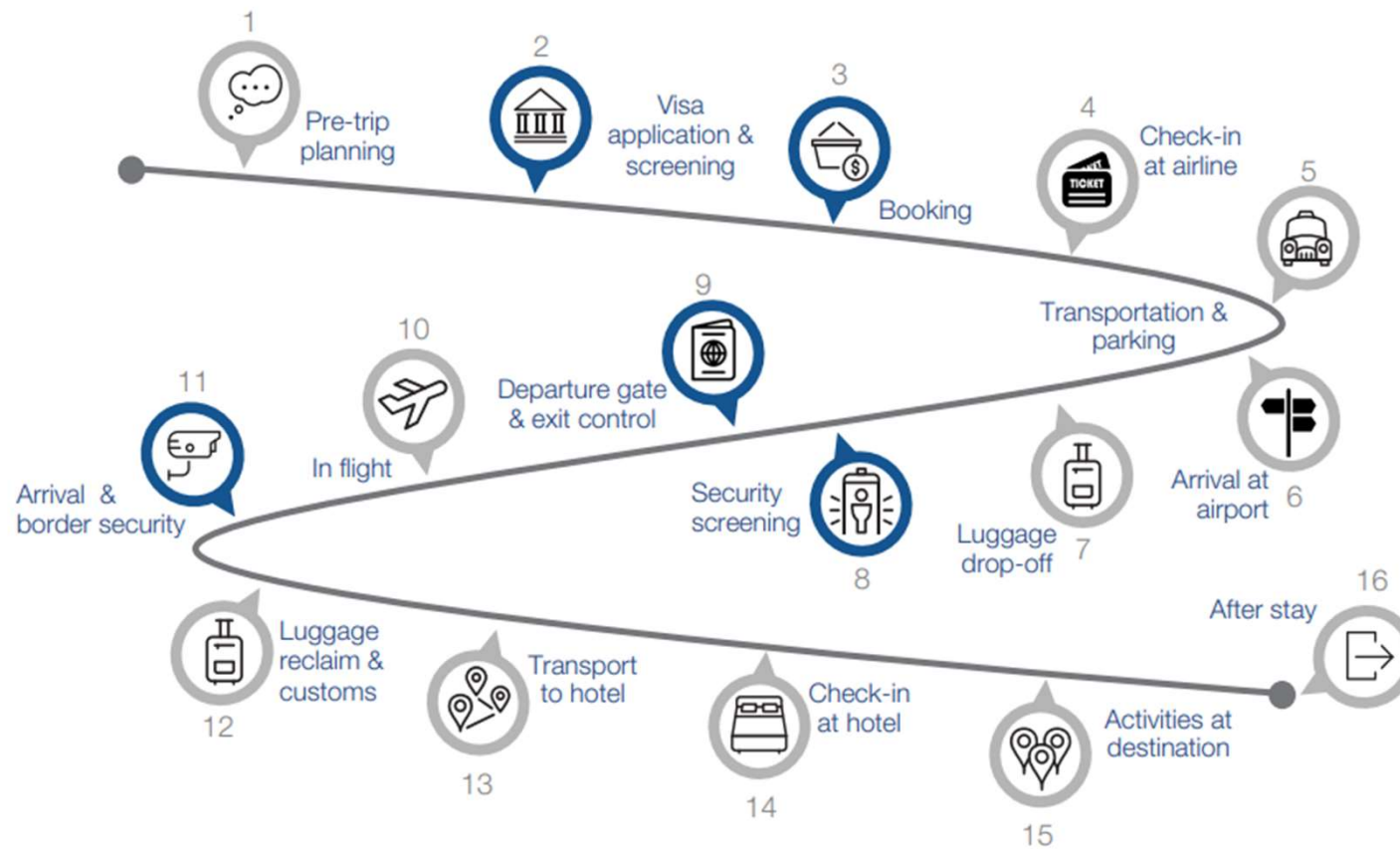


Give employees clear and consistent direction when it comes to serving customers

2. Changing Your Company's Service DNA

- Aligning business around a customer-focused culture
- Set goals
- Hire & train for culture fit
- Empower employees
- Be a culture leader

Figure 2: Traveller journey



Points marked in blue are identified as highest pain points, as explained in Table 1

3. Sustainable Practices in Hospitality

#Class#04

Case 1

Invest in Tourism

Group 1

Group 2

Group 3

Invest in Others

Group 4

Group 5

Group 6

Observers

Group 7

Group 8

Group 9

Case 2

Sustainability Director

Group 7

Group 8

Group 3

Marketing Director

Group 4

Group 9

Group 6

Observers

Group 1

Group 3

Group 5

#Case 1

The Minister of Economy of Portugal, who oversees the tourism sector, has to decide the allocation of 500M€ from EU funds to develop the Portuguese Economy.

The decision is between allocating the funds to the tourism industry to finance digital and climate transition or financing new ventures in the trade or industry sectors.

- Why should the Minister invest in the tourism industry?
- Why should the Minister allocate the funds to other sectors?

Students will work in groups and must each defend the positions of the tourism industry and the trade and industry sectors to convince the minister.

A discussion of arguments follows.

20' work + 10' presentation of arguments

#Case

The CFO of a hotel group has to make investment decisions for the future of the company.

On the one hand, the Marketing Director defends a greater allocation of resources in digital marketing, in partnerships with Booking and Tripadvisor to increase sales, guarantee better occupancy levels and improve RevPar (Revenue per Available Room).

The Sustainability Director proposed allocating this budget to IoT (Internet of Things) to sensorization of hotels and the acquisition of smart management systems to optimize resource consumption and improve the working conditions of employees.

Students will work in groups and must each defend the positions of the Marketing Director and the Sustainability Director to convince the CFO.
A discussion of arguments follows.

20' work + 10' presentation of arguments

Prepare both roles. Each group will be allocated to a role

#Sustainabletourism

Sustainable Tourism (UNWTO)

"Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities" (UNWTO, 2004)

Thus, sustainable tourism should:

- Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity.
- Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance.
- Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

Economic

+	-
<p>Sancho (2001)</p> <ul style="list-style-type: none">▪ Balance of payments equilibrium▪ Contribution to GDP▪ Contribution to job creation▪ Engine of economic activity▪ Better distribution of wealth <p>Kreag (2001) adds other impacts:</p> <ul style="list-style-type: none">▪ Creating new business opportunities▪ Increase in the investment, development and spending in infrastructures▪ Improvement of public infrastructure and transportation▪ Increase in tax revenue	<p>Sancho (2001)</p> <ul style="list-style-type: none">▪ Opportunity cost▪ Costs incurred from fluctuations in demand▪ Possible inflation generated by tourism▪ Loss of potential economic benefits▪ Distortions in the local economy <p>Kreag (2001) added:</p> <ul style="list-style-type: none">▪ Increase in the price of goods + soil price increase▪ Increase the potential for importation of labour▪ Cost of additional infrastructure (water, energy, ...)▪ Road network maintenance costs▪ Risk of export profits

Tourism: is it neutral?

Environmental

+	-
<ul style="list-style-type: none">▪ Environmental conservation actions such as the creation of natural parks▪ Initiatives for the establishment of water treatment systems▪ Cleaning of beaches and dunes▪ Financing of actions of conservation and environmental promotion▪ Provision of public and private services▪ Improvement in transport and communications networks▪ Improvement of urban image▪ Local architecture optimization▪ Rehabilitation of degraded urban areas and buildings damaged	<ul style="list-style-type: none">▪ Modification of the ecosystem with ecological disruption▪ Degradation of the rural environment, maritime and river transport▪ Coastal erosion▪ Deforestation▪ Air pollution, excessive garbage▪ Excessive water consumption▪ Pollution of groundwater with golf course fertilisers▪ Excessive urbanization▪ Uniformity and loss of identity in the areas of mass tourism▪ Pressure on the capacity of the Assembly Centre in destinations▪ Illegal construction and degradation of the urban environment▪ Atmospheric and noise pollution, aesthetics

Source: Baud-Bovy e Lawson

Tourism: is it neutral?

Social

+	-
<ul style="list-style-type: none">▪ Improving the quality of life▪ Facilitates the meeting with visitors (educational experience)▪ Positive effects on the values and customs▪ Promotes cultural exchange▪ Improves understanding of different communities and greater tolerance of social differences▪ Increases demand for exhibitions and historical-cultural events▪ Satisfaction of psychological needs	<ul style="list-style-type: none">▪ Excessive consumption of drinks still in young age; gambling▪ Crime, drugs and prostitution▪ Language and cultural effects▪ Negative changes in lifestyle, values and customs▪ Movement of people through the development▪ Exclusion of residents of natural resources▪ Change of social structure, with increasing distortions family

Sustainable Tourism (UNWTO)

12 Aims for Sustainable Tourism

- 1 **ECONOMIC VIABILITY:** To ensure the viability and competitiveness of tourism destinations and enterprises, so that they are able to continue to prosper and deliver benefits in the long term.
- 2 **LOCAL PROSPERITY:** To maximize the contribution of tourism to the prosperity of the host destination, including the proportion of visitor spending that is retained locally.
- 3 **EMPLOYMENT QUALITY:** To strengthen the number and quality of local jobs created and supported by tourism, including the level of pay, conditions of service and availability to all without discrimination by gender, race, disability or in other ways.
- 4 **SOCIAL EQUITY:** To seek a widespread distribution of economic and social benefits from tourism throughout the recipient community, including improving opportunities, income and services available to the poor.
- 5 **VISITOR FULFILMENT:** To provide a safe, satisfying and fulfilling experience for visitors, available to all without discrimination by gender, race, disability or in other ways.
- 6 **LOCAL CONTROL:** To engage and empower local communities in planning and decision making about the management and future development of tourism in their area, in consultation with other stakeholders.
- 7 **COMMUNITY WELLBEING:** To maintain and strengthen the quality of life in local communities, including social structures and access to resources, amenities and life support systems, avoiding any form of social degradation or exploitation.
- 8 **CULTURAL RICHNESS:** To respect and enhance the historic heritage, authentic culture, traditions and distinctiveness of host communities.
- 9 **PHYSICAL INTEGRITY:** To maintain and enhance the quality of landscapes, both urban and rural, and avoid the physical and visual degradation of the environment.
- 10 **BIOLOGICAL DIVERSITY:** To support the conservation of natural areas, habitats and wildlife, and minimize damage to them.
- 11 **RESOURCE EFFICIENCY:** To minimize the use of scarce and non-renewable resources in the development and operation of tourism facilities and services.
- 12 **ENVIRONMENTAL PURITY:** To minimize the pollution of air, water and land and the generation of waste by tourism enterprises and visitors.

Source: UNWTO (2013)

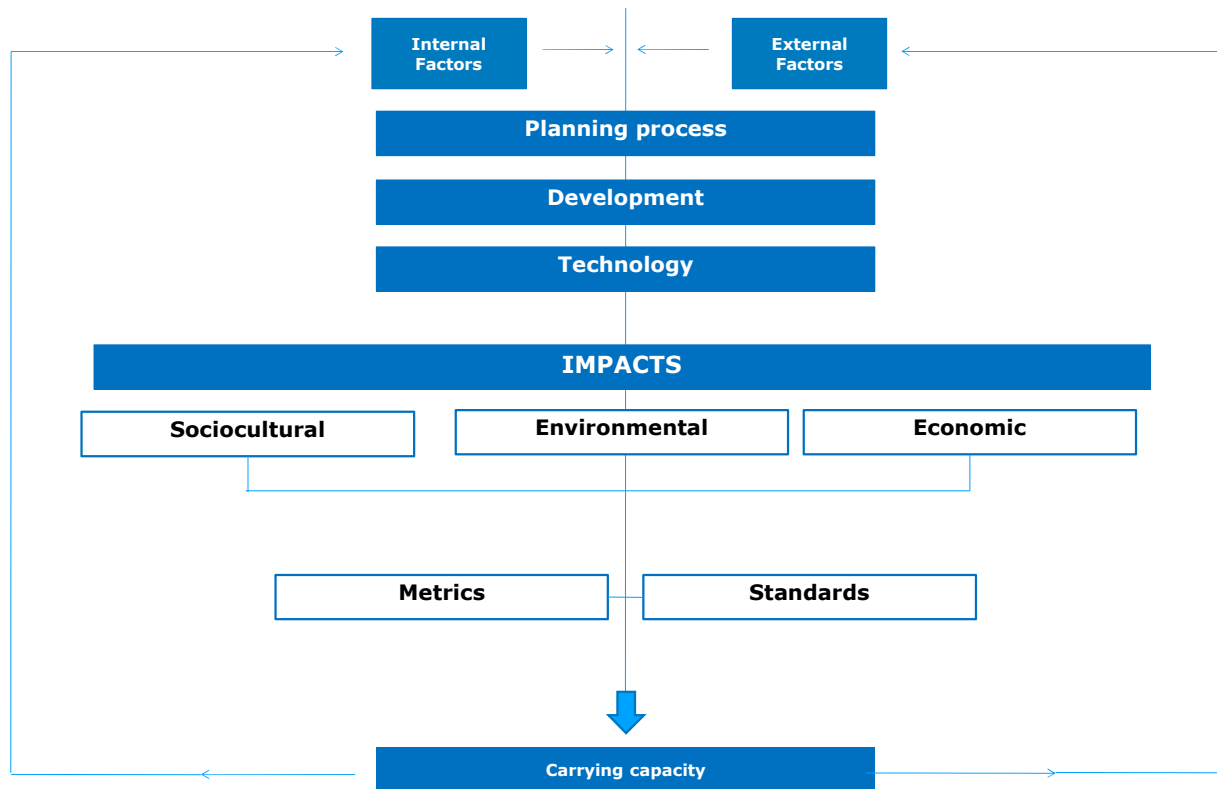
Sustainable Tourism (UNWTO)

Sustainable Tourism Pillars and Sub-Pillars (see in Part 2 Methodology)	Aims for Sustainable Tourism (UNWTO-UNEP Box 1.1)
1. Tourism policy and governance 1.1 The position of tourism in development policies and programmes 1.2 Tourism policy and regulatory framework 1.3 Tourism governance and institutional setup	All the 12 Aims
2. Economic performance, investment and competitiveness 2.1 Measuring tourism and its contribution to the economy 2.2 Trade, investment and the business environment 2.3 Brand, marketing and product positioning 2.4 Resilience, security and risk management	1. Economic Viability 2. Local Prosperity 5. Visitor Fulfilment
3. Employment, decent work and human capital 3.1 Human Resources planning and working conditions 3.2 Skills assessment and the provision of training	3. Employment Quality
4. Poverty reduction and social inclusion 4.1 An integrated approach to poverty reduction through tourism 4.2 Strengthening pro-poor tourism initiatives 4.3 The inclusion of disadvantaged groups in the tourism sector 4.4 The prevention of negative social impact	2. Local Prosperity 4. Social Equity 6. Local Control 7. Community Wellbeing
5. Sustainability of the natural and cultural environment 5.1 Relating tourism to natural and cultural heritage 5.2 Focussing on climate change 5.3 Enhancing sustainability of tourism development and operations 5.4 Measuring and monitoring tourism impacts	8. Cultural Richness 9. Physical Integrity 10. Biological Diversity 11. Resource Efficiency 12. Environmental Purity

Source: UNWTO (2013)



Source: ETC - Lifestyles Trends and Tourism, 2016 e SolarCity – Consumer Trends in sustainability



CONSUMERS AND SUSTAINABILITY POST-COVID

ETC HANDBOOK



ENCOURAGING SUSTAINABLE
TOURISM PRACTICES

EUROPEAN
TRAVEL
COMMISSION

ETC MARKET STUDY



SUSTAINABLE TRAVEL IN AN ERA OF
DISRUPTION: IMPACT OF COVID-19 ON
SUSTAINABLE TOURISM ATTITUDES

EUROPEAN
TRAVEL
COMMISSION

CONSUMERS AND SUSTAINABILITY POST-COVID

CONSUMERS

5 MARKETS

(UK, GER, ITA, FRA,
NED)

IMPACT OF COVID-19 IN CONSUMER BEHAVIOR

4 segments:

- Frontrunners: Low-impact travelers with a high probability of adopting sustainable travel behavior in the future.
- Comfortable Crowd: Low-footprint frequent travelers interested in nearby destination alternatives and off-season travel.
- Entitled Stewards: Medium-footprint travelers who are less likely to compromise on location and travel time, but willing to adjust their behavior.
- Laggards: High-footprint frequent travelers least likely to consider sustainable alternatives in the future.

Source: ETC (2022) Sustainable Travel in an Era of Disruption

CONSUMERS AND SUSTAINABILITY POST-COVID

CONSUMERS

SOME CONCLUSIONS

- Segments show differences in the stage of the customer journey where they are more likely to consider alternative options
- In general, travelers are more likely to adopt sustainable practices in the behavior of interacting with the local community and immersing themselves in local life, learning about local traditions and crafts, buying local products and choosing restaurants at the destination.
- Travelers who generate a lower carbon footprint are more aware of environmental pressures and are more willing to change their behavior, however, as their footprint is already low, the focus on behavioral change in this segment is the least impactful.
- The Laggards, with the largest carbon footprint, have no intrinsic desire to adopt sustainable travel practices, however, changing their behavior will be the most effective in terms of reducing their carbon footprint.
- Constraints found that have a significant impact on the likelihood of adopting more sustainable travel practices in the future are money and time.

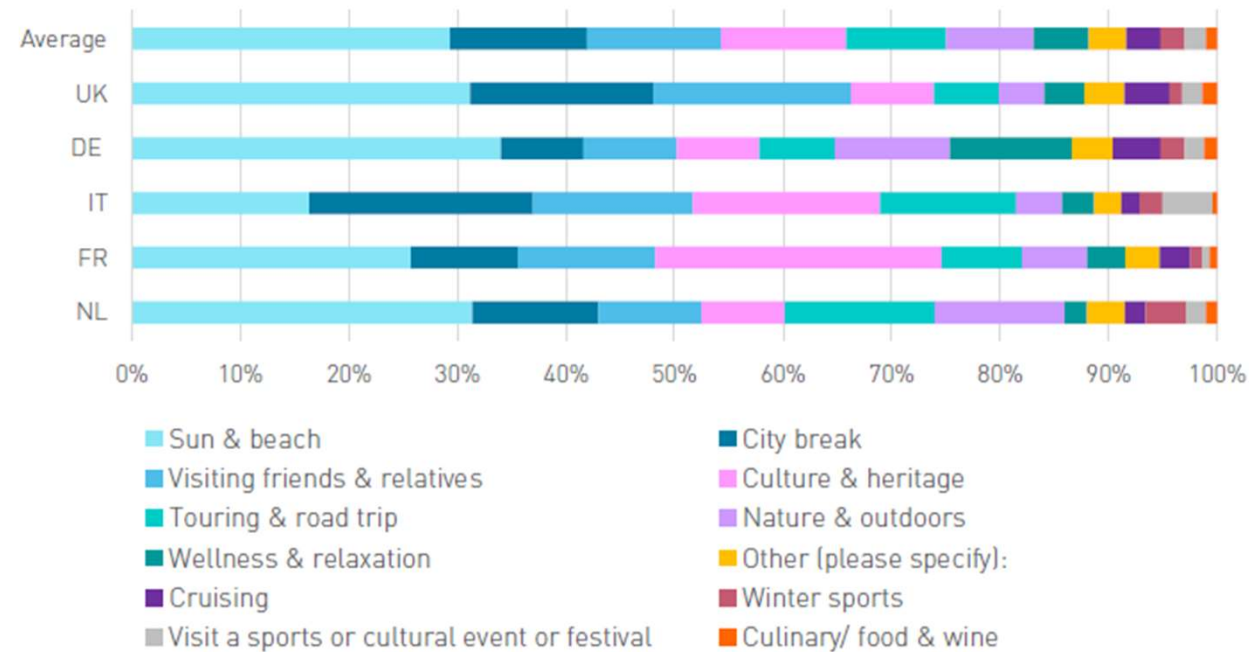
Source: ETC (2022) Sustainable Travel in an Era of Disruption

CONSUMERS AND SUSTAINABILITY POST-COVID

CONSUMERS

SOME CONCLUSIONS

Figure 6. Purpose of trip - International overnight travel for leisure purposes by country, sorted by size of shares of 'average'



Source: ETC (2022) Sustainable Travel in an Era of Disruption

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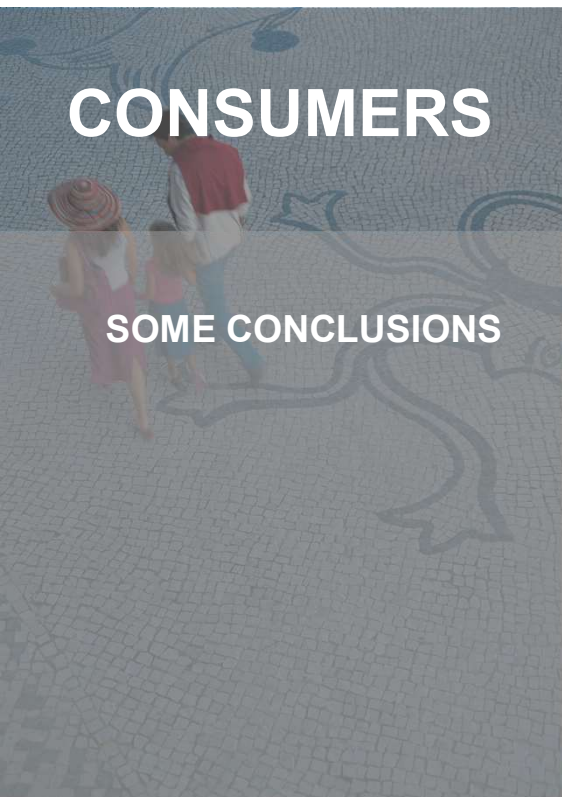
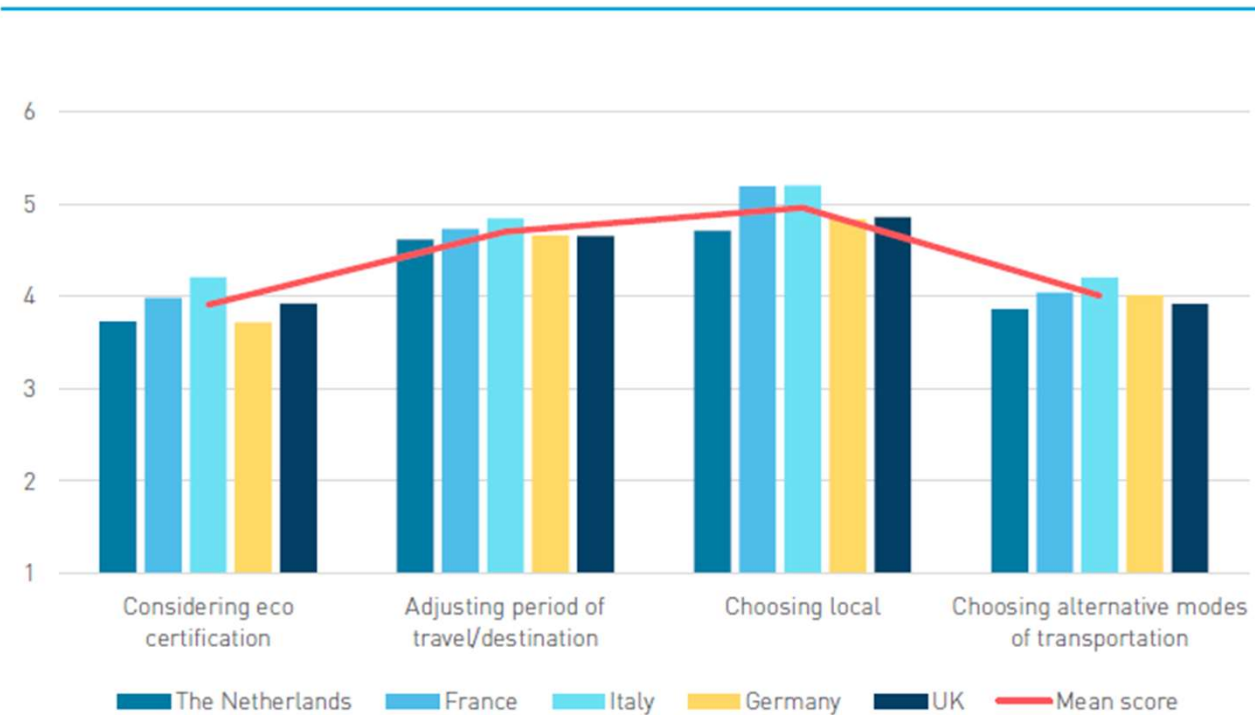


Figure 10. Projected travel behaviour per category by country

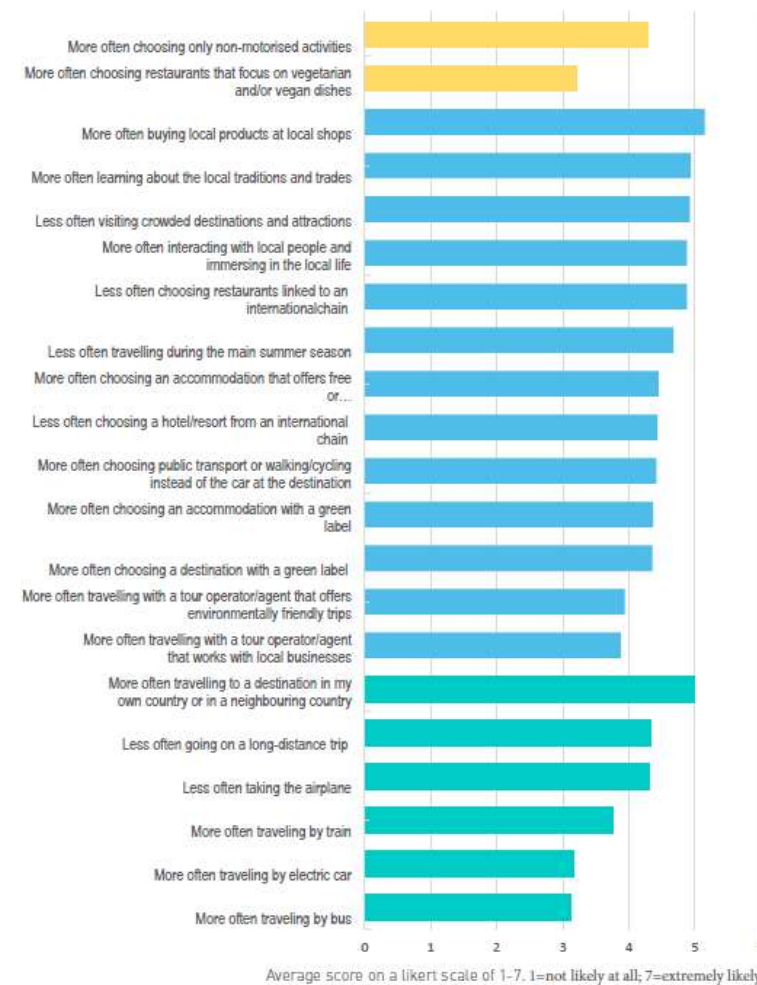


Average score on a likert scale of 1-7. 1=not likely at all; 7=extremely likely

Source: ETC (2022) Sustainable Travel in an Era of Disruption

CONSUMERS AND SUSTAINABILITY POST-COVID

Figure 11. Likelihood of adopting sustainable travel practices



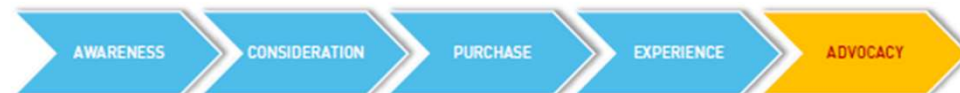
Source: ETC (2022) Sustainable Travel in an Era of Disruption

CONSUMERS AND SUSTAINABILITY POST-COVID

CONSUMERS

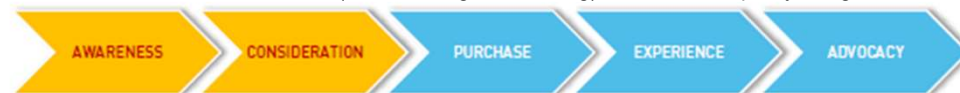
SOME CONCLUSIONS

Frontrunners



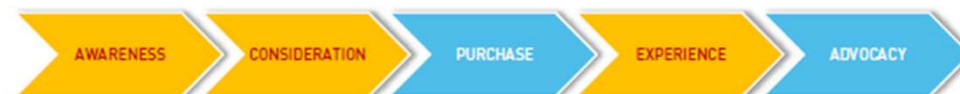
- Market development accelerators for sustainable products
- Create and inspire community
- Campaigns on responsible tourism benefits
- Communicate eco-certification (to eliminate greenwashing) Get involved in policy design

Comfortable Crowd



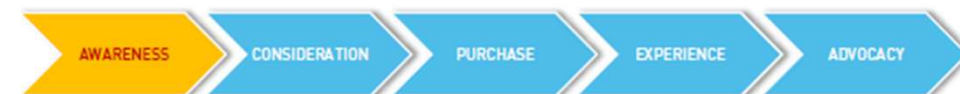
- Foster moral obligation, using Frontrunners
- Demonstrate economic impact of more responsible travel
- Promotion of alternative destinations and low season
- Promotion and regional products and engagement with locations

Entitled Stewards



- Foster moral obligation, using Frontrunners
- Demonstrate economic impact of more responsible travel
- Promote carbon footprint reduction solutions
- Increase visibility of sustainable offer

Laggards



- Reduce focus on traditional offer promotion
- Promotion of traditional values to promote alignment of values
- Collaboration with stakeholders working in the segment to promote sustainable supply and change business models



The only corporate social
responsibility a company has is to
maximize its profits.

— *Milton Friedman* —

ESG – Environmental, Social and Governance

- ESG is a framework that helps stakeholders understand how an organization manages risks and opportunities around sustainability issues
- How well public companies safeguard the environment and the communities where it works, and how they ensure management and corporate governance meet high standards
- In 2021, the European Commission adopted the sustainable finance package (Corporate Sustainability Reporting Directive) which reforms and greatly increases the scope of reporting required.
- The increase in scope means that from 2023 almost 50,000 companies in the EU will now have to report on ESG issues.

1980's
EHS
(environment, health, and safety)

manage or reduce pollution (and other negative externalities) produced in the pursuit of economic growth

1990's
Corporate sustainability

reducing their firm's environmental impacts beyond the reductions that had been legally mandated

2000's
CSR (corporate social responsibility)

how companies should respond to social issues (Corporate philanthropy)

2004 (UN Report)
ESG

comprehensive framework that includes key elements around environmental and social impact, as well as how governance structures can be amended to maximize stakeholder well-being

ESG in Tourism

Environmental	Social	Governance
Environmental matters that consider a company's impact on the natural world and its position to deal with climate change	Social matters that consider a company's social impact, both in and outside its organizational chart	Governance matters that consider leadership's commitment to positive change
Climate change and carbon emissions Impacts on biodiversity Water usage Waste and recycling Energy consumption Air quality Land clearing	Workforce freedom of association Child labor Forced and compulsory labor Workplace health and safety Discrimination, diversity and equal opportunity	Reporting requirements Risk management Codes of conduct and business principles Transparency and disclosure Bribery and corruption Shareholders rights

Source: UNWTO (2023)

ESG in Tourism – is there a roadmap?



Source: WTTC

ESG FRAMEWORK FOR TOURISM BUSINESSES



OXFORD SDG
IMPACT LAB

