For travelers today, it's (still) all about value—but what do they value?

AI insights focus hotelier investments on what guests want most

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Mismatched expectations led to an industrywide "satisfaction crisis" in 2021 as labor shortages and pandemic restrictions constrained hotels' ability to deliver service at pre-pandemic levels. At the same time, demand surges and rising inflation occasionally resulted in historically high average daily rates (ADR) that are still rising. Hospitality executives have been carefully watching traveler behavior over the last few years to detect how it has changed and identify what the expectations of the "new traveler" might be. The overarching question these days is: In this current environment, are hotels still delivering value to guests? As a follow up to our 2021 study, "Leveraging guest feedback to navigate return to travel," we decided to tackle this question.

We began by analyzing changes in guest value perceptions in the U.S., by chain scale, from 2019 to 2021 and from 2021 to 2023. We also drilled down into what features of the stay experience are most important to guests and how U.S. hotels performed against them.

Using a database of guest reviews from U.S. hotels from 2019 through April 2023, we were not only able to uncover the topics on guests' minds and their sentiment toward them, as expressed in their reviews, but we also were able to understand the impact of these topics on overall satisfaction, as quantified by one- to five-star ratings. The AI algorithms in ZS Atlas Intelligence take a bottoms-up approach to analyzing guest feedback, surfacing the topics guests are talking about rather than assuming a pre-structured categorization of data. They then test the relationship, or impact, these topics have on satisfaction. The tool allows hoteliers to go beyond mentions and sentiment to understand which topics merit investment to deliver better stays.

FIGURE 1:

Shift in nominal ADR from 2019 to 2023—net sentiment toward "value for money"
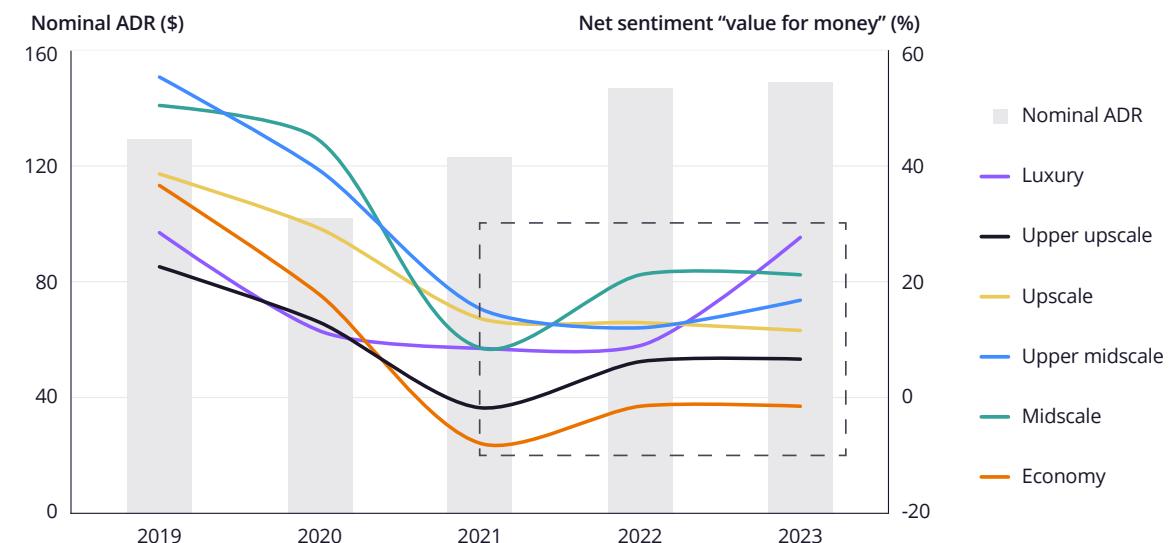
Source: ZS Atlas Intelligence

How hotel guest value perceptions changed from 2019 through early 2023

Value perceptions across chains declined dramatically between 2019 and 2021, particularly in 2021 as return to travel surged in the U.S. While they did not quite rebound to 2019 levels, value perceptions increased and started to stabilize through April 2023 (Figure 1).

It's crucial for the industry to remember the two elements guests balance when they evaluate value—what they get for what they pay. In the value trade-off, "price" is the amount you pay, and "value" is the service experience you get. In the data we pulled, guests didn't complain about how much they paid. They were remarking on what they got. While hotels should continue to price based on demand and market conditions, the focus needs to be on improving the quality of the service experience.

What is affecting satisfaction for today's traveler?

To continue to increase guest satisfaction, hoteliers need to understand what guests expect from their stay and how their properties and staff deliver on those expectations. Using the same database of reviews, we did a high-level analysis comparing changes in satisfaction from 2019 to 2021, the return-to-travel period, and 2021 to 2023, the return-to-normal period.

FIGURE 2:

Cleanliness accounted for a negative impact of 0.3 stars in 2021 and a positive impact of 0.17 stars in 2023

2019-2021 Drivers of score shifts—impact for all concepts across chain scales
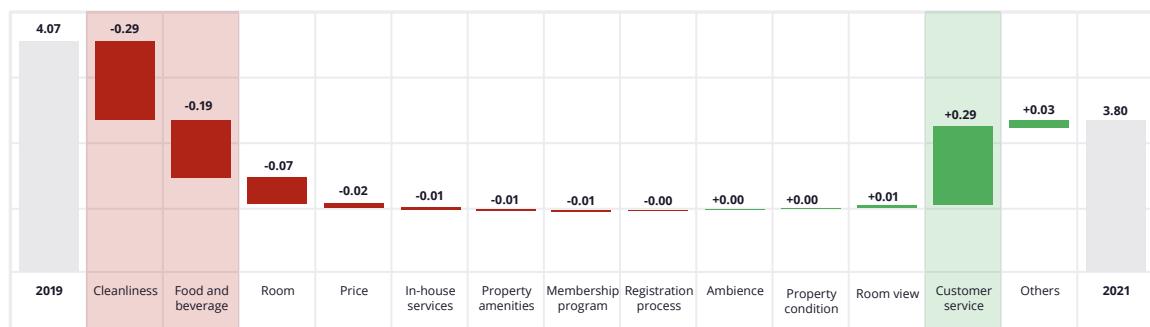
2021-2023 Drivers of score shifts—impact for all concepts across chain scales

Each waterfall chart shows the range of topics that surfaced as having an impact on satisfaction, from most negative to most positive. While satisfaction has improved since 2021, it has not yet returned to 2019 levels. Interestingly, the two negative drivers of satisfaction in 2021 are now positive drivers of satisfaction in 2023, and the one positive driver from 2021 has become a negative driver in 2023. This suggests that improvements have been made in key areas, but there are opportunities to continue to improve satisfaction.

FIGURE 3:

Drivers of score shifts—impact for all concepts across chain scales (2019-2021)

2019-2021

Prioritized features

Key drivers for satisfaction

Negative change in contribution / Positive change in contribution

Cleanliness
Dirty, clean, dusty, filthy, neatness and room and property cleanliness, etc.
-0.39 / -0.17

Cleanliness was a challenge across chain scales, especially for midscale

Price
Base rate, offers, extra fees, resort fees and taxes, etc.
-0.03 / 0.00

Property amenities
Pool, gym, spa, sauna, fitness center, common area and club
-0.03 / 0.00

Room
Bathroom, bed, living space, balcony and microwave
-0.23 / 0.10

Higher chain scales suffered the most for room conditions

Customer service
Demeanor, friendliness, efficiency and availability
0.13 / 0.47

Customer service was a source of increased satisfaction, especially at lower chain scales

Food and beverage
Breakfast, food quality and dining experience
-0.64 / 0.04

Food and beverage was a detractor for most, especially in economy

Property condition
Property age: Outdated or new vs. old or remodeled
0.00 / 0.01

Luxury | Upper upscale | Upscale | Chain scale agnostic | Upper midscale | Midscale | Economy

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FIGURE 4:

Drivers of score shifts—impact for all concepts across chain scales (2021-2023)

2021-2023

Prioritized features

Key drivers for satisfaction

◄ Negative change in contribution   Positive change in contribution ►

Cleanliness
Dirty, clean, dusty, filthy, neatness and room and property cleanliness, etc.

0.12 ◆◢◣ 0.15

Cleanliness has become a source of satisfaction across all chain scales and is a significant improvement from the pandemic

Price
Base rate, offers, extra fees, resort fees and taxes, etc.

0.00 ◆◆ 0.02

Property amenities
Pool, gym, spa, sauna, fitness center, common area and club

-0.05 ◆◆ 0.00

Room
Bathroom, bed, living space, balcony and microwave

-0.26 ◆ ◆◣◆ -0.02

Post pandemic, middle tier chain scales suffer the most when it comes to the room

Customer service
Demeanor, friendliness, efficiency and availability

-0.23 ◆ ◣◣◣ ◆ 0.10

Upscale and luxury are the only chain scales with increasing satisfaction from customer service

Food and beverage
Breakfast, food quality and dining experience

0.06 ◆ ◆◢◣◆ ◆ 0.50

Food and beverage, particularly for midscale, has become a meaningful source of satisfaction

Property condition
Property age: Outdated or new vs. old or remodeled

-0.02 ◆◆ 0.00

◆ Luxury   ◆ Upper upscale   ◆ Upscale   ▲ Chain scale agnostic   ◆ Upper midscale   ◆ Midscale   ◆ Economy

Guest satisfaction impacts by chain scale

We separated the highest impact categories from the waterfall chart by chain scale. For these charts, we highlighted the four most impactful categories in 2019-2021 (Figure 3) and 2021-2023 (Figure 4). The line in the middle indicates zero change in impact on satisfaction, so pay attention both to what side of that line the highlight is on and the spread between the chain scale diamonds. You can see that in 2019-2021, cleanliness was a challenge for all chain scales but particularly for midscale. In 2021-2023, the trend reversed, with largely similar positive impacts across chain scales. Food and beverage was a detractor for all chain scales in 2019-2021, with a particularly large negative impact in the economy chain scale. All chain scales recovered in 2021-2023, with midscale leading the way in terms of satisfaction.

It's important to note that while the change in impact may have varied by chain scale, the same four elements were impactful for all chain scales.

Understanding hotel satisfaction drivers

We next took a deeper look at the top four categories to get a better sense of which cleanliness, food and beverage, room and customer service components matter to guests and affect their overall satisfaction with their hotel stay. There were a variety of subcategories under each of these larger categories, but only a few of them drove positive or negative impact.

FIGURE 5:

Impact scores by subcategory across chain scales

2023 impact scores by concepts—Impact for top concepts across chain scales
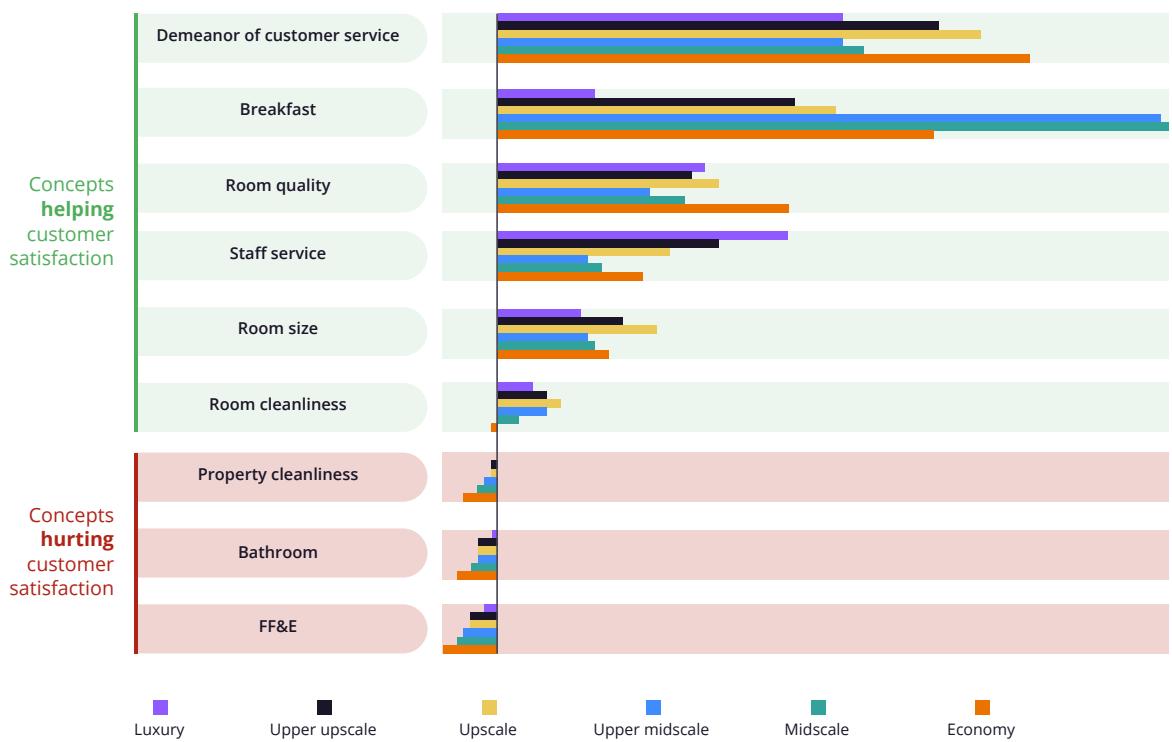
Source: ZS Atlas Intelligence, hospitality. Relative impact in 2023 (indexed metric ranging from -100 to 100 that measures the average impact a concept has, positive or negative, on the five-star review rating)

While the impact by chain scale may vary slightly, the subcategories in Figure 5 matter for all chain scales. Figure 6 shows the order of magnitude of the impact on satisfaction for each subcategory by chain scale from most positive impact to most negative impact.

FIGURE 6:

Impact subcategories by chain scale, from the most positive to the most negative impact

Luxury ●●●●●●●	Upper upscale ●●●●●○	Upscale ●●●●○○	Upper midscale ●●●○○○	Midscale ●●○○○○	Economy ●○○○○○
Demeanor of customer service	Demeanor of customer service	Demeanor of customer service	Breakfast	Breakfast	Demeanor of customer service
Room quality	Breakfast	Breakfast	Demeanor of customer service	Demeanor of customer service	Breakfast
Breakfast	Room quality	Room quality	Room quality	Room quality	Room quality
Room size	Room cleanliness	Room size	Room size	Staff service	Staff service
Room cleanliness	Dining location	Room cleanliness	Room cleanliness	Room size	Room size
Room location	Bed	Dining location	Bed	Room cleanliness	Room cleanliness
Bed	Property cleanliness	Bed	Dining location	Property cleanliness	Property cleanliness
Property cleanliness	Efficiency of customer service	Efficiency of customer service	Property cleanliness	Bathroom	Bathroom
Efficiency of customer service	Bathroom	Property cleanliness	Efficiency of customer service	Room fixtures, furniture and equipment (FF&E)	FF&E
Bathroom	FF&E	Bathroom	Bathroom		
FF&E		FF&E	FF&E		

It struck us that not only are these subcategories consistent, but they also are core to the hospitality experience. The elements of the stay that guests value have not materially changed since the pandemic, even if their booking behavior, stay patterns and amenity needs shifted. Hotels still must deliver friendly and efficient service and a clean, well-provisioned room. Breakfast remains the critical component of the food and beverage experience.

So, what do we do about it?

The results so far, while interesting, also are high level. Given time and resource constraints, hotels should prioritize the highest impact interventions. A detailed understanding of the drivers is crucial. When we did a deeper analysis, we uncovered important nuances in guest expectations by chain scale.

Breakfast

At all chain scales, guests' requirements for **a satisfactory breakfast are straightforward**. They appreciate a good variety of items, including **cereal, yogurt, fresh fruit and hot breakfast options such as eggs and waffles.** At the higher chain scales, where breakfast is not included, variety and quality need to be aligned with pricing. If these expectations aren't met, guests are quick to complain, and their overall satisfaction with the stay is affected.

Cleanliness

At all chain scales, guests focus on **clean bathrooms and bedding quality**. At the upper chain scales, guests generally appear to be satisfied with the current cleanliness and bedding quality.

Service

Guests at lower chain scale hotels **expect friendliness and accommodation**. Being greeted with a smile at check-in has an outsized positive impact on satisfaction, as does receiving prompt attention when problems arise during the stay. Not surprisingly, guests at higher chain scales **expect proactive service**, and they appreciate a personal connection with staff.

FF&Es

At lower chain scales, **guests expect air conditioning**. When it's not functioning properly, it has an outsized negative impact on satisfaction. Guests also comment on the toiletries and tend to be dissatisfied overall with the offerings. At higher chain scales, the availability of a **refrigerator** is a satisfier in 2023, possibly driven by a change in stay patterns as people are more likely to be traveling with family or staying for longer periods of time. **Towels also are frequently mentioned**, and guests notice when they are old, fraying or not replaced frequently enough.

The main advice we have for hospitality leaders trying to navigate the headwinds the industry faces in this return-to-normal period is quite simple. Don't lose sight of the service experience. Guests are looking for value, and the value elements that are important to them remain core to the hospitality experience. Continue to price to demand, but don't let up on the on-property experience. Remember, there are two sides to the value equation.

Of course, doing this is a bit more complex. You need to keep a close eye on guest feedback and be able to dynamically identify topics and trends as they surface and at a sufficient level of detail that allows you to focus your corrective efforts. It's not enough to know that breakfast is important. Rather, what about breakfast do guests value and how are you delivering compared to the competition? The more detailed your synthesis of the voice of customer is—and how it ties to the outcomes you care about—the better able you'll be to take action to make a difference.

About the authors

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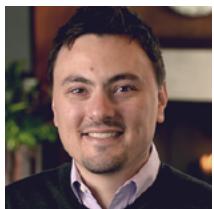
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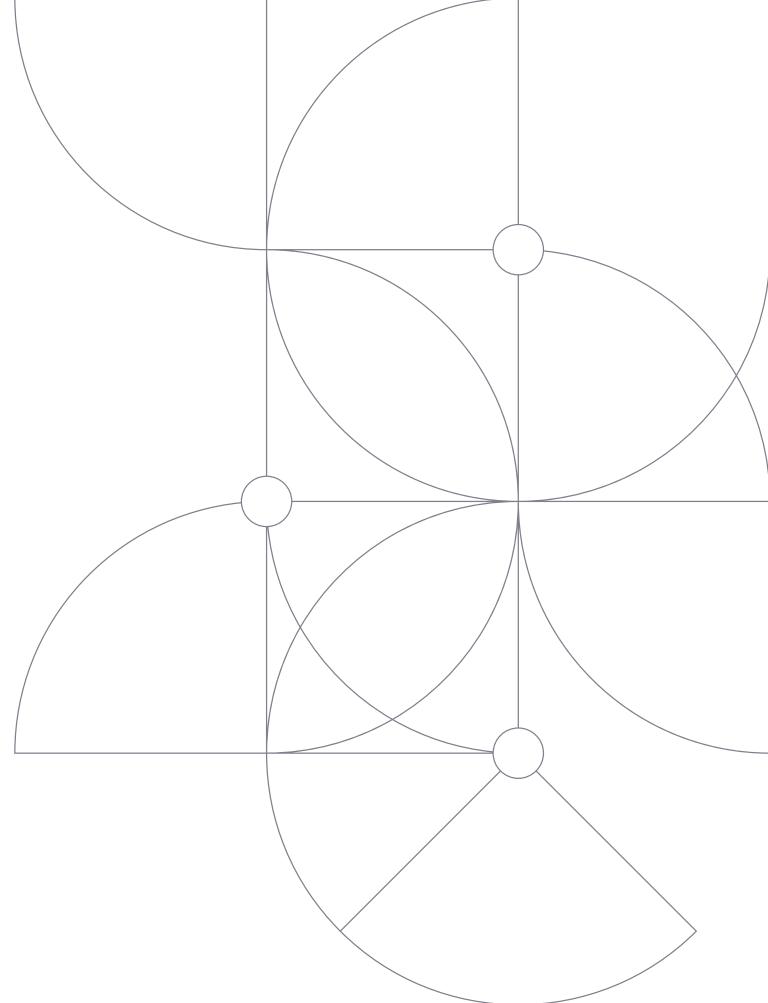
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