

Hotel Heavy Users and Satisfaction: A Surprising Relationship

Stephen W. Litvin

School of Business, College of Charleston
Charleston, South Carolina

ABSTRACT

It is natural, and it would seem good business, to chase the heavy user segment. This research, based upon consumer generated media postings, provides a fresh look at a specific niche of heavy users, the elite members of a hotel loyalty program. Logic and the literature discussed herein suggest that a hotel chain's heaviest users, one would assume the brand's most loyal guests, would have post-stay review postings that would reflect their loyalty and a high level of satisfaction with the services they receive. Surprisingly, the results presented in this analysis of the compiled reviews of guests of a major hotel brand find that elite loyalty program members, i.e. heavy users, tend to be the reviewed hotel brand's most critical. It is suggested that their relatively lower ratings are likely a function of the expectancy-disconfirmation paradigm which suggests that satisfaction is the result of the balance between what one expects pre-usage from a product or service, and what the user perceives, post-usage, was delivered. Elite loyalty program members know what they can expect from their stay, and when the quality they expect is not delivered, their dissatisfaction is magnified, perhaps, it is argued, by a sense of entitlement. Implications and recommendations for hotel management and marketers are provided and discussed.

Key words: Loyalty, Heavy User, CGM, E-Word-of-Mouth, EWOM

INTRODUCTION AND OVERVIEW OF THE LITERATURE

There has been much focus on usage segmentation for hospitality companies, with many authors noting the critical need to court and maintain the relationship of the heavy user segment. These customers, the principal target of any hotel brands' frequent stay loyalty program, are generally considered to be critically important to the company's success (McCall & Voorhees, 2010). The underlying theme of usage segmentation is the often-referenced Pareto Rule, introduced to marketing by Twedt (1964), which suggests that 80% of a company's revenue is typically derived from the top 20% of its customers. Woodside, Cook and Mindak (1987), who claimed to be first to apply the rule in a hospitality setting, along with numerous subsequent authors, proclaimed that attracting the heavy user segment was necessary for hotel brand viability. Clancy and Shulman (1994) argued, however, that even when a company's segmentation analysis successfully identifies the heavy user segment, these customers may be their least profitable, noting their tendency to be: deal-prone and price conscious; often disloyal; and with demographics and media-use profiles undifferentiated

from others. Particularly critical of usage segmentation is Lynn (2019: 73), who warned that the targeting of heavy users “involves a competition to give customers the lowest price or most valuable rewards, which is not good for profits.” Lynn (2019) further argued, as had Clancy and Shulman (1994), that the segment’s lack of distinguishing characteristics other than their usage limits opportunities to attract these guests and that the only way to engender their loyalty, spurious as this may be, is via increasingly expensive and easily replicated loyalty programs. In fact, Twedt (1964: 72) had made the same point, suggesting: “What can be said is that the heavy-using household buys more, buys more often, and buys more different brands. Since the heavy-using household is not readily identified in terms of other characteristics, we are left with the tautology that ‘a heavy user is a heavy user.’” Despite these concerns, Goldsmith and Litvin (1999: 128) argued: “the fact remains that [the] heavy user segment encompasses those consumers who purchase the majority of a company's products and services, and whether or not they represent the ideal customer, they are the most important customers of most enterprises.”

While there is significant research supporting the lack of distinguishing demographic and media-usage characteristics of heavy users, research that has considered the question from a psychographic perspective has provided markedly different results. For example, Litvin (2000) found heavy vacation travelers claimed strong product knowledge and were likely to be travel opinion leaders, while lighter users possessed less vacation travel product knowledge and were more apt to be opinion followers. Goldsmith and Litvin (1999) found these same characteristics when studying heavy users of travel agents; as did both Goldsmith and d’Hauteville (1998) in a study of heavy wine consumers and Goldsmith (2000) in his study of heavy users of fashionable clothing. These domain specific characteristics, i.e. product knowledge and opinion leadership, as differentiated by usage segmentation, are foundational to the current study that compares the consumer generated property ratings of heavy users of a hotel company with those of the company’s less frequent users.

METHOD

The current research is based upon captured guest reviews and ratings found on Marriott.com, the hotel company’s reservation website. Marriott ratings were specifically employed as its reservation webpage, in addition to providing a property’s overall rating (based upon a 1-5 scale), also allows users to segment ratings and reviews based upon their posters’ loyalty program status. The ratings of non-members are also provided as a segmented category on the company’s website. Marriott’s loyalty program, Marriott Bonvoy [hereafter Bonvoy] levels are: Members (0-9 nights during the past year); Silver (10-24 nights); Gold (25-49 nights); Platinum (50-74 nights); Titanium (75-99 nights); and Ambassador (100+ nights). Only guests who have stayed at a Marriott property are invited to post reviews, eliminating concern of ‘fake’ reviews, as may be the case on other rating sites (Litvin, Goldsmith and Pan, 2018). (No other major brands that provided usage-based segmented postings were noted.)

Ratings were collected for 725 Marriott branded hotels located in 77 cities by posters from each Bonvoy reward level, as well as from non-members. Properties selected for testing were all those hotels listed on the first page of the Marriott website’s reservation page for the selected city that met the criteria of a minimum of 300 total posted reviews and at least one review for each Bonvoy category. The 77 cities included in the dataset included the capital and largest city (when different from the capital) of each of the USA states and Canadian provinces, plus Washington, D.C, and Ottawa, and if not already selected, those cities included on the *Conde Nast* ‘Reader’s Choice’ list of ten best large and ten best small (USA) cities for 2020. The number of hotels selected per city ranged from a low of one in Anchorage, Alaska to a high of 24 for San Diego. The number of reviews per hotel ranged from 302 for Four Points by Sheraton Houston Greenway Plaza to 10,049 for Nashville’s Gaylord Opryland Resort. Included in the dataset were properties representing 21 of the 30 Marriott Corporation brands. These encompassed a full range of hotel sizes and Marriott quality classifications, ranging from a ‘one-star’ Fairfield Inn & Suites in Dallas to the ‘eight-star’ St. Regis Deer Valley. It is important to note that all data reflect ratings posted during the first quarter of 2020, reflecting a period of normality by intentionally avoiding the impact of the COVID-19 coronavirus in the United States.

RESULTS

The mean ratings of the 725 hotels in the dataset per Bonvoy membership level are provided in Table-1 and reflected graphically in Figure-1. The key finding depicted in these are the notably lower ratings provided by members of Marriott’s elite Titanium and Ambassador classes.

Table-1 : Average Hotel Rating per Segment (n=725)

	Mean Rating	SD	Mean # of Ratings per Hotel	SD
All Ratings	4.29	0.29	776.3	696.5
Non-Member	4.29	0.32	78.4	95.6
Member	4.32	0.29	290.6	298.5
Silver	4.30	0.34	90.6	83.1
Gold	4.20	0.37	92.4	85.5
Platinum	4.22	0.40	67.7	60.5
Titanium	4.19	0.62	12.2	11.5
Ambassador	4.17	1.13	2.2	1.9

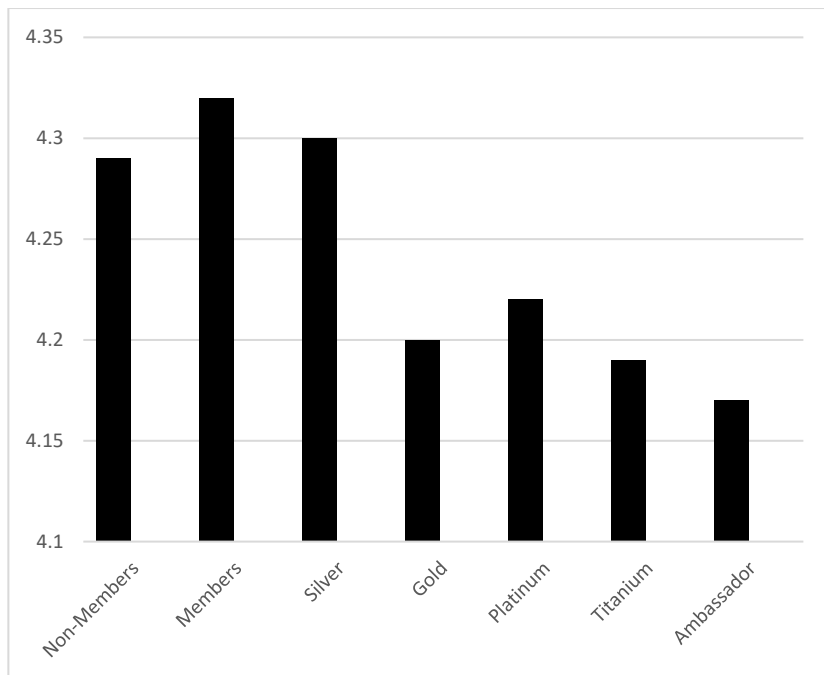


Figure-1 : Mean Property Rating per Loyalty Program Status

It is important to note that the number of posted ratings by guests in the elite membership classes were far fewer than those in all other categories. In fact, the average of 2.2 Ambassador postings per hotel is but a miniscule fraction of the average 291 Member-level reviews posted for the 725 hotels in the dataset. Such quantity imbalance would of course be expected, given the fact that elite status, particularly Ambassador-level, is earned by few Marriott customers. As a result, the few postings by the company’s heaviest users – and presumably most loyal customers – have minimal to no statistical influence upon the overall rating of the hotel. But for the shopper clicking through the Marriott reservation site, able to review ratings segmented by Bonvoy poster classification, it would seem likely that the ratings of elite-level posters, representing highly knowledgeable travelers and strong opinion leaders, would be viewed as the most influential and consequential, regardless of their limited numbers. Yet, these ratings, as noted above, are the lowest among all member classes. Readers would by now be thinking we cannot trust, from a statistical perspective, ratings based upon so few postings. While this is inarguable, it is not likely the thinking of those visiting the Marriott website seeking feedback on potential properties as they plan their upcoming travel. And, again as reflected in Table-1 and Figure-1, what shoppers learn from the Marriott booking platform is that the ratings of Titanium and Ambassador members, contrary to one’s general expectations, are often

considerably less positive than are those of not only all other Bonvoy membership classifications, but of non-member posters as well.

To explore the differences between status classes further, an analysis of inter-rater reliability was performed. What was found: The intra-class correlation coefficient (ICC) reflected moderate consistency ($\alpha=0.719$) among the ratings of all raters (including non-Bonvoy members). This suggests that most guests have reasonably similar views regarding the property they are rating. However, exclusion of Titanium and Ambassador class member ratings from the calculation significantly increased the correlation, revealing an exceptionally strong ICC among all non-elite raters ($\alpha=0.911$). The ratings of the Bonvoy elite classes were clear outliers. Had Marriott's elite customers been outliers as a function of having posted the most favorable ratings, this would have fit the general satisfaction, usage and loyalty paradigm nicely. But to have been outliers due to a lower level of satisfaction is a truly surprising, and important finding. That said, it is appreciated, and noted in the discussion that follows, that the low ratings are as likely a function of math as they are as a true measure of satisfaction. Understanding this, does not, however, change the often-low ratings' likely impact upon consumers utilizing the Marriott reservation site's guest reviews to help make their lodging decision.

DISCUSSION

The Central Limit Theorem suggests that with a sufficient quantity of data a normal distribution will emerge (Lynn 2019). But with only a handful of Titanium and even fewer Ambassador reviews per hotel, a negative hotel review posted by even a single Titanium or Ambassador poster will likely have an abnormal impact on the property's rating *for that membership class*. This is reflected effectively in Figure-2, which first reflects the distribution of property rating means of non-members for the 725 hotels in the dataset. The distribution of these ratings is visually undifferentiated from the middle graph, which reflects the rating for the same properties by non-elite Bonvoy members. It should be noted that both graphs reflect approximate normal distributions, albeit with positive skews that reflects median and modal scores approximating 4.5 on the five-point Marriott rating scale. The third graph, however, which depicts the spread of Titanium and Ambassador level member mean property ratings, reflects considerably greater kurtosis. But why, one would ask, were there so many poorly performing hotels per the elite classes? The most significant reason, again, is a function of the small number of postings by those with elite status; such that even a single upset poster can have an impact upon the mean – while for the broader classes, the same negative posting would be absorbed with minimal to no statistical effect. On the positive side, this is also why so many of the 725 hotels included in the dataset have perfect 5.0 elite-level ratings. However, it seems safe to assume that the high elite-level scores earned by some hotels are less impactful than are the poor scores of other Marriott properties. This assumption is based upon the Prospect Theory (Kahneman and Tversky, 1979), which suggests that people place more emphasis upon the pain of a loss

than they do pleasure from an equal gain. Further, when elite posters are seen to have rated a property highly, it would seem that those visiting the website would expect such a rating from the company’s loyal frequent guests. Low ratings by elite raters, who could be expected to have significant influence over others as a function of their ‘legitimate power’ (Mehraliyey, Choi and King, 2020) attributed to their knowledge as frequent travelers, however, are painfully obvious and send a terrible message.

Given the above, it certainly seems that Marriott’s sharing of guest ratings based upon loyalty status is a questionably policy. Again, math is not on the company’s side.

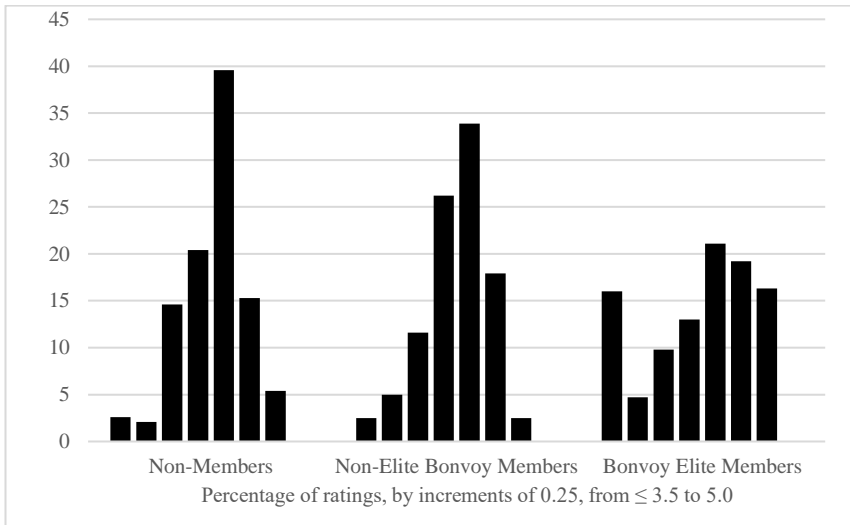


Figure-2 : Average Hotel Rating Distribution by Membership Class

But beyond the math, the additional question must be asked: What has led to the dissatisfied elite member guest postings on the website? A review of comments posted by Ambassadors suggests the problem is likely a function of the expectancy-disconfirmation paradigm [EDP]. EDP, a concept widely accepted by hospitality and tourism marketers (Ye et al., 2019: 64), suggests that “satisfaction is the result of contrast between expectation and performance.” Elite Bonvoy members know exactly what they are looking for from their lodging experience...and know exactly what the hotel is capable of providing. When service falls short of their expectations, these guests’ sense of dissatisfaction is likely amplified by a sense of entitlement. Elite-level Bonvoy guests are, and know they are, Marriott’s best customers. And they understand, as noted by Kim and Baker (2020: 84) the concept that “the more you buy, the better the treatment you earn.” However, when the quality service they feel their loyalty status should command fails to be delivered, elite-level guests are clearly

not shy, whether out of a sense of vindictiveness or altruism – the primary motivators for those posting negative reviews per Banerjee and Chua (2016) – to share their disappointment with others. A review of the psychology literature refers to this as the ‘Entitlement Syndrome,’ or more colloquially the ‘Spoiled Brat Syndrome’ (Kiartsuwan and Sittiwong, 2017), suggesting that elite members possess a “psychological entitlement [and] an expectation of special treatment” with a belief they are “deserving more than others” (Żemojtel-Piotrowska, Piotrowski and Clinton, 2016: 197).

Following are several examples of comments accompanying poor Ambassador guest ratings. Please note in each the perceived lack of respect received.

Dana, Waikiki Beach Marriott Resort & Spa: “Staff could care less if your [sic] are ambassador elite or any status at all. Was made to feel like just a number. My buddy traveling with me even said I thought you had high status at Marriott (ambassador elite) I chuckled and said I guess not here.”

Alfa, New York Marriott Marquis: “Staff at front desk act as though they are doing you a favour. Don’t expect any elite benefits. I’m the highest loyalty level (Ambassador) and they did not even an [sic] upgrade me.”

Jeff Bridges, Courtyard Jackson (MS) Airport/Pearl: “The hotel does not recognize elite status. I had multiple problems with...no consideration that I stay in Marriotts at least every other week per year.”

FrequentBizTrav2018, Washington Marriott Georgetown: “I’m an Ambassador Elite member and had inquired about a room upgrade for my family at check in. Front desk clerk said “no” without even checking the reservation system.”

Anonymous, The Ritz-Carlton Bacara Santa Barbara: “No birthday greeting. No respect to a high-level loyal elite member.”

INDUSTRY IMPLICATIONS

The above suggests several recommendations for hotels that post their guests’ consumer generated ratings. First, is the suggestion that class-level reviews and ratings simply not be provided. No other major USA brands besides Marriott were noted to provide this feature, but for any that do, or are considering doing so, again please note how basic math works strongly against the approach. It is suggested, however, that brands may consider making their elite-level reviews available to other elite members, but on a site available only to these prestige customers. Providing top-level loyalty program members the ability to access their fellow elite members’ reviews will likely be viewed as a status perk and perhaps will induce additional postings. More ratings will provide additional feedback from the company’s heaviest users, and hopefully

most loyal customers. In addition, such an exclusive rating site will provide these important customers a better sense of which properties do the best job catering to their, perhaps lofty, needs and expectations. This is important, as it is in the company's benefit to steer their elite guests to hotels within the portfolio that will do the best job of keeping their most important customers delighted with the brand.

The final set of recommendations relate to the need to ensure that specific training is provided to guest service employees serving elite-level guests. Clearly this is a challenge. Most employees of (in this case) Marriott, though wearing a Marriott company blazer, do not work for Marriott. Their not meeting the perhaps 'entitled' demands of an elite-level guest, who may be staying at the franchised hotel for the night but may never have an occasion to return to that property, will have little impact on that hotel's financial performance; while the guest's dissatisfaction with the brand is likely to have a major impact upon the overall company. It is further recommended that hospitality companies, if they are not already doing so, provide hotline communication channels for their elite guests. These guest service desks should be staffed by specifically trained employees who are provided the tools and authority required to address and diffuse problems – such as the examples noted in the Ambassador review comments shared above – on the spot, rather than allowing them to fester. This is important for quality assurance, for as noted earlier, while some authors rightfully question the marketability of the heavy user segment (e.g. Lynn, 2019), it is hard to argue with their potential influence as knowledgeable opinion leaders as well as the fact that their volume alone makes them “the most important customers of most enterprises” (Goldsmith and Litvin, 1999: 128).

As a final comment, usage segmentation remains a rich subject for future study. Replication of this research, working with service providers willing to share their reviews by loyalty-class, would be of value to help ensure the generalizability of these findings and would further our knowledge of the topic. In addition, the Entitlement Syndrome is a concept not found to have been previously applied in the hospitality literature and deserves further exploration. Finally, as will be a comment on most papers being published at this time, the issue of COVID-19 and its impact on these findings and everything hospitality related will need to be considered once we emerge from the pandemic.

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About the Author

Stephen Litvin is a professor, teaching in the Department of Hospitality & Tourism in the School of Business at the College of Charleston (SC, USA). Steve has authored over 100 articles in hospitality and tourism journals and is a former Fulbright Scholar. Academia is Steve's third career, having previously been a Certified Public Accountant with two international CPA firms, followed by a career in the travel industry. He then returned to school, earning his doctoral degree in International Commerce from the University of South Australia, and joined academia. Steve's primary research interests are hospitality and tourism consumer behavior and tourism's impact upon communities.