DESIGNING A SERVICE RECOVERY SYSTEM FOR MARRIOTT
## INTRODUCTION & CONTEXT

FOR THE PROJECT

This project report captures the work of our team for a capstone class at the Weatherhead School of Management - Design in Management: Concepts, Methods of Practice & Products. This class was a semester long studio course with various sponsors across several teams. Our team collaborated with Marriott in the Spring semester 2014. This project report was created and provided as a deliverable to the Marriott and complements the oral presentation given to Marriott on May 2, 2014.

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Marriott is a world leader in hospitality and an industry leader in its digital capability. At the same time, Marriott faces challenges when trying to care for its customers while they are outside hotel walls. While Marriott is not responsible for delayed flights or broken down vehicles, it would like to attend to these issues as they play a role in the overall experience of a customer’s trip.

In order to focus in on this problem for this project, our group has chosen service recovery as an avenue to extend the customer relationship beyond the traditional constraints of Marriott’s terms and conditions. We designed a service recovery framework that consists of both proactive and reactive strategies to focus on empathizing with customer issues that might not be readily apparent. This framework will help Marriott conceptualize opportunities for service recovery upon arrival, during a customer’s stay and after they have left the hotel. The framework speaks to themes that emerged from our team’s primary research of Millennial travelers.

The report concludes with how our ideas have the potential to help Marriott serve the needs of the next generation of guests.
Negative experiences during a traveler’s journey can ruin a whole trip. While Marriott is not responsible for problems that happen to guests while they are outside the hotel, it seeks to care for these issues but lacks the mechanism to anticipate or address guests issues that occur outside the walls.
We propose service recovery as a method to deal with the limits that Marriott faces due to its terms and conditions. Currently, terms and conditions provide the structure of customer relationships and the boundaries of the customer experience. While these parameters are important for operational success, we hope to offer a strategy that reaches beyond these current barriers.

Marriott is not responsible for its guests’ lost bags or the snowstorm that hits the day of a guest’s departure. Yet, feeling obligated to address and care for these situations builds trust and confidence in the Marriott name. Creating a framework through which to think about customers’ journeys is key. We propose that the framework address both potential problems that can be preempted (a proactive approach) as well as reacting to guests’ issues as they arise.

Marriott is in a strong position to extend the customer relationship and care for its guests to include the journey as its digital presence and ability to collect data is already excellent.
The following design research methods were used to engage with twenty millennial travelers (from ages 20 - 29). The focus was on understanding individual travelers’ behaviors and gleaning insights from their travel experiences.

**CULTURAL PROBES**

Millennial participants who were going on a trip were identified and were sent a kit containing a journal, a pen and a disposable camera. They were encouraged to record their travel experiences and emotions using the journal and camera. No prompts or biases were provided in order to get a truly unfiltered look at the participants’ emotions as they went through the journey.

**IN PERSON INTERVIEWS**

Interviewees were prompted to recount a recent travel experience as they placed associated word cards on a journey map. This exercise aimed to capture physical and digital touchpoints along the journey as well as emotions at each step.

**EXTREME USER INTERVIEWS**

Interviews were conducted with people who travel consistently (more than half the year) for work and personal reasons. These users shared the systems and tools to organize their travel and explained how these tools helped them make the most of their trip. A remarkable insight from these travelers was these travel disruptions rarely seemed to faze them. They took things in their stride and always had backup plans in case something went wrong.
RESEARCH SYNTHESIS

This section presents a selections of excerpts from journals and interview transcripts along with key insights obtained from the research.

1. Passing the buck

My bag was damaged when I picked it up to go through customs in New York. The zipper was busted and it had obviously been searched. All of my things were strewn about and I had to go running around picking them up here and there off of the conveyer. I actually had to wait for it to go around an extra time to grab one of my shoes. When I had collected everything, I went to the airline kiosk to complain, they told me it was the TSA’s fault. When I was finally able to talk to someone at the TSA, they said work it out at your final destination (Cleveland) and they gave me some shrink wrap to hold it together until then. When I got to Cleveland they said I should have worked it out in New York. When I said explained that I had been instructed to get it worked out in Cleveland, they said I’d have to leave the bag with them at the airport to be fixed. How was I supposed to get my stuff home?! At that point I just shoved the stuff that was still in my hands in the side of my busted suitcase, squeezed it together the best I could and left to find a cab.

2. Unexpected Kindness Leaves Lasting Impressions

In Nepal on the Annapurna Circuit trek, the local restaurant had no food left to cook us dinner. The owner tells us he can get food but it might take a while. No problem we said. We see him run down the street, catch a chicken, kill it, pluck it and cook it for us on the spot...he also went out to his garden and picked all the vegetables by hand right in front of us. One of the most delicious and fresh meals I’ve ever had.”

“Finally, we limped into Bishkek, the largest city in Kyrgyzstan, and found a mechanic shop. Talk about service! We hadn’t showered in 3 or 4 days, and were exhausted and stressed out. In addition to fixing up our car [which took two days], one of the mechanics invited us to stay at his home. He cooked us food and got us liquored up on plenty of vodka. The owner of the mechanic shop took us on a tour of Bishkek and took us out to dinner at an expensive restaurant with a waterfall inside of it. They got our car back in decent working order for the first time in two weeks...without that stop we never would have made it to Mongolia.

INSIGHT

Gestures of unexpected kindness create moments of delight. These small moments of care are often turning points of a traveler’s attitude in a journey and are cemented as fond memories and retold into the future.
Epic Journeys

It was Christmas Eve and I was flying back to India. I had a 14 hour layover in NYC, it wasn’t a problem because I figured I could meet friends while I was there. I arrived at 5 p.m. and after making a few calls, found out that most everyone was away for the holiday. Now what was I going to do? After making a few enquiries, the closest hotel with rooms available was a at least 40 minutes from the airport and $250 for the night. Everything was booked because of Christmas. At that point, I was trying to think what else I could do. They wouldn’t let me in the terminal because I was way too early to check-in. I called my boyfriend and pretty much every friend in my phone to pass the time. I went to an airport lounge but they wanted $50 to let me in for four hours. At that point I ended up making a nest for myself on the heating vent, because I was still in the outside lobby and the auto doors kept letting in freezing air. It was quite the adventure I guess but an unexpected and exhausting one.

Let’s Just Carpe This Diem!

ITINERARY FOR SEATTLE TRIP

21st - Flight out (work remotely)
22/23rd Weekend @ Cousin’s! (party, dinner?, chill out, check into hotel)
24th Monday Explore Seattle Office (meet lots of new ppl! maybe go out to lunch)
25/26th Training 9-5 (beers! catch up with friends, need to make evening/night plans)
27th Checkout, Travel all day GET OVER JETLAG!
28th Back to work

INSIGHT

Millennials are ambitious, tough travelers who rough it and stretch the limits of their bodies on long haul journeys (distance and time). Due to their taxing trips, they are often extremely travel weary when arriving at destinations.
THE SERVICE RECOVERY FRAMEWORK
To define the various stages of guest engagement with Marriott, we used a model created by Erving Goffman. This model breaks down interactions into three phases—initiation, maintenance, and leave-taking. We found this structure especially appropriate in respect to a hotel stay. Traditionally, to open the engagement, a guest makes a reservation, later arrives and is welcomed—all these steps being part of the initiation stage. During the guest’s stay, the engagement is maintained through physically occupying the hotel, touching the physical artifacts such as the bed and processing information that is passive in the room such as a room service menu or interruptive like a message light that appears on the room phone. Packing, receiving a bill or summary of charges, checking out and physically departing are pieces of the leave-taking phase and this brings the engagement to a close.

We began with the model to examine what guests currently experience. As our idea proposes, we are looking for ways in which service recovery can extend relationships and reframe parts of the traditional phases in a guest’s engagement with Marriott.

A Note on Empathy

Empathy is a key component in building a framework for service recovery. Marriott already does this extremely well. Marriott staff are trained to look for cues in guests’ behavior to identify and resolve problems effectively. We aim to create a service recovery system that facilitates conversations with guests about their problems. We also explore how digital solutions may help create a data-driven understanding of customer issues and enable Marriott to better integrate empathy in employee training and move the company toward a greater ability to empathize with guests.
This framework identifies opportunity areas using both proactive and reactive approaches to service recovery in each stage of the guest’s engagement with Marriott.

4 Concept Prototypes, which are identified in this graphic, have been developed and are detailed in the next section.

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Service Intelligence System
Marriott Unlocked

Service Recovery Framework

4 Concept Prototypes:

1. Service Intelligence System
2. Marriott Unlocked
3. Reactive Service Recovery
4. Proactive Service Recovery

Guest Experience
Bill of Rights
@MarriottEmployee
CONCEPTS
In order for Marriott to be able to provide service recovery without requiring the customer to explicitly report the issues, Marriott needs a system that enables it to anticipate these issues and prepare itself to deal with them before the guests’ arrival.

Marriott’s digital infrastructure will enable it to automatically track a customer’s flight information. This will allow Marriott to stay informed when the customer’s flight is delayed or if their bags are misplaced on the way. Such a system would enable the employees of Marriott to check on a guest’s travel status in real-time.

A GUEST’S PERSPECTIVE

Take a person who after setting out on a trip runs into a delay during a layover. This causes stress, worry and the traveler begins to realize how little sleep he will be getting tonight.

In case of exceptionally long delays especially international travel, the traveler is usually not able to communicate with the hotel in time to cancel or modify the reservation. Even if they are able to communicate, due to the nature of creeping delays in airlines, the communiqué falls within a 24-hour window of the reservation. The guest ends up having to pay for a day of their stay due to no fault of theirs.

AN EMPLOYEE’S PERSPECTIVE

The screens below are prototypes of the information systems that can be built to enable front line employees to stay informed of the guests’ status. They are able to access more detailed profiles of the guest if required.

Consider this alternate scenario, through the data collected during booking Marriott is aware of the delay and reaches out via text message. The text reads, “We see you’ve been delayed. Your room is ready for you when you arrive. Text us back if you’d like us to send up extra pillows or tea.”

Because Marriott is able to see how delayed the guest will be, they have the choice to allocate the guest’s room to someone else until the guest’s arrival. This ability makes the business case for increasingly flexible cancellation policies at Marriott. Marriott is also in a position to reimburse the guest in the form of a credit to be used in the future, thus not only earning the guests goodwill but also ensuring his or her return to Marriott in the future.
The system will also guide Marriott Employees regarding the service recovery options available to them. The employee is then in a position to provide the best possible care for a tired guest arriving after many hours of delay.

When service recovery does occur, the employee records these experiences so that they might be used for training and to follow up with the customer. This system is designed to gather valuable insights regarding guest issues and the various methods used to resolve them. In effect, we create a digital feedback loop that allows for continuous improvement of Standard Operating Procedures.

Marriott guests are currently locked to the Marriott property that they are currently staying at and further locked to the rather inflexible terms and conditions of checkin/checkout.

By unlocking these dimensions, Marriott will be able to extend the relationship to care for guests in situations where they currently feel underserved or even unattended.

Customers are often in a limbo state during their journey. Guests have many in transit needs whether it be for Wi-Fi, coffee, charging station, a comfortable couch or a quiet place to work. During a stay in New York a person may be staying Downtown, doing business Uptown, and spending evenings with friends in Brooklyn.

New, semi-private areas would be created in hotels that would be accessible to current guests and guests in transit. This service would provide space to relax between a meeting and a show or after checkout and before a later flight. The basic structure is for every night booked in a Marriott hotel, guests earn one pass to another property which includes, Wi-Fi and one coffee or water for each guest. There is no time limit for the stop.

There are advantages to guests to accessing this service over a coffee shop where many of these in-transit times are currently being spent. First, the service is included in the price of the hotel, the feeling of obligation to buy something for the privilege to sit down and relax is alleviated. Second, bags can be stored at the front desk so there is relief from worrying about security and keeping track of everything. Last, comfort is elevated over wooden chairs and tight spaces in a crowded coffee shop. Couches, more spacious tables and chairs, and open sleep pods give guests the stress free space they need before moving on.
Taking the idea of “in-limbo” a step further, many of the travelers we spoke with are not on a traditional schedule, especially when traveling from city to city. On a road trip for example, millennials drive until they can’t stay awake and wake up early to get back on the road for work or school. It often feels like a “waste” to pay for a whole night in a hotel. In order to break free from the 3 p.m. check in 11 a.m. check out this proposed solution accommodates guests that prefer privacy while in limbo or require only brief stays at a hotel. Days or hours of a hotel use could be purchased in blocks of 40 hours to be used at a minimum of 3 hours at a time.

The effect of these two ideas is that the lines between the three phases of the guest engagement begins to blur. Customers are still engaged during long days that they would normally be completely outside of Marriott’s view. The maintenance portion of the customer engagement is extended outside of the hotel and beyond check-out time, blurring the leave taking phase. In fact, with the subscription model a person continues to be an active customer continuously disrupting or deleting the leave taking phase completely.

**SUBSCRIPTION MODEL**

Taking the idea of “in-limbo” a step further, many of the travelers we spoke with are not on a traditional schedule, especially when traveling from city to city. On a road trip for example, millennials drive until they can’t stay awake and wake up early to get back on the road for work or school. It often feels like a “waste” to pay for a whole night in a hotel. In order to break free from the 3 p.m. check in 11 a.m. check out this proposed solution accommodates guests that prefer privacy while in limbo or require only brief stays at a hotel. Days or hours of a hotel use could be purchased in blocks of 40 hours to be used at a minimum of 3 hours at a time.

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**SUBSCRIPTION PRICING**

$299 / YEAR for 40 hours
Equivalent to 2 nights stay at current rates or 42 hours

**PRICE BY THE HOUR**

30%-40% DISCOUNT ON CURRENT RATES FOR 3-5 HOUR BLOCKS

Eg: 11 A.M. to 5 P.M.
Social media is ingrained in the lives of Millennials. Dialogues with friends and family are maintained with humorous pictures, inspirational quotes, cat videos, news of the day and checking in with feelings or locations. Our concept is for a Marriott guest to be able to easily start a conversation with a Marriott employee about service in a familiar place. Talking across a desk to a person in a uniform is not foreign to a Millennial but it is not familiar. Allowing guests and staff to interact in a space that is comfortable for guests is an extension of hospitality. By issuing name tags that allow guests to connect with employees directly, Marriott and its employees agree to move into the guest’s space.

This would be another way for Marriott employees to say - we’re here for you, you can talk to us, we’re real. When you thank us later, you’re thanking me and I appreciate it. When you’re addressing an issue, you can talk to me about it. The message doesn’t go to a black hole or to a person at a desk somewhere unknown.

Given that guests are often on the go during travel, an extra thanks or concern is often left uncommunicated until after he or she has left the hotel. Breaking down this wall of communication will enable a more personal and productive dialogue to effectively recover from service disruptions.

It will also allow Marriott to digitally track the interactions and comments between guests and staff in order to gauge employee effectiveness and accountability.

A Guest Bill of Rights was born from the fact that the millennial customer often does not know his rights. In an attempt to educate this younger customer about the terms and conditions which are often skipped over, we created this simple card to boil down the legalese into the core concepts of service.

Marriott has developed a “Booking Bill of Rights” that reinforces a commercial relationship between it and the customer regarding pricing and transactional details. The development of a “Guest Experience Bill of Rights” aims to extend the relationship beyond commerce, and reinforce a responsibility on the part of Marriott to ensure a guaranteed positive guest experience; in effect, Marriott will proactively define their promises as a hospitality provider.

The desired result of this solution is twofold: first it reinforces the positive expectations that a guest should have and secondly it encourages [empowers] the sometimes hesitant millennial to report problems that can be dealt with promptly rather than having them wait until after the fact when the solution becomes less timely and less personal.

**The Guest Experience Bill of Rights**

1. The right to exceptional service
2. The right to be heard
3. The right to change your reservations with ease
BUSINESS CASE
Implementation

Many of the concepts mentioned in this report can be piloted in key cities such as New York and San Francisco. Building the infrastructure of the digital back end systems will be a significant part of the effort. Marriott might consider developing partnerships with airlines in order to tap into these information systems.

Marriott already has the Workplace On Demand (Liquid space) service available to customers in key cities. This concept could be extended to unlock Marriott properties to serve the needs of existing guests in transit (as detailed in Concept 2).

More flexibility in booking, either with a subscription model or a price by the hour model would benefit from the information systems already built. Marriott would be able to maintain optimum occupancy rates while offering increased flexibility.

Risks

By building out these new systems, Marriott runs some risks. With the creation of semi-private transit spaces, Marriott might lose control of customer’s activities in that space. Further, if guests are allowed access to spaces at more upscale properties, there might be a perception of brand dilution and possible backlash from guests at those properties who might feel that those guests haven’t necessarily paid for the comfort and features of the upscale hotel.

Flexible booking systems such as a subscription model or a price by the hour model might entail more frequent maintenance and increased operating costs.

A condensed guest bill of rights representing the new terms and conditions might have room for misinterpretation and could possibly be held against Marriott.

Issuing name tags with Twitter handles to front line employees puts the brand reputation as well as their individual reputations at stake. It also increases their responsibility to constantly monitor and address these issues in a timely manner.

Costs

There will be significant costs involved in building the digital infrastructure to implement this service recovery framework - both the information systems in the back end as well as updates to Marriott apps that are customer facing. There will also be infrastructure costs involved in building out semi private in-transit areas at various Marriott properties. Flexible booking will require a significant overhaul of Marriott’s current reservation systems. There will also be costs related to the creation of artifacts such as smart name tags and a physical bill of rights card.

Benefits

The service recovery paradox practically makes the business case for the creation of a formal service recovery system. By addressing the frustrations of angry customers we turn them into happy, loyal customers.

Customers are more appreciative of service recovery if they perceive that the company involved is not at fault. The cost attracting of customers is usually far more than costs involved in retaining existing customers. Many customers in the target demographic seem to be very price-sensitive and do not seem to exhibit any preference for a particular hotel brand especially if they book a trip for personal reasons. The proposed system will allow Marriott to leverage its existing infrastructure to serve anticipated and reported issues that occur in a guest’s journey. Service recovery helps Marriott close the loop by building loyalty and trust.