

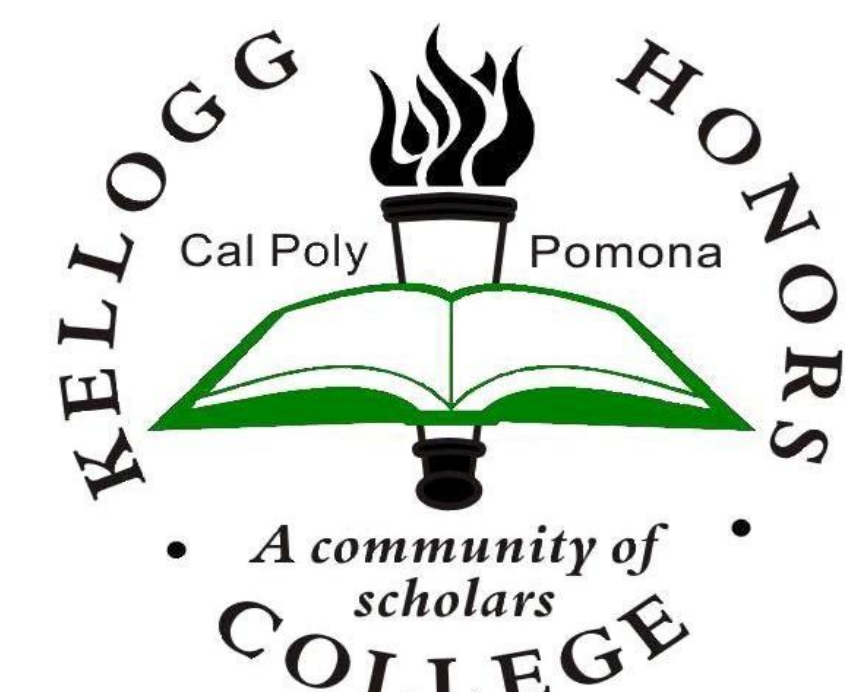
# Hotel Ratings: What do they mean?



## Krysjen Fang, Hospitality Management

Mentor: Dr. Don St. Hilaire

## Kellogg Honors College Capstone Project



### Abstract

Consumers today use multiple resources to plan their business and leisure trips. Individuals have a lot of information at their fingertips due to an increased number of options for overnight accommodations, the technology used to select and reserve those accommodations, and the increased multipurpose demands of those accommodations. There are multiple individuals and organizations that rate hotels. The study breaks down the rating requirements for three organizations: Forbes Travel Guide, Expedia and Priceline. These requirements are provided to the hotels and industry professionals evaluate the properties on a regular basis. Other search engines such as TripAdvisor and Yelp utilize ratings based on consumer feedback. This study will compare and contrast the requirements, reliability, and use of several hotel rating systems. The purpose of this study is to facilitate the selection of the "perfect hotel" for the guest's needs.



### What are the Hotel Ratings?

**Star Ratings:** hotels are evaluated and given a score of 1 – 5 stars based on services and amenities offered

Examples: Forbes Travel Guide, Expedia, Priceline.com

**Consumer Feedback Companies:** hotel guests write reviews and rank hotels with 1 – 5 stars based on their previous stay at the hotel

Examples: TripAdvisor, Yelp

### Other Rating Systems:

**AAA Diamond Ratings:** hotels are evaluated and given a score of 1 – 5 diamonds based on quality, range of facilities, and level of services

**LEED (Leadership in Energy and Environmental Design):** U.S. Green Building Council (USGBC) evaluates and utilizes a point system to grade how 'green' hotels are based on sustainable sites, water efficiency, energy and atmosphere, and materials and resources; the different ratings are certified, silver, gold, and platinum

**Likert Scale:** rating scale in which respondents of a survey are offered 5 -7 choices to indicate how much they agree or disagree with a particular statement

**STAR Program (Smith Travel Accommodations Report):** used by hotels to gauge their performance within their competitive market

Star	Forbes Travel Guide	Expedia	Priceline.com
One Star	- Limited-service - Clean, comfortable and reliable establishment	- No-frills accommodations with minimal on-site facilities - May not have 24/7 public access and guest reception, or daily housekeeping service - Guestrooms are small and functional, but may not have private bathrooms, TVs, or in-room telephones	- Focuses on the budget conscious traveler - Generally low rise and located near major attractions, convenient intersections or major interstates - Basic furnishings are clean and in good condition - Most do not have a restaurant on site
Two Stars	- Clean, comfortable and reliable establishment - Expanded amenities (ex. full-service restaurant)	- Budget properties offer clean accommodations - Most offer 24-hour reception, daily housekeeping service, TVs, telephones, clothes racks or small closets, and private bathrooms—possibly with showers only - On-site dining is usually limited to a Continental breakfast	- Reputation for offering a consistent level of quality and amenities - Basic amenities and services; accommodations are clean and comfortable - Generally located near major attractions, intersections and casual dining restaurants - May offer limited restaurant service
Three Stars	- Enhanced amenities that provide travelers with a strong sense of location, whether for style or function - Distinguishing style and ambience in both the public spaces and guest rooms; or they may be more focused on functionality, providing guests with easy access to local events, meetings or tourism highlights	- Greater emphasis on comfort and service, with many offering an on-site restaurant and bar - Baggage assistance is often available - Guestrooms typically feature more space, comfortable seating, and better quality bedding - Bathrooms are often larger, with shower/tub combinations and expanded counter space	- Most recognized name brands and quality independent hotels in the industry - High quality hotel rooms and well-decorated public spaces - On-site dining is offered but may not be available for all three meals - Fitness room may be available
Four Stars	- Distinctive setting - Interesting and inviting elements to enjoy throughout the property - Attention to detail is prominent throughout the property from design concept to quality of products provided - Staff are accommodating and take pride in catering to the guest's specific needs throughout their stay	- Lobbies typically offer upscale decor and multiple conversational areas - Dedicated concierge, valet parking, turndown service by request and 24-hour room service - Guestrooms usually feature superior amenities such as large beds, additional seating, minibars, laptop-compatible safes, pillow top mattresses, bathrobes, and upscale bath products - Decorative features such as crown molding, bathroom artwork, and granite or marble accents may appear	- World's deluxe hotels, offering premium level service and amenities for the most discerning traveler - Rooms and public spaces are beautifully furnished with attention to detail - Upgraded amenities, bathrobes, and in-room safes - Multiple dining options are frequently available as well as room service - Comprehensive business services, fitness centers, and concierge services are usually offered
Five Stars	- Exceptional properties provide a memorable experience through virtually flawless service and the finest amenities - Staff are intuitive, engaging and passionate, and eagerly deliver service above and beyond the guests' expectations - Hotel was designed with the guest's comfort in mind, with particular attention paid to craftsmanship and quality of product - A Five Star property is a destination unto itself	- Amenities typically include gourmet dining, luxury spas, and full-service health clubs with lavish locker rooms - Staff members are generally polished, anticipate guest needs, and consistently address guests by name - Features may include upgraded check-in, a welcome amenity, and butler service on all or select floors - Guestroom decor is often elegant and may include coordinated fabrics on drapes, chairs, headboards, and duvets. - Electronic features sometimes include bedside controls for drapes, lighting, and surround-sound - Oversized bathrooms are often clad in marble, with premium, custom-built features, dual-sink vanities, enclosed toilets, premium spa-brand toiletries, and fresh flowers or live plants - (Resorts) typically offer signature golf courses, tennis centers with choice of playing surfaces, health clubs with personal trainers, luxurious spas, cultural	- Luxury hotels offer the very best money can buy and the absolute highest levels of quality and amenities - Most elite hotels in the world - These hotels are typically located in major cities or resort areas - Less than 1 hotel in 5,000 qualifies for 5 star status

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### History

The hotel star rating system first began by the Mobil Travel Guide. It was the first five star rating system which was created in 1958; slightly after the time that highways were built. The rating system was created so that the travelers could tell the quality of the lodging facilities along their route. Today the company is known as Forbes Travel Guide. Since then, other competing companies have started up and created their own versions of the star rating system.

### Timeline

1902 – American Automobile Association (AAA) is founded  
 1917 – AAA publishes its first hotel directory  
 1932 – Likert Scale is created  
 1958 – Mobil Travel Guide creates first hotel star rating system  
 1963 – AAA starts a rating system (Good, Very Good, Excellent, Outstanding)  
 1976 – AAA rating system evolves into the diamond rating system  
 1985 – Star Program (STR) is founded  
 1993 – U.S. Green Building Council (USGBC) is founded  
 1996 – Expedia is founded  
 1997 – Priceline.com is founded  
 2000 – USGBC creates rating system  
 2000 – TripAdvisor is founded  
 2004 – Yelp is founded  
 2008 – Airbnb is founded  
 2009 – Mobil Travel Guide becomes Forbes Travel Guide

### The Problem

Consumers do not realize that these star ratings are based on the level of services and amenities provided, versus a subjective opinion of how good the hotel is. It does not help the problem that all the rating systems are not unified, which can mislead travelers when booking a hotel. The different ratings also affect opaque hotel booking sites. These online sites are do not follow the typical booking process. Unsold travel inventory are sold to consumers at a lower rate than usual. The catch is that the name of the hotel remains hidden until the reservations are made and complete. Consumers using these sites are told the star rating and are typically misled because of the varying hotels conditions not listed. Besides star ratings, other companies use different evaluation methods and ratings scales to evaluate, such as sustainability and revenue. The big issue is that consumers are not aware of the different circumstances for how a hotel can receive different ratings and therefore are not able to effectively book the best hotel for their purpose.



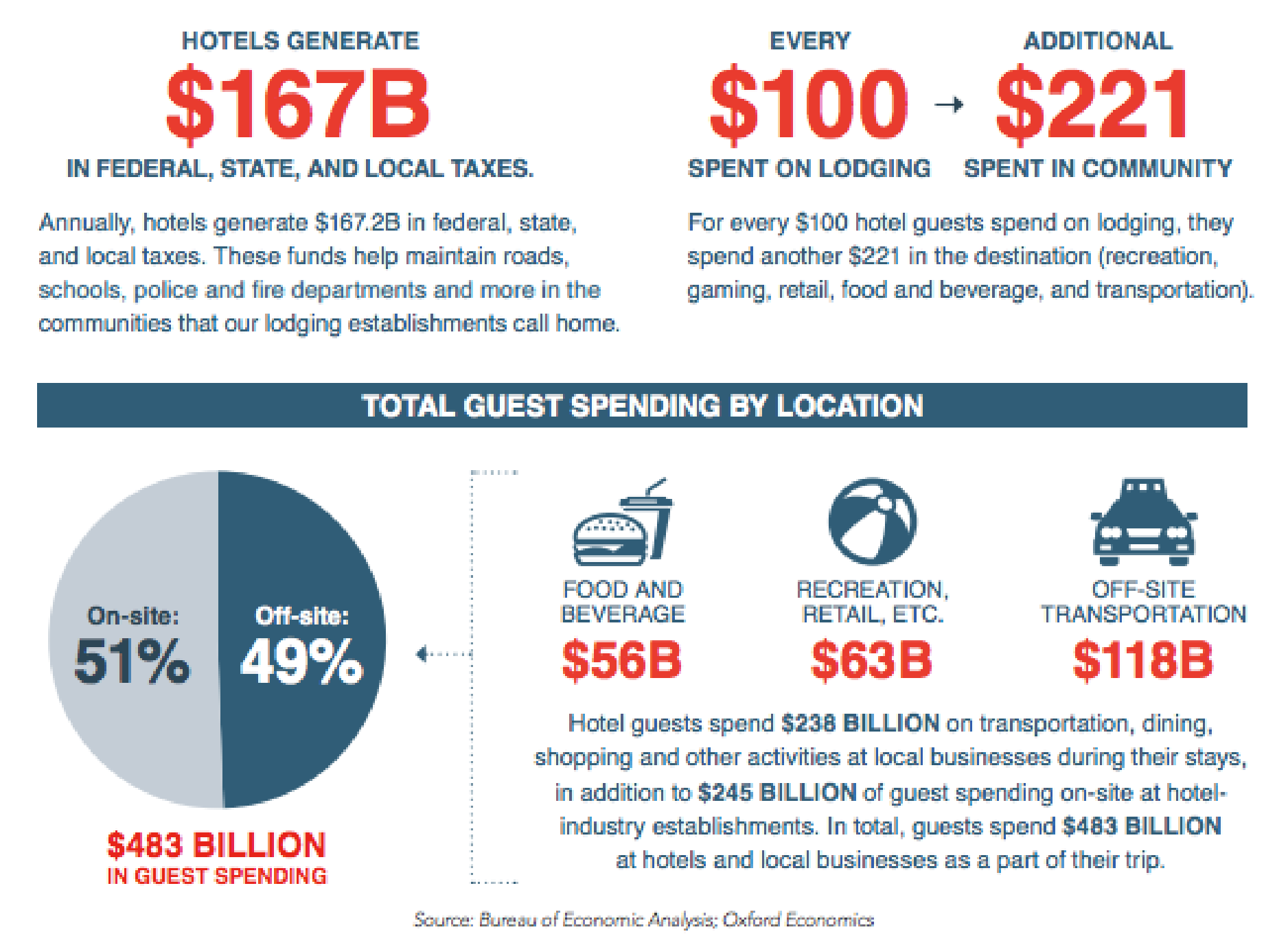
Source: 2012 HR&A Economic Impacts of Airbnb

### Limitations

The major limitation is that many findings were not administered by myself, but information was taken from various published reports, articles and online websites. Due to the various different reports, the time periods were varying. Most information was taken from sources written within the last three years in an effort to keep findings current. This study was limited to only the United States in order to focus on the American culture and behavior habits.

### Further Research

A further topic of interest would be to study the usage of hotel star ratings and the different mentalities between women and men. It would be interesting to evaluate opaque booking sites to find out which star rating systems they use and if prices correlate with the star ratings amongst all opaque booking sites. Another possible study is the time duration of how long it takes travelers to make a decision on a hotel while using hotel star ratings. A follow up to that would be finding the best ways to educate and help consumers utilize the star ratings successfully. Lastly a further study could be conducted by surveying different types of hotels to see the hotel's point of view. The goal would be to see how hotels feel about hotel star ratings, their actions taken to prepare before and compensate after the rating and if certain hotel brands favor a certain star rating company.



Preferences when on vacation	Millennials %	Xers %	Boomers %	Matures %
Chain affiliated hotel/resort	75	76	76	74
Independent hotel/resort	25	24	24	26
Economy hotel/resort	19	16	12	13
Moderately-priced hotel/resort	60	61	69	72
Luxury hotel/resort	21	22	19	15
Traditional hotel/resort	69	67	70	76
Hotel/resort that consists entirely of suites	31	33	30	24
Full-service hotel/resort with a restaurant	68	72	69	71
Limited-service hotel/resort without a restaurant	32	28	31	29

"I generally book accommodations ..."	Millennials %	Xers %	Boomers %	Matures %
Through a travel service provider website	40	49	51	60
Through an OTA	42	31	27	14
Over the phone, from a traditional travel agent	8	7	8	10
Over the phone, from a travel service provider	7	8	8	8
Haven't booked this type of travel service	3	5	7	8

Source: 2014 MMGf Global Portrait of American Travelers

### Conclusion

The meaning behind hotel star ratings is not a cut and dry answer. The ratings are all utilized in the same manner- in order to pick the best hotel. However, due to the varying standards and subjective guest ratings, there is no correct way to use the stars. This does not mean they are not useful, it is simply up to the user's discretion. Corporate companies wishing to send their employees on a business trip will use the ratings to ensure that they are choosing a hotel with all the needed amenities and services. They can also easily sort through hotels in the specific location and for their price range. For leisure travelers, it is up to them to be well versed in knowing that each company provides different feedback on hotels. They can search on sites such as Forbes Travel Guide, Expedia and Priceline.com, which offer ratings deemed by professionals in the industry. They can resort to other sites like Yelp and rely on the subjective but current opinions of other guests. Or they can use TripAdvisor, which will give them hotel star ratings based off of a mixture of hotel standards and subjective opinions. Everybody has their own methods and requirements for finding their perfect hotel. Some people care about other ratings types such as AAA's diamond star ratings or USGBC's LEED certifications. Some may be driven by price, location, brand name, or certain service provided. The purpose of the trip also adds weight. There are just too many factors and disunited rating systems that are complicating the travel system. All in all, hotel star ratings are useful but require a well-informed person to utilize them to their best potential.

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