

The Hospitality Deficit in Healthcare

By Peter C. Yesawich, PhD, and Stowe Shoemaker, PhD

Growing competition in the hospitality industry forced astute practitioners to discover and embrace better ways to reach, engage, and serve customers. This awareness led the most successful providers to develop comprehensive profiles of customers' preferences and consumption habits which, in turn, enabled them to anticipate evolving customer needs and desires, offer more innovative product/service options, recognize and reward customers for their patronage and, ultimately, achieve enviable customer satisfaction. Can the same be said about healthcare, an industry that shares many common service touchpoints? The authors theorized otherwise based on their collective experience working with a variety of hospitality providers and two prominent healthcare providers. Their research revealed the existence of several "hospitality deficits" in the delivery of healthcare: service interventions respondents rated *significantly lower* in healthcare than in hospitality. The authors developed a management model designed to enable healthcare providers to address these deficits in practice, then offer recommendations on how principles of hospitality may be adopted by healthcare providers to improve the patient experience.

KEY WORDS: Patient experience; patient satisfaction; patient-centered care; healthcare hospitality; hospitality in healthcare; hospitable healthcare.

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Furthermore, the most successful hospitality industry providers accomplish this while making the process of consuming the services they provide easy, oftentimes in difficult circumstances.

Can the same be said about healthcare, an industry that shares many common service touchpoints? The authors theorized otherwise based on their collective experience working with hospitality providers such as Ritz-Carlton, Fairmont, Hilton, Hyatt, British Airways, Disney Parks & Resorts, Landry's, and Panda, and two prominent healthcare providers: Cancer Treatment Centers of America™ (now part of City of Hope), and the MD Anderson Cancer Center.

In 2022, the authors tested their thesis in a national survey of 1,200 U.S. adults. Respondents were asked to provide responses that reflected their opinions in 2019, the year

prior to the beginning of the COVID-19 pandemic, and were screened to yield a nationally representative profile of adults who patronized each of the five types of service providers examined in the research: hospitals, walk-in clinics, physicians' offices, hotels/resorts, restaurants. Highlights of the results are presented here.

A SATISFACTION DEFICIT

Respondents' ratings of their overall experience with each of the five types of service providers are reported in Figure 1. As reflected in the results, the service experience provided by hotels/resorts received the highest rating and therefore represents the benchmark against which the experience delivered by the other providers was compared in the subsequent data analysis. It is revealing to note the significantly *lower* ratings ascribed to all three types of healthcare providers.

We acknowledge that the circumstances that cause someone to seek healthcare services differ from those that motivate the consumption of hospitality services: the former typically reflect "needs," whereas the latter typically reflect "wants." Yet, our survey data clearly suggest the adoption of select principles of hospitality could enhance the patient experience *despite* the different motivations for

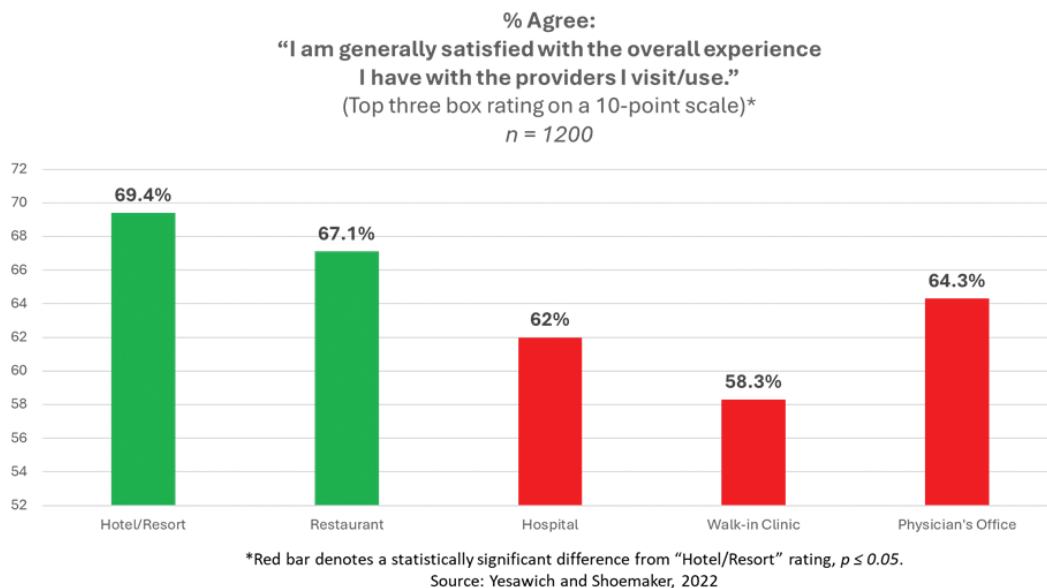


Figure 1. Satisfaction with Hospitality and Healthcare Service Provider Experiences

consumption. Further, we assert the importance of healthcare providers delivering services in a hospitable manner is *amplified* precisely because many patients seek healthcare services during times of high anxiety and uncertainty.

Why should healthcare providers look to their colleagues in hospitality for guidance to improve the customer experience? Apart from a desire to enhance the patient experience as a matter of professional pride and access the modest financial incentives offered by CMS and other payers, the answer is simple: The healthcare industry is about to undergo transformational competition for patients because of (1) the explosion of information available about providers and practitioners that has precipitated more patient-directed choice of providers; (2) the movement toward greater transparency in pricing healthcare services, thereby encouraging more comparative shopping; and (3) the fact most healthcare providers must now compete for new patients through investments in direct-to-consumer marketing.

DEFICIT DRIVERS

The data presented here derive from two original surveys of the same cohort of respondents. One survey was fielded to determine the relative importance of 22 service “touchpoints” to respondents when seeking services from healthcare or hospitality providers (the “Importance Survey,” $n=526$). A second survey was fielded to determine respondents’ assessment of how well healthcare and hospitality providers perform on each of the 22 service touchpoints (the “Performance Survey,” $n=1,200$).

Respondents in the Importance Survey were part of, and selected from, the cohort of respondents in the Performance Survey. All respondents were screened to establish their

patronage of three types of healthcare providers (hospitals, walk-in clinics, and physicians’ offices, hereinafter referred to collectively as “healthcare providers”) and two types of hospitality providers (hotels/resorts and restaurants, hereinafter referred to collectively as “hospitality providers”) in 2019, the year *before* the onset of the COVID-19 pandemic, to minimize the possible influence of the pandemic on their responses.

Twenty-two service touchpoints common to both the healthcare and hospitality industries were selected for examination. The authors identified these a priori based on their collective years of experience in both industries. Respondents in the Importance Survey were asked to rate the relative *importance* of these variables on a 10-point scale when seeking healthcare. The results appear in Table 1.

The “Opportunity to ask questions about things I don’t understand,” “Ease of understanding invoices/bills received,” “Respect for privacy,” and “Prompt resolution of any problems I express about my experience” were rated most important. Respondents were *not* asked to rate the quality of clinical services received because of the authors’ belief they lacked the expertise required to assess clinical outcomes accurately. This lack of expertise is one of the reasons the “halo of hospitality” appears to be the primary driver of patient satisfaction.²

Respondents in the Performance Survey were asked to rate the extent to which they agreed that each statement described their experiences with healthcare and hospitality providers. As reflected in Table 2, statistically significant *negative* differences were observed in the performance ratings for 15 of the 22 variables tested. We characterize these as “hospitality deficits” (HD) and express them as the difference in the percentage of respondents who agreed

Table 1. Rated Importance of Service Variables in Healthcare

SERVICE VARIABLE	MEAN*
The opportunity to ask questions about things I don't understand.	8.53
The invoice/bill I receive is easy to understand.	8.45
The people I interact with respect my privacy.	8.41
The provider resolves any problems I express about my experience quickly.	8.37
The invoice/bill I receive is consistent with my expectation.	8.36
The provider explains things without making me feel rushed.	8.30
The people I interact with are knowledgeable.	8.26
The ease of resolving disputes I have about the value of the service I received.	8.14
The provider tries to make me feel satisfied with the service I received.	8.12
The opportunity is available to express my dissatisfaction if I am unhappy with the service I received.	8.09
The check-in process is easy.	8.04
Knowing how much I have to pay for the service before I receive it.	8.03
The people I interact with make me feel welcome.	7.92
The people I interact with are eager to serve me.	7.89
The provider appreciates my business.	7.72
The arrival experience is welcoming.	7.35
The provider makes me feel good about myself.	7.44
The arrival environment is welcoming.	7.29
I can make an appointment/get a reservation when I want one.	7.22
The provider knows my preferences.	6.89
The people I interact with address me by name.	6.83
The provider asks for feedback about my experience after I leave.	6.65
	n=526
*10-point scale, where 1="very unimportant" and 10="very important."	

with the statement (rated an 8, 9, or 10 on a "1=Strongly Disagree" to "10=Strongly Agree" scale) when applied to their experiences with healthcare service providers [%H1] minus the percentage of respondents who agreed with the statement (same scale) when applied to their experiences with hospitality service providers [%H2]:

$$HD = (\%H1) - (\%H2)$$

Respondents felt healthcare providers bested hospitality providers on the other seven service variables, yet only one difference was statistically significant: "The people I interact with address me by name."

Content analysis was conducted on the observed deficits to identify clusters of service variables that reflected common themes. Five emerged, the ranked results for which appear in Table 3.

The data revealed five service themes, the deficit means for two of which ("Knowing and understanding the cost of the service provided" [-13.9], and "Customer appreciation" [-11.7]) exceeded the overall deficit mean (-8.0), and for three of which were less than the overall deficit mean ("Reception" [-6.7], "Service logistics" [-6.2], and "Service

assessment and recovery" [-5.8]). We introduce hospitality-inspired service strategies to address each below.

THE PAEER MODEL

Much of the success the most admired hospitality brands enjoy is a direct result of their effort to deconstruct the customer journey into discrete but complementary disciplines and maintain a service culture that addresses each. Specifically, they *prepare* for guests' arrival by investing heavily in understanding guests' purchase patterns, preferences, and profiles. They *anticipate* the specific concerns and desires of guests through ongoing sentiment research. They *engage* guests by creating welcoming environments and ensuring staff interact with them in a positive and respectful manner. They *evaluate* their performance against specific benchmarks by soliciting and tracking guest feedback about the most critical points of engagement. And they *recognize and reward* guests for their patronage to build brand loyalty over time.

These five initiatives coalesce to form a transformational model of service delivery we have developed and recommend healthcare providers adopt to enhance the patient

Table 2. Hospitality Deficit on Service Variables

SERVICE VARIABLE	% AGREE FOR HEALTHCARE*	% AGREE FOR HOSPITALITY*	HOSPITALITY DEFICIT**
The opportunity to ask questions about things I don't understand.	66.1	60.8	5.3
The invoice/bill I receive is easy to understand.	56.4	70.7	-14.3
The people I interact with respect my privacy.	67.0	60.8	6.2
The provider resolves any problems I express about my experience quickly.	57.5	64.2	-6.7
The invoice/bill I receive is consistent with my expectation.	55.8	69.2	-13.4
The provider explains things without making me feel rushed.	62.9	60.5	2.4
The people I interact with are knowledgeable.	65.4	61.0	4.4
The ease of resolving disputes I have about the value of the service I received.	52.3	59.8	-7.5
The provider tries to make me feel satisfied with the service I received.	58.3	65.4	-7.1
The opportunity to express my dissatisfaction if I am unhappy with the service I received.	55.3	59.9	-4.6
The check-in process is easy.	62.0	67.0	-5.0
Knowing how much I have to pay for the service before I receive it.	54.2	68.3	-14.1
The people I interact with make me feel welcome.	62.0	68.3	-6.3
The people I interact with are eager to serve me.	60.8	64.8	-4.0
The provider appreciates my business.	54.4	66.1	-11.7
The arrival experience is welcoming.	56.4	64.8	-8.4
The provider makes me feel good about myself.	56.1	54.8	1.3
The arrival environment is welcoming.	55.2	63.4	-8.2
I can make an appointment/get a reservation when I want one.	55.1	62.4	-7.3
The provider knows my preferences.	47.6	46.4	1.2
The people I interact with address me by name.	53.9	43.3	10.6
The provider asks for feedback about my experience after I leave.	47.1	49.0	-1.9
	n=1200	n=1200	
*Top three box on 10-point scale.			
** (% Agree Healthcare) - (% Agree Hospitality); negative differences $p \leq 0.05$			

experience: PAEER, pronounced “pay-er” (for *Prepare, Anticipate, Engage, Evaluate, and Reward*). This model is visualized in Figure 2. It is important to acknowledge the components of the model are especially applicable to patients whose desired service(s) and scheduled arrival are known in advance more so than patients whose arrival is unpredictable, typically borne of some type of medical emergency, although many aspects of the model also apply to the latter.

Brief descriptions of hospitality service strategies healthcare practitioners may introduce at each stage of the model are:

1. Prepare

- Use a patient experience mapping process to identify specific points of engagement at which staff and patients

interact (“moments of truth”). For each point of interaction, have staff develop tactics to remind patients they are receiving quality service. These could be as simple as creating scripts that prescribe the words staff should use when communicating with patients, the introduction of an appropriate amenity to enhance patient comfort while waiting or receiving treatment, etc.

- When conducting patient research, don't focus on just operational issues (e.g., “Were you greeted with a smile?”). Rather, ask questions that enable your team to develop comprehensive patient profiles including preferences that may be used to enhance patients' future visits.
- Apply principles of consumer psychology, behavioral economics, and revenue management to convert unfavorable perceptions about cost and scheduling into favorable ones. For example, the hotel industry gives customers the opportunity to decide which is more

Table 3. Ranked Hospitality Deficit Service Clusters

CLUSTER 1: KNOWING AND UNDERSTANDING THE COST OF THE SERVICE PROVIDED	RANK	DEFICIT
The invoice/bill I receive is easy to understand.	1	-14.3
I know how much I have to pay for the service before I receive it.	2	-14.1
The invoice/bill I receive is consistent with my expectation.	3	-13.4
	MEAN	-13.9
CLUSTER 2: CUSTOMER APPRECIATION	RANK	DEFICIT
The provider appreciates my business.	4	-11.7
	MEAN	-11.7
CLUSTER 3: RECEPTION	RANK	DEFICIT
The arrival experience is welcoming.	5	-8.4
The arrival environment is welcoming.	6	-8.2
The people I interact with make me feel welcome.	11	-6.3
The people I interact with are eager to serve me.	15	-4.0
	MEAN	-6.7
CLUSTER 4: SERVICE LOGISTICS	RANK	DEFICIT
I can make an appointment/get a reservation when I want one.	8	-7.3
The check-in process is easy.	13	-5.0
	MEAN	-6.2
CLUSTER 5: SERVICE ASSESSMENT AND RECOVERY	RANK	DEFICIT
The ease of resolving disputes I have about the value of the service I received.	7	-7.5
The provider tries to make me feel satisfied with the service I received.	9	-7.1
The provider resolves any problems I express about my experience quickly.	10	-6.7
The provider asks for feedback about my experience after I leave.	16	-1.9
	MEAN	-5.8

important when booking accommodations: the nightly room rate or the desired arrival date (think about the choices you had the last time you booked a hotel reservation). Airlines do as well.

This strategy of “yield management” could apply to many elective services offered by healthcare providers by charging different prices for the same service(s) depending on the timing of demand (day of the week, hour of the day) and available capacity, hence offering patients options for their consideration while maximizing “yield.” This is important because the element of choice changes customers’ perception of “responsibility” for the outcome. If there is only one choice, responsibility for the outcome accrues entirely to the service provider. When multiple choices are offered, this responsibility is shared by the customer and the service provider.

- Invest in the development of a customer relationship management (CRM) database (or PRM for “patient relationship management” in healthcare). Such a program would encourage patients to reveal their likes and dislikes along with other information that may be used to enhance their experience on future visits. This information may be used to profile and address their preferences

without repetitive requests for them to provide the same information.

2. Anticipate

- Issue a pre-arrival, pro forma estimate of the cost of the services to be provided, including the portion for which payment is expected from the patient versus the payer. Be sure to include all costs associated with the procedure, not just those of the primary service provider. For example, in the case of a visit to the clinic that includes outside tests and/or other services, make sure these are part of the pro forma estimate. State clearly the final cost is subject to adjustment based on the actual services provided.
- Issue pre-arrival confirmation of appointments, accompanied by administrative forms that solicit “need to know” information and may be completed in advance. This will facilitate the check-in process upon arrival. Include a brief introduction (photo and biographical sketch) of the team members who will greet and serve the patient upon arrival.
- Design and maintain a welcoming arrival environment. The hospital/clinic/office “servicescape”³ helps

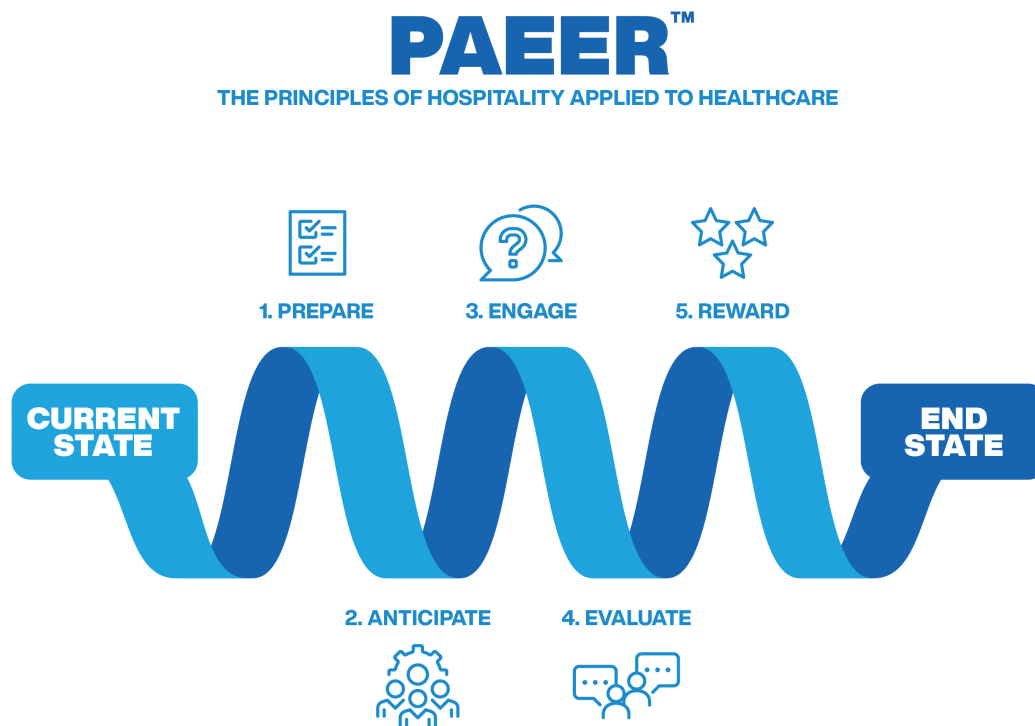


Figure 2. The PAEER Model: Principles of Hospitality Applied to Healthcare

make the service experience tangible. Contributing factors that should be considered when crafting this environment include architectural design, seating configuration, furnishings, the need for privacy, artwork, lighting, colors, ambient sound, ambient aroma, and wayfinding signage.

- Introduce separate reception and registration areas for “new” versus “returning” patients and modify reception protocols accordingly. Think about the last time you checked into a flight at the airport or the reception desk at most hotels. This is a simple but effective way of recognizing repeat patients for their continued patronage and support.

3. Engage

- Create and introduce an acronym that reflects your commitment to enhancing patient satisfaction that is easy for your staff to remember, recite, and apply.
- Develop and introduce service standards that specify the minimum level of service expected of each staff role at the key points of patient engagement. These standards should be developed in collaboration with the employees who deliver the services and with the patients who will be the beneficiaries of the services.

- Ensure an obvious connection between the service standards and your mission, vision, and values. Behaviors repeated over time create and define the culture of your organization. Patients and staff members will recognize if there is a connection ...or not... between “what you say and what you do.”

- Present patients with an invoice/bill that explains any variance from the pro forma estimate issued before their arrival in simple, comprehensible terms. Avoid the use of arcane medical or administrative jargon.
- Always communicate in layman’s terms so patients feel comfortable asking questions about things they don’t understand.
- Introduce a satisfaction guarantee for services for which the outcome is generally predictable and controllable. Such a guarantee communicates your confidence in the quality of the service you deliver and builds patients’ trust in your expertise. Clinic wait times, turnaround times for test results, prompt resolution of billing disputes, and the level of hospitality displayed by staff are just a few examples.

4. Evaluate

- Implement an ongoing program to solicit and review feedback from patients on the service(s) they receive

within 24 hours of their visit. In addition to including questions about performance, ask patients to rate the relative importance of the performance features you are measuring to establish their hierarchy because your shared view of their importance may not align.

- Distribute feedback survey forms electronically (via text or email) for ease of completion and greater compliance while providing the assurance all responses will be treated as confidential, preferably within 48 hours of patient engagement. In addition, ensure your sample of completed responses is representative of your patient census for each reporting period to minimize the risk of acting upon information that doesn't reflect patients' priorities accurately.
- Conduct analyses of postings about your hospital, clinic, or practice on rating sites and in social media to determine the polarity (positive or negative) of comments, identify and track trends, and discover service failures. Replicate these analyses in accord with a reasonable cadence.

5. Reward

- Invest in a CRM (PRM) program that builds and updates patient profiles inclusive of personal preferences to enable enhanced recognition for those who visit more frequently.
- Ensure patients are personally thanked by appropriate staff for their patronage before departure, then follow this with an email/text expression of thanks within 48 hours.
- Invite patients to join a hospital/practice-specific loyalty program free of charge that rewards them for their ongoing patronage with privileged access to such things as complimentary health screenings, lectures, demonstrations, and other non-financial incentives that would enhance their overall wellbeing.

SUMMARY

The results of our research revealed a significant “deficit” in consumers' experiences with healthcare versus hospitality providers on several common service touchpoints. These deficits generally have a greater impact on the patient experience than the clinical outcome. Many healthcare providers

could therefore enhance the experience they provide patients by adopting select service principles practiced by hospitality providers in tandem with their efforts to deliver the best possible clinical care.

Perhaps ironically, much of the cost of implementing principles of hospitality to ameliorate the observed deficits is already embedded in the financial statements of healthcare providers. Absent is a fresh approach to the orientation and training of staff, and management of these resources in a manner that addresses the known anxieties, expectations, preferences, frustrations... and hopes of patients.

The PAEER model synthesizes five actionable components that can improve the patient experience through the introduction of select service principles that are time-tested and refined by the most admired hospitality brands. Some will be easy for healthcare providers to implement; others will be more difficult, even controversial, because they challenge conventional wisdom about how healthcare should be delivered.

However, our survey data clearly suggest that providers who follow the disciplines reflected in the PAEER model will enhance the patient experience they provide. And the increasingly loyal patients they attract will applaud the more hospitable healthcare they receive. ■■

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