

Hotel Classification Systems: A Comparison of International Case Studies

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Abstract: Over the last few decades we have witnessed an increasing interest of scholars and especially operators in service quality in the lodging business. Firstly, it is important to observe that the diverseness of the hospitality industry also affects the classification of hotel quality. We can actually find many programmes, classifications and seals of quality promoted by public authorities and private companies that create confusion in the consumer perceptions of hotel quality. Moreover, new electronic distribution channels and their ratings are becoming a new way to gather information about a hotel and its quality. Secondly, a point that can cause complications is that different countries and regions can choose differing approaches depending on the features of the classification (number of levels, symbols used, etc.) and the nature of the programme (public, private). Considering these assumptions and the recent changes in the Italian hotel classification system, this paper aims to analyse the situation in Italy, underlining both its positive and negative aspects and comparing it with other European and North American cases. Based on a review of literature and tourism laws as well as personal interviews with public authorities and exponents of the private sectors, we were able to identify critical issues and trends in hotel classification systems. The comparison of case studies shows a heterogeneous situation. Points in common are the scale and the symbol used but, if we analyse the requirements of each category, we discover very different circumstances, also sometimes in the same country. A future European classification system could be possible only after a standardization of minimum requirements and criteria at a national level. In this situation brands and online consumers' feedbacks become even more considered by the customers in the hospitality industry.

Keywords: hotel classification; hotel quality; hospitality industry

JEL Classification: L80; L84; L83

1. Introduction

In the service sector, a customer's perception of service quality is the result of the comparison between expectations and experiences (Grönroos, 2000; Zeithaml et al., 2006). Research demonstrates that customer satisfaction is not linked to a specific quality category, but depends on the hotel's ability to meet customer expectations (Lopez Fernández et al., 2004). Even if research on this topic is scarce, a few studies demonstrate that the classification category in the hotel sector is an indicator of price rather than quality (Israeli and Uriely, 2000; Israeli, 2002,

Danziger et al., 2004). From the customer point of view, price and stars category may be factors determining expectations (Israeli, 2002; Danziger et al. 2006). Therefore, when a customer pays a high price to go to a hotel of a high category is more demanding, has higher expectations and then his quality appraisal and satisfaction are influenced (Lopez Fernández and Serrano Bedia, 2005; Fernandez Barcalà et al., 2009; Davutyan, 2007). Moreover, hotel classification is generally producer-driven rather than customer-driven (Briggs et al., 2007).

What does it mean to be a 3 or 4-star hotel? How are these signs interpreted by consumers? And especially, can we reach a common understanding of these signs from an international point of view?

Reviewing case studies, literature and laws, and personal interviews with public authorities and exponents of the private sectors helped us to identify similarities, important characteristics and trends in hotel classification systems.

To start with, let us briefly describe the complexity of hotel quality programmes, which is influenced by the diverseness of the hotel sector in terms of supply and demand (Kotler et al., 2010). We can actually find many programmes, classifications and seals of quality promoted by public authorities and private companies that may create confusion regarding consumer perception of hotel quality. Different countries and regions can choose different approaches depending on the features of the classification system (number of levels, symbol used, etc.) and the nature of the programme (public, private). Moreover, new electronic distribution channels and their ratings have become a new way to gather information about a hotel and its quality.

One method of evaluating hotel quality is the creation of a ranking based on specific criteria and on the assignment of a symbol that certifies a quality category. The symbol and the scale used can vary from one country to another but the most commonly used are the star and the diamond, with a scale of 1 to 5. This kind of hotel quality classification is the main topic of this paper and will be analysed in depth in the following paragraphs.

We can find other associations that use a ranking system which assigns symbols to assure quality. For example, travel guides usually give customers information about the price and other general hotel features. The Forbes Travel Guide in the United States, for example, evaluates hotels using a star classification system. More than 550 criteria are verified by a mystery inspector who assigns a number of stars from 1 to 5. In Italy, the Touring Club Italiano, an association aimed at promoting and developing tourism, assigns stars to hotels on the basis of a 6-category scheme (from the “no star” level to the 5-star luxury level).

Another way to determine a hotel’s level of quality is to verify if the organization has received a quality award such as the Malcolm Baldrige National Quality Award (MBNQA), the Six Sigma Award in the United States, or the European Foundation

for Quality Management Award (EFQM) in Europe, adopted also in Italy with the name of Premio Ospitalità Italiana. These programmes are based on the Total Quality Management (TQM) approach and the main objectives are to reach excellence within a specific sector and to increase customer satisfaction (Zhu and Scheuermann, 1999; Fisher et al., 2001; Kujala and Lillrank, 2004; Williams and Buswell, 2003). However, these awards are not so developed in the hospitality industry (Soriano, 1999).

We also find quality certifications based on the adoption of the ISO 9000 standards introduced by the International Organization for Standardization (ISO) in 1987. A model of quality assurance is proposed to rationalize quality issues in contractual business-to-business relations, and establish a quality system (Barnes, 1998; Conti, 1999; Zhu and Scheuermann, 1999; Tsekouras et al., 2002; van der Wiele, 2002; van der Wiele et al., 2006).

Moreover, we can consider hotel branding an important element that communicates a certain level of quality to the customer, create value and guest loyalty (O'Neill and Mattila, 2010). Even if today brand is not yet one of the most considered attribute in the customer purchasing process (Akan, 1995; Callan and Bowman, 2000; Yesawich, Pepperdine, Brown & Russel, 2004), the situation is changing due to the development of leading brands competition in the same location. This phenomenon will increase the importance and influence of brands on the travellers purchasing behaviour (Deloitte, 2006; O'Cass and Grace, 2004). Hotel chains, small hotel groups and hotel associations develop their brands based on quality management systems studied specifically for the organization. Quality standards, service procedures for the staff and inspection procedures are defined in order to offer the same level of service in different hotel locations, thereby achieving a higher level of customer satisfaction. Examples of such hotel chains include Hilton, Holiday Inn, Novotel but we can also find groups that develop brands that are not linked to a specific hotel chain but ensure the level of quality. One example is Leading Hotels of the World, a seal of quality for single-unit hotels and for properties belonging to hotel groups such as Fairmont, Kempinski, Baglioni, etc.

Lastly, a large number of travel websites, especially new electronic distribution channels, propose ratings. Sometimes they simply quote the official rating of the country or organization; in other cases, they develop their own seals of quality based on customer feedback.

In such a complex situation, a hotel can be classified differently by various programmes at the same time. Therefore, there are cases in which the same hotel earns 5 stars in one programme, but only 4 in another. This is the case for some Ritz Carlton hotels in the United States.

2. Research Methodology

A qualitative research was conducted based on different steps. The first step was the review of relevant research and literature about the topic of hotel classification systems. In particular, academic articles and reports of international organizations on tourism trends were consulted.

The second step was the selection of case studies following a purposeful sampling that allows the researcher to choose cases presenting information richness and relevance for the research (Patton, 2002; Altinay and Paraskevas, 2008). In particular, 7 case studies was chosen: 5 European (Italy, France, Germany, Spain, UK) and 2 non-European (USA, Canada).

Information was collected by means of:

- review of national laws and regulation (public/private) on hotel classification in the countries analysed;
- personal interviews to exponents of the private or the public association managing the programs (USA, Canada, Italy, UK);
- online interviews to exponents of the private or the public association managing the programs (France, Germany, Spain).

The third step consisted in the elaboration of interview structure and contents. The model used has been that of a previous research conducted by International Hotel & Restaurant Association (IH&RA) and World Tourism Organization (WTO) in 2004 on the topic of Hotel classification in Europe. We concentrated on the hotel business excluding motel, apartments, B&B, etc. investigating the following points:

1. the presence of an official classification system in the country;
2. the level of classification (national/regional);
3. the nature of the program (private/public);
4. the identification of the organization that manage the program;
5. the type of standards (hard/soft);
6. the program orientation (producer/consumer);
7. the applicability of classification (voluntary/mandatory);
8. the presence, types and frequency of controls.

Internet rating was studied by the comparison of different case studies of main online travel agencies and social networks on the net. A personal interview with general managers of 4 international hotel chains allows us to select the most used operators: Booking, Expedia, Lastminute, Orbitz, Travelocity, and TripAdvisor.

The study was undertaken between April and September 2009.

3. Hotel Quality Classification

In Europe, hotels are usually ranked on a scale of 1 to 5 stars, with five stars being the highest rating possible. In Australia and Canada, a 5-star scale is used, sometimes using half star-increments. In the United States, hotels are generally ranked on a scale of 1 to 5 stars by the Forbes Travel Guide while the American Automobile Association (AAA) still uses the diamond on a scale of 1 to 5.

Star ratings in Europe are determined by local government agencies or independent organizations, and they vary greatly from country to country. In some cases, there are nationwide government-run systems (France, Portugal), other times the management is assigned to each Regional Government which has its own legislation (Italy, Spain); otherwise, they can be managed by the combined action of private and public organizations (United Kingdom). Sometimes the programmes are compulsory (Italy), while in other cases they are voluntary and managed exclusively by private associations (Germany).

So far, no international classification has been adopted, even though several attempts to unify the classification system have been made. New research and projects are developing to try to create a single standard, but the diverseness of the hospitality sector and the large number of existing programmes for quality makes this plan very difficult to put into place (IH&RA-WTO, 2004).

At present, the trend is the development of plans to align these different systems of various nations. An example is the new star rating system recently endorsed by the Italian government (2009), which sets minimum national standards that hotels must meet within the Italian territory. A case of success of this tendency is the Nordic-Baltic Classification that consists of six northern European countries (Denmark, Sweden, Iceland, Estonia, Latvia and Lithuania) which all agree on minimum quality standards for the hotel star rating system.

3.1 The Italian Rating System

Italian hotel classification is a compulsory system managed by public authorities. The method was adopted in 1983 when the General Policy Law for Tourism was enacted and provides a quality evaluation of hotel organizations by awarding each of them from 1 to 5 stars. More stars indicate a higher quality level.

The new law of 2001 (Law n.135/2001) and the subsequent decree of September 2002 (D.P.C.M. 09/13/2002) assigned the task of defining minimum standards to regional governments through combined activity. As a consequence, each region set their own standards without reciprocal coordination resulting in the creation of 21 different programmes.

The recent Decree enacted in 2008 (D.P.C.M. 10/21/2008) strives to overcome these differences by setting national and common minimum quality standards for all Italian hotel organizations. The new regulation is now being developed, and a tourist board within the regions was set up to discuss the operational details of the law's application.

Until now, rating assignments have been based on two different methods: the minimum score and the minimum requirements. The first is used by a group of regions that scores each service offered (for example the room service counts for 10 points, the private bathroom 30 points, the TV in each room counts for 5 points, etc.) and establishes a minimum number of points that the hotel has to reach for each category:

- 30 points for 1 star-level;
- 80 points for 2 star-level;
- 128 points for 3 star-level;
- 187 points for 4 star-level;
- 240 points for 5 star-level.

The second method goes beyond the concept of “minimum score” and is based on minimum requirements and more detailed standards.

The new tourism decree supports the method used by the second group of regions and, as we saw earlier, sets some minimum requirements that the hotels must fulfil to belong to a particular category.

What has changed? Considering that they are still a work in progress, the minimum requirements have been increased compared to the previous law. More details have been added, not only for the lowest category (1-star), but also for the highest levels.

The Italian case can be compared with some other similar European cases that use the star hotel rating system. The next section provides a brief description of some of these cases.

3.2. Other European Hotel Rating System Cases

In this section, we will discuss and compare the cases of France, Spain, the United Kingdom and Germany.

The French rating system is the oldest in the European Union, dating back to 1942. The relevant legislation is constituted by the decree law of 13 June 1966 and 14 February 1985. In 2009, a new regulation was introduced in order to meet the need to compete internationally. The previous system consisted of 6 levels: 0-star, 1-star, 2-star, 3-star, 4-star and 4-star luxury. By maintaining this system, people travelling around the world could have difficulty comparing the French hotel levels

of quality with those of other countries. As a consequence, the 4-star luxury category was turned into 5 stars to increase the competitiveness of French hotel operators, and reduce possible consumer confusion.

Moreover, the upgrade in the structure of the programme includes a revision of the minimum standards in a more customer-oriented approach, although they are still predominantly linked to structural and technical aspects that are easier to evaluate (SYNORCA, 2006).

All hotels are registered and classified by the Government through the regional prefectures. Inspections for the first classification and for periodic assessments of the quality level offered are conducted by external organizations.

The Spanish hotel classification system is very similar to the Italian one. There is no national classification system for hotels; each Regional Government has its own legislation, but in practice, the differences between regions are minimal because they were able to coordinate themselves. The classification system is compulsory and regulated by the Royal Decree 1634/83, which provides minimum standards and other technical requirements that the hotels have to fulfil regarding security systems, pricing policies (for example maximum service prices must be visibly displayed in the lobby and a pricelist must be visibly displayed in the rooms), number of categories, types of accommodation facilities, star-category display, etc. (Confederación Española de Hoteles y Alojamiento Turísticos, www.hotelsterne.de).

The categories go from 1 to 5 stars and each Regional Government is responsible for monitoring the standards through annual inspections.

Prior to 2006, the British Classification System was very similar to the Spanish and Italian ones, namely because hotel quality evaluation and inspection were the responsibility of the regional authorities of England, Wales, Scotland and Northern Ireland. In 2006, the national government in collaboration with VisitBritain, VisitScotland and the Wales Tourist Board, developed a nationwide system called the National Standards of Quality Assurance.

The stars are assigned based on a score expressed as percentage. Each category corresponds to a given percentage range: 30-46% (1 star); 47-54% (2 stars); 55-69% (3 stars), 70-84% (4 stars) and 85-100% (5 stars). In determining the hotel's category of membership, three aspects are considered: the minimum requirements, the overall percentage score and the main quality standards particularly regarding cleanliness, service, bedrooms, bathrooms and food quality. Each of these aspects is rated on a scale of five percent levels ranging from acceptable to excellent. The hotel has to satisfy at least three of the key areas, meeting or exceeding the standards of the specific category and the other two can be no more than one level below. For example, if a hotel wants to reach the 4-star category, it needs a percentage score between 70 and 84% (VisitEngland, 2009).

The requirements for each category are very detailed and more customer-oriented than in the past. In addition to the key requirements, hotels have to respect the basic standards for safety, security, maintenance and physical conditions, cleanliness, hospitality, services, guest access, and business hours.

The classification system is voluntary but strongly recommended by VisitBritain. The fact that only classified hotels are promoted on the association's website is a strong incentive to participate.

Professional inspectors perform annual assessments for VisitBritain, VisitScotland and VisitWales. Since 2009, a mystery guest overnight stay is used to evaluate all hotels, regardless of their star ratings.

The German hotel classification "Deutsche Hotelklassifizierung" was developed by the German Hotel and Restaurant Association (DEHOGA) in 1996 with the support of various tourist organizations throughout the country. The programme was welcomed by the industry's operators, who had long expressed the need for regulation. Following the last update in 2005, the classification system consisted of 280 criteria.

The system is voluntary and based on minimum criteria and weighing points for each category. The assessment is based exclusively on objective criteria (conditions and maintenance of the structure, furnishings, services, etc.) to facilitate the evaluation and to avoid the subjectivity of the inspector's evaluation (www.hotelsterne.de).

The scale, as in other European cases, is of 1 to 5. After the first inspection, assessment is repeated every three years.

3.3. The United States and Canada

In 1977, the American Automobile Association (AAA) developed the quality rating system that certifies the level of quality of a large number of hotels in the United States and Canada.

The programme is divided into 5 levels (1 diamond being the lowest and 5 diamonds being the highest) and represents a combination of the overall quality, the range of facilities, and the level of hospitality offered. The programme is voluntary and the hotels that wish to participate must apply for admission and wait for a first inspection, paying a non-refundable \$150 application fee.

AAA Tourist Information Development is the division responsible for the direct management of the rating process. Its main activities are the assessment of travel information regarding classified hotels, monitoring members' needs and expectations. Inspectors visit the properties to check the level of quality offered, assigning and adjusting ratings.

The acceptance process includes the following steps. The first part aims at verifying the hotel's request and decides if the inspection can proceed. The criteria used to decide this are: location, type of structure (newly built/renovated), degree of cleanliness and comfort, facilities, price. The property tour establishes whether or not the hotel meets the standards of a specific diamond category by analysing its curb side appeal, exterior, and other factors pertaining to the basic foundation of the establishment. If the inspector is satisfied, the owner or general manager is contacted for a brief interview and the visit continues in order to evaluate the rest of the hotel. During the meeting, the property representative has the opportunity to inform AAA about any future plans for improvement and about the hotel's strengths and weaknesses. After that, a rating is assigned by AAA in each of the following categories:

- cleanliness and upkeep of the structure;
- management and staff;
- exterior, grounds, and public areas;
- guest room décor, ambiance, and amenities;
- bathrooms;
- guest services (if applicable).

Table 1 gives an example of the diamond rating requirements for the outside area of the hotel (building structure, parking, etc.).






At the end of this process, the hotel is assigned a number of diamonds (from 1 to 5). A general description of each level is shown in Table 2.

Table 1 AAA Diamond Requirements for external area

Exterior	One diamond	Two diamond	Three diamond	Four diamond	Five diamond
Curbside Appeal	The combination of all exterior elements provides basic, unadorned curbside appeal	The combination of all exterior elements provides a modestly enhanced, good curbside appeal	The combination of obvious design enhancements and all exterior elements provides a very good level of curbside appeal	The combination of all exterior elements provides an impressive, well-integrated, and excellent level of curbside appeal	The combination of all exterior elements provides a stunning, unique and outstanding level of curbside appeal
Landscaping	Basic, simple variety of landscaping	Good variety of landscaping	Very good variety of landscaping with noticeable enhancement to layout and design	Excellent variety of landscaping professionally planned and manicured	Extensive variety of landscaping with meticulous attention to detail in placement and care
Building's structure and design	Basic building structure and design	Good building structure and design	Contemporary or classic building structure with noticeable design element enhancements	Impressive architectural features well integrated into the surrounding area	Stunning and unique architectural features
Parking	Varied parking surfaces; illumination is adequate	Paved/marked parking areas; lighting is from several sources providing good illumination; drive-through covered entry	2 plus Lighting is well-positioned and provides very good overall illumination; porte-cochere	3 plus Lighting fixtures reflect characteristics of the design of the property; evidence of added security exists; excellent overall illumination	N/A - Valet parking is expected

Source: American Automobile Association (AAA) 2008. *Approval requirements & Diamond rating guidelines. Lodging.*

Table 2 AAA Diamond Rating Levels

LEVEL	DECIPTION
	(a) Properties appeal to the budget-minded traveller (b) Essential, no-frills accommodations (c) Basic comfort, cleanliness and hospitality requirements
	(d) Properties appeal to the traveller seeking more than basic accommodations (e) Modest enhancements to the overall physical attributes, design elements and amenities of the facility, typically at a moderate price
	(f) Properties appeal to the traveller with comprehensive needs (g) Properties are multifaceted with a distinguished style, including marked upgrades in the quality of physical attributes, amenities and level of comfort provided
	(h) Properties are upscale in all areas (i) More refined and stylish accommodation (physical attributes, amenities) (j) High degree of hospitality, service and attention to detail
	(k) Luxury and sophisticated properties (l) First class accommodations (physical attributes, amenities) (m) Meticulous service exceeding guest expectations (n) Impeccable standards of excellence (o) Many personalized services and amenities

Source: American Automobile Association (AAA) 2008. *Approval requirements & Diamond rating guidelines. Lodging.*

For the higher categories (4 and 5 diamonds), standards relating to the functional quality are also requested. Requirements are set for reservations (table 3), arrival, check-in, bell, evening housekeeping, wake-up calls, room service, check-out, departure, and concierge.

The standards are checked every year through proper inspection conducted by the AAA staff.

4. A Comparison of the Rating Systems

We can compare European case studies to understand their similarities and differences. All the systems analysed evaluate hotel quality, assigning a category (from 1 to 5) to hotel organizations that fulfil several minimum quality standards requirements. Even countries that had a different scale have modified the structure of their programmes over the last few years, making them more uniform. France, for example, has recently changed its system, renaming the 4-star lux category 5 stars, like most other European countries. This is an advantage for both customers, who can better compare hotel services within Europe, and for France, which increases its competitiveness.

An analysis of the situation in Europe reveals many additional differences.

Sometimes the programme is national and is managed by the central government, other times, it is administered by regional governments, private organizations or a combination of the two. The system can be voluntary or compulsory and generally national schemes are voluntary. Almost all of the cases are mainly producer-oriented and present hard standards. Only in the case of United Kingdom and in part of France we notice a new approach that considers the importance of service standards. Moreover, controls procedures are not always systematic and in two cases (Italy and Germany) they are not so frequent. Table 4 shows the general hotel rating features of the systems analysed.

Table 3 Service requirements for reservation service

Service level		Reservation Services
5D	4D	Accepted 24 hours, either at property or through a central reservation system
X	X	Operator answers phone promptly within three rings
X	X	Operator provides a warm and sincere greeting
X	X	Reservationist thanks caller for contacting the property
X	X	Reservationist provides an introduction
X	X	Reservationist asks for caller's name
X	-	Reservationist addresses caller by name prior to closing
X	-	Reservationist anticipates caller's needs or offers a personalized recommendation
X	X	Reservationist provides rate structure and room availability
X	X	Reservationist provides an overview of facilities and services
X	-	Reservationist exhibits competent knowledge of all associated facilities and hours of operation
X	X	Reservationist collects registration information
X	X	Reservationist explains deposit and cancellation policies

X	X	Reservationist explains unusual payment options
X	X	Reservationist reviews reservation request
X	-	Reservationist exhibits a sincere desire and compliance to all guest requests
X	X	Reservationist provides confirmation number or contact's name
X	-	Reservationist is efficient yet unhurried and sensitive to the manner of the guest
X	X	Reservationist provides a warm and sincere thank you to guest for calling
X	-	Operator addresses guest by name during closing
X	X	The guest feels well-served
X	-	Property offers follow-up reservation confirmation to guest in advance of arrival

Source: American Automobile Association (AAA) 2008. Approval requirements & Diamond rating guidelines. Lodging.

Table 4 General features of the European programmes

	<i>Italy</i>	<i>France</i>	<i>Spain</i>	<i>United Kingdom</i>	<i>Germany</i>
Level of classification: National (N)/Regional (R)	R	N	R	N	N
Nature of the program: Private (PR)/Public (PU)	PU	PU	PU	PU/PR	PR
Type of standards: Hard (H)/Soft (S)	H	H	H	H/S	H
Applicability of classification Voluntary (V)/Mandatory (M)	M	V	M	V	V
Frequency of controls: Once a year (1); every 3 years (3); every 5 years; not specified (NS)	5*	NS**	1	1	3

Source: our elaborations

*Other controls will be provided in case of specific complaints

**Periodic control

All programmes include minimum requirements that the hotel has to meet to be part of a certain category. Some countries have more detailed basic standards (Germany, the United Kingdom) while others allow the hotel operator or regional governments to develop more flexible standards, giving only a few guidelines (Spain). Italy was in the same situation as Spain, but with the new decree and the improvement of basic standards the country is gradually moving towards other systems.

Then, if we analyse the minimum requirements we can find other differences:

- not all countries specify a minimum number of rooms. Only France and Italy specify a minimum of seven rooms to obtain a star. Moreover, France's requirements vary from level to level (7 rooms for 1 and 2 stars and 10 rooms for the other categories);
- the size of the room varies from country to country but all consider this standard very important. France and Italy have created two main groups: one for 1, 2 and 3 stars, and another for higher categories (4-5 stars). Spain and Germany have differing size requirements for each category. In particular, Germany is the country that has the widest range of measurements: from 12 m² for 1-star double rooms to 26 m² for the same kind of room in the highest category. The United Kingdom only gives a set room measurement for the 1-star level;
- the presence of a private bathroom in the room is another very complex issue. First of all, when analysing the hotel rating schemes, it is important to understand the kind of bathroom: bathroom with only a washbasin, bathroom with bath or shower, bathroom with toilet. Obviously, there is a great difference and this is one of the aspects most considered by customers during the booking process. For example, in Germany, the first two categories may have rooms with full, private bathrooms while, in other places, it is necessary to book at least a 3-star hotel;
- the staff's knowledge of languages is another critical point. Sometimes this standard is not only clearly indicated with the number of languages, but also the specific languages (generally English). Only Italy and France state this standard for each category.

Even though this analysis only considers a few examples, it is clear that a tourist organizing a trip around Europe could have some problems because of the different standards of the quality categories from one country to another. Choosing the same star category in different countries does not always guarantee the same level of service. Possible unpleasant experiences can increase the tourist's risk perception for future bookings and generate negative word-of-mouth.

In comparison to the European rating system, the American-Canadian one is based on another symbol, the diamond. The structure, even in this case, is the same (1 to 5-levels) but we find standards based more on service aspects, especially for 4 and 5-diamond categories. The system is voluntary and managed by a private organization.

5. Internet Rating

The booking behaviour of the tourist has increasingly changed with the development of new technologies. Many tourism services are now bought on the net using electronic distribution systems: flights, hotel stays, car rentals, etc.

(Deloitte, 2006; PhoCusWright, 2010). These booking engines, in order to capture hotel guests' interest and loyalty, generally offer ratings to help consumers find hotels that meet their requirements. A report of Nielsen (2010) discovers that online reviews in purchasing travel services play a key role even if other studies confirm the importance of traditional word-of-mouth that is generally considered more reliable (Marketing NPV, 2006).

What are the main criteria of these rating schemes? Each website has its own classification system based on different requirements that do not necessarily coincide with the official one of the country in which the hotel is located. The result is that the rating indicated near the name of the hotel is sometimes inconsistent with government ratings, where existing, or private ones (AAA diamonds, Forbes, etc.). In comparing hotel prices or availability on different web portals, we discover, in fact, that the category can change from one website to another and the reason is unclear. This uncertainty perceived by the customer influences the booking process, increasing the effort necessary in researching hotels. Ratings, websites, ambiguous criteria and guests' comments sometimes create even more confusion and frustration, because appropriate information is not always given about a category's standards (Mitchell et al. 1999; Matzler et al., 2005). Moreover, sometimes the situation is further complicated by the use of the same symbol employed by other official rating schemes. Customers often ask themselves: "is this the country's official rating or the website's?".

We will try to better understand the basic criteria used by comparing 5 web portals. They present in all cases a double rating system: one for the category and one for customer comments. For example Travelocity classifies hotels with stars that show the category and smiley faces that represent the travel reviews rating. Generally, the evaluation process of online travel agencies in order to define the category is based on comparing different sources of information: the official ratings, guests' comments, inspection reports, etc. Orbitz, for example, establishes a rating through the analysis of industry classification systems (AAA and Michelin Travel Guide), personal evaluations by the Orbitz hotel team and customer feedback. Expedia relates the rating of regional and national public authorities (where existing) and, if the evaluation differs, it shows the website's rating, giving more details about the category. In the case of Travelocity, star ratings appear for hotels that have not been rated by AAA.

The result is an incongruous description of categories from different websites. For example, Expedia is more focused on services offered (restaurants, housekeeping, etc.) and gives details about amenities while Orbitz and Travelocity focus on the location, style, design and staff courtesy and concern.

Travelocity measures customer satisfaction with smiley faces that are a result of the overall evaluation of the following topics: room quality, cleanliness, activities,

meeting room, location, security and safety, staff service, bed comfort, value for money, fitness, facilities, dining, and pool. The customer is asked to give a score from 1 (terrible) to 5 (excellent).

The most well-known website that collects tourists' comments is TripAdvisor. Here it is not possible to book a hotel, but the website is linked with major booking engines. TripAdvisor usually shows the official rating of the hotel in its country and its own category (coloured bullets) on a scale from 1 to 5. The guests are asked to provide information about overall satisfaction, cleanliness, location, rooms, services, meeting centre, etc. Then other information is also requested as to the purpose of the stay, the intention to return, etc.

In order to protect hotel industry against manipulation and unfair evaluation it is important to have a sort of filter for comments, but not all websites provide one. Generally, booking portals develop tools to check the reliability of comments while social networks do not have any kind of selection. This issue is widely discussed in the sector, especially in terms of reliability of comments, unclear selection and filtering methods that sometimes do not exist at all, the website's lack of responsibility in cases of libel and the poor consideration of the hotel companies as customers and partners. In particular, HOTREC (Hotels, Restaurants and Cafés in Europe) fixes 10 principles to regulate hotel reviews: editorial controls, prevention of manipulation, quality assurance, no anonymous reviews, guaranteed minimum number of reviews, harmonization of rating scales, right of reply, legal certainty, up-to-date data, indication of the official star classification (HOTREC, 2007).

In conclusion, internet rating confirms the general problems identified in previous pages and further complicates the situation by adding new interpretations and symbols. The advantages for the customer include the possibility to easily compare hotels, and obtain more information than in the past, thanks to pictures (Jeong et al., 2004) and customer comments that become key elements. However, the subjectivity of hotel quality evaluation influences customer comments. When you read a customer comment, how can you be sure that the needs and expectations are the same? Often people in the same family disagree on the quality of a film, a book, etc. In this case it could be helpful to have some information about who is writing the review. TripAdvisor provides this information by segmenting the feedback into 5 groups: business, couples, family, friend getaway, solo travel.

The development of web portals as a way to gather information about the hotel and handle bookings can represent both an opportunity and a threat for hotel companies (Briggs et al., 2007; Lee and Hu, 2004). Customer feedback and evaluation of customer satisfaction become interesting management tools to consider along with other traditional means and the hotel's visibility increases. On the other hand, the company is more exposed to competition and possible negative comments create negative word-of-mouth that could influence new customers.

6. Criticism of Hotel Quality Classification

After having analysed the main classification systems used in Europe and North America, we make some observations. In particular, the comparative examination of various classification systems shows some common limitations in all the cases considered:

- the diverseness of the supply among regions and among countries especially for the intermediate categories (3-4-star). The 5-star level is the only category that has a certain uniformity from an international point of view;
- sometimes there is a lack of correspondence between the hotel ranking and the service offered, based on customer expectations. Star classification points out the price level of hotels but does not necessarily meet consumer expectations as reported in previous research (Lopez Fernández and Serrano Bedia, 2004; Israeli, 2002; Danziger et al., 2004);
- more attention to quantitative and technical elements (room size, bars and restaurants equipment, etc.) rather than service aspects that are more difficult to measure and quantify (IH&RA-WTO, 2004; Briggs et al., 2007);
- cases of new categories which are not regulated by official systems. For example, 6 and 7-star hotels. The two most famous cases in the world are the 7-star Burj Al Arab Dubai and the Town House Galleria in Milan. This is more frequent in countries where the rating system is voluntary but we also have an example in Italy where regions sometimes develop their own categories (for example the Region of Trentino Alto Adige with the 4-star superior hotels).

If we only consider the Italian rating system, we can highlight some other critical issues concerning both the tourism law and the recent decree. First of all, the frequency of inspection is particularly low (every 5 years) compared to other European countries (every year or every 3 years). This is a point to clarify, perhaps with the future development of the new regulation. The new decree suggests that regions check standards more frequently but it remains the prerogative of regional authorities. Furthermore, some restrictions on the room size (1-star double room min. 14 m² also in the new standardization project) and the features of public areas interfere with the development of low-cost hotel chains in Italy. In the past, for example, Travelodge and Formule 1 could not enter the Italian sector for these reasons, which are used by Italian hotels as an entry barrier. This is a serious threat to country's international competitiveness.

In conclusion, we can identify some issues related to the new Italian hotel quality classification decree. Firstly, some critical points of the tourism law were not resolved (excessive focus on technical quality and entry barriers for low-cost hotel chains). Secondly, the new minimum structural requirements only apply to new hotels and to those being renovated, which received approval before the decree: this reduces the incentive for existing companies to conform to the new standards. Thirdly, the operational details of the programme are not clearly defined (for example frequency and type of inspections, figures involved, etc.).

7. Trends and Conclusions

From the analysis of the various hotel quality programmes and the discussion of the problematic points it is possible to identify some trends and ongoing developments.

First we mentioned that there is sometimes a gap between the level of quality that consumers expect from a hotel of a certain category and the service that they actually receive. The hotel companies should therefore work harder at understanding customer expectations in order to provide service that effectively meets their needs, rather than simply conforming to the standards of its category. To this end, international hotel chains are developing their own management programmes that generally exceed the minimum standards set by the regulations of the countries in which they are located (for example, stars). Hotel guests rely on well-known brands because they know what to expect and their perceived risk in choosing the hotel decreases (O'Neill and Xiao 2006; O'Neill and Mattila, 2010). This is true of The Leading Hotels of the World or Hilton for the upscale and luxury category but also of Formule 1, Ibis, Motel 6 for the budget and economy category, to mention a few.

Moreover, we can identify two different approaches depending on the public or private nature of the programme that confirm previous research conducted by IH&RA and WTO (2004). Public authorities are generally less customer-oriented and the focus is mainly on regulating the sector or increasing its international competitiveness. The standards remain in effect for years before being updated. On the other hand, private operators (or a mixed management of public and private organizations) are much more interested in responding to needs and expectations of the demand. Although most programmes are still focused on quantitative aspects of hotel services, recent updates to the classification systems show greater interest in standards linked to functional quality (United Kingdom, United States). The courtesy and empathy of staff are more frequently checked. This also means more subjective inspections and so the training and professionalism of staff become very important.

With the development of new technologies and new tourism intermediaries on the web, tourists can consult a new hotel classification system based directly on other customers' experiences and satisfaction. Customers consider these new tools more reliable than other existing classification systems promoted by public and private associations, because they reflect real experiences with the service (Verma and Smith, 2010). Two kinds of problems may arise: certain online travel agencies (such as Priceline or Hotwire) have an ambiguous system (opaque) where buyers can only see the price and quality level of the hotel, but the name is not provided. In this case, the customer cannot compare prices to specific hotels or brands (Kotler et al., 2010; Anderson and Radium, 2010). In other cases, even when the name of the hotel and brand are present, very different comments about one hotel can create confusion. This can be the result of different interests, reasons for travel, etc. In this case, operators are attempting to provide profiles of the customers commenting to make their interpretation simpler.

Attempts by international agencies (WTO, European Union) to set up some form of international classification for the hotel industry crop up periodically, but so far no international standards have been approved. Some associations that initially worked together on this project, such as the International Hotel and Restaurant Association (IH&RA), believe it to be unfeasible. In fact, the creation of standards at an international level is a very long and difficult process. To be effective, any future international programme must still consider the cultural differences that affect the services offered by various countries and operators.

It is therefore more realistic to establish minimum international standards on safety, hygiene, etc. Even in this case, we find many different regulations in different countries (for example, the ban on smoking in public establishments is not extended to Europe as a whole).

The definition of European minimum requirements should be a step process. First of all countries should continue the present trend of standardizing internal criteria and quality standards at a national level, especially where there are strong differences among regions and, then, it could be possible to proceed with the European harmonization.

8. Implications for Further Research

Starting from the previous remarks, additional research needs to be undertaken in online word-of-mouth and online customer reviews studying their impact on customer expectations and behaviour. A comparative study of various online travel agencies and social networks ratings could be interesting. Moreover, further quantitative research is necessary to confirm conclusions achieved. In particular, it

could be interesting to investigate the consumer purchase process comprehending the importance of each variable and the influence on customer behaviour.

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