

Taiwan's Hotel Rating System

A Service Quality Perspective

by CHING-SHU SU and LOU-HON SUN

This study applies content analysis to compare four hotel rating systems, in the United Kingdom, United States, China, and Taiwan as well as to compare the evaluating methods and service-quality measurement of the four hotel rating systems. Focusing on Taiwan's newly revised hotel-evaluation schema, the study analyzes the Criteria of Hotel Service Quality Evaluation established by the Taiwan Tourism Bureau in the light of the five SERVQUAL dimensions. Though Taiwan's hotel rating system is strong on assurance and tangibles, the study suggests that the system would be made more effective by adding factors for reliability, responsiveness, and empathy. Surveys should also be conducted on an ongoing basis to clarify and incorporate consumer viewpoints and to keep hotel rating systems updated. These measures would also increase acceptance and recognition of the hotel rating system by consumers.

Keywords: hotel rating system; service quality; content analysis; Taiwan; SERVQUAL

The Taiwan government is in the process of revising its hotel grading system. In addition to substantive changes, the government is changing its grade representation from a number of plum blossoms to a number of stars. This change was made in part because international travelers typically did not understand the import of the plum blossoms but can instantly recognize the meaning of stars (given the long-established use of stars by Mobil and Michelin). To address the substantive issues of how to develop hotel ratings, the Taiwan Tourism Bureau has examined the American Automobile Association (AAA) system, although as we explain below, the resulting system bears little outward resemblance to AAA's rating system.

Hotel rating systems differ markedly from country to country, as we outline in this article. The criteria employed often reflect local cultural differences in values and preferences (Yu 1992). These inconsistencies may affect ratings of both facilities and service quality. Most tourist hotels in developed countries

have adopted rating systems that are consistent across that nation. For instance, while the hotel industries of the United Kingdom and United States of America employ entirely different approaches, both have effective rating systems that can be consulted regarding method of implementation, rating mode, main content, and service quality criteria. Additionally, with the recent rapid development of mainland China's hotel and tourism industry (Pine 2004), the government of the People's Republic has established an effective hotel rating system.

This study compares the content and evaluating methods of hotel rating systems in the United Kingdom, United States of America, China, and Taiwan. Hotel rating systems are also compared in terms of how they measure service quality. Finally, focusing only on Taiwan's rating system, we apply content analysis to examine the dimensions of service quality specified in the "Criteria of Hotel Service Quality Evaluation" of the Taiwan Tourist Bureau according to the SERVQUAL framework promulgated by Parasuraman, Zeithaml, and Berry (1988) (using dimensions of reliability, assurance, tangibles, empathy, and responsiveness).

Comparing Hotel Rating Systems

Since 1990, hotel rating systems have been evaluated and compared in many studies, which typically have been based on opinions of hotel executives and consumers. These studies revealed several trends in hotel rating systems, for example, that service quality is increasingly being emphasized worldwide (Callan 1995). The goal is to confirm not only a high quality of service but also that the expectations and demands of the customer are met.

Even as hotel rating systems have begun to emphasize service quality, measurement of that quality can be subjective, and ratings can vary greatly (Callan 1990). This study

applied content analysis to explore and compare hotel rating systems in the United Kingdom, United States, China, and Taiwan to identify the most commonly applied indicators of quality and the most common methods of evaluating service quality in current hotel rating systems.

A British Hotel Rating System

The main hotel rating systems in the United Kingdom are those of the English Tourist Boards (ETBs), the Automobile Association (AA), and the Royal Automobile Club (RAC). The ETBs system involves cooperation of ten regional Tourism Bureaus to implement a national hotel rating system (including Scotland and Wales). The ETBs organization is responsible for verifying the accuracy of and maintaining confidence in the hotel rating system.

The hotel rating system used by the ETBs is divided into two parts: facility classification and quality grading. Quality grading is a qualitative assessment of specific equipment, or level of luxury, on a scale of one to five crowns. Then for each of those operating levels, the ETBs further indicate a quality grade of (from bottom to top) approved, commended, highly commended, or deluxe. The crown classification for the facility is independent of the assessment of its service quality. Thus, for example, a one-crown bed and breakfast (B&B) can earn a deluxe rating if its facilities and services, although limited in range, are of a particularly high standard. Grading and classification inspections are not announced in advance. The initial inspection invariably involves an inspector staying overnight as a normal guest. The inspector will not reveal his or her identity until the bill is paid the following morning. A high proportion of subsequent inspections also involve an overnight stay.

The quality assessment includes such aspects as warmth of welcome and efficiency of service as well as the standard of

the furnishings, fittings, and décor. The standard of meals and their presentation is considered, as is anything that might affect guests' experience. Inspectors are carefully trained to apply the quality standards consistently and fairly.

The inspectors consider only those facilities and services that are provided, and due consideration is given to the style and nature of the establishment. Consequently, facilities such as B&Bs, farmhouses, and guesthouses are not expected to operate in the style of large city center hotels to gain a high quality rating. This means that all types of establishments, whatever their classification, can achieve a high quality grade if the facilities and services they provide, however limited in range, are of high quality. However, the quality grade does not include an assessment of value for money. The information provided by the combination of the classification and quality grade enables members of the public to determine for themselves what represents good value.

When making quality assessments, inspectors compare the standard of what is provided for each individual aspect of the operation against standards laid down by the ETBs. These standards are based on the experience of inspecting more than 11,500 establishments a year. The quality of each individual aspect is assessed as excellent, good, acceptable, or poor. The inspectors consider variations within these bands. A top assessment is given where it would be unreasonable to expect anything significantly better.

The quality grade awarded to an establishment reflects the overall achievement on the individual aspects. It is a balanced view of what is provided and, as such, cannot acknowledge individual areas of excellence. Following each grading inspection, the inspector discusses his or her findings with

the proprietor or manager but does not announce the grade at that time. The assessment of the inspector is subject to further scrutiny and checks before the grade is confirmed by letter. The rating may not be used until the confirmation letter has been received. With the confirmation letter comes a copy of the written assessment form with a record of the observations made at the time of the inspection. These observations are intended to be helpful to those who wish to improve their standards or achieve a higher grade.

An American Hotel Rating System

The U.S. hotel industry observes no uniform hotel rating system, although various associations and corporations maintain their own independent rating systems. Perhaps the best-known system is the diamond-based ratings of the AAA, while the Mobil Travel Guides' star-based system is also universally recognized.¹ For this study, we examined the AAA system, which annually evaluates more than twenty-nine thousand accommodations. To account for the diversity of U.S. lodging operations, each facility is assigned to one of twelve categories, such as large-scale hotel, small-scale hotel, motel, country inn, historic site hotel, vacation home, ranch, cabin or cottage, and condominium.

Within each of these categories, a property can earn a rating of one to five diamonds. Unlike the U.K. system, room appointments and luxurious amenities are to an extent conflated with service quality. AAA explains its ratings as follows. One diamond indicates essential, no-frills accommodations meeting basic requirements of comfort, cleanliness, and hospitality. While such properties typically appeal to the budget-minded traveler, the diamond rating is not correlated in any

1. For more information, see www.aaa.com. According to the Mobil Travel Guides website, Mobil Travel Guide Inspectors evaluate several hundred objective hotel criteria, including housekeeping, room service, hospitality, and lodging amenities. As is the case with the American Automobile Association, Mobil Travel Guides ratings conflate amenity levels and service quality. See <http://mobiltravelguide.howstuffworks.com/hotels-channel.htm>.

way with room tariffs. Two diamonds indicates modest enhancements in overall physical attributes, design elements, and amenities, typically at a moderate price. These establishments appeal to travelers seeking more than basic accommodations. Three diamonds indicate multifaceted properties with a distinguished style, including marked upgrades in the quality of physical attributes, amenities, and level of comfort provided. Such establishments appeal to the traveler with more comprehensive needs. Four diamonds indicate upscale establishments with more refined and stylish accommodations. The fundamental hallmarks at this level include an extensive array of amenities combined with a high quality of hospitality, service, and attention to detail. Finally, the uncommon five-diamond rating indicates establishments with the ultimate in luxury and sophistication and accommodations that are first-class. The fundamental hallmarks at this level are meticulous service exceeding all guest expectations while maintaining an impeccable standard of excellence and offering many personalized services and amenities.

Thus, the AAA diamond ratings combine the overall quality, the range of facilities, and the level of services offered by a property. The evaluation process involves three steps: AAA diamond rating requirements, objective ratings guidelines for both physical attributes and service levels (where applicable), and subjective elements based on experience and training. To even be considered by AAA, an establishment must meet basic diamond rating requirements and be determined to provide member value. This validation is conducted through a combined process of applications, referrals, and media research.

The overall evaluation process involves a review of six key areas: management and

staff; housekeeping and maintenance; exterior, grounds, and public areas; room decoration, ambience, and amenities; bathrooms; and guest service. An anonymous evaluation process is used to assess guest services.

Beyond AAA's and Mobil Travel Guides' formal ratings, hotel guides and websites host customer reviews, such as TripAdvisor, Yahoo groups, and Expedia. After staying at a hotel, consumers can share their experience with other potential customers. These websites can reveal consumers' views of a hotel's service quality. Some websites rank hotels according to customers' reviews.

Chinese Hotel Rating System

The rating system in the People's Republic of China is operated by the central government, which implemented its uniform rating system in 1993.² Using a rating of one to five stars, the National Tourism Administration established a hotel rating organization and is responsible for the implementation of the star-based evaluation throughout the country. The National Tourism Administration is responsible for evaluating hotels rated three stars or above, while Tourism Bureaus are responsible for evaluating local tourist hotels and one- or two-star hotels in provinces, autonomous regions, and municipalities directly under the jurisdiction of the central government. The results are submitted to the hotel rating organization of the National Tourism Administration. After initial evaluation of local three-star hotels and confirmation by the National Tourism Administration, hotels receiving four stars or more are recommended to a hotel rating organization.

In the Chinese rating system, except for the criteria of evaluating the building's facilities and equipment, a main focus is to set up the criteria of service quality for

2. See <http://big5.china.com.cn/chinese/TR-c/210857.htm>.

Exhibit 1:**The Evolution of the Taiwan Hotel Rating System**

<i>Year</i>	<i>Process</i>
1977	An international tourist hotel association begins evaluating international tourist hotels.
1979	The Taiwan Tourism Bureau commissions "The Study of Minimum Facility Standard and Classification Method to International Tourist Hotels in Taiwan" by the Architectural Institute of Taiwan.
1980	The Tourism Bureau drafts "The Criteria of International Tourist Hotel Grades."
1983	The Tourism Bureau completes "Plum Blossom Evaluation System" and starts evaluating international tourist hotels rated with four or five plum blossoms.
1984	The Tourism Bureau starts evaluating international tourist hotels rated with two or three plum blossoms for the first time. Tourist hotels participate voluntarily.
1986	The Tourism Bureau evaluates international tourist hotels rated with four or five plum blossoms for the second time and announces subsequent evaluations will be conducted every three years.
1989	The Tourism Bureau discontinues the evaluation system for international tourist hotels and includes fire prevention and building management in the evaluation system.
1992	The Tourism Bureau reevaluates all international tourist hotels in Taiwan and considers replacing the plum blossom rating system with a star rating system.
2002	The Tourism Bureau drafts the evaluation system for international tourist hotels by establishing "The Draft Plan of Hotel Building Equipment and Service Quality Evaluation Standard."
2003	The Tourism Bureau adopts and begins testing the star evaluation system. All hotels are evaluated on the facilities.
2005	The Tourism Bureau formally adopts the "Star Hotel Rating System."

four- or five-star hotels. The criteria for service quality include the appearance of the service personnel, lobby, guest rooms, and restaurant (bar) and operation of other services (including medical service, hair and beauty salon, business service, postal service and telecommunications, child care, children's recreation room, commercial services, flower shop, ballroom, and conference service), hotel security, and the hotel's reputation.

Taiwan's Hotel Rating System

Taiwan's hotel rating system has been evolving over the past thirty years, as shown in Exhibit 1. In response to rapid growth in the hotel industry, the Tourism Bureau announced a revised hotel rating system in December 2002 to provide consumers with a reference for selecting Taiwan's hotels.³

The Taiwan Hotel Rating System is updated once every three years. Tourist hotels and general hotels are evaluated by

3. See <http://202.39.225.136>.

different supervising organizations. The Tourism Bureau administers tourist hotels, and local county or municipal governments administer general hotels.

The Tourism Bureau is responsible for evaluating all eighty-six tourist hotels in Taiwan. However, because this work requires extensive time and resources, it must be conducted professionally and fairly. Therefore, the Tourism Bureau delegates this work to folk organizations, that is, private organizations not affiliated with the government, such as an association or a foundation, which operate according to governmental purchasing laws. General hotels voluntarily apply to participate in the evaluation process.

This system replaces the plum blossom symbol with a star symbol, which is not related to the Mobil Travel Guide or Michelin star ratings. Despite the use of stars, rather than diamonds, the evaluation was based at the outset on the U.S. AAA rating system. Then the new rating system was adapted from the AAA system to be implemented in two stages, similar to rating approaches in the PRC and other countries.

1. Evaluation of hotel facilities: A hotel's total score for its facilities will earn it from one to three stars. A hotel receiving three stars can determine voluntarily whether to go on to an evaluation of its service quality and so be eligible to receive a four- or five-star grade.
2. Having participated in the mandatory, government-supported first stage of facility evaluation, hotels seeking four- or five-star ratings must cover the cost of subsequent stages of rating service quality, so that both facility and service quality figure in their overall evaluation scores. In the future, the Tourism Bureau intends to indicate the date of evaluation and indicate the year when the rating took place with different colors so the ratings can be easily interpreted by customers, since the ratings are triennial.

Evaluation of Hotels' Service Quality

Not all hotels can qualify for Taiwan's service-quality rating. The rating system comprises the following two forms: the Criteria of Hotel Facility and the Criteria of Hotel Service Quality. The total possible score for the facility evaluation is 600, with the following cutoffs: between 60 and 180 for one-star properties, between 181 and 300 for two-star hotels, and between 301 and 600 for three-star tourist hotels. A hotel scoring higher than 301 can elect evaluation of service quality, which involves a score of up to an additional 400 points. When the total score for hotel facilities and service quality is between 600 and 749, the hotel can be rated a four-star international tourist hotel; if the score is greater than 750, the hotel can be rated a five-star international tourist hotel.

We focused our study on the service-quality stage of the process. The Criteria of Hotel Service Quality assessment consists of twelve categories that comprise a total of 127 items. Each item may be judged on one of three levels (namely, unqualified, qualified, and good), but the items are weighted differently, so that the score range for each item (and for each category) is different (see Exhibit 2).

Analysis of Service Quality Dimensions in the Taiwan Rating System

We used content analysis to compare the criteria of these four different hotel rating systems, as given by their various bulletins and forms (see Exhibit 3). In the remainder of this article, we analyze Taiwan's Criteria of Hotel Service Quality against the five SERVQUAL dimensions given by Parasuraman, Zeithaml, and Berry (1988). Again, these are tangibility, reliability,

Exhibit 2:

Taiwan's Criteria of Hotel Service Quality

	<i>Items</i>	<i>Scores per Item</i>	<i>Total Score</i>
Operator	9	3 or 4	30
Reservation	11	2 or 3	30
Front desk	21	2 or 3	60
Internet service	5	4	20
Baggage service	13	2 or 3	30
Guest room	15	4	60
Housekeeping	8	3 or 4	30
Room service	7	2 or 3	20

Exhibit 3:

Comparison of Hotel Rating Systems

	<i>United Kingdom</i>	<i>United States</i>	<i>China</i>	<i>Taiwan</i>
Organization system analyzed	English Tourist Boards (ETBs)	American Automobile Association (AAA)	National Tourism Administration (assisted by local governments)	Tourism Bureau
Grade sign	Crown	Diamond	Star	Star
Evaluation method	Inspectors assess written criteria (no advance notice)	Inspectors assess written criteria (no advance notice)	Top-level hotels rated nationally (advance notice provided)	Top-level hotels apply for ratings (advance notice provided)
Participation	Voluntary	Voluntary	Mandatory	Mandatory building equipment assessment; voluntary evaluation of service quality
Frequency of evaluation	Annual	Annual	Annual	Once every three years
Quality grade	Quality assessment is attached to the classification, for example, "Three Crowns Commended"	Included in the grade symbol	Included in the grade symbol	Included in the grade symbol
Consideration of regional disparities	No	No	No	No
Considers consumers' opinions	No	No	No	No

Exhibit 4: SERVQUAL Dimensions

Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service
Assurance	Knowledge and courtesy of employees and their ability to inspire trust and confidence
Empathy	Caring, individualized attention the firm provides its customers
Tangibles	Physical facilities, equipment and appearance of personnel

Note: The five SERVQUAL dimensions are from Parasuraman, Zeithaml, and Berry (1988).

responsiveness, assurance, and empathy, as shown in Exhibit 4 (Day 1992).

Procedure

The following procedure was used for our content analysis (Kassarjian 1977).

1. Coding: Four coders worked independently to avoid affecting reliability. Each coder sorted all 127 service quality criteria into one of the five quality dimensions outlined by Parasuraman, Zeithaml, and Berry (1988).
2. Data arrangement: The coded data were extracted, verified, analyzed, and compared. Each item was classified into the SERVQUAL dimension assigned by the majority of coders. The authors made the final judgment to break any ties.
3. Statistics and analysis: To determine the situation of service quality evaluation by the hotel rating system, all service quality data were statistically analyzed.
4. Reliability: Analysis of reliability revealed agreement of the four coders with a reliability of 80.63 percent, indicating an acceptable level of reliability after content analysis of hotel rating system criteria. We categorized the results of the 127 criteria according to the twelve overarching categories in the Criteria for Hotel Service (please refer to Exhibit 5). So, for example, eleven items fell into the category of demonstrating reliability, and not one related to empathy.

The results of the five-dimension SERVQUAL analysis revealed that the largest number of criteria items related to assurance, and as we said, no items covered empathy of service. Reliability and responsiveness were represented by fewer than 15 percent of the criteria. We suggest that the 127 items be rebalanced to include greater representation of empathy, reliability, and responsiveness. In this way, the criteria can constitute a better representation of service quality in all five dimensions.

We note that assurance appeared most frequently, followed closely by tangibility. From this we conclude that a chief goal of the current service ratings is to provide international travelers with assurance and tangibility of the quality of their accommodations. What remains to be seen is whether the dearth of items relating to commitment to customer service, the willingness to help customers, speedy service, and placing oneself in the position of the customer will be reflected in travelers' reliance on the new star system.

Conclusion and Suggestions

As we write this, the Taiwan hotel rating system is at a drafting and revision stage. Examining hotel rating systems in other countries with established lodging industries can contribute to development of a rating

Exhibit 5:

Analysis of SERVAQUAL Dimension of Hotel Rating System

Rating Dimension	Service Dimension					Question Count
	Tangibility	Reliability	Responsiveness	Assurance	Empathy	
1. Operator	1	1	2	5	0	9
2. Reservation	0	0	1	10	0	11
3. Front desk	3	0	8	10	0	21
4. Internet	5	0	0	0	0	5
5. Baggage	2	0	2	9	0	13
6. Guest room	15	0	0	0	0	15
7. Housekeeping	0	4	1	3	0	8
8. Room service	1	2	0	4	0	7
9. Restaurant service	4	2	4	8	0	18
10. Dining quality	8	0	0	0	0	8
11. Fitness center	4	2	1	3	0	10
12. Staff training	0	0	0	2	0	2
Total	43 (33.9%)	11 (8.7%)	19 (14.9%)	54 (42.5%)	0 (0%)	127 (100%)

system for Taiwan hotels. The purpose of this study was to propose guidelines for establishing hotel rating systems. The result of a rating system should be to guide customers in selecting hotels that can conform to their demands and expectations.

In the British ETBs hotel rating system, facilities and service quality are rated separately. This system is a good alternative method of measuring service quality and is worthy of further study and possible emulation.

In addition to formal rating systems in the United States, customer reviews on websites such as TripAdvisor and Expedia not only express service quality from the customers' view but can also be presumed to accurately reflect the customers' feelings. Such a system would be worthy of emulation in Taiwan and China. Similar websites should be established for customer comments. The Taiwan Tourism Bureau can start by encouraging travelers to participate in reviews, and then give feedback to the hotel industry. Such a process would

help improve service quality and is also in accordance with measures suggested by Callan (1998). In establishing a hotel rating system, consumers should also be surveyed continuously to maintain the relevance of the hotel rating system and to increase consumer utilization of the hotel rating system.

In contrast with the anonymity of the U.K. and U.S. evaluations, China and Taiwan still inform hotels in advance of when their rating will occur. Because an anonymous system gives evaluators a more realistic experience, the Taiwan Tourism Bureau should consider adopting such an approach.

The analysis of hotel rating systems in Taiwan indicates potential areas for improvement, if one accepts the SERVQUAL standards for quality assurance. The Taiwan hotel rating system currently has no criteria for evaluating the empathy dimension of service quality. In an international tourist hotel, considering the needs of every customer is important for maintaining service quality. However, no clear criteria have been proposed for evaluating empathy and its relevance to personal

feelings. To maintain credibility and avoid subjectivity, a mystery shopper system can be adopted to evaluate empathy. Such a system would require careful training. Additionally, criteria not relevant to service quality should be omitted from the hotel service quality evaluation, such as some items relating to internet access. More criteria regarding the dimensions of reliability and responsiveness should be added to the hotel rating system to evaluate hotel service quality more completely.

In countries that have not established criteria for hotel service quality, we suggest hotel service quality criteria resembling those of Taiwan and China, although the Criteria of Hotel Service Quality still need improvement. The idea is to build a solid base of facility quality and then to encourage hoteliers to remain aware of service quality.

High quality is seldom achieved coincidentally. Rather, it is almost invariably the outcome of care, attention to detail, and a fitness for the purpose intended, allied to a genuine concern for the needs, comfort, and convenience of the user. Although our study did not relate to consumers' views of the hotels' quality, future quantitative and qualitative studies can investigate the factors

affecting consumers' choice and evaluation of a hotel. The findings of such a study would help develop a hotel rating system in Taiwan that is trusted and useful to consumers and can be considered an asset by highly regarded hotels.

References

- Callan, R. J. 1990. Hotel award scheme as a measurement of service quality: An assessment by travel-industry journalists as surrogate consumers. *International Journal of Hospitality Management* 9 (10): 45-48.
- . 1995. Hotel classification and grading schemes: A paradigm of utilization and user characteristics. *International Journal of Hospitality Management* 14 (3): 271-84.
- . 1998. Attributional analysis of customers' hotel-selection criteria by U.K. grading scheme categories. *Journal of Travel Research* 36 (3): 20-34.
- Day, E. 1992. Conveying service quality through advertising. *Journal of Services Marketing* 6 (4): 53-61.
- Kassarjian, H. 1977. Content analysis in customer research. *Journal of Customer Research* 4:8-18.
- Parasuraman, A., V. A. Zeithaml, and L. L. Berry. 1988. SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing* 64 (1):12-37.
- Pine, R. 2004. Barriers to hotel-chain development in China. *International Journal of Contemporary Hospitality Management* 16 (1): 37-44.
- Yu, L. 1992. Seeing stars: China's Hotel-rating system. *Cornell Hotel and Restaurant Administration Quarterly* 33 (5): 24-27.

Su Ching-Shu is an instructor of Department of Food and Beverage Management, Jinwen University of Science and Technology, and a doctoral student in the Division of Hospitality Management and Education, Department of Human Development and Family Studies, National Taiwan Normal University (sallysu@just.edu.tw). **Sun Lou-Hon**, Ph.D., is an associate professor of Department of Hospitality Management, Tunghai University, in Taiwan (honsun@thu.edu.tw).