

Maintaining Consistent Quality in Resort Condominiums


by

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ABSTRACT

Managers of condominium hotels that are owned by multiple owners encounter many issues in relation to maintaining standards and how the individual owner perceives the quality of their unit. The issue with a property not being managed by a brand that adheres to corporate standards results in many owners not maintaining their condominium unit for years and expecting the same rate as another condominium unit that has recently been modified or updated. The second issue is the owner does not necessarily see their unit as a profit making entity and may not realize the importance of upkeep and the long-term benefits from an investment perspective.

The purpose of this study was to; identify the issues of maintaining consistent quality in individual luxury resort condominiums and gain a better understanding of how consumers perceive quality of those units through imagery. The study additionally focused on the importance of why it is essential for owners to invest money in the upkeep of their units; determine the direction the management should take and educate owners to see their unit as a revenue making entity and not solely as a secondary home. The research was conducted in resort

location based at a live pilot using an existing condominium hotel that was experiencing many of the said issues.

An online survey was designed to gather the data that focused on gaining a better understanding of how consumers perceive quality in relation to imagery through the use of photos. The survey was short and consisted of 21 closed ended and Likert scale questions. One hundred and ten hospitality professionals were surveyed from the North American region but the response was disappointing since we only received 54 responses which was just over half

It is obvious from the survey responses and in the field that many owners need to be educated on the importance of maintaining their unit. Also, many were unaware of the importance of maintaining their unit for both esthetic and quality purposes. Secondly, they were not seeing their unit as a business revenue generating entity, which is concerning especially when they are sitting on prime real estate that is worth in an excess of \$1.5 million. In addition, many are not seeing the true potential of their asset that unit more marketable and resulting in repeat guests. But the results did help the management team determine the course of direction they needed to take.

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I would like to close with my favorite quote.

“The mistake that others make, and that I trust you will never make is to treat education as a chore instead of joy; to treat graduation as end of education rather as a beginning.”

Arthur Burns 1904-1907 U.S. Economist.

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Chapter I: Introduction

In the article *Fractional Hotels: The Emerging Hybrid* article by Mark Sanders (2006), he observes,

The proliferation of resort and vacation ownership opportunities has been well documented in recent years. Private residence clubs, condominium hotels, private destination clubs- the available product offerings seem to be abound. Condo hotels and fractional residences have become particularly popular. For example, according to recent data from Smith Travel Research, there were 268 condo hotel projects being developed in the United States. Further, there were 30,500 condo hotel units and additional 70,000 private residences being developed within hotels in the United States, according to a recent report in *BusinessWeek* magazine that cited hotel real estate analysts, Lodging Econometrics. Additionally, according to Ragtz Associated, there were 188 fractional ownerships existing in North America with \$2 billion in sales in the fractional market in 2005. (p.46)

In the last five years, the condominium hotel market has exploded both in the USA and internationally. As per the article “Spotlight on Hotel-Condos: Not a Magical Elixir for Financing Luxury Lodging Properties” Alvarez and Marsal (2007) note,

Over the past five years, hotel-condominiums, or “hotel-condos,” have become popular financing vehicles among developers and operators of new luxury-oriented lodging projects in major resort and metropolitan areas. Although the most recent surge of activity has been major urban gateway and resort markets in the U.S., there are now many active projects in key resort markets in the Caribbean and Latin America. If this comparatively complex transaction is properly executed – combined with a bit of good market timing – hotel-condo projects can be highly successful investments for developers, operators, and unit purchasers. If not, these projects face the prospect of unsold units, operating headaches and unfulfilled expectations. (p.1)

The hotel-condo concept has often been seen as a new business model but actually originated in Europe and the Caribbean in the 50’s. In the 1960s, the idea was introduced both to the Hawaiian market and some major ski resorts in the U.S. However, due to its popularity, the Tax Reform Act of 1986 was implemented that resulted in some of the tax benefits being eliminated. As time passed the popularity of the concept increased, resulting in many investors wanting to be part of this fast growing concept and now with the recent condo-hotel demand, land prices have increased affecting both materials and construction costs. However, this has not

affected the demand for luxury branded and condominium boutique hotels. Alvarez and Marsal (2007) note that,

Developers are increasingly turning to the hotel-condo business model to achieve the required threshold internal rates of return, and as a means to more readily access project financing through pre-sales. The present boom has lured many players to enter the fray, and it has been reported that there are now more than 300 developers with some form of hotel-condo project. As of the second quarter of 2007, the hotel-condo pipeline in the U.S. included approximately 65,000 units either under construction, pre-construction or in the development planning stage. (p.1)

Since the condo-hotel, model/concept is still a misunderstood asset and with the additional explosion of conferences and media press, the public and hospitality industry still have to have considerable amount to learn especially in relation to its complex investments and numerous terms in the relation to the term “condo-hotel” or “hotel-condo.” This was witnessed first-hand as the researcher while traveling on numerous occasions to major resort destinations by asking people what is a condo-hotel or does it mean to them? Most people answered referring it to a mixed-used timeshare property in a ski resort location as Colorado or beach location as Florida. Many did comment that they were not sure of the definition of the term, which was surprising.

In order to create a common understanding of the term, Alvarez and Marsal (2007) define a condo-hotel as:

A lodging property that functions as a hotel, offering typical hotel facilities, amenities and services, but the guest accommodation (rooms or units) that are owned by individuals in a condominium structure. A unit owner is typically motivated to contribute the unit into a rental program, which is often administered by a branded operator. The unit owner is trying to achieve some amount of operating return to potentially offset ownership expenses in addition to future real estate appreciation. The purchaser is also motivated by some amount of personal/recreational use of his/her unit on periodic basis. (p.2)

There are many benefits for the operators of these properties if proper procedures are in place and adhered to. They have the opportunity to receive fee incomes from several channels of

distribution and in relation to the application, pre-opening and technical service fees, and management, centralized services, and reservation fees, which are classed as additional income and unique to the hotel-condo structure associated with the sale of the unit. Additionally, the management company/operator receives the opportunity to lock into a 20-year or more contract but with other traditional hotels, they mostly receive a shorter term of contract. Nevertheless, the negative side, many management companies/operators do not always anticipate the actual dollars involved in relation to the time required, resources needed in reference to accounting that is required and ongoing, in relation to personal one on one management with both the owner and Condominium Owners Association (COA).

Today, there are many existing hotels being converted into so-called “condo-hotels” which are becoming the latest trend in vacation ownership. Additionally, new high-end condo-hotels are being constructed in major cities such as Las Vegas, Seattle, and Orlando and in some mountain resort areas as Colorado. Some of the largest companies in the hospitality industry as the St. Regis, Ritz-Carlton, and Westin Hotels are operating the high-end properties. Nevertheless, there are many independent properties operated or managed by small property management companies or associations. The issue of not being a branded property that adheres to corporate standards is that with an independent property in most cases, there are no standards set or rating systems in place in relation to the quality and upkeep of a condominium unit. This was encountered while doing research at three separate resort locations while reviewing a broad spectrum of condominium units. It was apparent while reviewing some of those units, that many of the owners were not maintaining their condominium units and it had been years since they had done so. After speaking with the AGM of the properties concerned, it was apparent that this was

resulting in many guest complaints and non-repeat guests. The most voiced complaint from the guest was the unit looked outdated compared to other units in the property.

In the 1970s and 1980s, the condo-hotel concept was first offered in the USA in most instances as a securities' offering with a mandatory rental pool but because of these tax advantages, the 1986 Tax Reform Act eventually eliminated them. But once again, this concept has become a fast growing part of both the resort and hospitality market that has also grown in different business markets; including developers, purchasers, and lenders who have all welcomed the benefits.

Many developers welcome the idea and mainly due to the price increase per-unit basis as the result of the rental program and amenities. Additionally, there are also issues associated with developers and as Alvarez and Marsal (2007) note:

Conversely, major risk factor may not be fully considered. The factors include any economic downturn that impacts the local real estate market; the inability to attract, retain and supervise qualified hotel-condo operations and marketing and sales personnel; unintentional developer actions causing the sale of hotel-condo units to be considered securities under the state and federal laws; reliance on speculators to meet pre-sale thresholds; and failure to maintain solid relations with members of the Condominiums Owners Association (COA) and rental program participants.
(p.2)

Additionally, purchasers also benefit since they can use the unit as a second home for personal vacation use, which can be offset if the unit is incorporated into a rental pool. Condo-hotels are additionally beneficial for construction lenders because of the presales of units to purchasers. The condo-hotel concept has become more widespread in recent years, resulting in a positive outcome for both lenders and buyers. Lenders are becoming more open to the idea of lending money directly to the buyer especially if the project has been associated with a luxury hotel brand or chain and as a result, many independent hotels are entering this market too.

Condo-hotels also come with many stipulations in reference to developers since numerous documentation has to be filed before the project can be even finalized. This is in reference to the formation of the hotel and the condominiums, the operations, management of the hotel and condominiums, consumer purchasers, and the lastly the separate rental program. As Sanders (2006) observes,

While one of the main stays of the condo hotel concept for purchasers seems to be the rental program, the marketing and sale of condominium hotel units by developers may not emphasize the investment potential or rental return unless complaint with, among other things, the applicable federal securities laws as enforced by the Securities and Exchange Commission (SEC) or unless otherwise exempt from such laws. Such compliance may be time consuming and costly for developers. In addition, the high prices associates with condo hotel units may begin to eliminate some prospective purchasers in the marketplace. This could become a significant factor over-saturation of the product type occurs in the principal markets in which it is now being offered. Accordingly, the emergence of the fractional hotel which sells a fraction of a hotel unit for the fraction of the whole ownership price may become increasingly more popular with developers and purchasers alike. (p.46)

Statement of the Problem

Managers of condominium hotels that are owned by multiple owners encounter many issues in relation to maintaining standards and how the individual owner perceives the quality of their unit. The issue with a property that is not being managed by a brand that adheres to corporate standards results in many owners not maintaining their condominium unit for years and expecting the same rate as another condominium unit that has recently been modified or updated. The second issue is the owner does not necessarily see their unit as a profit making entity and may not realize the importance of upkeep and the long-term benefits from an investment perspective.

Research Objectives

1. To create a method and scale that will provide a reliable means of rating the esthetics and condition of condominium units.

2. To find a relationship between condominium esthetics and consumer perception of quality.
3. To determine what is the largest factor that affects consumers' perception of quality.
4. To develop a Likert scale rating system for the management team of the pilot site to evaluate the quality of the condominiums units.
5. To make recommendations to the management team of how to improve the quality of the condominiums to increase revenue for the owner.

Purpose of the Study

The purpose of this study was to identify, the issues of maintaining consistent quality in individual luxury resort condominiums and how the consumer perceives the quality of those units in relation to esthetics. The research was based at a live pilot site in a resort location using an existing condominium hotel that is experiencing many of the said issues. The data results will help determine the course of direction the management team should take to improve the quality and increase revenues for both the association and importantly the owner.

Assumptions of the Study

Incorporating standards that focus on maintaining quality is applicable to all areas of the hospitality industry and not just the condominium market. Setting of standards that measure quality is the key to the success of any property or resort.

Definition of Terms

Association - group of individuals who voluntarily enter into an agreement to accomplish a purpose

Branding - seen as product characteristic associated with the consumer's in mind with the product it represents. (Hsu and Powers (2002) Sales and Marketing, New York p. 179)

Boutique Hotel - a term use to described an intimate, usually luxurious or quirky hotel environment that differentiate them from larger chain/branded hotels by providing personalized accommodation and services.

Condominium - a wholly owned home within a property and owners have the option of submitting the rooms to the hotel inventory.

Condominium Hotel - a condominium project that has rental or registration desk, short-term occupancy, food and telephone services, and daily cleaning services and that is operated as a commercial hotel even though the units are individually owned. (Kasavana and Brooks (1998) Front Office Procedures, Michigan p.14)

Condominium Owners Association (COA) - organization that consists of condominium owners overseas the common elements to enforce the bylaws.

Destination club - owners buy into this non-equity club without an explicit right to use a single property.

Esthetics - quality, artistically beautiful or pleasing construction.

Federal Housing Act (FHA) - a government agency created as part of the National Housing Act of 1934 to improve housing standards and conditions; to provide an adequate home financing system through insurance of mortgage loans; and to stabilize the mortgage market.

Fractional ownership - a luxurious timeshare property usually located in upscale resort areas where the consumer has to buy at least four weeks out of the year.

High-end - appealing to sophisticated and discerning customers.

Horizontal Property Act of 1958 - meaning the sale of condominiums and the model for defining real property under the condominium concept.

Independent Hotel - a hotel that is not affiliated with a chain or group.

Imagery - a set of images or mental pictures.

1986 Tax Reform Act - created as the result of major changes in how income was taxed and was either altered or eliminated.

Likert Scale - a rating system that usually asks a question to rate something from 1 to 5 with 1 being the lowest and 5 the highest.

Luxury Hotel - a hotel that is upscale and typically costs more than the average accommodation in most cities.

National Housing Act - The National Housing Act (P.L. 84-345, 69 Stat. 646), also called the Caphart Act, was a New Deal measure that Congress adopted with the intent to revitalize the construction industry.

Quality - whatever the customers says it is and perceives it to be.

Quality Assurance - an approach to ensuring the consistent delivery of services. (Kasavana et al.p.35)

Residential Condominiums - bought as principal homes and usually located in urban locations near shopping centers, services, and public transportation.

Resort Condominiums - bought for vacation use and rented by the owners located in resort areas that offer all the services of a hotel but with the privacy and roominess of residence amenities you would find in a resort.

Timeshare - involves individuals who purchase the ownership of accommodations for a specific period of time. (Kasavana et al.p.14)

Vacation club - a block of timeshare units owned by a major hotel brand as Ritz Carlton.

Limitations of the Study

The sample of the population was limited to one hundred and ten hospitality professionals of the senior leadership forum of H.S.M.A.I (Hospitality Sales Marketing Association International). This is a non-profit global organization consisting of sales and marketing professionals that represent all segments of the hospitality industry. The organization founded in 1927, to date currently has 7,000 members that are represented from over 35 countries.

Methodology

The research facilitated through the collection and interpretation of data utilizing SPSS software through running a series of tests. An online survey instrument was designed to gather the data that focused on gaining a better understanding of how consumers perceive quality in relation to imagery with photos. These were taken at the pilot site of random condominium units within a condo-hotel. The survey was short that consisted of 22 questions that comprised of both closed and Likert scale questions ending with a comments box. One hundred and ten hospitality professionals of H.S.M.AI senior leadership team were surveyed since they would be a credible population and belonged to a well know recognized international organization.

Chapter II: Literature Review

A review of literature was conducted related to the history, present day of the condominium market, trends, branded versus non-branded including reviewing different quality rating systems. Condominium hotels that are owned by multiple owners encounter many issues in relation to maintaining standards and how the individual owner perceives quality of their unit. Many owners do not realize that the esthetics of their condominium can affect both the psyche of the guest and whether they will be a repeat guest. The issue with not being managed by a brand or chain that adheres to corporate standards, results in many owners not maintaining their condominium for years but expecting the same rate as another condominium unit that has recently been modified or renovated. This situation creates further issues in reference to guest complaints and non-repeat guests.

In the book “The Condominium Community,” Nancy J. Kirk (1978) states,

“Condominium” has become an accepted and frequently used term, but there remains some confusion about what it actually means. A person may say he owns or lives in a condominium, but he is not using the word in the way that the law defines it. The law defines “condominium” not as a building or an apartment but as a form of ownership of a dwelling unit located in a multiple-family development, as well as of the land and all the other assets of the development. When a condominium is conveyed - that is, when title to a dwelling unit is transferred- the buyer received two things: exclusive ownership of the individual unit and common ownership of certain areas and facilities. (p.4)

However, a “condominium unit” is often legally defined as a space of air or three-dimensional area located within the walls, roof and floor, and the ceiling of a condominium structure. As Kirk (1978) states, “the word ‘condominium’ usually conjures up visions of high-rise luxury buildings lining ocean beaches. True, the high-rise condominium is very popular, but there are other kinds of condominium structures, some in even greater demand” (p.6).

History

Condominium ownership is neither a new concept or unique to the United States or a creation of the twentieth century. The history can be traced as far back to the Roman Empire when leaders were faced with a shortage of land. This was resolved by passing a law permitting the local citizens to be able to own individual dwelling units in multi-family structures. As Kirk (1978) found, “there is some question about the details of the Roman law, it is generally believed to be predecessor of the condominium concept as we know it today” (p.8).

For a time condominiums also became popular in the Middle Ages when cities feared being attacked by outside enemies which drove the local people to reside in confines of the city defensive walls. However, as Kirk (1978) says, “as populations grew, the land within these enclosed cities became increasingly scarce and valuable, and the idea of dividing a single building into many separately owned homes remerged” (p.8).

Nevertheless, as years passed, the concept lay dormant and it was not until the early twentieth century that it became popular in Europe in countries as; Spain, Italy, Germany, Belgium, France, and lastly, Great Britain as a form of ownership. However, the U.S. did not adopt the idea from that part of the world.

The condominium concept first spread from Europe to South America and in 1928, Brazil became the first country to pass a law permitting the sale of “horizontal property” meaning condominiums. Nevertheless, several decades later, troubled by increasing population and housing shortage and lack of land, Puerto Rico turned to its South American counterparts for assistance. This resulted in the Horizontal Property Act of 1958 being created and became the model for defining real property under the condominium concept. Once the law was instated in Puerto Rico, this set the premise for the enactment of the condominium legislation in the United States. This subsequently stimulated interest, and in 1961 resulted in the National Housing Act

being amended to include section 234 to benefit from Federal Housing Authority (FHA) mortgage insurance. The latter insurance protection benefited both the developers and buyers since the developers were able to obtain loans to build the condominium developments, which additionally helped buyers to purchase them once constructed.

After the adoption of Section 234, the FHA in 1962 wrote a condominium statute based on the 'Horizontal Property' of Puerto Rico. This became the benchmark model for the state resulting in the condominium legislation being created, that in 1968 all states had to comply too. The acceptance of this new trend and different form of ownership was not immediately accepted by everyone and it was not to the early 70's that the demand for condominiums spread across the United States. The concept became popular in 10 major states as Florida, California, Ohio, Texas, Illinois, Michigan, Arizona, New York, Pennsylvania, and Maryland. According to Kirk (1978), "the HUD Condominium/Cooperative study published in 1975, these ten states account for approximately two-thirds of the condominium housing in the country, with Florida and California having the greatest shares" (p.9).

Many community associations appeared around the country and in 1970, they totaled to 4,000. By 1983, an educational research non-profit organization based out of Arlington, Virginia called the Community Associations Institute (CAI) stated that 65,000 condominium and homeowners associations were in operation around the US. These associations made the public aware of the benefits of ownership and resulted in the condominium concept really flourishing in the U.S. This form of living was attractive to the owner, since the owner had the convenience of an apartment environment with the added financial advantages of single-home ownership.

Present Day

In the book titled “The Owner’ and Manager’s Guide To Condominium Management”, Thomas A. Scapillato (1984) observes that,

Traditionally, the United States has been the “land of plenty” – with plenty of land. Part of the American dream has been to own a home and some of that land. In the past millions of people have realized that dream, but now the dream is fading quickly for many. The harsh reality is that land is becoming increasingly scarce in the more heavily populated areas of the country. Today, few families can afford the luxury of a large rambling house set amid several grassy acres. For that matter, even modest split-level house on a quarter-acre lot is beyond the reach of many. As a result, alternative forms of housing that use land more economically are increasing in popularity. (p.1)

With a volatile economy and dwindling land supply in certain areas of the U.S., this is having a major impact on the housing market. However, there are many other factors too that are affecting the situation and one particular issue, people’s attitudes about owning. Many owners do not necessarily want to be tied to a property that requires a lot of time and money. They want to enjoy their asset without the additional responsibilities as up keep and maintenance that usually accompanies home ownership.

The attitude of the family set up is also changing, where as several decades ago, it was acceptable to have three or four children but today the family household has decreased. Many families are either having one child or becoming childless which is creating another market of homes that are smaller and accommodating to this new family unit. Additionally, studies have said the more educated one becomes the less inclined they are considering having a family and are focusing more on their careers or delaying it until they are older.

As Scapillato (1984) notes,

Attitudes toward renting versus buying housing are changing. From 1976 through the first half of 1979, approximately a million households who should have been renters (according to demographics) became buyers instead; The 1980s will witness the gradual aging of the housing market. The number of people under 25 forming households will remain steady and then decrease. The number of households in the next older bracket, 25 to 29 will increase slowly and could start decreasing before 1990. The fastest growing age group will be in the 35 to 44 group. The number of households in this group is

expected to increase 50 percent. Over-65 households will increase sharply and should outnumber the under-25s from 1986 on. Attitudes towards careers are changing. It is no longer unusual for both husband and wife to work, increasing the average couple's total income. Such increases in income are usually accompanied by an increase in the desire for home ownership and the status that goes with it. The Equal Credit Opportunity Act has given new mortgaging power to these couple and to singles. Attitudes of older persons are changing. Many retired men and women choose to live in warmer climate. They want to recreational facilities near at hand to help them enjoy their later years. "Empty nesters," parents, whose children have grown up and left home, no longer need large houses. They often want smaller, more conveniently located residences that require less work. Attitudes of unmarried men and women are changing. People are single, divorced, or widowed want the security and tax advantages of owning a home but not the problems of maintaining one. Singles increasingly want to invest in homes but do not want accompanying responsibilities or suburban living. They tend to prefer more informal surroundings and conveniently located recreational facilities. All of these- small families, working couples, older people, and singles- have needs and desires that promise to be met my multifamily housing developments commonly known by the umbrella term of community associations. (p.2/3)

Many variables are having an impact on the way the housing market is growing and changing from how it was several decades ago to present day. Research shows, that the condominium concept is being welcomed by a variety of people of all ages and not just in the U.S. but globally too, especially in countries as Dubai in the U.A.E. Currently, it is estimated that they have \$80 billion dollars of projects underway and expected to become the world's #1 tourist destination.

As Parets (2007) says,

There are many variations of the condo-hotel model. One of the more popular concepts includes the straightforward condo-hotel, whereby a developer sells most or all of the hotel rooms. The owners can then elect to occupy their condos or put the units back into rental inventory when not in use. (p.5)

If the owner agrees to put the unit into a rental pool, the hotel operator will rent the condominium unit out on their behalf as if it were like a regular hotel room. Then the revenue generated is typically split 50/50 between the owner and hotel operator and/or the Management Company.

Condominium Market

Since the condominium market is still in its infancy and a misunderstood phenomena

Alvarez and Marsal (2007) note that,

Many often speculate about the future of the hotel-condo lodging segment. Although the hotel-condo structure is sure to be tested in the course and in the media in the months and years ahead, the concept is unlikely to fade away into the margins of the lodging landscape (P.1)

Most condo-hotel projects have certain attributes to be successful and usually established in well-known resort destinations. They need not be feasible as of a traditionally financed hotel but situated in market location which appeals as a destination that are designed to meet the potential of the buyer examples of locations are; Cabos San Lucas, Mexico, parts of Florida and ski resorts around the US. Sahlins (2007) notes that,

Well-located and well-designed properties are expected to be successfully marketed even as residential condominium market softens. The purchase of hotel condominium units by second-home buyers with disposable income is not driven by the same dynamics as those of residential condominium or second-home buyer. Many buyers are purchasing units with the intent of using the resort for vacation as well as considering the property as endowment for their children. These buyers have well funded retirement plans and are not swayed by short-term residential pricing swings. With the inherited and earned wealth currently held by older and retiring baby boomers, condominium hotels in attractive destination areas can be more a successful development than a traditional operating resort. (p.3)

Due to the condo-hotel being such a lucrative market, condo-hotels are being built in areas of not heard of before as in cities as downtown Seattle. This is a first for the city to offer condo-hotel units versus well-established locations as Las Vegas and Florida.

Alvarez and Marsal (2007) state, “as of the second quarter of 2007, the hotel-condo pipeline in the U.S. included 65,000 units either under construction, pre-construction or in the developmental planning stage” (p.1.)

The popularity of the condominium market in the U.S. is the result of what the ownership has to offer, combining the convenience of renting an apartment with the added financial advantages of single-home ownership. There are also tax benefits that a typical apartment tenant would not benefit from. A condominium owner is treated the same as a homeowner under the federal income statute and has the same benefits as an owner of a single-family home. The occupancy security is another advantage knowing that the property owner cannot evict him/her from their condominium. Secondly, the monthly mortgage and interest payments will remain stable despite the inflation versus an apartment rental that can be increased without little warning. There is also the added advantage that the owner can participate through group/organizations of owners and voice how the project is operated in their community/environment.

Kirk (1978) states,

This does not mean that a person should buy a condominium unit solely because he is tired of rules and regulations imposed by a landlord. A condominium also imposes a set of restrictions. In fact, because the condominium's rules and regulations have their basis in state law, they may be more readily enforceable than those of an apartment building or other rental property. (p.10)

The benefits of owning a condominium means that the owner holds the title and has greater freedom in relation to decorating the interior of the unit versus being a tenant and renting an apartment bound by a contractual lease. There are three basic types of condominiums: residential, commercial and resort:

- Resort condominiums are bought for vacation use and rented by the owners when they are not using them and have become commonplace in the resort areas. They have the same benefits as residential condos with the additional benefit of providing an income.

They offer all the services of a hotel but with the privacy and roominess of residence amenities you would find in a resort.

- Residential condominiums are mainly bought as principal homes and come in different architectural styles and usually located in urban locations near shopping centers, services, and public transportation.
- Commercial condominiums are a form of retail outlet acquired by business people to own a condo with office space attached.

As Brent Howie (2008) notes from the article, Top Five Misconceptions of the Condominium Hotel Industry, Provident Hotels & Resorts demystifies condo hotels

CLEARWATER, Fla. (October 20, 2008) - For more than 30 years, the condominium hotel industry has been a viable marketplace for vacation home buyers and property developers. Unfortunately, there are still some deep-seated misconceptions about the industry, recently magnified by the downward real estate market, that have led the ill-informed to see the condo-hotel business strategy as problematic. In an effort to clear misconceptions about the industry, Provident Hotels & Resorts (aka Provident Management Corporation), a leading full-service condo hotel management organization, explains the five top misconceptions of condo hotels. Condominium hotels have been and continue to be a stable business concept when implemented correctly. A balance between the goals of the developer and unit owners has to be achieved for the project to succeed. Condo-hotel projects can run into problems when one side gets too greedy or the location does not make sense from the standpoint of it being a viable second home or vacation destination. The downfall of a property typically occurs when developer promises are not delivered and/or when purchasers have their own misconceptions about what they are actually buying. (p.2)

In most instance condo-hotels are investment opportunities for developers to make a quick profit but owners also benefit from purchasing a unit in the condo-hotel, as they are able to achieve rental revenue to offset certain ownership expenses. The unit also serves as a second home for most but for this to be successful; the owner should want to be in the market for lifestyle enhancement properties and not just solely for making potential profits. When the owner

is not using their unit, it is in their best interest they incorporate it into a rental program so the overhead costs are offset.

Owners of condo-hotel units have the right to occupy their units whenever they want but sometimes they do not look at the individual unit as revenue making entity. Sometimes they do not take advantage of renting their unit in the high seasons especially if the unit is located in a resort. In this situation, they could benefit from capitalizing on rental revenues especially during “high seasons” and they could reserve their stays accordingly.

Condo Trends

Condo-hotels are one of the hottest products in today’s real estate market. New developments being built in all areas the country, which is resulting in new buyers entering the market daily that is spreading the enthusiasm for the condo-hotel concept. Consumers are recognizing the concepts potential and this is creating a demand for more inventory.

In the article 2007: Transforming Trends for Timeshare, Lawrence S. Heffler states,

In the coming year, as in last year more than 7 million people from 100 countries will spending all or at least part of their leisure time at shared ownership properties, whether timeshares, fractional vacation clubs, destination clubs, residence clubs, and condo hotels. In the coming year, millions of consumers will be called on the phone, e-mailed, direct-mailed, and hit with pop-up advertising on the Internet, while still millions more will be solicited at hotels, resorts, malls, stores, beaches, pools, ski slopes, festivals, airports, trade shows and their places of work. Is there anyone out there who has not had a “shared ownership” encounter? (p.1)

Because of the demand, the sales and marketing process has greatly improved due to technological advances in the ever-changing consumer experience. These advances have resulted in converging trends in relation to branding, demographics, digital media, channel preference, the on-line experience, strategic alliances, ethics, and globalization. This has created the opportunity for rapid growth in reference to a new diverse consumer in different market

segments through increased channels of communication with unprecedented electronic media options, resulting in reinvented hospitality brands. Heffler (2007) notes,

As a result, timeshare companies are now being challenged to adapt to a more complex marketing environment that must be embraced in order to stay relevant to consumers. That means changing a mindset and modifying behaviors, which is easier said than done. While the media tends to be positive about the economics of the industry, many major influential voices throughout the society are still less than enthusiastic about the consumer experience. Until the long-standing culture of the typical timeshare company with its “specialized style” of marketing and sales has further evolved, expect to see consumer complaints and media criticism to continue. While some companies are already taking notice and responding to a tactical level, there are still many trying to deny and ignore the effects of this sales stereo type. But the timeshare industry is entering a new era - the “brandulum” is swinging. (p.1)

In the coming years, consumers will see new innovative ways of how branding is being communicated via different mediums which will be facilitated through the how, where and when process in relation to shared ownership messages as regards to shared vacation products that are being delivered. Both hospitality companies and developers are realizing the importance of brand marketing and how to project their message to consumers. This involves a three-step process; before, during, and after the point-of-sale that communicates a clear and consistent message that creates consumer confidence and trust in a particular brand.

Mixed Use Resort Communities

As Parets (2007) notes,

Another quickly emerging model is the mixed-use luxury hotel with a residential component. In this structure, the luxury condominiums on the top hotel floors or in adjacent building are sold to individuals, many of whom occupy the apartments full-time. These units are not part of the hotel inventory, yet owners have access to all hotel facilities and services, such as daily housekeeping, room service, the gym, pool and more. (p.5)

However, condo-hotels that are part of mixed-use resort communities also come with a

host of different issues and problems in the relation to the integration of the different components. This has to do with many things as use, rights and service levels, maintenance and feel of the resort.

As Jim Butler (2007) says,

When structuring a hotel mixed-use project -- particularly with one or more residential components -- we often create something called "shared facilities" which are usually owned by the developer with costs assessed to all who use or benefit from the facilities. The "shared facilities" typically include many of the facilities that might otherwise be common areas in a pure residential condo. They also include non-revenue producing facilities that are necessary for the hotel or condo operation such as the bell desk and property security. For consistency, hotel operational issues, quality control, safety and a host of other reasons, these facilities are not owned by the homeowners association but by the developer, operator or other third party. (p.2)

The concept of mixed-use resort communities is the creation of villages that are parallel to a mini version of Disney World Resort. They incorporate the outdoors environment to the resort village and are "formulaic" since they provide a 365-day rental income for the developer producing revenue annuity through the location and master planning of the resort. In the article, Recent Trends in Mixed Use Resort Development, Lynn Cadwalader (2006) notes that:

Mixed-use resort communities have become increasingly popular in recent years. Where resorts once tended to be developed as single-purpose sites with primarily one exclusive form of ownership or use, the increasing sophistication and divergent interests of resort visitors has driven the need for resort properties to offer a wide range of vacation amenities with varying options for ownership and use. (p.34)

Development of these resorts creates many difficult scenarios, since the success depends on many variables. This includes large sums of capital, state-of-the-art amenities, and ability to maintain the luxury atmosphere of a resort and support such as real estate pricing. The other issue that needs to be considered is the remote sites of these resorts that in it can present many challenges both to developers and to guests in relation to getting there. Cadwalader (2006) says,

We have recently seen an explosion of interest by resort developers, and hotel owners and operators in condominium hotels, sometimes referred to as “condo hotels.” In resort destinations, these are particularly popular as a component of the mixed-use resort community. The current condo hotel boom has been driven by the alignment of the following economic factors, which provide benefits to all parties involved in the condo hotel markets. (p.34/35)

The condo-hotel concept for developers is a financing miracle since the debt for construction runs around 50-60 percent of the cost. Individual condominiums generate equity credit through pre-sale, which provides 90 percent of debt finance for the proposed project cost. In addition, the developer gains a 15-40 percent premium generated from the hotel amenity components and rental program in relation to the sales price per foot.

Owners also benefit out of the equation both from personal use and an investment perspective. They are very appealing asset but there are also many other reasons why consumers buy into a condominium unit. as for; recreational use depending on the location either in the mountains or by the ocean, the ability to be able to use the unit whenever they want, the appreciation in value and lastly, the rental income that offsets expenses such as mortgage payments and other related charges.

However, while most of the time the condominium owner’s personal use is met they very often lack the knowledge of the market place. Additionally, they also are not fully aware what they are investing into which results in unrealistic expectations due to false marketing by both the developer and sales people. This was very apparent at the pilot site while compiling research when I decided to ask some of the owners what they had thought they had invested into and involved in from a long-term perspective. It was obvious from the responses collected that many had no idea what was involved in owning a unit and the importance of the up keep of the condominium unit.

In the article, Fractional Hotels: The Emerging Hybrid, from <http://www.arda.org/Content/NavigationMenu/Publications/Developmentsmagazine/DevelopmentsmagazineOctober2006/fractionalhotels.pdf>, Sanders states that:

Condo-hotels and fractional residences have become particularly popular. According to recent data from Smith Travel Research, there were 268 condo-hotel projects being developed in the United States. Further, there were 30,500 condo-hotel units and additional 70,000 private residences being developed within the hotels in the United States, according to a recent reporting *Business Week* magazine that cited hotel real analysts, Lodging Econometrics. Additionally, according to Ragatz Associates, there were 188 fractional ownership projects existing in North America with \$2 billion in sales in the fractional market in 2005. (p.46)

The condominium hotel market is not a new concept and was offered in the United States during the 1970's and 80's. In most instances were established as securities offering that incorporated a mandatory rental pool that had tax benefits.

Sanders (2006) states,

Dealing with condo-hotels, however is not entirely without obstacles for developers. These projects are established through a multitude of documentation, which must address, for example, the formation of the hotel, and the condominium and their respective operations, management of the hotel and condominiums, consumer purchases of units, and the separate rental program. In addition, the high prices associated with condo hotel units may begin to eliminate some prospective purchasers in the marketplace. This could become a significant factor as over saturation, of this product occurs in the principal markets in which is now being offered. (p.46)

Branded versus Non-branded Condo Hotels

Many hotel professionals can define the different brands and their differences but many consumers/travelers cannot and only by a logo. Branding remains important in urban and suburban markets, which are predominantly driven by corporate (Monday through Thursday) travelers. These corporate travelers want to earn their travel points where as leisure travelers spend more time "Googling" alternate travel sites to find independent non-branded properties.

However, in most cases the brand generally wins since it already has a perceived quality and consumers seem to know what is automatically expected.

We live in a brand conscious culture and as a result many companies have done some interesting things with brands to differentiate themselves from the competition. A good example of this is Starwood by taking something that was already in front of every hotelier and making the bed the focal point of the guest experience.

In the last five years there has been some significant trends in resort development especially with the large expansion of some major hotel brands into the mixed resort market both in the U.S. and internationally. They are not only branding and managing but becoming involved in the future development and financing of mixed-use resort communities and offering a variety of products as; hotels, condominium hotels, condominiums, fractional or timeshare, residencies, commercial, and recreational amenities. The mixed-use resort differs, since they operate synergistically to create operational efficiencies and more enhanced, predictable revenue stream, which creates service and management opportunities for the hotel operator.

Strong branding has many advantages being that they are already well recognized and the consumer affiliates with them. But additionally as Cadwalader (2006) says,

Hotels with strong brands can enhance the image of the resort and provide name recognition for the project through an established brand and proven marketing program. Hotels, as a project component, bring 24-hour vitality to the resort; attracting visitors throughout the day and evening. They can also provide dining, entertainment, recreation, and other amenities that serve not only hotel guests but also other resort visitors and property owners. (p. 34)

Existing and new condominium hotels projects share distinctive attributes and are usually located in established destinations that are accessible to the individual-unit owners. The condominium hotel projects need to be feasible as a traditionally financed hotel but need to be located in desirable destination and designed for potential buyers. However, the purchase of

hotel condominium units by second-home buyers with disposable income is not driven by the same dynamics as those of the residential condominium or second-home buyer. In the article, Reserve Planning: Condo-Hotels, PRC/Fractional, and Destination Club Require Different Approached by Judy Kenniger (2006) notes:

If you add the condo-hotel element, however, a new factor enters the equation. Interior furnishings are now important to the management company - this is especially true if the management company happens to be a brand. Since the condo hotel is still a condominium product, the exterior and common elements become a bone of contention with owners who do not participate in the rental program (remember: they cannot be forced to participate). In terms of the owners' interior furnishings included in the hotel program, we recommend that the management company set aside a small portion of the rental income in a reserve account for each owner. This money can be applied as furnishings need replacement or maintenance. Without this set aside, the owners may balk at total refurbishment at the normal three-to-five-year hotel cycle. (p.28)

Le Meridien's rental program units are like traditional hotel rooms but have a high set of quality standards and room that all owners have to comply with. They all have an identical setup and usually are all the same color, furnished, and equipped with the same amenities. Typically, a one-bedroom unit will usually have a king-size bed, a queen-size sofa bed in the living room, marble bath, wash/dryer, a plasma TV and a minibar.

The article, Why Condo Hotels Are a Hot Concept, Robyn T. Parets (2005) says,

There is no question about it: Buyers are willing to ante up more money for branded luxury condominium than a similar condo in another building. "The brand is important because people are buying into a lifestyle, and the brand is an extension of that lifestyle," says Mark Ellert, a partner at Langford Development LLC and president of IAG Florida. Langford is developing The Regent Orlando in Winter Park, while IAG serves as the development manager. IAG also is the project manager of Luxury Resorts International's The Atlantic, a Fort Lauderdale condo hotel which is a part of Starwood's Luxury Collection. "The brand implies a sense of credibility to the buyer and certainly to the transient traveler," says Ellert. (p. 3)

Branding is powerful and consumers do not make decisions to purchase goods or services entirely on a rational basis and apparent when a person buys an expensive watch as a Rolex. It also applies in a subtler manner when a consumer chooses a product from a store or

selects professional legal services. Nevertheless, there are some things that consumers purchase for which there is a bewildering array of choices that not all can be remembered. Consumers make choices in such matters based on names and images that come to mind or even just on impulse. Recall can often be by association, so a product or service may be chosen for how the brand is presented and the people they know that are currently utilizing it.

The ability of competition to copy hard product features and the role of the subconscious in the purchase decision, make it necessary to try and make a mark on the minds of consumers. Such a created impression is called 'branding' and necessary for the business to ensure that a company's product or service ranks amongst the first to be recalled by a consumer when a decision to buy is made.

The first step in branding is to form the largest possible group of homogenous consumers. They should include people of various age groups, who live in different areas that have a variety of linguistic and cultural backgrounds and enjoy a certain social status and economic level; all have distinct needs and ways of thinking. The process of forming groups of similar consumers within a universe of heterogeneous people is called segmentation.

Targeting follows segmentation and this process involves choosing a segment over others for the rest of the branding process. This choice is based on the objectives of the business and its perception of competitive advantage. The owner of a hotel by the ocean would choose to target tourists, whilst another in a downtown commercial area would be interesting in business travelers. Positioning follows targeting and this process seeks to occupy a unique and relevant space that is vacant or not adequately filled in the target's mind. It requires a rigorous and objective comparison of a company's product and services in reference to the competition and an understanding of the behavior and values of target consumer groups.

When the planning phase of branding is complete then it's time to implement the plan and penetrate the market place. The implementation process usually consists of two elements, goods, and services. The elements of products are price, promotion, and place and services; are people, process, preferential customer services, and physical evidence. These elements should be in harmony to support the chosen position.

The manner in which a product is augmented to meet target customer expectations and its presentation constitutes the product element. The amount a customer has to pay, discounts and offers, how the price is communicated, and terms of trade constitute price elements. These means are used to make target customers aware of the brand through promotion. Place elements are concerned with where the brand is available and so to make it easy for target customers to access it.

The service process must be broken into detailed and sequential steps that are rendered uniformly and in time. Preferential customer services involve pre-transaction, transaction and post-transaction elements. Physical evidence provides hints and clues that help a customer remember the branding of a service even though being intangible. Brands are the most enduring and the valuable assets of a business. They have to be forged with great care, nurtured over time, and reinforced consistently so that they remain indelible at the top of the minds of customers. Successful brands stand in a crowd of products and service that have similar features and benefits. But as Parets (2007) observes,

The prospect of buying into brand that explains an exclusive lifestyle can be enticing, adds Joseph Long executive, executive vice president of acquisitions and development at San Francisco-based Kimpton Hotel & Restaurant Group. In fact, a developer of a branded residential hotel is not only selling prospective buyers, the actual units, but a whole package that encompasses the hotel brand's image and added services, says long. (p.3)

Branding's goal is to send a powerful message to the masses through different mediums of communication and is vital for the success of a product or service. Consumers affiliate with brands for many reasons whether through the assault of thousand of messages via different mediums as in print, on the television through commercials, on the internet, or via the radio. However, what makes a one brand stand out more than another? It has to do with the quality of the product or service being communicated and how the consumer perceives that product or service especially if they have experienced the brand in the past.

Consumers look to brands as a means of ensuring a predictable experience and a security of expecting a standardized hospitality experience. It is like they are preconditioned knowing that with a brand they are going to automatically receive a certain standard for example a Ritz Carlton Hotel versus a Holiday Inn. This could be in relation to tangible, psychical, and measurable benefits of a condo-hotel as regards to the cleanliness and décor of a condominium unit of which attracts a constant stream of guests through brand marketing. As a result of this, developers can justify higher sales price for condominium hotel units since they can offer a certain level of hotel services and amenities for the owner.

You will likely feel more comfortable investing your money in a condo-hotel with an experienced, top-notch management company vs. an independent operator. In addition, it is worth noting that an established management company does worldwide marketing and likely has a state-of-the-art reservation system which will help ensure the unit is rented as much as possible.

Quality Rating Systems

Quality ratings systems are a set of broad guidelines that are basically, general quality indicators used in measuring a hotel's general quality in reference to amenities and customer

satisfaction. This can be facilitated either through the hotel chain or externally, by using an independent consulting company. However, quality-rating systems as a whole are not perfect precise critiques since all amenities and service a hotel offers may not necessarily be reflected in the star ratings. Each hotel may have a different set of parameters when being evaluated that may vary from one hotel to another. Additionally, there are a wide range of customer preferences and individual expectations, stating the fact that these ratings are general in nature.

But as Catherine Debono (2006) notes in the article *Bad Condo Hotel Municipal Ordinances Will Discourage Good Projects*,

Standards for hotels and hotel operators may be unreasonable. One recently proposed ordinance would have required every condo hotel to be operated under a "brand" included in the "upscale segment" or "luxury segment" defined by J.D. Power and Associates, and upon completion, to meet the published requirements to receive a rating of no less than a Mobil 4-star or AAA 4-diamond designation. While these designations may sound like a reasonable assurance that every approved condo hotel will meet the highest quality of operational standards, they may impose undue restrictions upon the developer and create unrealizable expectations. Many condo hotel developers, as well as potential purchasers of condo hotels in future years, may prefer to be managed by an owner rather than by a "brand." In addition, most hotels that are regarded as luxury hotels, and that are commonly spoken of as Mobil 4-star or 5-star hotels or AAA 4-diamond or 5-diamond hotels, are not in fact holders of the actual designation from Mobil or AAA. The higher luxury hotel ratings (e.g., 4- and 5-diamond or star ratings) involve some very subjective and elusive qualities, and even if a hotel achieves such a rating, the rating might be lost on technical grounds without a noticeable reduction in quality. However, in either event, the developer's hotel could fail the test and be in violation of the municipal ordinance. It is preferable that zoning requirements speak in terms of hotels being operated as "upscale" or "luxury" hotels, without specifying either that they are required to be operated by a "brand" or that they maintain a particular Mobil or AAA ranking. (p.4)

AAA has a rigorous quality evaluation but a property can earn AAA approved designation, offering travelers quality assurance. AAA's professional evaluators assign each approved hotel a rating valued diamonds starting at the lowest diamond being one to the highest rating being five diamonds. This rating evaluates the level of complexity in service, décor, and amenities from a basic to a luxurious hotel property. To gain AAA rating first the property has be

to approved, then they apply to be evaluated. This is determined by if they meet requirements for comfort, cleanliness, and hospitality. If the application is approved, then one of AAA's the evaluators visit the property unannounced to ensure that they experience the hotel as consumer would.

Once the thorough evaluation is completed and a hotel meets AAA's requirements then the hotel is informed and they become AAA Approved. Receiving this rating indicates the hotel has proven ability to provide an acceptable level of quality service but it does not distinguish any degrees of quality. However, AAA does assign each approved hotel with a descriptive rating between one to five diamonds and these definitions vary for hotels ranging from basic to moderate to luxurious in terms of service, décor, and amenities.

Another known system is the Mobil Travel Guide Star Rating System that also produces a premier travel guide for North America, covering 48 contiguous states and some major cities in the Canadian provinces. The Mobil Travel Guide Star Rating System it is the oldest hospitality-rating program in North America. The guide consists of 10 volumes that represent a geographical region of the United States. As per the website <http://mobiltravelguide.howstuffworks.com/about-the-rating-channel.htm> quotes, the guide provides the public with a comprehensive traveling reference, identifies, and describes 4,000 locations, 21,000 points of interest, 14,000 motels, hotels, inns, resorts, guest ranches and many others, plus 8,000 restaurants. Included in the guide are regional road maps, driving tours, and detailed maps of major cities. Some of the establishments listed in the guide provide a good sample of restaurants and accommodations available in each area of the country. The properties listed are described by their distinguishing characteristics, price range, the quality of service and facility, and by the area surrounding them.

Each of the restaurants, motels, hotels, inns that are listed in the guide has been thoroughly inspected and has met the basic requirements of cleanliness. Once listed then the ratings are determined and to stay in the guide they have to maintain their standard in reference to Mobile Travel Guide standards of cleanliness, maintenance, and stable management. Listing of these properties in the guide constitutes positive quality recommendation; every rating is an accolade; a recognition of achievement. All of the ratings are reviewed annually and the responsibility guides management team and are rated according to national standards. All evaluators report their findings to the home office but several other sources are incorporated in determining the final rating in reference to incognito evaluations as regards to dining in a restaurant or overnight in the hotel to gauge the service expertise of the hotel and restaurant. Additionally, extensive files of reader comments and letters are used and with all this information combined; this determines the final rating of a property. Since the Mobil Travel Guide's goal is to present a quality rating that consumers value, their quality assurance program designed to grade a property on what the average consumer would encounter during their stay at a hotel or during a dining experience.

Today's managers and business owners are in constant search for solutions to quality issues and performance problems. The hospitality industry is a service industry and how we measure service and products is in the eyes of the beholder being the guest/customer and critical to success and failure of a business. Every customer has a difference view of what quality is and how it is defined. Good services and products imply exceeding customer's expectations but several bad experiences can have a major impact on the bottom line. It is vital that every employee that interacts with the guest/customer have a positive attitude since this paints a picture of the both the property and how it is managed.

As a result of 9/11 hotels have realized the importance of not just keeping service levels up but the importance of renovating properties to keep the hotel in order and up to date, to create a positive guest experience to encourage repeat business. This is becoming a trend both in the USA and internationally with lots of hotel chains identifying this as a great marketing strategy to remarket their property and increase new and existing business. In the article, *Hotel Guest Satisfaction is Up Despite Rising Room Rates and Increased Occupancies* from http://ehotelier.com/browse/news_more.php?id=A5777_0_11_0_M it notes,

J.D. Powers and Associates is a company known for doing studies on overall guest satisfaction. In an article from *Hotel and Motel Management*, September 5, 2005 a headline states, "Overall guest is on the rise." J.D. Power measured six major service areas: check-in/out, quality of guest rooms, F&B, room service, hotel amenities, and hotel charges. Their study is in the ninth year and hotel chains are ranked in six segments: luxury, mid scale, full service, mid scale limited service, economy/budget and extended stay. (p.3)

Another way a property can evaluate is through the chain running their own independent guest survey when guests check out of the property. Guest satisfaction surveys are vital for the success of any company or property; they discover what the guest truly thinks and can determine whether they will return in the future. There are many options for gathering this information whether through the use of; comment cards, secret or mystery shoppers, on-site reviews, emails, online surveys and many other creative methods. The main function of guest surveys is to help sales and marketing determine whether they are reaching the right segment of the traveling population. In the article, from the website, [http://www.judycolbert.com/Articles/ Discovering What Customers Really Think about Your Property.htm](http://www.judycolbert.com/Articles/Discovering_What_Customers_Really_Think_about_Your_Property.htm), Judy Colbert (2006) says,

The information received from surveys "helps segments customers, finds trends in customer buying decisions, and make sure you're adequately marketing to the right segments. They help you up sell and cross sell, determine product development, create new avenues for products, and other items to your guests that are appropriate, based on their past purchases. Surveys also help eliminate trying to up sell or cross sell to customers who just won't be interested." (p. 520)

The only issue with facilitating surveys especially that are Likert scale based, they can produce biased results that could be subject to distortion and misinterpretation. Many factors can effect obtaining a true measurement that mainly has a lot to do with the psychology of the consumer. The consumer may avoid using extreme response categories and agree with statements as presented. They might also try to portray themselves or their organization in a more favorable light, indentified as a social desirability bias. Designing a scale with balanced keying (an equal number of positive and negative statements) can obviate some of the problem but central tendency and social desirability are somewhat more problematic for many reasons. Spending money on customer satisfaction studies can be beneficial for a company in many ways especially in identifying issues, trends and where they are positioned in relation to the competition. Many studies continue to outpace overall market research spent in the US but there is a generalized dissatisfaction with the value that companies receive from such costly studies. However, there is an intrinsic belief that they should be good for business. But as Bill Capodagli and Lynn Jackson (1999) quote from *The Disney Way*, “Recognize also that you have a wealth of customer information readily available at your fingertips just waiting to be tapped.” (p.74)

Some studies can be misplaced and have flaws from misrepresentation ranging from measuring the wrong thing from a customer’s perspective to looking for a simple metric that does not provide management with information of how to improve. The key to facilitating a successful study should include measuring what is important to customers, segmenting customers by their value to your business, and importantly including some key questions. If carried out correctly not only will the data tell you how satisfied your customers are, but how such satisfaction ties to the bottom line, and what is needed to raise satisfaction scores. However,

as Evans, James R. & Lindsay, William M. (2002) say from the book *The Management and Control of Quality*,

Ritz Carlton use many sources of information to understand its customers, including alliance with travel partners, such as airlines and credit card companies; focus groups and customer satisfaction results; complaints, claims, and feedback from the sales force; customer interviews; travel industry publications and studies; and even special psychological studies to understand what customers mean, not what they say, and how to appeal to the customer in language they most understand. (p.78)

The Trump name has really set the standard internationally in relation to quality and has become a benchmark for many hotel chains for five-star quality and service. Trump is also a world real estate icon and currently, focusing on the condo-hotel market where they are creating a gold standard for their new class of real estate. As per the website <http://www.worldclasscondohotels.com/index.html> it quotes,

From U.S. vacation destinations like Fort Lauderdale, Chicago, Hawaii, and Las Vegas to up-and-coming locales like Dubai, Toronto, and Panama City, Trump condo hotels are setting the gold standard for this new class of locales like Dubai, Toronto, and Panama City.

“The World” cruise ship is another good example of implementing very high standards in relation to quality and the esthetics of their so-called cabins that are called “apartments.” It is equivalent to a floating condo-hotel that is exclusive and gives the opportunity for owners to sail to the most exotic places in the world as either a resident or a vacationing guest. Located on the ship 165 private residences which many of the owners call home on a consistent basis since they live on their errantly. Nevertheless, some owners do open their doors for short-term rentals to vacationing guests, which allows them a unique vacation experience unlike any other.

The environment aboard is like a home away from home and when one of their apartments are purchased there is a quality standard that every owner has to adhere to. The cruise ship is equivalent to a five-star hotel since it has all the added touches of grace, style, variety, and elegance in both to the design and esthetics of the apartments. Commissioned by five of the

world's leading interior designers of which all have a clear, individual vision to create something of high quality combined with exquisite beauty and comfort. The spacious apartments are fitted with the accouterments you typically find in quality home design or a luxury condominium unit. Additionally, whenever an apartment needs to be renovated, the owners still have to adhere to the same standards so that there is consistency across the luxury ship.

Maintaining the quality of the condominium units

Maintaining quality standards and regulating independent condo-hotel units is a major challenge for management companies and associations that can be additionally discouraging for future projects. Since there has been a major increase in the building and renovating of independent hotels into condo-hotels which has created a few issues in relation to maintaining the quality of those properties and a different set of legal and operational problems. A condo-hotel consists of individually owned condominium units and in my research is where the standard of the unit seems to suffer.

In the article Standards Must Be "Built In" By Jim Butler (2006), Hotel Lawyer/Author of www.HotelLawBlog.com he says,

Maintaining the quality of the condo hotel is a key component to the success of a condo hotel project. The condo hotel must deliver the expected consistent quality levels of service, room furnishings and other physical product for its brand or market segment. Face it: the fastest way to turn a four-star property into a three-star property is to have inconsistent standards. The condo hotel regime must provide the legally enforceable structure to maintain consistency and quality, and the mechanics to enable the unit owners, through their HOAs, to meet their obligations under the hotel management agreement, and to enforce their rights. Anyone in the hotel business knows that there may be times when the owners will be required to dig into their wallets to cover hotel operating shortfalls and to cover capital expenditures, FF&E upgrades and replacements. But, a traditional hotel has only one owner and one operator, while the typical condo hotel may have several hundred "owners" -- and you have to coordinate and enforce each of those obligations! Unit owners, too, want consistency and quality -- and they want viable recourse against those owners who don't meet their obligations. Building standardization and accountability into all the project's documents benefits all stakeholders in the condo hotel. (p.7)

Currently, Las Vegas and Southern Eastern Florida contribute to 50% of the total condominium market. Additionally, building of new properties and renovating existing hotels into condo-hotels are also exploding in other major cities and resort destinations around the United States. While these projects have developed at an incredible pace this creates a potential problem for planners in relation to maintaining quality of the unit as regards to esthetics. If quality is compromised, the guest suffers which results in dissatisfaction, non-repeat business, and loss of revenue both for the management company and importantly for the owner.

Most management company/associations usually have a unit-owners policy that contains carefully crafted language to help clarify what applies in certain situations. A classic example would be what to do in event of loss due to alterations, replacement of new appliances or improvements but any other installations would be at the owner's expense. But current policies, in general, specify that building coverage therein apply and the association is required by declarations and regardless of ownership to insure fixtures, improvements and alterations that are part of the building (structure); appliances for refrigeration, ventilating, cooking, dishwashing, laundering, security, or housekeeping. Other insurance provisions in a unit-owners policy state that insurance is excess over the association's insurance covering the same property covered by the owner's policy.

The condo-hotel is a condominium product that takes into consideration the exterior and common elements. This can cause disagreement but owners cannot be forced into maintaining the quality of their individual unit even if they are in a rental pool. In this situation, the management company can only make suggestions but some companies do automatically set aside a small portion of funds. In many situations, condo-hotels require owners to contribute to a general reserve fund, which covers all their renovations and repairs to the unit when necessary.

The rule-of-thumb in the hotel industry is that total refurbishment is usually completed within a three to five year cycle. But as Rosenbaum (2006) notes in reference to Steven Rushmore observation,

“This is one of the major problems that lurks behind this model,” “What happens when the reserves run out and the rooms need some new piece of technology to stay relevant? Not every owner will agree to finance more renovations” (p.58).

The Ritz-Carlton Hotel Company has its own model in relation to utilizing reserve funds for refurbishment of which they use experts that take into account the ever-changing social standards. As Rosenbaum (2006) notes in reference to what Rushmore says, he is wary, though, when it comes to the countless development companies hatching condo-hotels without the guidance of a chain.

There are always surprises,” he says. “Who would of thought, eight years ago, that in order to be up-to-date, you’d have to have a flat-screen TV in every room? That’s a \$3,000 purchase not every owner will be willing to make.” (p.4)

Since we live in a volatile economy from one day to the next, many owners are more reluctant to invest money in refurbishment of their unit and as a result, there may be future troubles in relation to inconsistencies in the rooms.

The Kor Hotel Group is a good example of dealing with this situation. They implemented a homeowners’ association to address the issue of getting individual owners to invest money in the upkeep of their units. When the units are needed to be refurbished the association votes to decide if the money should be invested. Once the group comes to consensus none of the owners called opt out. The difference being in this situation is that the owner is on a board of homeowners vs. being one of a bunch of investors that have the power to do whatever they want with no stipulations.

Many hospitality industry professionals are concerned about the fast growing condo-hotel trend in relation to the substantial losses that could fall on the shoulders of a unit owner if they do not maintain their condominium unit and was confirmed while compiling research at the pilot site. Some of the owners were asked if they realized what they were getting themselves into when buying a high-end condominium unit. It was apparent from the responses that many did not and the importance of maintaining it from a quality standpoint and how it can affect repeat guests and ROI (return on investment). In addition, many expected to make a significant profit when they sold their unit even if they had not maintained their unit in years. As Judy Kenniger (2006) says,

Owner education must be part of this process. During the sale, emphasize to owners the need to maintain the value of their purchase. After all, it is in their best interest, too, and as owners, they will want to protect their asset. Let them understand that in the long run they will be better served by working through the developer than by casting their own lines. (p.66)

Evaluation of the pilot study condo-hotel units

Since the pilot study being the condo-hotel was experiencing issues with some of the an owner not maintaining their condominium units, a Likert scale rating system was created to evaluate the units, management randomly selected them. A total of 8 condominium units were evaluated and each category of unit whether a studio or one bedroom unit had a separate evaluation form which consisted of 121 line items and evaluated 12 main areas as:

1. Condition/structure/cleanliness/room design of unit
2. Drapes
3. Bed
4. Guest room entertainment
5. Bathroom
6. Living area
7. Communications
8. Balcony
9. General
10. Miscellaneous items

- 11. Kitchen Area
- 12. Heat/Air Supply and Sound installation

The maximum total score a condominium unit could obtain was 605 and meant they would have to score a 5 rating on every line item. Once the evaluation was completed, the total score was converted into percentage rating to give an overall score out of a 100%. Then the standard was set and a Rating Grid was created see table 10 to determine the final rating for each condominium unit that was evaluated.

Table 4

Rating Grid

50% - 59%	Poor
60% - 69%	Fair
70% - 79%	Good
80% - 89%	Very Good
90% - 99%	Excellent

Any of the units rated less 70% there was a written commentary that provided 360 feedback and recommendations to the management of how the unit could increase their individual rating. Out of the eight units evaluated, only four of them barely passed which was quite surprising considering that this condo-hotel was located in a luxury resort location where many wealthy people stayed and known for some of the most expensive real estate in Northern America.

After reviewing some other units, it was very apparent that there was no set standard in relation to the esthetics and quality of the units. Each unit had its own theme and in some units, there was no consistency in reference to the decoration. Some parts of the unit were decorated to a very high standard, incorporating the latest contemporary look while other parts looked like the unit had not been maintained in 15 years. It was also noted that many of the electronics as the TV and video recorder were out of date. In some units, the décor was very loud in reference to the colors and to a degree could be equivalent to an explosion in a paint factory; this was very

unwelcoming experience when you entered the unit. This is an issue since guests spend a considerable amount of time in their unit in this resort location. Additionally, esthetics and the quality of room affect both people's perception and moods, which could determine if they will be a repeat guest. Refer to appendix D and E for an example of the two Likert rating scale templates that were used in the evaluation of the condominium units.

The other issue encountered a hotel employee was assigned the task every day to review the guest check in list and determine if the guest was a repeat or not. It ascertained that the reasoning behind this was to make sure that a repeat guest was assigned a higher quality room. This would mean the new guest would receive a room of lesser quality but still would pay the same rate. In the same vicinity, a property management company was also experiencing the same issues. Their portfolio comprised of 300 non-branded condominium units owned by very wealthy professionals of which were not being maintained on a regular basis. This was resulting in many guest complaints and non-repeat guests, owned many of the units. Since they were aware of the research in reference to the issues of maintaining quality, the director of the management company asked if eight of their units be evaluated utilizing the Likert scale rating system. These units were located in the resort but in two different buildings.

After presenting the findings and suggestions, the management company subsequently contacted the owners directly. Most owners were very happy with the findings and realized the importance of maintaining their units from an investment perspective to entice repeat guests that resulted in some owners investing over \$30,000.00 in renovations. This increased the value of their condominium unit considerably and made their unit more marketable from both a purchasing perspective and a guest's standpoint. The management company was able to gain a

higher room rate per night and their overall occupancy increased. But as Rosenbaum (2006) states,

Fortier cites a general rule of thumb for mixed-used projects: A hotel should be able to charge at least \$1 of average daily room rate for every \$1,000 it charges for ownership. However, “people have thrown that rule out the window,” he says. “Some of these units are selling for \$400,000 each, which would mean charging a \$400 dollar average daily rate to make any kind of profit.” (p.58)

Two months later the director of the property management company did communicate that two owners did sell their units after investing money into renovating them and made a substantial profit. Additionally, one of the units was featured in a hospitality design magazine. But as Alvarez and Marsal (2007) states, “insist on product quality and consistency, while providing amenities – all units should be offer high-quality construction, finishes, and furniture, fixtures and equipment (FF&E), and the property should offer an excellent array of amenities suited to the target market” (p.3). In my observation, it was obvious that many owners did not realize the importance of maintaining their units until it was pointed out to them.

After speaking with some local building contractors, it was ascertained that it costs \$2,000 square foot to build new build new condominium unit in this luxury resort location. In addition, a real estate broker advised me that a studio unit sells for approximately \$1.2 million dollars, a one bed roomed unit for \$1.7 and a two bed roomed unit for \$2.7. So is not in the best interest for the owner to maintain their unit when they are located in one of the most prestigious locations in the USA when property is selling at this price?

Consumers Perception of Quality and Through Imagery

Consumers are becoming more sophisticated in relation to imagery and how they perceive a product or service in relation to quality. Imagery and how it is projected to the modern consumer is vital especially in relation to branding since this influences the consumers' psyche

through a combination of attributes; as advertising, the physical items, public relations, word-of-mouth and actual experiences through the buying of goods and services. These emotional drivers are the factors as to why the consumer picks a certain hotel versus another.

However, from the book *International Hotel* as Chuck Gee (1994) says,

Before the advent of mass travel and global telecommunications, mediocre hotel facilities and service were tolerated, especially in developing countries. Not anymore. The hotel industry, like other service industries, has undergone a drastic transformation in the age of information and technology. With easier information access wider exposure to brand-name travel products, travelers from the major outbound markets around the world now have certain expectations when selecting travel arrangements and accommodations. Destinations have moved toward the establishment of universal standards for services and accommodations that not only respond to consumer needs, but also help to market the destinations themselves. (p.385)

The hotel industry is very diverse since it includes a wide range of property styles, uses, and qualities. How, the consumer perceives the quality of those hotels is crucial as it leaves an imprint on their mind that is an important factor in the purchasing decision. Nevertheless, perceived quality is also perceived risk for a hotel as the consumer is the one that defines what quality is. Consumer satisfaction derives from perceived quality or exceeding expectations and from previously held expectations usually prior to the service encounter, formed from tangible and intangible cues. In the book *Timeshare Resort Operations A Guide To Management Practice*, Randall Upchurch and Conrad Lashley (2006) say that,

Organizations and their image may have a role in shaping customer expectations; advertising and other promotional activities influence consumer expectations. Customers have a base level of expectations of the service - the minimum they expect. They have a level of expectation about what the service should be like – about what they want. In addition, customers also predict what they expect the quality to be like (Zeithmal, Berry, and Parasuraman, 1993) (p.205/206)

Understanding consumer behavior and expectations is very important for the

hospitality industry. It can improve both the hotel's performance and understand why individuals consume one hotel versus another especially in reference to the hotel products such as quality rooms and comfortable beds. As Evans and Williams say (2002),

The customer is the driving force for the production of goods and services, and customers generally view quality from either the transcendent or the product-based perspective. The good and services produced should meet customers' needs; indeed, business organizations' existence depend upon their ability to meet customer needs. A product that meets customer needs can rightly be described as a quality product. Hence, the user-based definition of quality is meaningful to people who work in marketing. (p.13)

When a potential consumer has not stayed in a hotel previously they are unaware of the hotels quality or even the location. Technology has solved this issue with the internet, an asset that is gaining creditability as medium to help consumers with the selection process to view tangible aspects of hotel prior to the visit. Many condo-hotels are using the internet to market their properties by finding creative ways to present them. Some properties are giving the consumer the option to have a 360 Virtual Tour of a condo-hotel and to review inside an actual condominium unit so they can have a feel for the property without psychically being there. This is done by lifting the viewer from a single dimension of a set of still photographs into a three-dimensional floor-to-ceiling composition of a room or setting. Then the viewer can move easily between different rooms or parts of the hotel and obtain a complete panoramic perspective of the condo-hotel without leaving their home. This creates both an experience and a perceived quality of the property before the consumer has even arrived and why imagery is so important. Imagery is a powerful medium as it affects the psyche of the consumer in many ways and especially how they view things.

Nevertheless, there are also bad sides of the internet in reference to sites as TripAdvisor.com where consumers can write freely about their hotel experience and post photos they have taken. This can prove both beneficial and disastrous for a hotel property especially if

they have encountered a bad experience or the hotel room was not what they expected in relation to the quality. In the article 10 things you can do in response to traveler reviews, Renier Milan (2007) says,

Traveler reviews have become part of the daily dialogue of web travel shoppers. The architecture of participation that is a basic hallmark of web 2.0 has resulted in users adding value to a site each time they write a review or upload a photo. It is no wonder that up to 84% of people visiting a site hosting consumer-generated content (CGC) have their hotel choices affected by what they see. Millions of travelers log on daily and may experience a property through hotel generated photos and written text, but they find reviews and candid photography much more believable. Many in the industry feel review sites are not objective and may be manipulated. They feel the content is not controllable or actionable and reject the opportunity to manage these sites by saying the comments might be inaccurate. However, what matters in the issue of web 2.0 sites is whether guests perceive them to be accurate. So far, customer research indicates they do. Furthermore, the research shows increasing numbers of possible clients are researching on third party sites, even if they are booking on brand sites. The model has changed from a brand or property image that was controlled by the supplier, to one that is forged in dialogue with consumers. And this image is being debated at the virtual point of purchase. The combination of increasing numbers of web-savvy consumers, the web 2.0 frenzy focusing on social media, and increased travel site volume, have created a 'wild-west' environment where hotels' traditional comment card programs and advertising dollars are being trumped at the point of decision by dialogue in the public square. The trend of traveler reviews is not going away. TripAdvisor.com's unique visitors grows dramatically monthly, as does consumer generated content on sites such as Expedia, Travelocity, Priceline and others. Given the juggernaut, it is important to know what to do internally when customer comments become the issue. (p.1)

It is very important that the management of hotels is aware of these sites for many reasons since they can make or break a hotel. If management were to monitor these websites on a regular basis, they would gain a better understanding of where they are in relation to their competition. They could also improve their operations, make their hotel more marketable, and increase their sales in a short period.

The media with their home-improvement and makeover programs on T.V. have also encouraged consumers to become design experts. As a result consumers are becoming harder and harder to please when it comes to the esthetics of hotels. Consumers want more than a "wow

experience” when they are on vacation especially in luxury resort destinations. They want a home away from home with all the added extra luxuries that they would expect to find at home and more. We are in the industry of creating experiences and manufacturing memories. It is in our best interest to be aware of the latest hotel designs and what the competition for future success. However, competition is healthy since we can benchmark both our products and services against them.

Today’s consumers are more demanding and looking for new experiences and so the design and upkeep of condo-hotels is essential. Developer need to be aware of the latest trends in relation to design and innovative technology when renovating existing properties especially condominium units so they have eye appeal and attractive to the consumer. They also need to understand the condominium market that what works in one location may not work in another. It is also critical that when renovations are taking place that the management team of the condo-hotels obtain the consumers’ viewpoint on what affects their choices in staying at a particular property. Currently, managers of branded condo-hotels are taking different approaches to meet what they view as the most important customer demands and latest trends.

Chapter III: Methodology

The purpose of this study was to identify the issues of maintaining consistent quality in individual resort condominiums and how the consumer perceives quality of the units in relation to esthetics. The chapter includes information about the population selected, a description of the sample, the instrument used. In addition, data was collected and analyzed utilizing SPSS software by running a series of tests.

An online survey instrument was designed for the purpose of the study which focused on gaining a better understanding of how consumers perceive quality in relation to imagery through use of photos. This was done by taking photos of condominium units at the pilot site of which management gave me permission to take them that they were experiencing issues with in relation to guest complaints. A total of eighty photos were taken that consisted of both studio and one-bedroom condominium units of which were of all different standards.

Once back at the university, the photos were printed and three non-academic staff were randomly selected that had no relevance to the study. They were asked to review the photos and select the best and worst studio unit and the same for the one bedroom units. Once this was completed, a fourth person was asked to select the worst condominium for each category and the same for the best condominium unit. The photos that were finally selected were incorporated into an online survey.

Subject Selection and Description

One hundred and ten hospitality professionals of the senior leadership team were sampled from H.S.M.A.I (Hospitality Sales Marketing Association International) but only from the North American region. H.S.M.A.I is a non-profit global organization that consists of sales and marketing professionals that represents all segments of the hospitality industry. This population

was selected because it was thought they would be more credible as they were hospitality professionals that belonged to a well known recognized international organization that had no ties to the pilot study location. Secondly, it was decided that most of them would probably have a higher standard in how they perceive quality versus non-hospitality professionals. It was identified that this would be the ideal population to survey since the condo-hotel located was located in a well-known luxury resort that catered to wealthy professionals. It was also felt that surveying a population in the Midwest that might not be used to staying in luxury resorts would not provide a good response to evaluating a set of photos in reference to the quality and esthetics of a condominium unit. In addition, from briefly asking randomly non- hospitality people it was determined that many did not know what a condo-hotel was or had ever stayed in one.

Instrumentation

A self-designed online survey was created utilizing the university's survey software Select Survey ASP Advanced 8.1.6. Next, the survey was tested by three professors in the Hospitality Department and finally checked by the thesis advisor to see if there were any errors in relation to the responses. Once everything was reviewed, the survey link was incorporated into an email and sent to 110 hospitality professionals. The survey contained 21 closed ended and Likert scale questions designed to be short and take no longer than 10 minutes to complete. The questions included the following sections:

1. Demographic data (gender and age)
2. Data concerning years of hospitality experience
3. Closed questions in relation to staying in a condominium unit and if quality is an important factor.
5. Likert scaled based question to evaluating the esthetics of units through photos.

The Likert scale based questions consisted of evaluating a series of photos from 1-5 with 1 being poor and 5 being excellent. This was in reference to the quality of the condominium units individually and comparing them to one another. The survey also provided the opportunity for the hospitality professionals to make comments at the end in relation to the study. The cover page and the online survey are located in appendix A.

Data Collection Procedures

Data was collected over a two-week period from an online survey that was created on the university's website. The responses were monitored daily and follow up emails were sent out three times in the whole two-week process. Once the data was received and reviewed by a statistician, the data was incorporated into an excel spreadsheet to name the variables and then incorporated back into SPSS so tests could be run.

Data Analysis

The Statistical Program for Social Sciences, version 10.0, (SPSS, 2002) was used to analyze and interpret the data. The statistical tests run to analyze the data included; means, t-tests, standard deviations, cross tabulations, one-way ANOVAs, and chi-square. Since the response of the surveys were very disappointing and that I only received 52 responses out of 110, many of the tests could not be run as there was not enough variability in the responses. However, while compiling the literature review and facilitating the survey it was confirmed that the study still had validity and that condo-hotels were still a hot subject. Nevertheless, thorough research did not find many articles written on the subject or on the issue of maintaining consistent quality in individual resort condominiums. There were no past or existing studies that were done and tell me that further studies need to be done.

Limitations

Some respondents had issues while accessing the survey online and it was determined by the technology department that this was due to their individual security filters that were set on their computers. In addition, many of them were traveling for business and had limited access to a computer. As a result the response was low, and a major disappointment since this did not provide a true measurement of the population that was being surveyed, this limited the findings.

Chapter IV: Results

The purpose of this study was to understand the issues of maintaining consistent quality in individual resort condominiums and how the consumer perceives the quality of those units in reference to esthetics. One hundred and ten hospitality professionals were surveyed online from the North American region. The response was very disappointing since we only received 54 responses, which was just over half. These responses did not provide a true measurement of the population, and subsequently limited the findings. Many tests such as t-tests, cross-tabs, ANOVA, and chi-square could not be run because there was not enough variability in the responses. In reference to the Likert scaled based questions, we could determine a mean. In addition, the basic results of the data were still analyzed to determine if there were any commonalties, themes, and discrepancies. The chapter will provide an overview of the responses including a question-by-question analysis. The results would have slightly been different if there had been a 100% response.

Table 1 represents the response to question 1: asking what is your gender?

Table 1

Gender of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	17	31.5	31.5	31.5
	female	37	68.5	68.5	100.0
	Total	54	100.0	100.0	

Question 1: *What is your gender?*

It was identified that 68.5% of the hospitality professionals surveyed were women, which was a very surprising statistic and shows that things are changing to what they were years ago when it was a male oriented industry.

Table 2 represent the response to question 2: what is your age range?

Table 2

Age range of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30	11	20.4	20.4	20.4
	31-40	15	27.8	27.8	48.1
	41-50	15	27.8	27.8	75.9
	51-60	11	20.4	20.4	96.3
	61-over	2	3.7	3.7	100.0
	Total	54	100.0	100.0	

Question 2: *What is your age range?*

Question 2 revealed that the average ages of the population surveyed were between the ages of 31 - 50 and of that, 51.9% of them which is just over half were older than 41 years old. This data also showed that many of the hospitality professionals consisted of generation X and baby boomers.

Table 3 represents the response to question 3: asking total years of hospitality experience.

Table 3

Total years of hospitality experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5	8	14.8	14.8	14.8
	6-10	8	14.8	14.8	29.6
	11-15	8	14.8	14.8	44.4
	16-20	13	24.1	24.1	68.5
	21-more	17	31.5	31.5	100.0
	Total	54	100.0	100.0	

Question 3: *Total years of hospitality experience:*

In question 3, it revealed that 68.5% has less than 20 years of hospitality experience, which is nearly $\frac{3}{4}$ of the population versus 31.5% that had 21 more years, plus experience

Question 4: *Have you ever stayed in/or had a meeting in a condominium hotel?*

Question 4 was quite surprising since it revealed that 51.9% had not stayed in a condominium hotel versus 48.1% that had. Since the population consisted of hospitality professionals, it was assumed that the response would be higher in reference to answering yes to staying in a condominium hotel.

Question 5: *Would you consider paying a higher rate for a condominium hotel unit of higher quality?*

In question 5, 66.7% of the population said they would pay a higher rate for a condominium hotel unit of higher quality, which was virtually versus 33.3%, which is just over a third who said no. The findings indicate that people perceive higher rate = higher quality and are willing to pay for quality which shows that consumers are the one that define what quality is.

Question 6: *Is the décor, condition, and quality of the condominium unit important to you when you are staying in a luxury resort area?*

Question 6 the findings were not a surprise and most of the population being 94.4% agreed that the décor, condition, and quality of the unit was important when staying in a luxury resort. In my observation, people expect a certain standard when something communicates luxury and there is an automatic perceived quality.

Question 7: *Do you think the décor, condition, and quality of the condominium unit you might experience will determine if you are a repeat customer of that condominium hotel if you know that there is another unit in the hotel of a better standard and quality at a similar price?*

The response from this question was very interesting and after reading some of the comments as the end of this survey, it was apparent that many found this question confusing. It

probably would have helped if the question had been clearer to what I was actually asking.

Nevertheless, 90.7% of the population did respond to yes with 5.6% replying no.

Question 8: Do you think it is appropriate to charge the same room rate for a condominium unit with the same square footage even if the unit differs in quality/decor?

In question 8, 70.4% of the population replied no in relation do you think it is appropriate to charge the same room rate, which is over $\frac{3}{4}$ of the population. This again stresses that the quality of the unit is connected to the rate and that the population perceived higher rate = higher quality.

Question 9: Do you think that quality is definable standard?

In response to question 9, 92.6% of the population agreed that quality is a definable standard, which was a surprise. However, can you really define quality? I do not think you can since everyone has a different perception of what it is. In most occasions, it derives from the perceived quality they have encountered through exceeding expectations in relation to customer service or the psychical attributes of a condominium unit. Furthermore, to define quality, management needs to have a set of parameters to work with so they can stay with the parameters of it and importantly measure it.

Question 10: Do you believe that the interior of each condominium unit in a non-branded condominium hotel should be of the same standard and quality?

81.1% answered yes to this, which identifies that even though the condominium hotel is non-branded the consumer still expects the same standard across the board.

Question 11: If you are staying at a luxury branded condominium hotel do you expect a certain level of quality in relation to interior of the condominium units?

96.3% responded yes to question 11, which again suggests that if luxury is mentioned there is an expected certain level of quality in relation to the interior of the unit.

Question 12: *If you are staying at a luxury non-branded condominium hotel do you expect a certain level of quality in relation to interior of the condominium units?*

Question 12, 92.6% of the population responded to yes in relation to expecting a certain level of quality in reference to the interior even if not a branded property. This is an interesting response if you compare to question 10 where it was asked do you believe that the interior of each condominium unit in a non-branded condominium hotel should be of the same standard, quality and 81.1% answered yes since these two questions are comparable, and yet there is a difference of 11.5%.

Question 13: *On a scale of poor to excellent, how do you rate the overall quality of the condominium unit from the photo presented below?*

Figure 1. Condominium unit photo 1 IMG_0952



Question 13, a Likert scale based question addressed the issue of how the population rated the overall quality of a condominium unit based on a photo that shown. It was indentified that 50% of the population rated the condominium as fair versus 40.7% that rated it poor with 9.7% that rated it good. The survey produced a mean of 1.69 of 5 points on the Likert scale, which was between a rating of poor and fair.

Question 14: *On a scale of poor to excellent how do you rate the overall quality of the condominium unit from the photo presented below?*

Figure 2. Condominium unit photo 2 IMG 0944



In question 14, 50% of the population rated that overall quality of the unit very good versus 31.5% that said good. The mean was 3.57 out of 5 points on the Likert scale and shows that the population viewed this unit as better quality versus the one in question 13. This demonstrates that the population can see a differentiation between the two units.

Question 15: *Looking at both of these photos would you agree to pay the same rate for both of these condominium units?*

Figure 3. Condominium unit photo 1 IMG_0952



Figure 3. Condominium unit photo 2 IMG_0944



The response to this question identified that 96.2% would not pay the same rate for both of these condominium units, which shows that quality does affect the perception of the consumer and how much they are willing to pay for a room.

Question 16: *On a scale of poor to excellent how do you rate the overall quality of the condominium unit from the photo presented below?*

Figure 4. Condominium unit photo 3 IMG 0908



In question 16, 50% of the population rated the unit as fair, 29.6% good and 16.7 % as poor. The mean produce a score of 2.22 out of 5 points on the Likert scale, which was between fair and good. The result was interesting since percentage rating was the same in question 13 where the 50% rated the unit as fair. Also, in question 13 9.7% of the population said the unit was good versus 29.6% which suggests that esthetics and what they say does influence how they perceive quality.

Question 17: *On a scale of poor to excellent how do you rate the overall quality of the condominium unit from the photo presented below?*

Figure 5. Condominium unit photo 4 IMG_0943



Question 17, produced a very surprising response as 48.1% of the population agreed that the overall quality of the unit was excellent versus 42.6% agreeing that the unit was very good and 9.3% that said good. The mean produced a score of 4.39 out of 5 points on the Likert scale that is between very good and a low excellent and suggests they really identified a unit that speaks quality especially in reference to the esthetics.

Question 18: *Looking at both of these photos would you agree to pay the same rate for both of these condominium units?*

Figure 6. Condominium unit photo 3 IMG_0908



Figure 6. Condominium unit photo 4 IMG_0943



In question 18, 94.3% of population answered no that they would not pay the same rate for both condominium units. This suggests that they identified there was a major difference in regards to the quality and esthetics of each unit versus the other. It also confirms that imagery plays a big part in the equation of how one perceives and determines quality though imagery.

Question 19: *On a scale of poor to excellent how do you rate the overall quality of the condominium unit from the photo presented below?*

Figure 7. Condominium unit photo 5 IMG_0945



In question 19 the population again was asked use the Likert scale to rate the overall quality of the unit from the photo presented. 61% rated the unit as very good versus 29.6% that agreed it was good with the rest population mostly rating it as fair. The mean produced a score of 3.57 out of 5 points on the Likert scale.

Question 20: *On a scale of poor to excellent how do you rate the overall quality of the condominium unit from the photo presented below?*

Figure 8. Condominium unit photo 6 IMG_0960



In question 20, 46.3% of the population rated the overall quality of the unit as good versus 27.8% as fair, 20.4% as very good and the rest being 5.6% as fair. The mean produced a score of 2.81 out of 5 points on the Likert scale that was on the high end of fair.

Question 21: *Looking at both of these photos would you agree to pay the same rate for both of these condominium units?*

Figure 9. Condominium unit photo 5 IMG_0945



Figure 9. Condominium unit photo 6 IMG_0960



In response to question 21, 50.9% of the population said they would not agree to pay the same rate for both condominium units versus 49.1% said they would. In my observation, it would appear that the population did not see a big difference in comparing both units as regards to the quality and esthetics and that the consumer's own individual perception dictates the standard.

Question 22: *I welcome your comments regarding this survey. Please use the box below for any comments.*

The following comments were submitted from 11 anonymous people that took part in the online survey.

1. The quality of furnishing will make any decor become very good or excellent, your client will need to know the rules and receive the benefits of said rules. Good luck.
2. Some of the questions were hard to understand and confusing e.g. do you think the décor, condition, and quality of the condominium unit you might experience will determine if you are a repeat customer of that condominium hotel if you know that there is another unit in the hotel of better a standard and quality at a similar price?
3. What you cannot see in these photos is the quality of fabric, condition of carpeting, smell of the room, and other "quality" criteria I would assess. In addition, when you are at the facility and you are not happy with the room, your choice may be to remain at the hotel in that room, with no other option. So, my preference/request would be to have a "better" room, but in the end I may pay if it is the only option. Yes or not is not always the way it actually comes down. Interesting premise and would love to see the outcome.
4. Interesting study and wonder where you got the variables for the questions and yes, I am an academic asking academic question.
5. What are the other conditions of the property? Public spaces, hallways, lobby to meeting space, restaurant, and surrounding area. The overall look and presentation should also affect rate.
6. The focus on condominium hotels would scare me as their days are numbered, unless that is your point in the thesis. The business model quiet simply does not work. The failure rate in FL and other lead markets is astounding.
7. Decor and quality are at least half the perception a guest walks away with regardless of service.

8. The issue of quality will always be subjective. Hence the need for star ratings and broad adjectives. The next question is how much a prospective customer will pay and this comes down to seasonality demand, length of stay etc. Good luck.

9. The disparity in the bedroom amenities is much smaller than those in the other rooms. I consider both of these bedrooms reasonable. I consider both acceptable if I were to stay in them. I have very different thoughts about the living room and kitchen photos. The nicer rooms would be acceptable and the others would be unacceptable.

10. The "fair" condominium is in good shape it is just messy. Clutter and intensity of themed decor is what makes these unattractive as compared to those that are neutral and sparsely decorated.

11. It was my pleasure and interested in seeing your findings.

Chapter V: Discussion

The purpose of the research was to identify the issues of maintaining consistent quality in individual luxury resort condominiums. Secondly, the importance of why it is essential for owners to invest money in the upkeep of their units and determine the direction management should take to educate owners to see their unit as a revenue making entity and not solely as a secondary home. The research consisted of five objectives:

1. To create a method and scale that will provide a reliable means of rating the esthetics and condition of condominium units.
2. To find a relationship between condominium esthetics and consumer perception of quality.
3. To determine what is the largest factor that affects consumers' perception of quality.
4. To develop a Likert scale rating system for the management team of the pilot site to evaluate the quality of the condominiums units.
5. To make recommendations to the management team of how to improve the quality of the condominiums to increase revenue for the owner.

The study additionally focused on gaining a better understanding of how consumers perceive quality through imagery by using a set of photos that were taken of some condominium units in the condo-hotel located at the pilot site. The photos were incorporated into an online survey and 110 hospitality professionals of the North American Senior Leadership team were selected as the population. The survey consisted of 21 closed ended and Likert scale questions.

The data analysis proved beneficial but there were a few limitations due to the lack of responses and subsequently did not produce a true measurable outcome. It was also apparent that many of the hospitality professionals had a different idea of what is quality is and how it is perceived through imagery. However, one interesting response showed that 92.6% of the hospitality professionals agreed that quality is a definable standard. But as a whole can we really

define quality when it is apparent from the survey results and research that everyone has a different idea of what it is and how they perceive it.

As Evans and Lindsay (2002) observe, “quality can be a confusing concept, partly because people view quality in relation to differing criteria based on their individual roles in the production-marketing chain” (p.11). This is a good premise which could benefit from further research and clarification to see if this is actually true. Surveying different populations as consumers, hospitality professionals, owners, and management companies would provide a wider sample of people taking into consideration many variables and would provide a better understanding of how people personally perceive quality. Surveying outside the USA would also be beneficial since it would provide a global view and demonstrate how culture affects how we see and interpret things, and what are the expected norms depending on our social conditioning and what we have been exposed to. However, there are also many other things that need to be considered in the equation; have they traveled, their income, their personal standards, and psychology.

The other important thing that was identified is when there is a mention of the word “luxury” there is an automatic preconceived idea that this means quality and found in many areas of my research. In most instances a “luxury resort” refers to an exclusive resort that is usually has five stars, exclusive and expensive. This would suggest that the use of certain words has a powerful impact on the consumer that there is already an expectation in reference to perceived quality before they even arrive at a luxury resort or hotel. Subsequently, this was confirmed in response to questions 6 and 11 of the online survey. For instance, question 11 asked, if you are staying at a luxury branded condominium hotel do you expect a certain level of quality in relation to interior of the condominium units? 96.3% responded yes to this question, which suggests that there is a parallel in reference to use of words to communicate quality.

Additionally, it is expected that condominium units in a condo-hotel located in a “luxury resort” will have superb architectural interior and exterior design. The units will be elegant and have stylish decoration that will be of a high standard and quality, characterized by a high level of luxury, sophistication and, of course, price.

It was also surprising that 51.9% of the population had never stayed in a condo-hotel and would have expected the response to be considerably lower since they were hospitality professionals. This may suggest that condo-hotels are still not understood and not publicized enough since I had previously mentioned that there was a lack of research or studies done on them.

The outcome of the survey results highlighted the importance of quality and that standards need to be set across the board, so that all condominium units are maintained on a regular and consistent basis. Secondly, all owners need to adhere to the standards, be educated on the importance of maintaining their units and lastly, how this can really affect ROI. As the survey shows, esthetics can affect guests in many ways resulting in whether they will be a repeat guest or not which in today’s volatile economy quality cannot be compromised. Additionally, since these are full service condominium units located in a 365-day resort where in winter guests spend a lot of the time in the units entertaining after a full day of activities, it is well in the best interest that the owners maintain their units. As studies show and from my own research, esthetics of a room can really affect people’s psyche and especially their moods and others around them.

Many studies have been done on color and how for example a vibrant, busy colored hotel room may not be a good choice for a business traveler because it was identified that it seems to affect how they sleep and feel the next day. This could prove negative since it could affect how a business traveler performs and does business. As we say in the hospitality industry, first

impressions are always the last impressions that someone leaves with which can prove to be either be negative or positive for a hotel. A negative experience can really affect a hotel's business for many reasons especially with the easy access of technology today at a touch of a finger. As a result many websites have been created for consumers providing them with the option to rate their hotel stay mainly through the use of Likert scale questions with the additional option of being able to comment freely about their experience whether it be in a restaurant, hotel or even on plane. This is a concern for businesses since these websites are public and anyone can review them.

Additionally, some websites provide the option for a person to upload photos of an actual hotel room that they stayed in. This can be a major worry for a hotel manager since again they have no control and might not portray a true picture of a room for many reasons. There is also the other issue being technology and the use of software as Photo editor where photos can either be enhanced or made to look worse than what they truly are. Fashion magazines as Vogue are known for enhancing photos by using a technique called air touching to make models look better than they truly look.

A few years ago, word of mouth was the major concern for any hotel managers but now they have to be concerned with cutting edge technology and with the many websites that are available for people to access which they have no control over. In most instances when there is an issue in a hotel and a guest is not happy, the issue can be addressed within minutes and resolved with the guest being happy but now we have to contend with the fact that once a guest leaves we cannot control their lasting impression or how they are going to communicate about their negative experience.

The other thing that proved interesting from the survey results was a comment that was made by one of the hospitality professionals in relation to, is decor and quality at least half the perception a guest walks away with regardless of service? This would have been an interesting closed question to incorporate into the survey and see the response for many reasons. But to gain a true measurement to see if this true, it would have been in the best interest to survey a wider population of people that is not limited to hospitality professionals since it seems from research and in my opinion that the broader the population the more measurable the results. In addition, this could benefit from further research to see if there are studies that have been done on this topic and what the outcome was.

Recommendations

In my observation and what was ascertained both from the research and survey responses the management team needs to address quality issue so that all of the units are maintained on a regular basis. Additionally, quality standards need to be developed and a rating system would be beneficial so that each unit can be rated individually based on a point criteria. It would also be in the management team's best interest that the owners are shown both the quality standards that are set and the qualitative rating system since it would provide management with 360 feedback. It would also educate the owners and help them understand what is being assessed and the importance of maintaining their unit. Secondly, if the owners were educated on the importance of maintaining their unit they will see their unit as revenue making entity and not just a second home. As a result both the owner and the condo-hotel would benefit making their units more marketable and profitable, resulting in repeat guests. Lastly, when an owner goes to eventually sell their condominium unit they can explain the rating system and what is involved in

maintaining units to first-time buyers. Since this is not a branded condo-hotel where you are already buying into an expected standard from day one and as Gee (1994) says,

Without some sort of qualitative rating, the prospective first-time buyer is not greatly helped if only information provided as graphic symbols indicating that the hotel has a restaurant and bedrooms with private bathrooms, telephones, and television. On the other hand, if the buyer knows that the hotel is rated as a four-star establishment, he or she might have a fair idea of what to expect in terms of accommodations quality and service level. The ideal system, from a buyer's perspective would perhaps combine classification symbols and informational pictograms to give optimum information. (p 385)

Additionally, a rate structure system could be implemented based on the quality and esthetics of the unit. The higher quality of a room the higher rate, lower the quality of room the lower the rate. In my observation, this would be a great incentive to convince owners to maintain the quality and esthetics of their units on a regular basis, which could result in gaining a higher room rate per night resulting increasing ROI. A second option could be to influence owners through being commissioned based with the net commission going direct to the owner versus to the bottom-line. But the only issue is the question of standardization versus individuality is that the ultimate goal is not to discourage individuality or uniqueness but to improve the quality and esthetics of a condominium unit.

Since this is a non-branded condo-hotel that does not adhere to corporate standards it would also be in the best interest of the condo-hotel to utilize secret shoppers and evaluate the property utilizing the Likert scale rating system that was created. Secondly, another option would be to outsource the project to a consulting company that has no ties to the property. It would not be in the condo-hotel's best interest to use its employees to evaluate the condominiums since they are already onsite 24/7 and do not necessarily see the obvious and was confirmed while onsite doing research at the condo-hotel in question. A fresh pair of eyes always in most instances sees the obvious which provides a measurable result that can be quantified.

Limitations

While doing thorough research there was little to be found on the subject of maintaining consistent quality in individual resort condominium units or any studies that had been completed to support the review of literature. In my observation independent condo-hotels are still a new hot subject and a misunderstood phenomenon that could benefit from further research. This would help educate management companies, industry people and importantly owners about what is involved in buying and investing into a condominium unit. In my observation if more research had been available it would have provided a lot more credibility to my study and benchmark to what other properties are doing to deal with this issue or a similar issue.

Conclusion

In conclusion it is obvious from the survey responses and being in the field that the owners need to be educated on the importance of maintaining the quality of their units for many reasons. Many of the owners were unaware of the importance of maintaining their unit for both esthetic and quality purposes. Secondly, they were not seeing their unit as a business revenue generating entity which from an investment perspective. This is very concerning especially that the owners are sitting on prime real estate that is currently worth in an excess of \$1.5 million dollars for a basic studio condominium unit measuring 500 square feet. In addition many owners are not seeing the true potential of their asset which could make the condo-hotel more marketable resulting in repeat guests and ROI for the owner. Also, since this property is located in a very prestigious resort the management team could justify increasing the room rate per night since very wealthy guests are known to stay there. In most instances and what I identified both in my research from asking people staying at the property and the responses I received from the survey that most people would pay a higher rate for a higher quality of unit.

It is very apparent from the lack of literature and studies that further research needs to be done for many reasons. However, the condo-hotel involved in the pilot study could additionally benefit from further research in relation to other independent properties to identify what their standards are and if they are experiencing the same issues especially that there is a serious lack of data. This research would focus mainly on what other non-branded independent properties in relation to what they are doing or not doing in reference to how owners maintain their individual condominium units. This would prove to be beneficial since it would be a benchmark in relation to the competition that would help establish a set of quality standards that management team could create.

While conducting research and looking at other properties within the vicinity as the St. Regis, it was very apparent to the eye that when you entered the property you immediately noticed the high standards. Additionally, I had the opportunity to randomly view some of the condominium units and the esthetics and quality of those units speak for themselves.

In my interpretation it would be in the best interest for the management team to consider hiring a consultant from either Preferred Hotels and Resorts , HVS or even approaching one of the operations managers from one of the luxury properties as the St. Regis or Ritz Carlton. Since these people are experts in the field of maintaining high standards and quality and adhering to corporate standards, they could provide the management team with some valuable information or a strategy of how they could convince the owners that's in their best interest to maintain their units and to look at their units as revenue making entities and not just a second home.

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Appendix A:

Letter to H.S.M.A.I. Senior Leadership Team

Hi Leadership Team,

Hope all is well and business is good in your area of the country.

Apologies for all the other emails but there was a technology issue in relation to accessing my survey online and if anyone managed to access the survey please could you retake it as the data has been cleared.

I am currently a graduate student in the Hospitality and Tourism Management program at the University of Wisconsin-Stout and this semester I am working on research for the completion of my thesis.

I am currently conducting research on the perceptions of quality. The main purpose of this study was to look at the issues of maintaining consistent quality in individual resort condominiums and how the consumer perceives the quality of those properties in relation to esthetics. The research is based at a pilot site where I will be using an existing condominium hotel that is experiencing these issues.

At the bottom of this page is a link that will take you to a survey. If you decide to participate in this study, you will be asked to answer the questions that follow. The amount of time needed to complete this questionnaire will be less ten minutes. Please respond by Thursday August 9th 2007, midnight central time.

Your participation will be greatly appreciated and of benefit to industry.

<http://www2.uwstout.edu/GeneralSurveys/TakeSurvey.asp?SurveyID=4J37p723m58MK>

Kind regards,

Claudine M. Cooper

President of H.S.M.A.I. - Minnesota Chapter

Hospitality Sales Marketing Association International

www.hsm.ai.org

Tel/fax: (715) 235 0667

"Hospitality from the heart"

Appendix B:

Condominium Online Survey

This survey has been approved by the UW-Stout IRB as required by the Code of Federal Regulations Title 45 Part 46.

Please read below before taking this survey.

There is minimal risk involved in taking this survey but your response would be very beneficial in making recommendations to the management team.

This survey is completely voluntary and if at any time you decide that you no longer want to participate in the study you may quit by clicking on the X in the upper right hand corner of your screen

Condominium Survey

Please complete the following survey:

1. What is your gender? Male Female
2. What is your age range? 21 - 30 31 -40 41 - 50 51 - 60 61 or over
3. Total years of hospitality experience: 1 - 5 6 - 10 11 - 15 16 - 20 21 or more
4. Have you ever stayed in/or had a meeting in a condominium hotel?
Yes No
5. Would you consider paying a higher rate for a condominium hotel unit of higher quality?
Yes No
6. Is the décor, condition, and quality of the condominium unit important to you when you are staying in a luxury resort area?
Yes No
7. Do you think the décor, condition, and quality of the condominium unit you might experience will determine if you are a repeat customer of that condominium hotel if you know that there is another unit in the hotel of a better standard and quality at a similar price?
Yes No

8. Do you think it is appropriate to charge the same room rate for a condominium unit with the same square footage even if the unit differs in quality/decor?

Yes No

9. Do you think that quality is definable standard?

Yes No

10. Do you believe that the interior of each condominium unit in a non-branded condominium hotel should be of the same standard and quality?

Yes No

11. If you are staying at a luxury branded condominium hotel do you expect a certain level of quality in relation to interior of the condominium units?

Yes No

12. If you are staying at a luxury non-branded condominium hotel do you expect a certain level of quality in relation to interior of the condominium units?

Yes No

13. On a scale of poor to excellent how do you rate the overall quality of the condominium unit from the photo presented below?

(Select at least one response and no more than one response)

Poor Fair Good Very Good Excellent

Photo 1 IMG_0952



14. On a scale of poor to excellent how do you rate the overall quality of the condominium unit from the photo presented below?

(Select at least one response and no more than one response)

Poor

Fair

Good

Very Good

Excellent

Photo 2 IMG 0944



15. Looking at both of these photos would you agree to pay the same rate for both of these condominium units?

Yes No

Photo 1 IMG_0952



Photo 2 IMG_0944



16. On a scale of poor to excellent how do you rate the overall quality of the condominium unit from the photo presented below?

(Select at least one response and no more than one response)

Poor

Fair

Good

Very Good

Excellent

Photo 3 IMG_0908



17. On a scale of poor to excellent how do you rate the overall quality of the condominium unit from the photo presented below?

(Select at least one response and no more than one response)

Poor

Fair

Good

Very Good

Excellent

Photo 4 IMG_0943



18. Looking at both of these photos would you agree to pay the same rate for both of these condominium units?

Yes No

Photo 3 IMG_0908



Photo 4 IMG_0943



19. On a scale of poor to excellent how do you rate the overall quality of the condominium unit from the photo presented below?

(Select at least one response and no more than one response)

Poor

Fair

Good

Very Good

Excellent

Photo 5 IMG_0945



20. On a scale of poor to excellent how do you rate the overall quality of the condominium unit from the photo presented below?

(Select at least one response and no more than one response)

Poor

Fair

Good

Very Good

Excellent

Photo 6 IMG_0960



21. Looking at both of these photos would you agree to pay the same rate for both of these condominium units?

Yes No

Photo 5 IMG_0945



Photo 6 IMG_0960



22. I welcome your comments regarding this survey. Please use the box below for any comments.

Appendix C:

Letter of Authorization

The name of the condo-hotel has been removed to protect both the owner/s and location.

June 19, 2007

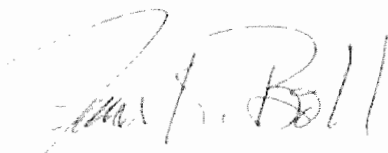
Ms. Claudia Cooper
321 Park Circle
Menomonie, WI. 54751

Dear Ms. Cooper,

I wanted to follow up on our conversation of last week regarding your research work done here at [redacted]. The work that you have done will eventually be ground breaking for the industry and we appreciate being part of your research.

You do have the permission of [redacted] to use the photos you have taken of our condominium interiors for publication and use in your research. Please let me know if there is anything that we can assist with in finalizing your work so that we can use it in the near future.

Sincerely,



James K. Boll
Property Services Manager

Appendix D: Likert Scale - Studio

Figure: 10 Likert Scale - Studio

Line no:	Condominium # () Studio Unit	Poor	Fair	Good	V-good	Excellent	Total
		1	2	3	4	5	
1.1	First impressions of unit – spaciousness						
	Condition/structure/cleanliness/room design of unit						
1.2	Windows						
1.3	Floor						
1.4	Carpet						
1.5	Walls						
1.6	Ceiling						
1.7	Doors						
1.8	Wardrobe						
	Drapes						
1.9	Curtains/Blinds - overall quality						
1.10	Sufficient blackout when drapes closed (yes/no)						
	Studio Bed						
1.11	Mattress condition						
1.12	Mattress comfort						
1.13	Mattress pad (yes/no)						
1.14	Quality of sheets						
1.15	Quality of blankets						
1.16	Quality of mattress pad						
1.17	Special pillows available for allergies (yes/no)						
1.18	Quality and comfort of pillows						
1.19	Dress area - adequate lighting (yes/no)						
1.20	Sufficient mirrors (yes/no)						
1.21	Adequate wardrobe space (yes/no)						
1.22	Clothes hangers - adequate amount (yes/no)						
1.23	Adequate drawers and space						
1.24	Curtains/Blinds - overall quality						
1.25	Sufficient blackout when drapes closed (yes/no)						
	Guest room entertainment						
1.26	Television (yes/no)						
1.27	Television remote control (yes/no)						
1.28	Radio (yes/no)						
1.29	Radio clock alarm (yes/no)						

		Poor	Fair	Good	V-good	Excellent	Total
		1	2	3	4	5	
Bathroom - Studio Unit							
1.30	Condition/structure/cleanliness/room design						
1.31	Tub						
1.32	Size						
1.33	Tiling/Grouting						
1.34	Surface - non-slip for safety						
1.35	Quality of flooring						
1.36	Grab bars						
Shower							
1.37	Fixtures (loose or tight)						
1.38	Waste paper basket						
1.39	Heated towel bar (yes/no)						
1.40	Towel shelf or cart (yes/no)						
1.41	Soap Dish						
1.42	Shower Curtain - adequate						
1.43	Quality of shower head						
1.44	Shower head - water pressure						
1.45	Drainage of water (fast/slow)						
Sink Basin							
1.46	Quality of sink						
1.47	Quality of amenities; soaps, shampoo, conditioner						
1.48	Sufficient area space						
1.49	Sufficient electric points						
1.50	Sink - drainage of water (fast/slow)						
1.51	Lighting						
1.52	Mirrors						
1.53	Tiling/Grouting						
1.54	Quality of toilet						
1.55	Toilet - flushing system adequate (yes/no)						

		Poor	Fair	Good	V-good	Excellent	Total
		1	2	3	4	5	
Bath mat - Studio Unit							
1.56	Quality						
1.57	Condition						
Bath towels							
1.58	Quality						
1.59	Condition						
Face cloths							
1.60	Quality						
1.61	Condition						
Living Area							
1.62	Sofa/sofa bed (yes/no)						
1.63	Quality sofa/sofa bed						
1.64	Armchair (yes/no)						
1.65	Quality armchair						
1.66	Coffee table (yes/no)						
1.67	Quality coffee table						
1.68	Fireplace (yes/no)						
1.69	Quality of fireplace including tiling						
1.70	Table and chairs (yes/no)						
1.71	Quality of table						
1.72	Quality of chairs						
1.73	Adequate lighting						
1.74	Lamps/table lamps (yes/no)						
1.75	Quality of lamps/table lamps						

		Poor	Fair	Good	V-good	Excellent	Total
		1	2	3	4	5	
Communications - Studio Unit							
1.76	Telephone - adequate phone cord (yes/no)						
1.77	Multiple lines (yes/no)						
1.78	Facsimile machine (yes/no)						
1.79	Computer internet access (yes/no)						
Balcony							
1.80	Balcony Doors						
1.81	Windows						
1.82	Trim/baseboard						
1.83	First impressions						
1.84	Balcony furniture						
General							
1.85	Dress area - adequate lighting (yes/no)						
1.86	Sufficient mirrors (yes/no)						
1.87	Adequate wardrobe space (yes/no)						
1.88	Clothes hangers - adequate amount (yes/no)						
1.89	Adequate drawers and space						
1.90	Hair dryer (yes/no)						
1.91	Ironing board (yes/no)						
1.92	Iron (yes/no)						
1.93	Dry cleaning bags (yes/no)						
1.94	Trouser press (yes/no)						
Miscellaneous items							
1.95	Menus & local information (yes/no)						
1.96	Waste paper basket (yes/no)						
1.97	Magazines (yes/no)						

		Poor	Fair	Good	V-good	Excellent	Total	
Kitchen Area - Studio Unit		1	2	3	4	5		
1.98	Quality of kitchen units							
1.99	Quality of cooker							
1.100	Adequate extractor fan (yes/no)							
1.101	Quality of microwave							
1.102	Quality of fridge							
1.103	Quality of dishwasher							
1.104	Quality of sink							
1.105	Quality of faucets and disposal unit							
1.106	Quality of counter top (breakfast bar)							
1.107	Quality of bar stools							
1.108	Appearance of tiling and walls							
1.109	Adequate lighting							
1.110	Quality of light fittings							
1.111	Quality of dishware							
1.112	Quality of glassware							
1.113	Quality of pots and pans							
1.114	Quality of silverware							
	Heat/Air Supply and Sound Insulation							
1.115	Ability to control room temp							
1.116	Air quality - level of particulates							
1.117	Filtration system (absence of smoke/food)							
1.118	Vents free of dust buildup (yes/no)							
1.119	Sound insulation - absent of noise (yes/no)							
1.120	Areas for improvement (yes/no)							
1.121	Doors							
							G/total	
							Possible	605
							Rating	
							%	

Appendix E: Likert Scale - One Bed room Unit

Figure: 11 Likert Scale - One Bedroom Unit

Line no:		Poor	Fair	Good	V-good	Excellent	Total
	Condominium # () One bedroom Unit	1	2	3	4	5	
1.1	First impressions of unit – spaciousness						
	Condition/structure/cleanliness/room design of unit						
1.2	Windows						
1.3	Floor						
1.4	Carpet						
1.5	Walls						
1.6	Ceiling						
1.7	Doors						
1.8	Wardrobe						
	Drapes						
1.9	Curtains/Blinds - overall quality						
1.10	Sufficient blackout when drapes closed (yes/no)						
	Bed room						
1.11	Mattress condition						
1.12	Mattress comfort						
1.13	Mattress pad (yes/no)						
1.14	Quality of sheets						
1.15	Quality of blankets						
1.16	Quality of mattress pad						
1.17	Special pillows available for allergies (yes/no)						
1.18	Quality and comfort of pillows						
1.19	Dress area - adequate lighting (yes/no)						
1.20	Sufficient mirrors (yes/no)						
1.21	Adequate wardrobe space (yes/no)						
1.22	Clothes hangers - adequate amount (yes/no)						
1.23	Adequate drawers and space						
1.24	Curtains/Blinds - overall quality						
1.25	Sufficient blackout when drapes closed (yes/no)						

		Poor	Fair	Good	V-good	Excellent	Total
Bathroom - One bedroom Unit		1	2	3	4	5	
1.26	Condition/structure/cleanliness/room design						
1.27	Tub						
1.28	Size						
1.29	Tiling/Grouting						
1.30	Surface - non-slip for safety						
1.31	Quality of flooring						
1.32	Grab bars						
Shower							
1.33	Fixtures (loose or tight)						
1.34	Waste paper basket						
1.35	Heated towel bar (yes/no)						
1.36	Towel shelf or cart (yes/no)						
1.37	Soap Dish						
1.38	Shower Curtain - adequate						
1.39	Quality of shower head						
1.40	Shower head - water pressure						
1.41	Drainage of water (fast/slow)						
Sink Basin							
1.42	Quality of sink						
1.43	Quality of amenities; soaps, shampoo, conditioner						
1.44	Sufficient area space						
1.45	Sufficient electric points						
1.46	Sink - drainage of water (fast/slow)						
1.47	Lighting						
1.48	Mirrors						
1.49	Tiling/Grouting						
1.50	Quality of toilet						
1.51	Toilet - flushing system adequate (yes/no)						

		Poor 1	Fair 2	Good 3	V-good 4	Excellent 5	Total
Bath mat - One bedroom Unit							
1.52	Quality						
1.53	Condition						
Bath towels							
1.54	Quality						
1.55	Condition						
Face cloths							
1.56	Quality						
1.57	Condition						
Living Area							
1.58	Sofa/sofa bed (yes/no)						
1.59	Quality sofa/sofa bed						
1.60	Armchair (yes/no)						
1.61	Quality armchair						
1.62	Coffee table (yes/no)						
1.63	Quality coffee table						
1.64	Fireplace (yes/no)						
1.65	Quality of fireplace including tiling						
1.66	Table and chairs (yes/no)						
1.67	Quality of table						
1.68	Quality of chairs						
1.69	Adequate lighting						
1.70	Lamps/table lamps (yes/no)						
1.71	Quality of lamps/table lamps						
1.72	Television (yes/no)						
1.73	Television remote control (yes/no)						
1.74	Radio (yes/no)						
1.75	Radio clock alarm (yes/no)						
1.76	Quality of lamps/table lamps						

		Poor	Fair	Good	V-good	Excellent	Total
		1	2	3	4	5	
Communications - One bedroom Unit							
1.77	Telephone - adequate phone cord (yes/no)						
1.78	Multiple lines (yes/no)						
1.79	Facsimile machine (yes/no)						
1.80	Computer internet access (yes/no)						
Balcony							
1.81	Balcony Doors						
1.82	Windows						
1.83	Trim/baseboard						
1.84	First impressions						
1.85	Balcony furniture						
General							
1.86	Dress area - adequate lighting (yes/no)						
1.87	Sufficient mirrors (yes/no)						
1.88	Adequate wardrobe space (yes/no)						
1.89	Clothes hangers - adequate amount (yes/no)						
1.90	Adequate drawers and space						
1.91	Hair dryer (yes/no)						
1.92	Ironing board (yes/no)						
1.93	Iron (yes/no)						
1.95	Dry cleaning bags (yes/no)						
1.96	Trouser press (yes/no)						
Miscellaneous items							
1.97	Menus & local information (yes/no)						
1.98	Waste paper basket (yes/no)						
1.99	Magazines (yes/no)						

		Poor	Fair	Good	V-good	Excellent	Total
Kitchen Area - One bedroom Unit		1	2	3	4	5	
1.100	Quality of kitchen units						
1.101	Quality of cooker						
1.102	Adequate extractor fan (yes/no)						
1.103	Quality of microwave						
1.104	Quality of fridge						
1.105	Quality of dishwasher						
1.106	Quality of sink						
1.107	Quality of faucets and disposal unit						
1.108	Quality of counter top (breakfast bar)						
1.109	Quality of bar stools						
1.110	Appearance of tiling and walls						
1.111	Adequate lighting						
1.112	Quality of light fittings						
1.113	Quality of dishware						
1.114	Quality of glassware						
1.115	Quality of pots and pans						
1.116	Quality of silverware						
Heat/Air Supply and Sound Insulation							
1.117	Ability to control room temp						
1.118	Air quality - level of particulates						
1.119	Filtration system (absence of smoke/food)						
1.120	Vents free of dust buildup (yes/no)						
1.121	Sound insulation - absent of noise (yes/no)						
1.122	Areas for improvement (yes/no)						
1.123	Doors						
G/total							
Possible							605
Rating %							