



7th Annual Global Spa & Wellness Summit

New Dehli, India

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**Keynote speech by Trent Walsh, Managing
Director, Leading Quality Assurance**

**Mystery Shopping for Experience,
Consistency and Emotional Intelligence**

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MODERATOR: As we move forward it's important not only to have a vision but also to learn and get feedback from reality from our clients, from what we're actually doing. Trent Walsh is here as a professional mystery shopper and consultant on giving us feedback in the hotel industry.

His dual Canadian and British background has lead him through working with many different hotel chains; Edwardian Hotels, Sun International, and Intercontinental Hotels and Resorts to name a few. He identified a need for more detailed service feedback within the industry and founded his own company leading quality assurance, which is now a worldwide leader focusing on luxury, hospitality sector.

He has personally carried out over 700 inspections at five star hotels, resorts, and spas across each continent. He's involved in consulting at the construction stage as well. When I asked him his favorite spa treatment he said, "The stone massage." Now you're all going to wonder when somebody orders the stone massage, is it the mystery shopper. Trent?

MR. TRENT WALSH: Good morning, everyone. Great to be back in India. Thank you very much for the invite. The first time I came to India actually was 1989. I backpacked around this country for three months between here and Nepal on a budget of \$10 a day. I had the most amazing three months of my life. It's great to be back, great to see the change in this country. I have to say, much more comfortable staying at the Oberoi and going to the Taj for dinner. Really enjoying that.

This is a bit of a change in tact on this conference, what I'm about to talk about. We've talked about mind and soul and then I'm going to come up and talk about mystery shopping. It seems we're going a slightly different route here. I'm going to share with you some of the stuff we're doing in the mystery shopping world in the hotel and spa industry. I'm going to share with you some data that's come out of that. Hopefully you find that interesting. Also tell you what's happening in the industry and what people are using this data for, how they're using it in their spas, and also kind of the new frontier that we're looking at which is

emotional intelligence and how we're building that into our mystery audits.

Just to give you a bit of background on us so you know who we are, some of you may know, our company is about 12 years old now. We specialize in quality assurance solutions. We think that's a much more scientific way of saying mystery shopping. We think we're a little bit more scientific than just mystery shopping. Our client profile is definitely luxury hotel sector. We work with all of the brands on this screen here and we work with them on a global basis.

As you can see, we work for the vast majority of the luxury players out there. We have great geographical coverage. What that means is we have some great data to share with you as to what we're seeing around the globe. You can see there's one kind of weird one down in the bottom corner there, British Airways. It's the only non-hotel client. We did some work with them last year on auditing their business in first class cabins, which made me incredibly popular amongst my staff. They thought this was the best thing we had ever done.

To give you an idea of size, we do about 1,500 audits worldwide now. We work in 116 countries and across all six continents; great coverage. Just to briefly explain how it works, we tend to spend three days and two nights in each hotel. That tends to be the typical inspection. We measure everything from check-in to check-out and everything in between; bars, restaurants, housekeeping, concierge, everything that goes in there. Slightly different to some of our competitors, it's real-time reporting. We do the entire audit on site. When we come to your lovely spas and we're finished and we're feeling very relaxed we then have to go back to our room, open our laptop, and write up about it, so it's completely done when we check out of the hotel.

When we check out we announce ourselves. We'll say, "My name is Trent. I've just been here and audited your hotel. Can I meet with a general manager?" They come out sometimes happy, sometimes not so happy to see us. We sit down and have a conversation. Tell them this is what we thought was really great and these are the kinds of things that we think you need to work on a little bit more.

We then send our report back to our office. Someone proof reads it and we upload it to the website. When we upload it

to the website the client then has access to see that report. But probably more importantly, when we upload it to the website all of the data associated with our report also goes up to the website.

Then what we're able to do is start slicing and dicing that data in different ways to make it meaningful to our clients. The picture I'm showing you here, and I won't go into great detail, when they log-in to our site they're able to go to dashboard. That dashboard has already taken the data and sliced and diced it in many different ways to make it meaningful to the client. They're able to see how they're doing. I'll come back to that a little later on.

Obviously our business is primarily hotels, but as we do about 1,500 hotels we also do about 1,500 spas worldwide because most of our clients have spas. We did a nice piece of work and we continue to do a nice piece of work with Leading Hotels of the World and their Leading Spas program. Some of you will know about this and some of you will not.

If I just briefly explain what that was about, Leading Spas was created as a package program within Leading Hotels in the World in an effort to promote revenue. What they said is they wanted to create this in some hotels within the leading membership. There are 420 hotels in Leading Hotels of the World and we all audit all 420 of them. Most of them have spas, but they wanted to have some kind of filtering system as to which hotels would be in Leading Spas and which ones were not allowed to be in Leading Spas.

Ones like the one on the screen here were not allowed to be in Leading Spas. We had quite a few hotels, I have to say, that initially applied that had a converted bedroom with a bed in it that they said, "That's our spa." We said, that's not really what we're looking for, but good luck on that one.

What we did is we put together a committee and on that committee we had some International Spa consultants. Susan was on that committee. We had hotel ears. We had consumers. We sat around and we said let's develop best practice standards in the luxury spa sector. Then let's create an audit that's both quantitative and qualitative. We can get some scores and then they could read about it and get some feedback. Then what had to happen is the hotels had to apply, they had to pass, and then they would become part of the Leading Spas program. That was the concept.

When we sat down to go through the standards we decided to break it down into five sections. We broke it down to spa minimum standards, spa operations, spa product, spa treatment, and then fitness facilities. Then in each one of them we broke it down further, as you can see on the screen there. We created standards for each one of those sections.

What the report ended up looking like, it was a little bit like this, it's a checklist to start with. You either meet the standard, you don't meet the standard, or it's not applicable. That will give you a score for each section. We then do the written narrative afterwards as I said and we tell you about the experience. The agent entered this spa at 1422 and was met by Suzy. We'll go through that and tell you exactly what happened during the process. Then all those scores go into a summary sheet, which gives you an overall score for the hotel based on those five sections.

We did that and what did we find? We found a few interesting things. The first thing we found if we go regionally, we found great variation by region. That was quite different to the hotel world. In spite of popular myths, everybody says in Asia the hotel score is so much better than the ones in North America and Europe. We don't find that in the hotels. We don't find that. We find very little variation between the different regions. But when we came to spas we saw great ranges, big differences by regions.

Looking at the regional data on its own doesn't really tell a complete story, so we broke that down a little bit more and we said let's just look at a few countries within the different regions. If we look at Europe it kind of makes sense when you think about it, but Germany and Switzerland tend to score quite highly; mature markets.

They've been doing it for a number of years and they do very well. Whereas when we started looking at more emerging countries we found that they tend to do quite a bit lower scores. You see Morocco there 59, Russia 68.8, China 75.6, Spain 69.7. I know Spain is not an emerging country. I recognize that, but it's just one of the lower scoring ones, so I did put it on there. We saw quite a bit of difference both regionally. Then when you broke down those regions, even within the region there is quite a lot of variation.

When we started looking at the departmental scores we also found some interesting stuff here, something that came up

very clear. This is actually a slide from 2013. If we went back in history when we started the Leading Spas program what became very, very clear is what spas did very well in were fitness facilities and spa product. Product-related scores they tended to do very high. The two things that they tend to do quite low on were the actual spa treatment and what we call spa operations.

Anything with people in it, would be the answer, tended to be lower and anything that was very product-driven tended to be much higher. What that told us is people could build very nice spas, but not necessarily run really great spas. The things that came out of it, definitely spa product was strong, fitness facility is very strong. Promotion of the spa within the hotel, very, very strong. Technical ability of the therapist very strong.

The things that came up over and over again on the negatives, absence or limited SOP manual. One of the things in the Leading Spa program when we'd announce ourselves we'd meet with the spa director and we'd go through the report with them and say I need a little more information before I can finish my report. Can you show me your SOP manual? Often there was a blank look on the face. "Well that's not here." Well where is it? "Well that's with the HR department." What we found is they were either absent or minimum.

If I again compare that to the hotel industry, that's quite unusual. The hotel industry is all about SOP manuals. You'll find them in every hotel in the world. Whereas in the spa we didn't tend to find that or if we did it was quite limited in content.

The second thing I would always ask them, can I get a full list of training records for your therapists? Blank look again. Again, if I compare it to the hotel world, they'd easily be able to show me the training records. We found those are the kind of areas that really stood out to us.

When we talked about the treatment what we really found minimal, pre, and post-treatment, what we found a lot of the spa is very process-driven. You come in. Take your clothes off. Okay. Off you go. What we're saying is they should be sitting down and saying let's talk about what you want to get out of today. Let's find out a little bit about you, a little pre-consultation. Then at the other end, instead of rushing them out for the next appointment escorting them to

the relaxation room, some post-treatment advice. We're finding that wasn't happening. There's a real lack of personalization in the treatment area.

Those are some big picture findings, but what do our clients do with this data? Our clients are able to do a lot more with that data. Here's a slide and I'll just explain what we're looking at. This is Germany. What we do when they come to our site they can log-on. They go to their dashboard and they can start drilling down on different reports. One of them is called the Competitor Analysis Report. This lists all the hotel spas in Germany that we audit. On the right-hand side we actually list them. On the left-hand side you'll see a graph. We tell you here are their scores. But we don't tell you which spa scored which score, obviously for client confidentiality reasons. What we do is highlight your scores. You're able to actually see based on my recent audit where do I rank in Germany compared to Gate C's [phonetic], other hotels. It starts making the data a little bit more meaningful.

We then have something called a traffic light graphical display, which allows our clients to see how they do from a benchmark point of view. This slide shows you that all those hotels in Germany, the average scores are represented in the blue bar in those different sections. The hotel, this is a sample hotel, but the sample hotel in this question would be represented in green, yellow, or red. Green means we're at or above the competitive set average, yellow means we're up to five percent below the competitive set average, and red means we're more than five percent below the competitive set average.

What we're able to do is tell the clients based on your last inspection report here's the areas that you really need to work on if you want to compete with your direct competition. We're also able for those that really like the detail, we can even drill it down by individual standard. We can tell them here's the number of opportunities to meet that standard. This is how many times you missed it, therefore this is the percentage missed for that particular standard. We can really go from big picture all the way down and that's how our clients are currently using it.

What's the next frontier? The next frontier that we're looking at is developing—or we have developed and we continue to develop an emotional intelligence element to what we do.

A very good example of emotional intelligence right here in this hotel. The other night I got home and there's a little letter on my desk that says, "Mr. Walsh, we noticed that your toothpaste had run out so we've replaced it for you." With the brand that I use of toothpaste.

To me that's great emotional intelligence because they're watching, they're looking at what's happening. They also know I am a hotel inspector, so it may have something to do with that. I'm sure they do it for everybody, right? We won't go there. There's a great piece of emotional intelligence though. That's exactly what we're looking for. Are they taking the signals and are they adapting their service and are they delivering it?

Let me give you a bad example that didn't happen in this hotel; happened somewhere else. I checked in to a hotel just last week. A long flight, arrived at the hotel, and they escorted me to the room and they said, "Would you like me to show the room?" It's 1:30 in the morning. You know what, I've stayed in a lot of hotels. I'm okay. I'll find my way around. It's okay. She says, "Okay. Let me just do a brief orientation then." Then she proceeded to do the whole orientation. Air conditioning, here's the safe. Here's this. Here's that.

From an emotional intelligence point of view, very unintelligent. Because from a guest point of view you're not listening to what I'm saying. I've made it very clear what I would like. I'm not a grumpy guy. Don't get the wrong idea. But if you tell them we're expecting pickup on that and adjust their service.

On the emotional intelligence what we're trying to do is get that customer sweet spot right in the middle. We think standards compliance is incredibly important. Getting the basics right every single time is really important. We think that standards compliance piece, you have to do these days. That's the expectation. We think the next frontier is really the emotional intelligence. Those kind of examples that I just gave of taking it to the next level and really understanding the client, adjusting the service dial to that client, personalizing it, making it anticipatory, making it intuitive. If you get those two together then you hit utopia. Then you hit Oberoi. Oberoi does this incredibly well as a brand.

What we've been doing over the last year is quite a bit of work on it. We've hired an outside company in the U.K. that specializes in emotional intelligence. They reference Goleman. If any of you have read about emotional intelligence Daniel Goleman is the guru of emotional intelligence. What he did is he breaks down emotional intelligence into four quadrants and in each one of those quadrants he says these are the expected behaviors that we would expect.

We looked at these and we said, listen, we're mystery shoppers. Some of these things we can do. Things like empathy, service orientation, we can measure them quite effectively we think when we're in the hotel. Then other things we think we can't. Inspirational leadership is very difficult for me to determine if Vicrum [phonetic] is an inspirational leader by staying in his hotel as a mystery shopper. I'm unable to do that. We said, let's just concentrate on those things that we think we can measure effectively in mystery shopping. We narrowed it down. Then let's develop some standards around those.

You might not be able to read that on there, but these are kind of our emotional intelligence standards that we're using these days. You can see I've highlighted a few words in red; confidence, intuitive, anticipatory, self-controlled, personalization. We've taken some of those behaviors that were expected, built it into the standards and then we're testing the hotels on this and the spas. Then in the narrative side we still carry on telling you about the experience, the compliancy, but then we also add on the emotional narrative. We talk about they said this it made me feel like this.

My inspectors are loving it. For years they said, I don't care if you like it or not you just tick the boxes. That's what you do. Now I'm saying actually I really care if you like it. Now I need you to tell me, did you love it or did you just kind of like it. Then I need you to explain why that is. The feedback I'm getting from the consultants is they're saying this is fantastic. I love this. Equally the feedback we're getting from our clients is this is exactly the direction that we want to go.

I'll finish off on a couple of slides here. The first one is implementing quality assurance. A lot of people say to me, "Trent, we get all these reports and we get all this data.

How do we improve? I want a higher score. I want to be the best in my city. I want to be the best in the world. How do I do it?" I always say the quality assurance process is actually very straightforward what you need to do. The execution is what's very, very difficult.

We say the first thing that you must do is communicate the standards. Coming back to an example I gave of the spa, no SOP manuals. If there's no SOP manuals then I question how does the employee know what is expected of them. If they don't know what is expected of them how can they possibly deliver the standard? They can't. All that you can possibly achieve with that is a very inconsistent service. Somewhere there's got to be a reference point to say this is what we want to do as a brand in terms of service delivery.

A, you must communicate it. The second thing you must do is you must train it. Just because you have told someone what you expect them to do does not mean that they can automatically deliver it, so they need some training on that. The third thing you need to do is you need to audit it. You can't fix something if you're not measuring it. There has to be some form of audit process that you're carrying out. You then need to analyze it. If you've audited it and you get the results then you have to say well let's look at what was good, what was bad, what are the areas that we need to improve upon.

Finally you need to take action. You've communicated. You trained. You've audited. You've analyzed. Then you've got to say what are we going to do about this. How are we going to make it better? Often when I meet with a GM they'll say, "Trent, we had a horrific inspection. Terrible. Terrible. What we're going to do is we're going to fire the front office manager and fire the housekeeper and fire the food and beverage manager." You think, not exactly what I was looking for. What we're saying what we'd like you to do is go through the quality assurance process, make sure you're ticking every one of those boxes, and if you've still got a problem at the end of it then you can start firing people. But first you've got to make sure that you're given the tools to deliver the goods.

I will finish with my last slide. I think I've almost done it to the minute, which is pretty good. I'm happy with that. I think it's a very good quote to finish with. It comes from within India. "Customer is the most important visitor on our

premises. He is not dependent on us. We are dependent on him. He is not an interruption in our work; he is a purpose of it. He is not an outsider in our business; he is part of it. We are not doing him a favor by serving him; he is doing us a favor by giving us an opportunity to do so." That' from Gandhi. I think it's absolutely perfect. Thank you.

MODERATOR: You can take a couple of questions. We're going to be able to take a couple of questions. I'm sure you have a million questions. In the back in the green? We have one there. Great.

AUDIENCE QUESTION 1: - -.

MODERATOR: Stand up, please.

AUDIENCE QUESTION 1: - -?

MR. WALSH: As long as they're not a client.

MODERATOR: She's asking can you do mystery shopping of another spa.

MR. WALSH: As long as they're not a client. I wouldn't spy on one of my current clients for another client.

AUDIENCE QUESTION 1: - -. Would you mystery shop it without having it be a client?

MR. WALSH: Yes. We do that in the hotel world. The answer is we don't currently do that in the spa. Because our data is really quite amazing in the hotel world. An example I always give, up until this year we only started working four seasons this year. Prior to that we didn't. In Paris we worked with all of the top hotels in Paris with the exception of the George Sank. Everybody would say without the George Sank trend the data is good but it's missing a pretty big hole there.

We used to go and pay at our own cost to get the data on the George Sank. If they have a spa, yes, we would do that as well. It's not the most cost effective way to run your business, I can tell you. We're very happy that they're now paying us to come and do it instead of us paying to stay at their hotels.

To add to your question, we don't currently do that with the spas. We don't have that demand at the moment, but talk to me at the break and we'll discuss that.

MODERATOR: Do we see another question over there?

AUDIENCE QUESTION 2: Thank you. One of my considerations that I really worry about in the spa industry, I am actually a trainer, so I train the professionals to do the service. But the standards that they're marked on, if I take - - or something like, ask them to mention the name three times to check pressure, to check lighting, to check all of the things that have nothing to do with the treatment, which to me is a little disturbing because it interferes with the connection and the communication and the flow.

One of my concerns on the other side of this of meeting those checkmarks beginning and closing absolutely not a problem. But who's really doing the training for your people so that you understand this?

MR. WALSH: I get asked that a lot.

MODERATOR: This is that question of who's checking the checkers.

MR. WALSH: Who's checking the checkers? I did have a slide on that, but we only had 20 minutes, so I cut out the slide. Just briefly on it we have 40 full-time people. This is what they do for a living. Those 40 people probably have—they do five hotels a month. They have 60 spa treatments minimum a year.

AUDIENCE QUESTION 2: I don't want that job.

MR. WALSH: Yes. I was going to put that on as a joke, my email address, because generally after most conferences I just get applications. I don't get business. I just get a lot of applications. My point being, I get the same question when we talk about restaurants and they say what do your guys know about food. The reality is more than 99.9 percent of the population does because they're experiencing it day to day. But I take your point on the standards.

In actual fact, as I said, when we developed the standards we did invite—Susan was a huge contributor to it. We had people from the industry giving us advice on that. In actual fact we're going back to the drawing board on the 21st of November to revisit them once again. It's not something ecstatic that we just say we've done it and let's forget about it. We continue to relook at it.

One last point on that. This year I actually hosted a forum in New York where I invited 18 of the brands that we work

with. Fourteen of them showed up and we went through the standards line by line for two days. We're constantly relooking at those standards to make sure they're relevant to the industry.

AUDIENCE QUESTION 2: I just have one other point on that. I'm sorry. It's the same thing. How do you measure? Do you just measure massage or do you measure hydrotherapy treatments and other things?

MR. WALSH: Full range.

MODERATOR: We have time for one last question. Up here?

AUDIENCE QUESTION 3: I was wondering. Do you foresee in the future the ability to take the great process that you've got and then sort of weave it with actual operational data from systems where you can start to augment where actually you're getting guest feedback from surveys and other types of things where they can actually tie those metrics back to the actual service providers too so there's real accountability and it's not just like a boxed tick? Because obviously if you've got great metrics and great analytics being able to have that, do you foresee that in the future?

MR. WALSH: I foresee it. In fact, most of our clients are talking about that. I think we're all just trying to work out how do you do it. Because ideally what my clients say to me is, "Love the dashboard. Love your technology. It would be nice if I could just go to one website rather than you and then go to my guest satisfaction and then go to my employee satisfaction." They would definitely like that integration, so would we. The problem then comes I've got to go to guest satisfaction service provider and say can you just migrate all your data across to my website? That's where it always is a problem. Everybody goes you can see that.

I'd be the same way with our data. I wouldn't give it to them either. But I think the answer is it will come. It will have to come because that's what the client wants and ultimately that's what they get. I think there's enough now.

MODERATOR: I think we're good. Thank you so much, Trent.

MR. WALSH: Thank you.

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