

A Review on Comparison of Hotels Star Rating Systems

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Abstract

The study of hotels star rating systems is one of the favorite area of researchers. It gives an insight about cultural and contextual requirements echoed in star rating systems, which motivate researchers for exploring these avenues. This study is intended to make comparison of different hotels star rating systems in the world. Three hotels star rating systems which are American Automobile Association (AAA), Automobile Association (AA) United Kingdom and Hotels Star Rating System in Pakistan were compared. The methodology of this study is document analysis wherein these systems were assessed based on their available criteria. The official hotel rating systems are mostly tilted towards producers rather than consumers. Their focus is on technical quality. On the other hand, unofficial rating systems are customer oriented. They are more focused towards subjective aspects and functional quality. Projection of intangible attributes and service facilities are the essence of this system. This study recommends that these systems should consider online reviews of the guests so that the needs and expectations of the guests can be met on priority basis. Limitation of the study and future research calls are part of this study.

Keywords: hotels star rating, comparison, American Automobile Association (AAA), Automobile Association, England (AA) and star rating in Pakistan

Introduction

Hotel industry in Pakistan was in existence when Pakistan came into being. The number of hotels were not huge but gradually national and international hotels' chains started its operations in Pakistan. As hotel industry is one of the rapid growth industries around the globe. The same is also growing in Pakistan. The value of Pakistan tourism and hospitality industry in the year 2020 is USD 20 billion and this market is expected to grow and the compound annual growth rate expected is 3% by 2026 (Ali & Majid, 2020; Hemdi & Rahman, 2010; Malik, Akhtar, Raziq, & Ahmad, 2020). The growth of market demands products and services to have quality and remain standardized. To give the expected products and services, hotel classification systems serve as tool through which hotels

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are gauged. These star classification of hotels help customers to select property according to their needs and expectation. Hotels are classified based on its quality. It serves the purposes of informing the guests about the quality of hotels, so it becomes easy for guests to select hotel according to their expectations.

There are various hotels star rating system in the world. Due to the culture and environment every system has its own requirements for qualifying for any star assignment. Five-star hotel in America might be offering different facilities and services in comparison with five-star hotel in England and Pakistan. The objective of this study is to compare world best and renowned star rating systems with hotels star rating system in Pakistan. What similarities and differences exist in these systems? What flaws are there in these systems? To the best of the researcher's knowledge, so far, this area seems neglected in Pakistan, as it is hard to find any literature on the topic under study in this context. This study intends to fill this gap.

This study will have significance for hotel industry by knowing what the major concerns of guests are about these star rating systems? They can assess their facilities and services in comparison with other world best renowned systems and can ensure guests satisfaction of international visitors as well as domestic. Policy makers can also be benefited. They can focus on subjective dimensions of star ratings along with objective, to remain responsive to the needs and expectations of the guests.

Literature Review

Brief History of Hotels Star Rating

Michelin Tyres introduced pictorial symbols to point out the facilities an establishment offers in France in 1900. In the year 1911 in Great Britain Automobile Association started hotel classification. In the year 1970 only, only five European countries have national star classification schemes, which are France, Belgium, Norway, Greece and Spain. In 1980, this count raised to twenty-two and above sixty countries worldwide. In 1962, the International Union of official Travel Organizations (WTO forerunners) develop consensus on 5-categories of hotels grading (Vine, 1981). Various symbols are used for hotels classification like diamonds, stars, crowns, suns and letters but the mostly used sign around the globe is Star (Tefera & Govender, 2015).

Hotels Star Rating Systems

There are two common systems of hotels star rating: official and unofficial. Official rating systems are government or state-owned rating

system. Most of these systems is focusing on physical attributes and services than quality. The state or government owned classification systems are more focused on quantitative and technical aspects rather than focusing on service quality. Numerical aspect is more focused in this type of classification system. The combination of private and public systems is more intended towards guests, their needs and expectations. This system is regarded more sustainable than other systems (Minazzi, 2010). This is general perception that public authorities are less guest-oriented, and they are mainly interested in regulating properties to increase international competitiveness (Briggs, Sutherland, & Drummond, 2007).

Pakistan has also national and international chains of hotels operating and providing services to customers. Like China and India, Pakistan also have official hotels rating system (Su & Sun, 2007; Sufi & Singh, 2018). Where department of tourist services, a government owned department, performs the functions of awarding star ratings to hotels. Department of tourist services performs various functions, including hotels, restaurants, travel guides and travel agencies registration and licensing, hotels classification, hotels and restaurants fair fixation, travel agencies service charges approval, standards of service for hotels and restaurants aligned with law, travel agencies operations relevancy with law, implementation of hotels and restaurants act, license annual renewal of hotels, restaurants, travel agencies and tour guides, judicial functions performance and complaints resolution of tourists. Department of Tourist Services performs their functions under “The Pakistan Hotels and Restaurants Rules, 1977”, wherein criteria for hotels rating are given. Hotels are classified from one to five star. Where one star is the lowest degree, and five star is the highest star degree. Focused factors in star classification in Pakistan are; location and building, bedrooms, bath rooms, lounge/lobby, reception counter, conference and banquet halls, restaurants and dining rooms, kitchen and pantry, staff and service, laundry and dry cleaning, housekeeping, management, firefighting, telephones and facilities like parking, lighting, linen, bar, chemist shop, shopping arcade, telegraph office, foreign exchange counter, valet and shoe shine services, staff dining room, swimming pool, travel information facilities, bookings and conducting guests tours, newspapers and security. Pakistan follows official hotels rating system, so the focus of star rating is mostly on tangible factors. Generally, evaluation systems of hotels have two types of evaluation systems. One is check list evaluation system and second is subjective evaluation system (Sufi & Singh, 2018). The check list evaluation system is using a detailed list of facilities, amenities and services using various headings. These points are checked for assigning categories to hotels keeping in view the requirements of each category.

Check list is available, the same facility, amenities and services are checked against the available standards provided in check list. Swiss Hotel classification systems, India, Hotelstars Union and Pakistan are classic examples. In Subjective Evaluation System the impression-based quality assessment is done keeping in view staff interaction with guests while performing their duties at different workplaces. Some features of rooms in different star categories are the part of that evaluation proforma. This evaluation method is the part of renowned star rating systems like AAA (American Automobile Association) and evaluation systems of Visit England (Sufi & Singh, 2018).

Pakistan star rating system of hotels is mandatory in nature. Most of the official star rating systems are mandatory in nature and used for regulatory purposes (Zhan-Qing & Liu, 1993). Hotels need to apply for licensing where star ratings should be mentioned in the license, by fulfilling requirements of certain star class or category that star is awarded. Inspection team visit the property, assess their facilities and services and Controller grant them a star rating. Sometimes these visits are several in number. In the first initial visit, committee members identify deficient areas for awarding certain applied star rating category. Then hotel work on those deficient areas and if they overcome those, they again ask the committee members to visit his property. After fulfilment of criteria for certain star rating the same star is awarded and certificate is issued. The committee members generally consisting of two inspectors, one staff from the section concerned and at least one assistant/deputy/ Controller. This star classification is initially for one year and extendable subject to the fulfilment of criteria after visit of committee members. Four provinces have their Directorate of Tourists Services. In their own vicinity they inspect and rate hotels accordingly. The rating or classification is awarded under “The Pakistan Hotels and Restaurants Act, 1976”. Under this act rules are framed for hotels and restaurants of Pakistan.

Comparison of Hotels Star Classification System

Hotel rating is the common practice in hotels around the globe. There are more than hundred hotel star rating systems throughout the world. The variation in these systems makes classification of hotels more complex (Vagena & Manoussakis, 2021). The star rating also poses some difficulties in classifying hotels in different categories. There are two reasons: keeping in view the diversity in lodging establishments types and the constant increase in these niches and diversity in classifying hotels considering environment and cultures make difficulties (Pierret, 2013). To overcome these difficulties European Union has taken steps to harmonize the star classification systems in Europe because there is general

perception that differences in these national star classification system is substantial (Uran Maravić, 2017). But it is also revealed from various studies that there are more commonalities than differences in various geographies and star ratings. It is also inferred from studies that these differences are not that big as elaborated by various researchers (Cser & Ohuchi, 2008; Guillet & Law, 2010; Hensens, Struwing, & Dayan, 2010; Minazzi, 2010; Šuligoj, 2009; Talias, 2016; Tefera & Govender, 2015). The objective of this research work is comparison of hotels star rating systems prevailing in the world. For this study three hotels star rating systems were selected. These star rating systems are AAA (American Automobile Association), AA (Automobile Association of England) and hotels star rating system in Pakistan.

The American Automobile Association (AAA) was established in the year 1902 as a service organization having non-profit membership mechanism. They started inspecting and grading lodging properties from the year 1937. They grade hotels and restaurants in diamonds. It is considered the biggest rating system as it has 57 million members in USA and Canada. American Automobile Association (AAA) classify and grade most lodging properties than any other system in the world. The number of hotels and restaurants rated under this system are 58000 approximately, and attractions, events and destinations are nearly 48400 in USA, Canada, Caribbean and Mexico (Guillet & Law, 2010; Su & Sun, 2007; Zhan-Qing & Liu, 1993). This system rates properties based on its facilities, amenities and services offered (Nalley, Park, & Bufquin, 2019). Top three areas, percentage wise in this classification system are room, wash room and services.

Automobile Association (AA) in United Kingdom is the most used classification system in the country. The use of this classification system is 62.3 % in comparison with Royal Automobile Club (RAC) 38.4 % (Callan, 1995). It is termed as national rating scheme by many as its five million handbook copies are distributed and remained the part of 4000 United Kingdom hotels classified directory (Vine, 1981). Automobile Association (AA) has started recognizing lodging facilities since 1908 and in the year 1912 introduced star rating and awarding star ratings to hotels based on quality, facilities and services. Automobile Association (AA) regularly review their standards reflecting customer expectations and responding industry changes. The critical areas of this classification system are service, hospitality, bedrooms, cleanliness, bathrooms, food, public areas, exterior, restaurants and dining rooms.

Pakistan also makes star classification of hotels under “The Pakistan Hotels and Restaurants Act, 1976”. Department of Tourist Services performs their functions under “The Pakistan Hotels and

Restaurants Rules, 1977”, wherein criteria for hotels rating are given. Before 18th amendment tourism was Federal subject but after this amendment tourism was made provincial subject and directorate of tourists’ services started functioning under provinces. Directorate of tourists’ services award stars to hotels in their provincial jurisdictions. The star classification system in Pakistan is mandatory. Under the “Pakistan Hotels and Restaurants Act, 1976”, section 5(1), the owner of hotel or restaurant shall apply for registration of its establishment to the Controller as well as for its classification.

Table 1*Comparison of Hotels Rating Systems*

Description	American Automobile Association (AAA), USA	Automobile Association (AA), UK	Hotels Star Ratings System, Pakistan
System used	American Automobile Association (AAA)	Automobile Association (AA)	Pakistan Hotel Classification System
Year Started	1937	1912	1976
Official/Un-Official	Un-official	Un-official	Official
Classification Sign	Diamond	Stars	Stars
Method of Evaluation	Written Criteria assessed by Inspectors	Written Criteria assessed by Inspectors	Written Criteria assessed by Inspectors
Participation Evaluation Frequency	Voluntary Annual	Voluntary Annual	Mandatory Annual
Consumer’s opinion consideration	No	No	No
Areas of Hotel Evaluation	Human Resources, Safety and Security, Sustainability, Accessibility, Infrastructure, Service quality evaluation, Services and facilities	Hospitality, Service, Bedrooms, Bathrooms, Cleanliness, Food, Exterior, Public Areas, Dining rooms and restaurants, Accessibility and	Location and building, Bedrooms, Bathrooms, Reception counter, Restaurants/dining rooms, banquet halls, Staff and service, Management, Facilities, Security, and Human Resources

sustainability,
Safety and
security,
Maintenance
and Human
Resources

(Ching-Shu Su and Lou-Hon Sun, 2007) and (Tahir Sufi and Satinder Pal Singh, 2018)

Methodology

This research work is qualitative in nature. Methodology used in this article is document analysis. Document analysis is a planned plan of action used for evaluation and review of documents, and like all other qualitative analysis methods, data is analyzed and interpreted to extract understanding and derive empirical knowledge (Bowen, 2009). Documents regarding these three systems which are Diamond Rating Guidelines Lodging AAA USA, AA Hotel Quality Standards UK, Pakistan Hotels and Restaurants Act, 1976 were thoroughly studied. The objective of this study is to compare Pakistan Hotels Rating System with the world's best renown star rating systems. What similarities and differences exist in these systems? What flaws are there in these systems? In depth study of these documents were conducted. After studying these documents, the codes emerged are Human Resources, Facilities, Safety and security, Service Quality and sustainability. Categories were made, the main themes which were extracted are tangible and intangible aspects of hotels star rating. Comparison was made, similarities and differences were identified. How it can be made more user friendly, was also made part of the discussion.

Discussion and Conclusion

Two themes which are emerged while making the document analysis are tangible and intangible aspects in hotels star ratings. Tangible aspects are generally tilted towards producers and intangible aspects are more consumers centric. While making document analysis of three hotels rating systems, similarities and differences are found among these systems. The common areas found are Human Resources, infrastructure, safety and security, services and facilities including food and beverages, concierge, reception, laundry, banquet halls, maintenance and bathrooms. The professionalism and skillfulness of staff members are common attributes of these star rating systems. It is observed in these systems that they do not give any weightage to online reviews of guests, no room for rating websites, which is very common and popular now-a-days (Sufi & Singh, 2018). In guests booking it plays very important role these days. All these systems are based on set criteria and check list. Any of these

systems does not search for other sources for users' firsthand information important in user's perspective. Customer satisfaction is the major focus in every business, but it does not get any attention as far as these star rating systems are concerned by getting their feedback in hotels rating. Another most important aspect in these star rating systems is that it does not give any weightage to online reviews of the guests, these distribution channels are evolved and updated regularly to remain responsive to the needs of the customers. Research showed that there are economic benefits of using social media in hotels (Halawani, Soh, & Halawani, 2020; Kurniawan, Caesar, Maliki, Christabel, & Anwar, 2021; Wang, Zhang, Tse, & Chan, 2020). There should be considerations in the star rating for these online reviews and comments of the guests regarding hotels, so that it may remain compatible with the needs and demands of the guests and visitors. Ratings about quality aspects are closely associated with guests' experiences so there should be room for their input in these star rating systems (Guillet & Law, 2010). More focus of these star rating systems is on physical requirements and tangible aspects and quality and services dimensions are somehow neglected. The huge emphasis on physical aspects put pressure on investment which remains on the higher side. The incentive for maintaining continuous higher standards is also less addressed. These classification systems of hotels star rating should address these aspects to remain focused towards quality and sustainability can also be ensured (Z. Zhang, Waszink, & Wijngaard, 2000). In these conventional star rating systems, customer is the most neglected dimension as it is more tilted towards producers. It gives birth to the concept that guests may evaluate attributes of the star classified hotels that influence their satisfaction level about the facilities offered before use, during the use and after the use (Sepula & Bello, 2019). For customer quality perspectives the projection of intangible attributes and service features should be the core component of star classification systems, echoed from the research work of (Sepula & Bello, 2019).

Official and unofficial rating systems are common practices in the world (Z. Zhang et al., 2000). Pakistan is having official star rating system. In official rating system the focus is less on customer, and they are more concerned with regulating the sector and increase competitiveness in international market. The emphasis is on technical quality. This program remains intact for years without practicing any updating steps. It generally remains producers oriented. On the other hand, American Automobile Association of America and Automobile Association in England are private star rating systems. These private rating systems are more tilted towards needs and expectations of the customers. These systems are customer oriented. The emphasis of this system is on functional quality

(Hämmerli, 2018). They are generally more concerned with subjective aspects of classification. Subjective aspects need professional and experienced inspectors who can assess qualitative aspects of hotels star classification. They should have personality traits, travel expertise and cultural background so that they remain in better position to judge friendliness, responsiveness, empathy, generosity, and experiential values of the staff members (Hämmerli, 2018).

To evaluate products and services in consumer's perspective, culture aspect plays an important role in buying behavior. Culture dictates consumer's assessing good or bad products and services. Decisions are always based on cultural influence (Leung, Lee, & Law, 2011). Culture dimensions like individualism, masculinity, indulgence, long term orientation and uncertainty avoidance have strong effects on hotels star rating (P. Zhang, Gerdes Jr, & Meng, 2020). Culture aspect should remain important consideration in hotels star rating so that products and services have conformity with the need and expectations of consumers. Satisfaction of religious needs may also be made part of the tourism products. To add religious value to products and services, will attract some more consumer segments. Religious needs can be made part of hospitality products (Weidenfeld, 2006).

This research work is aligned with the study of (Sufi & Singh, 2018), wherein they compared the Indian star rating system with four other renowned systems in the world. It is also apprehended that official hotel rating systems are biased and cannot be considered as flawless in judging hotel quality. It is in contrast with guests' expectations and perceptions of the hotel quality.

Recommendations

On the basis of this study that it is recommended that integrated star rating approach will work effectively to meet the challenges posed by modern era. 75% of people are of the opinion that customers' review should be the part of classification systems (Organization, Blomberg-Nygard, & Anderson, 2016). It will increase consumer confidence in classification systems thus resulting purchase intention. It is suggested that use aggregated reviews scores in classification to ensure authenticity of the data. Subjective elements are underrepresented so that it gives importance to guests' reviews. The continuous change in demands and expectations of customers also need reflection in these star rating systems. It is common that luxury in present might be expectation or normal in future. Technological evolvement and associated guests' expectations should be made part of these rating systems. It should serve the purpose rather than design. Accessibility and sustainability should get more focus

in these systems. It is also suggested that classification systems should focus current trends in classification systems. The collaboration of classification organizations, hospitality industry, industry experts and researchers will add more meaningful contribution to these rating systems. The current study is based on document analysis. It is proposed that quantitative and qualitative work may be carried out for in-depth understanding of this phenomenon. In this study three hotels star rating systems were compared. For future work some more, rating systems can be compared to get more understanding of the area concerned.

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