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Chip Heath of the Stanford Graduate School of Business discusses how organizations need not spend much to win their customers' affections, but simply be thoughtful about the small details that delight us. Drawing from "The Power of Moments," his latest book with his brother, Dan, the business professor details how a seemingly nondescript hotel manages to outrank high-end chains in customer reviews with perks like poolside popsicle service.



Transcript

- Yeah, at the time we were writing the book, there was a hotel that ranked in Trip Advisor's top three hotels of Los Angeles and it's called the Magic Castle Hotel.. Now, the number one hotel is the Hotel Bel-Air, which is a Hollywood boutique hotel, their massive pool that has it's own weather system, you know, cause it's so large.. The rooms have bespoke wood furniture, high thread count sheets, you can control everything in the room, the drapes, the \$3,000 stereo system with an iPad controller, the floor is heated, which is absolutely critical in those terrible, horrific Hollywood winters (audience laughing).. So that's the Hotel Bel-Air.. Number three is the Four Seasons and what's not in the top three is the W, the Ritz, you know, all kinds of brands that have their own Los Angeles hotel.. Number two is the Magic Castle Hotel.. You look at it and it looks suspiciously like a 1960s apartment building, because it is a 1960s apartment building, painted canary yellow.. The pool is nowhere near the size of the Hotel Bel-Air.. The rooms are not particularly, I mean, there's more Ikea than bespoke wood furniture.. There is a controller that you can use to control the lights and the drapes..

You say to your child, honey, could you get up and get the lights for me? Voice-activated, it works.. But the Magic Castle Hotel is not nearly the physical plant that you would expect from a number two hotel, but what is true is that if you go to the snack bar, right, in your room, there's a long list of things that you can order from the front office and it has Kit Kats, it has Cracker Jacks, it has grape soda, it has cream soda, it has much longer, 30 things that are available, all for free.. And if you've ever had the mistake, made the mistake of eating, having the salt craving at night and having the cashews and realizing you've wasted up to 1/6th of your tuition for that quarter, you know, this is a very different experience.. But the thing that people always remark on is by the pool, there's a phone, a red phone.. Looks like a cold war era relic, you know, that the president of the United States could use to call the Premier of the Soviet Union and if you walk over and pick up the red phone, well, above the red phone is this saying, sign painted that says popsicle hotline (audience laughing) and so you walk over and you pick up the red phone and a voice on the other end says, we'll be right out.. (audience laughing) And a few minutes later, somebody walks out of the front office with white gloves, carrying a silver tray and they pass popsicles around the pool and the kids are beaming, the adults are beaming, there's no better recipe for happiness than a cold popsicle on a warm Los Angeles afternoon.. And what's remarkable about that and what's remarkable about the snack foods is, for less than the Hotel Bel-Air spends on chlorine tablets for their massive pool, they are creating happiness.. And they do it reliably and systematically.. If you check in to the Magic Castle Hotel, the desk clerk is primed to ask you, you know, is there a special event that you're celebrating here? And occasionally people say, oh, we're here for John's birthday.. Well, in the back, there's a person who's eavesdropping and if they say something like they're celebrating John's birthday, there're a set of cakes in the back and some cake decorating equipment and so they quickly scrawl Happy Birthday John..

They grab some of the balloons that are already inflated there and they practice this, they do dash, room dashes, and they practice getting to the room with the cake and the balloons without spilling anything.. You walk into the room, you know, and the couple that has just introduced themselves five minutes earlier to the front desk, they walk in and there are balloons there, there's a cake that says Happy Birthday John and they go, how did they do that, right? - Magic.. - That's magic.. That's magic and that's what they're going for, those wow moments and the amazing thing is, once you see what they're doing, it's so easy and yet I walk into hotels all the time and the Hilton, the Marriott, in San Francisco looks just like the one in New Orleans, looks just like the one in Austin, why don't we walk into every hotel room and there's a drink and a snack that exemplifies local cuisine, that you can only get there.. I think why wouldn't, why shouldn't we have a sense of place about things? And so the Magic Castle is doing stunning work, very inexpensively, just by thinking about moments of elevation...