



Customer Relationship Management (CRM) And Customer Loyalty:

TECHNOLOGY, PROCESS AND THE
HUMAN TOUCH

BEST PRACTICES INITIATIVE

MARCH 2006

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<http://resortconference.com>

A group of nearly 30 resort executives met during the annual Resort Management Conference in April, 2004 at The Greenbrier. The meeting was co-sponsored by the University of Denver and HSMIA. The purpose of this exploratory meeting was to consider the creation of a special interest group under the auspices of HSMIA to represent the sales and marketing executives within the resort community. Initially, the group was comprised of resorts in the United States, but over time it has expanded to include an international mix of resorts.

From its inception, the group created and began implementation of its mission and purpose outlined below. The Web site was launched in January, 2005 (www.resortmarketing.org); a resort conference was held in April, 2005 with input on session content from this special interest group; and the report on Internet marketing and distribution,

released in September, 2005, marked the first in the best practices series. Another resort management conference was held in March, 2006 which also benefited from the input of the Resort Sales and Marketing Special Interest Group (SIG) within HSMIA. The second study in the Best Practices series, "Customer Relationship Management (CRM) and Loyalty," was presented in March, 2006 at the resort conference.

There was a process that was followed to determine the best practices study topics. The goal for the group is to explore two topics per year. Each resort participating subscribes to two studies per year, and all participants registered as subscribers of the annual Resort Management Conference have the option to add topics to the voting list and rank the topics on the final list. Based on the results, the most popular topics are reviewed by the participants and confirmed. At this point, the resort interviews began. ■

BEST PRACTICES INITIATIVE PARTICIPANTS

Atlantis, Paradise Island
 The Breakers
 The Broadmoor
 Colonial Williamsburg
 El Cid
 The Greenbrier
 Hershey Resorts
 The Homestead
 Hyatt Hill Country
 Kiawah Island Golf Resort
 Mauna Lani Resort
 Oglebay Resort

Outrigger Resorts
 Pinehurst
 The Reefs
 The Sagamore
 Sanibel Harbour Resort
 South Seas
 Steamboat Resort and Ski Company
 Turtle Bay Resort
 Watercolor Inn and Resort
 Westin Kierland Resort
 Wild Dunes

Methodology and Topic Selection

THIS STUDY WAS CONDUCTED THROUGH TWO PRIMARY SOURCES:

- 1) Extensive interviews with participating resort executives and their vendors.
- 2) Secondary research of CRM and loyalty practices both within and outside of hospitality.

There was a checklist that was followed to guide the initial interviews with the resorts, and then the resorts were asked to populate a follow-up set of statistical tables with historical and forecasted budget and business production data. In most cases, there were multiple interviews with resort personnel to capture all the information about the resorts' current practices.

In general, most resorts cited an interest in learning what was going on in the world outside of their resort or outside of their companies. Some resorts were asked to participate by owners who wanted to see if there were techniques or approaches undertaken that could benefit their

operation. There was a universal interest in topics related to CRM and customer loyalty. Many resorts have programs in place for this purpose, but few know what others are doing and, although no one expects to "copy" another resort's techniques, it would be beneficial to the resort industry overall to raise the overall level of CRM application. Most resorts can take the ideas put forth in this report, interpret them within their executive committees, and develop unique applications that would suit the clientele and culture of their own property or properties.

In spite of the fact that much of the material for this report was generated from interviews with the participating

resorts, such a limited view of CRM would not fully satisfy the goals of the study. It was necessary to delve into secondary sources, external research, and other resources to provide a complete picture of what Customer Relationship Management might look like when done at a level that would represent an ideal model for resorts.

For this reason, there are portions of the report that will discuss and illustrate trends, processes, and approaches that could contribute to improved competency in a resort. Practices were also examined from other industries such as financial services, retail, grocery, healthcare, and technology.

It also became clear as the research progressed that there are common misconceptions about what CRM includes. This report will clarify the full range of what constitutes CRM as it relates to a resort operation. ■

Executive Summary

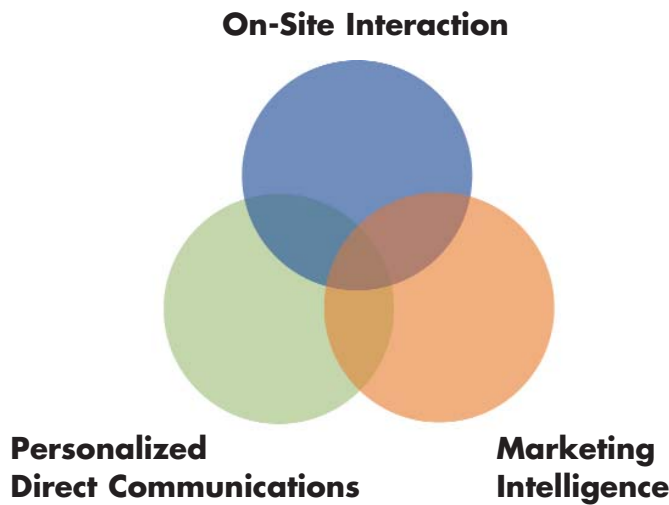
CRM and customer loyalty is a discipline the resort industry has worked on for a hundred years. It has been called different names and the systems to deliver it have changed over time. It started as a concierge's institutional memory (or for the very systematically inclined guest service personnel, a

deck of index cards, and evolved into the guest history function of a PMS system, and now has become even more high tech with stand-alone data warehouses driving CRM initiatives. But, as anyone who understands CRM knows, the IT component of CRM is merely a tool. When applied to its fullest, CRM and customer loyalty

is a way of life that affects operations, marketing, and finance. Few hospitality organizations have achieved the level of integration possible in the ideal scenario.

CRM applications may include loyalty/retention programs, on-site customer service, campaign management, sales programs, product opti-

CRM FOCUS



BUILDING BLOCKS OF CRM Institutional Processes with Emotional Mortar



mization, customer segmentation modeling, and call center service. These applications may be require strong technical support or they may be procedures developed and delivered by customer-oriented staff. They can be highly structured or they may be intended to create an emotional connection to a customer. When done right, they will do all of these things.

And management will dynamically direct the team to continue to evolve in response to customer requirements as needed, whether it is to improve operations, finance, or sales and marketing. Many resorts described CRM solutions that were customer relationship marketing applications. With the years of experience in customer-focused operations, there were also

some excellent examples of specific tools for on-site CRM.

While many were moving in the right direction, few were able to cite full-blown customer relationship management that crossed all disciplines and fully affected customers and prospects in on-site and off-site interactions. There were gaps in the integration of information that drives decisions between operations, finance, and sales/marketing. However, the larger gap was in the recognition of how a CRM-driven resort operation would be organized, managed, and evaluated. Most of the resorts interviewed were organized and managed based on traditional functional departments with traditional measures of success and limited integration of the customer intelligence needed to implement fully CRM.

Almost all resorts described their CRM focus in terms of on-site customer service. Their marketing tools were viewed as a separate function (only some saw their databases and direct marketing as elements of a CRM strategy) and finance/accounting was rarely mentioned, if at all. In order to organize CRM and customer loyalty better for a resort perspective, this report developed a set of building blocks to describe better the elements of an integrated CRM approach and then illustrated best practices for each within the participating group of resorts as well as from outside sources (some hospitality and some from other industries).

It evaluated the results in the context of a 2006 market environment that is very different than it was even five years ago. Consumers are more sophisticated, have a greater demand for control over their purchase decisions, have many more choices (particularly related to travel



due to access to more information) and have exhibited declining loyalty to specific vendors or brands. Given this market environment, a Customer Relationship plan is essential to compete more effectively.

Loyalty programs described by participating resorts were rarely point-based but rather tiered to correspond to a number of prior stays or past spending levels. The guest

generally receives amenities and services that are upgraded to recognize and thank them for returning to the property.

This report provides each resort with a roadmap to evaluate current CRM initiatives and a model to develop the building blocks that are still in planning or under development. The greatest area of need is in understanding the customer profile

better and improving segmentation. The resort industry is uniquely positioned to connect with customers on a personal level, but in order to create sustainable customer relationships, it needs a structure that addresses the organization, each functional discipline within the resort, and the underlying market and customer intelligence to build meaningful strategies. ■

Recent History

Much has been said about improving customer relationships and building customer loyalty. In hospitality particularly, there has been a time-honored tradition of doing “whatever it takes” to satisfy the customer. Over the years, the industry has shifted in its pursuit of customer delight and implemented many systems and processes to achieve an even closer relationship with its most valuable assets, its customers.

1980-1995: THE ERA OF GUEST HISTORY

Before the 1980s, the most advanced system underlying all CRM initiatives was the index card. The concierge in most four and five star hotels would generally exhibit such impressive recall of guest history that a recorded system was not needed. However, many knew they could not work every shift and trusted the important information to a lined 4” x 6” card. Since the 1980s, when property management systems began to be deployed more often in hospitality,

the traditional method underlying CRM was finally supplanted by an automated module usually called “Guest History.” It was revolutionary and exciting.

The only problem was it added another task for an already overcommitted front desk or reservation agent. It required a reservation agent to ask a caller if they had visited the hotel before (rather than allow the automated system to prompt the agent that they had). When an agent with four calls already on hold (or a desk clerk with a check-in line backed up through the lobby) didn’t have time to ask about prior visits, another guest record was established for the caller, and the guest history data was well on its way to full corruption.

There were tremendous advantages though (once you found the correct Mr. John Smith out of the six records in your system), because it was now possible to “remember” that Mr. Smith was allergic to feather pillows and preferred *The New York Times* rather than the local newspa-

per. All this information could be recorded in Mr. Smith’s guest history record. When he had a problem in the restaurant and didn’t get his steak cooked the way he wanted, this could be documented, and a welcome back note with a bottle of wine from the restaurant manager could effectively diffuse Mr. Smith’s past negative experience.

The only hitch with this great breakthrough was keeping the thousands of guest records from multiplying and making sure these important tidbits collected over time were not dispersed on the half dozen visit records that no one had time to consolidate.

1995-2000: GUEST HISTORY GIVES WAY TO DATABASE MARKETING

By the mid-1990s, the guest history files, bulging with valuable guest preference and past spending information, and filled with duplications, misspellings and inconsistent service and segmentation codes, were poured into new databases mainly to

generate mailing lists. The guest history data was used in a small percentage of hotels to support retention efforts that would generally give tokens of recognition to returning guests that might vary from a welcome back basket of fruit with a bottle of water to a personalized bathrobe, chocolate dipped strawberries, and bottle of champagne. These levels of recognition were usually tied to a system the hotel established that reflected number of recent visits.

The primary formal loyalty schemes used first by airlines in the 1980s and then by large hotel chains were a separate system in which a guest would usually register, get a “frequent user” number, and then this number would more accurately track their stays. Free rooms and other giveaways were associated with various usage levels that were all carefully tracked through the unique frequent user number.

These formal systems were substantially more accurate in tracking usage than the PMS guest history records, but they were limited to those who registered in the program. While they may have included hundreds of thousands of a hotel chain’s guests worldwide, many hotels might only have a handful of these loyalty program customers visiting in any given day or week. For those hotels that were not using their guest history system effectively, this left a large number of a hotel’s customers unrecognized by either the local hotel or the hotel chain. In the case of independent hotels and resorts, and in the absence of a functional guest history system, the only safety net was the old reliable concierge or front desk staff who just “remembered” from year to year when the loyal guests came back. And this safety net

actually worked very effectively in many cases. But it couldn’t be relied upon indefinitely.

The database marketing systems utilized in the mid-1990s would take the guest history data and “clean it up.” They would consolidate the multiple entries of the same guest and standardize some of the mailing address information. With a concerted effort, much of the coding used for market profiling, such as market segments, channel codes, reservation dates, etc., was more carefully entered. These database systems were the beginnings of marketing intelligence for hospitality. Once the data was tidied up, additional outside information could be appended such as

advanced geographic codes to indicate MSA or DMA, indications of a guest being a weekday or weekend user, seasonality codes such as winter or summer, and other factors that would facilitate the direct mail campaigns.

2000-2006: MOVING SLOWLY FROM TACTICAL DATABASE SYSTEMS TO CRM APPLICATIONS

The database marketing systems are still in use in many hospitality organizations. There are still many hotels and resorts that are not using anything more than guest history or other internal records, but there are some pioneers that are gradually giving way to more strategic, integrated

solutions in which customer usage information, preferences, and some outside profiling data is being integrated in data warehouses for Customer Relationship Management (CRM) applications. The move from the more tactical database systems to the more strategic approach is one that is still rarely found in hospitality.

Other industries have pushed ahead in this arena. Retail, technology, financial services, and telecommunications all invested heavily in CRM and are now moving toward what is known as Customer Experience Management (CEM). This is a more strategic use of information to address all aspects of customer contact before, during, and after sale.

“The move from the more tactical database systems to the more strategic approach is one that is still rarely found in hospitality.”

It is meant to support customer service and customer communications to generate additional sales and facilitate the customer experience.

Hospitality has not moved to CEM yet. However, there are many niches in which CEM techniques are being applied, albeit in a limited way. The goal for Customer Experience Management is to make it easier for customers to interact with a company in any way they want, using whatever channels they want, engaging in dialogue using the communication tools they prefer, using any language or currency, having the power to create the product or service combinations they want and if this isn’t challenging enough, they want the organization to

recognize them as a known customer at every point along the way.

No, hospitality is not there yet. It is an industry struggling with integration of the systems underlying their business processes. Reservations, PMS, Web sites, call centers, concierges, customer satisfaction surveys, sales automation, work orders systems...they are not all singing off

the same hymn sheet. There is no lack of interest in better integration, just a lack of ability, limited funds for the needed infrastructure, and, to some degree, a lack of focus on the need to integrate as fully and successfully as other industries have.

There are, however, dozens of examples of exceptional applications of pieces of the CRM puzzle. There

are many applications for CRM in hospitality. There are many ways a resort can expand its grasp of CRM tools and processes to improve its relationships with its customers. This report will itemize the building blocks for a full blown CRM solution and will show examples of ways it is already being done today in a resort setting. ■

Marketplace Trends

After a comprehensive evaluation of trends in CRM both inside and outside of hospitality, it is clearly evolving in response to trends in the marketplace.

CONSUMER SOPHISTICATION

Consumers are bombarded with information constantly. They also seek out information now that it has become more readily available through online venues. They are generally more aware of travel choices, and they know how and where to find out more. They expect to be treated as knowledgeable as they feel they are and they don't want to find they know more than a customer contact agent about a product or service they may want to buy.

DEMAND FOR CONTROL

Consumers don't expect to find limited timeframes for asking questions, solving problems, making a purchase, or revising a purchase. They want to use a telephone, PC, PDA, cell phone, or visit a bricks and mortar location representing a company with which they interact. They want to have all questions answered, they want autonomy to customize their purchase to meet their needs, and they may want to have their communication customized also.

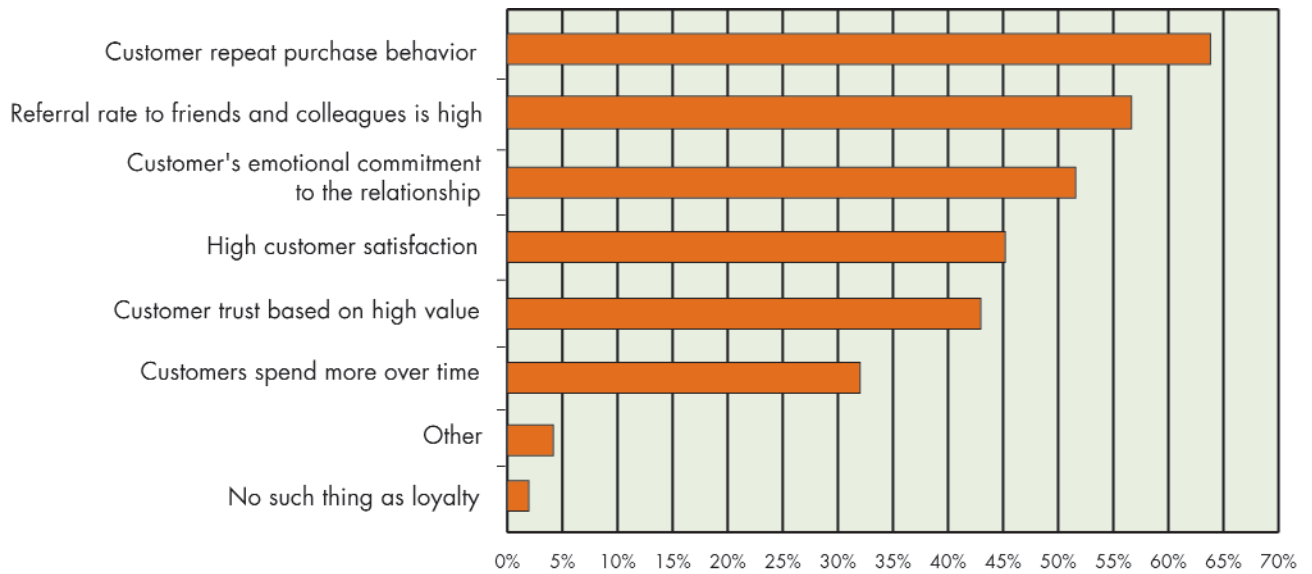
PROLIFERATION OF OPTIONS

The number of choices for products and services seems to have expanded exponentially. Part of this perception is that information on all products and services is more accessible through online channels so that the number appears to have grown. It could be that the number of options is much greater, even if the absolute number may not have grown as much as it seems. Either way, the perception is what the consumer is responding to, and it is this perception that a hospitality marketer has to address.

DECLINING LOYALTY

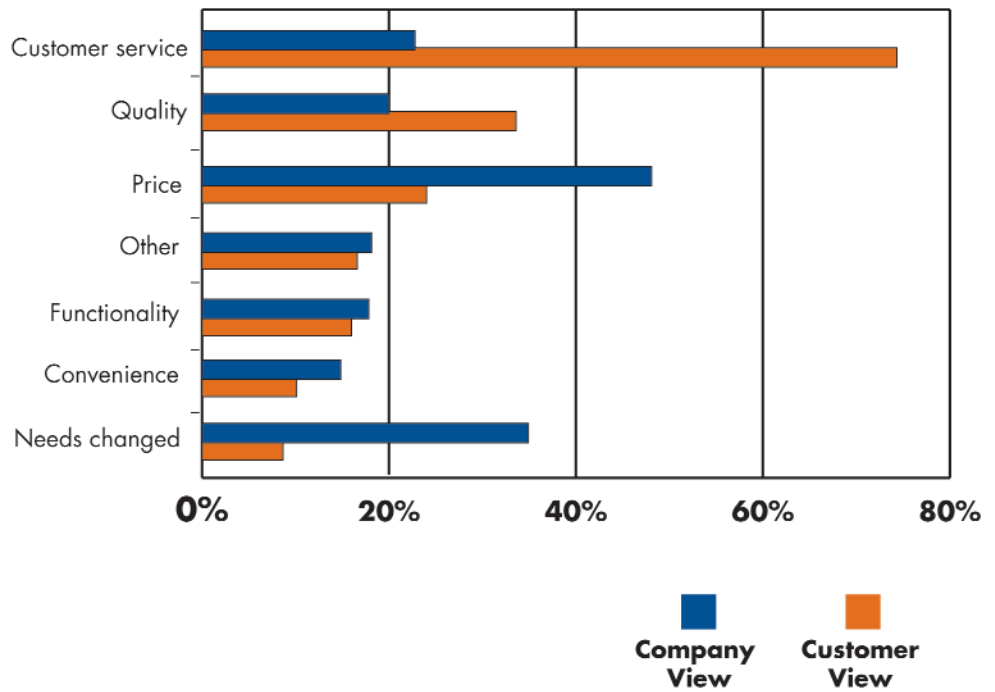
Perhaps in response to the plethora of choices, perhaps a function of the fast moving information flow in which we make decisions, consumers' loyalty is declining. Forrester cites a marked decline in loyalty amongst U.S. hotel bookers over the last three years of tracking. Consumers are seeking new and interesting experiences; they know they can search for better values for any hospitality product. It all adds up to a weakening in the relationships between hotel and guest.

WHAT IS LOYALTY?




SOURCE: CRM Guru 2004

DEFINE "CHURN"



SOURCE: CRM Guru 2004

APPLICATIONS FOR RESORTS

 hen the interviews were conducted for this report and resort executives talked about what they thought CRM was, they responded in a variety of ways. Some said it is in-house customer service training. Others said it is their direct mail program that is targeted to specific customer groups. Many think of it as the e-mail system that interacts with their guests before and after their visit. Some more sophisticated marketing executives talked about a data warehouse that maintains all their customer data and helps them create models of customer segments to better target products, services, and communications.

After conducting the research for this report, the following outlines a fundamental list of many Customer Relationship Management (CRM) applications that are appropriate for use in resorts.

- Loyalty/Retention Programs
- Operations-based Customer Service
- Campaign Management
- Sales/Service Programs
- Product Optimization
- Customer Segmentation Modeling
- Call Center Customer Service

There was a general understanding of the concepts of CRM, and there were a few resorts deeply engaged in many elements of CRM, whether or not they defined it formally as a CRM program. All resorts had implemented some basic components of CRM

applications. The most common applications were on-site operational customer service programs and pre- and post-visit e-mails. The pre-visit e-mails were largely driven by the need to ensure guests could get those desirable time slots for spa or golf reservations due to limited availability of these appointment or tee times. Post-visit e-mails were most often facilitated by vendors who supply guest satisfaction surveys via e-mail.

While some of the branded chain resorts participate in their company's point-based frequency/loyalty programs, few of the independent resorts had a similar system. For those with a loyalty program, almost all had a tiered reward scheme in which repeat guests were given amenities on arrival commensurate with their number of visits. For the most part, the guest was not aware of participating in a structured program. They just unexpectedly received a gift or welcome back amenity, typically food and beverage, but sometimes merchandise from the resort. Some resorts did not provide different benefit levels based on the number of prior visits, while others had clear distinctions in the nature of amenities depending on either prior spend or number of visits. ■

CRM TECHNIQUES USED BY RESORTS OUTLINE

RESORT	Online CRM Tools (not e-mail)	Extensive Customer Service Training	Revenue Tracking Direct Mail	Pre and Post Communications E-mails	Dynamic Customer Databases	Structured Guest Satisfaction Monitor	Loyalty or Recognition Program
A	X	X				X	X
B	X	X	X	X	X	X	
C	X	X	X	X	X	X	X
D		X		X			
E		X		X	static	X	
F	X	X	X	X	X	X	
G	X	X			X	X	
H		X				X	X
I		X		X		X	X
J		X		X		X	X
K		X					
L		X				X	
M	X	X		X	X	X	X
N		X		X		X	
O		X	X	X	X	X	
P		X		X			X
Q		X				X	X
R		X	X	X	X	X	
S	X	X	X	X	X	X	X
T		X		X	X	X	X
U		X		X		X	X
	33%	100%	28%	70%	42%	90%	50%

LOYALTY PROGRAM OUTLINE

A	500 members, no official card, no points, personal concierge followup
B	Top 200 guests based on revenue; VIP status, call ahead
C	None
D	Corporate program only; some local spa, golf, dining
E	Internally automated service tracking system to deliver better service
F	Corporate program only
G	Working on tracking repeats in PMS to give amenities; will use Preferred
H	350 members, uses a card and is based on room night production; offers services and amenities
I	Only plan to use Preferred
J	Corporate program only
K	Corporate program and will use Preferred
L	Local dining, golf, spa, attraction only

Common Misconceptions

Forest or Trees—While there were many excellent examples of best practices, a concept missing in the sample of 23 resorts interviewed was an understanding of how these applications fit into a holistic model. Many resorts were tackling a few of these applications without a sense of how they fit together. Only those that have grappled for several years with most of these applications were realizing that, in spite of a high level of usage in each individual application, they were missing tremendous value from the integration of the data. Quite a few resorts were approaching CRM

applications independent of a property-wide philosophy on the role of CRM. Some were focused heavily on the on-site elements of CRM (on-property customer service programs) while others were focused heavily on the off-site elements (e-mail and direct marketing tools).

Data—The grasp of the most basic element of CRM—the underlying data driving all actions—was the most limited of all. In those resorts that did have an emphasis on getting the data right, it was almost always a focus on data used for direct market-

ing purposes. Some resorts did a great job of collecting customer preference data, but then did not have the tools to disseminate this intelligence for use in all operational areas, or for use in conjunction with their interactive dialogue or direct marketing programs.

For example, it might be known that a guest's favorite wine is a particular Sauvignon Blanc, and that they like to visit a resort in the spring season. While the wine may be offered in the restaurant and delivered as an amenity to their room, building this data into the direct marketing database so they would be targeted for wine weekends in April and May is less likely to happen unless the guest separately opted into e-mails on the subject of wine weekends. Further, the ability to create dynamic segments requires a wider range of consistent data on all guests in order to find patterns of usage. This usually demands an integrated data warehouse to bring together the data driving operational programs, including customer feedback, along with the data for communications and basic transactions histories.

Campaign Results—On the subject of tracking, there were many resorts that did not have the capacity to track revenue results from traditional direct marketing at all due to the limitations in their operational systems, such as reservations and property management systems. The tracking of their e-mail campaigns in many cases was limited to click-

BUSINESS RULES TO APPLY TO PMS-SOURCED DATA

SCENARIO	MULTIPLE RESERVATIONS BOOKED
Evidence in PMS Data	Reservation dates on two records are identical. Room numbers are different, guest information is the same.
Business Rule	Count as one stay. Combine and tally revenue room nights and room counts. If any revenue numbers have a negative value, take absolute value (change negative to positive). Keep higher room rate.
SCENARIO	DUPLICATE RESERVATION
Evidence in PMS Data	Reservation dates on two records are identical. Room numbers are the same. All guest information is the same.
Business Rule	Count as one stay. Keep the record with the higher revenue value. Discard second record. If any revenue numbers are negative, take absolute value.
SCENARIO	ROOM CHARGE
Evidence in PMS Data	Reservation dates on two records are within seven days of each other. Room numbers are different. All guest information is the same.
Business Rule	Count as one stay. Combine and tally revenue, room nights and rooms. Keep higher room rate. If any revenue numbers are negative, take absolute value.

throughs and open rates rather than room nights and revenue. There was an interest in doing this, but it was not identified as a high priority.

IT or Marketing System—

Many resorts had the idea that implementing CRM is a “system” issue. The misconception is that if there isn’t enough money to do a full blown IT solution, then implementing a full blown CRM system is not possible. While it may take more creative use of IT resources, there are certainly tools that could provide the needed infrastructure to employ most CRM applications at the resort level, independent or otherwise.

The Limitations of PMS—On a contrary note, and on the same theme of systems, some resorts think that their PMS systems can fully support their CRM needs. This is likely the most common misconception of all. PMS systems are designed for operational efficiencies. Many have added databases to store guest preference information and to allow for direct marketing. The gaps in these systems are generally the limits of incorporating data from other systems such as guest satisfaction, external data such as demographics and psychographics, and limitations in ease of querying and reporting flexibility. One of their greatest limitations is their inability to process the PMS information to create summarized “roll-ups” and meaningful categories of data to facilitate reporting. In addition, correcting all the room-

based data so there are no duplications when viewed as guest-based takes either a tremendous manual effort, or a knowledgeable data processing partner to automate a data processing function for this purpose.

Raw PMS data can be cumbersome and not well suited to marketing analysis. Transaction data is generally tied to each room night contribution based on the way most PMS systems are structured, so the data processing needed to convert it to marketing data requires “business rules” in order for the data to make sense when analyzed on the basis of

a guest’s contribution. Besides the level of daily detail that can make it cumbersome, it can be riddled with anomalies that are unique to hotels, like handling of transaction data when there is a room change, multiple rooms booked by one guest, or multiple guests in one room.

Some examples of data categories that are essential for proper analysis are:

- Booking lead time
- Customized weekparts (which may vary by season)
- Arrival and departure day of week
- Customized seasons

SAMPLE USE OF DATA FROM AN INTEGRATED DATABASE

CLUSTER NUMBER	NICKNAME	CLUSTER DESCRIPTION
#1	Loyal Season Switchers	This group of 1,656 households has 3+ lifetime stays, exhibit cross-seasonality and have stayed in the last two years. They have consistently scored high in satisfaction indices and like to visit the Southeast for golf.
#2	Loyal Summer Spa	This group of 1,772 households are loyal to the resort and also to the summer season. They never visit any other time, have at least 3 lifetime stays and are likely to use the spa facilities heavily.
#3	Winter Loyalists	In the last three years, these 1,164 households visited the resort one or two times during the winter only. Survey results indicate strong likelihood to come back with friends.
#4	Monday Mayflowers and Autumn Leaves	These 2,460 households have consistent stay patterns during the slower midweek periods and during shoulder seasons. Survey results show them to be price sensitive, empty nesters with flexibility in their travel dates.

There are many applications for CRM. They all require a high level of management commitment and leadership to effectively implement. The interview process undertaken in this report covered issues of management leadership, customer strategy and communications, organizational structure, information technology support, and performance metrics used to evaluate the practices employed. These areas are a good outline of what CRM will affect when it is fully deployed.

Many resorts are well along on the road to implementing many of the CRM building blocks. Each resort has to evaluate where it is and where it wants to be in order to achieve its business objectives. The application of CRM will vary in each resort depending on its goals, its customer

base, and its management team's philosophy. CRM is not an IT system that can be purchased, and it is not a touchy-feely training program that staff can be run through like a "sheep dip." It is not a series of direct mail campaigns nor is it a database. CRM is not an automated e-mail system attached to your Web site, and it is not a set of procedures to talk to a fixed number of guests every day.

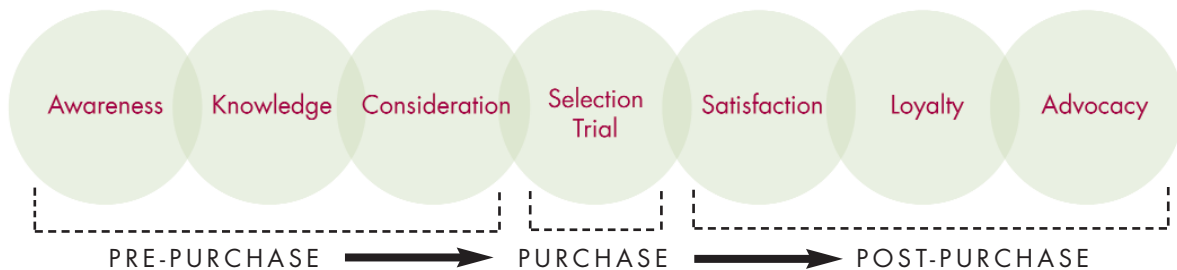
CRM is a way of life and a way of managing. Some see CRM evolving into "CEM" or customer experience management. To enjoy all its benefits, the full range of a guest's experience must be understood and all functional disciplines—operations, finance and sales/marketing—have to adapt their processes and systems to the needs of the guest experience. Many like to think they do that, but few companies (hospitality or not)

are able to pull all the disparate parts together with one common goal. It is not because they don't want to do this. It is more likely that they do not have the tools or the common vision within the organization to see how this could be done.

Rather than focus on what is not done, it is far better for each resort to set its sights on what it can do and slowly, gradually construct the foundation with each building block, until the structure is able to deliver on the CRM promise. After all, it may take 20 years for a tree to grow, but if you don't plant it today, you will never have a tree. Every one begins as a seedling. ■

MAPPING THE TOUCHPOINTS

The seven stages of the Customer Service Relationship Lifecycle (CRL) are:



SOURCE: Touchpoint Metrics, 2004

CRM is not a passing fad, although its implementation in resorts may differ to some extent with the way it is utilized in other industries. Here are some suggestions for a resort that would like to embrace this management technique more fully.

Conduct your own audit

Review the building blocks and do an audit of your current CRM activities. Discuss the extent to which you are using current applications as specified by each building block. Having customer data in your PMS, for example, does not mean you already have a functioning customer database.

Establish a realistic goal for a 2-3 year timeframe

Discuss CRM as a strategic goal with your executive committee. If there is not a complete appreciation for making it the foundation of the resort's operation, then focus on the tactical applications until more members of the executive committee buy into it as a management philosophy.

Set your priorities Select the building blocks you think can make the biggest difference to your customer base. Pick one action to take for each selected building block that you will perfect in a given time period. Allow yourself 3-6 months minimum to fully implement any application within a building block. Most actions have internal procedures along with technology, and there will be unexpected hurdles that need extra time.

Don't forget to get the data right It is very common for companies implementing CRM to work on the client interaction, the training of staff, or the technology. The focus needs to be on the data needed to make the correct decisions and to measure results of each initiative. If

the operation can't deliver the data for decisionmaking and for metrics, slow down on implementation until you can figure out a way to get high quality data on a consistent basis.

Don't get hung up on the technology Of course, in order to get data, usually you need some form of IT. Many executives stop right there and say they can't afford the time or capital to invest in CRM because they think it's all about automated systems. There are hospitality solutions that are affordable and can deliver most of the data needs for CRM. There is no need to use a system that a Fortune 500 giant would need to support the CRM requirements of a resort. In fact, there may be many systems to meet all your CRM goals, and the hospitality-based companies, if directed properly, can help a resort integrate data from disparate sources and provide the tools to convert the data to intelligence.

Stay current with new CRM techniques There are always new techniques being developed. From designing personalized home pages, customized RSS feeds, and behavioral targeting that segments by online behavior, many promising new options are emerging to engage customers in a dialogue and develop relationships with them. There will always be new opportunities that arise. Resort marketers need to monitor new trends closely and experiment with them whenever it looks promising for use in a resort setting. ■