

## The Use of E-mail for Guest Relations

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Several years ago Affinia Hospitality, then known as Manhattan East Suite Hotels, created a strategic plan whose goal was to find and use the best technology available to supplement the very personal relationship that existed between our repeat guest and our long serving associates. The goal was to create a database of information about every guest that stays with us, not just the guests who sign up for a numbered reward or recognition membership program. This tailor-made customer relationship management (CRM) database, called MAGIC, has demographic, psychographic, personal preference and complete stay information for every guest who has ever roomed with Affinia since 1997.

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The second part of the plan was to acquire business intelligence (BI) resources and tools that would allow easy mining of this data for a variety of purposes. This tool would also sit on top of our major corporate and hotel applications from booking to billing. Lastly, we wanted to take advantage of this massive CRM database and the BI tools to create some innovative e-mail marketing programs that would build relationships and generate revenue.

Like many who send a large number of e-mails, a third-party company is used. This is as much about self protection to avoid blacklisting as the conscious effort we take to be differentiated from a spammer by the e-mail recipient. Generic messages to the entire database of guests are seldom sent, rather, the business intelligence analytical capabilities are used to target, select and send e-mails that are relevant and personal to the individual. This is not yet a market of one but it is as close as costs will allow.

We use a control group with most campaigns. A percentage of guests who meet the selection criteria are set aside and do not receive the same message. This control group allows us to isolate and eliminate any extraneous market forces from the results achieved. Then measuring the incremental revenue generated by those who received the e-mail vs. the control group gives a clear indication of the effectiveness of the offer. One of our philosophies is that if we can't measure the results, we don't embark upon the program, so this last aspect is essential to insure success with future mailings.

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Campaign fulfillment houses are great partners to have. They can help maximize your investment by providing statistical information about the habits of your e-mail recipients and which day of the week will have the best open rate. These companies know what time of the day your recipients are most likely to open an e-mail of this type or which of your guests are likely to read

your message on a PC, a PDA or Blackberry, and tailor a message for each of these types of devices.

Here are three of our more recent successful programs. The first identifies our most valued guest (MVG). Using the BI mining tool, guests are identified as those who have contributed the most over a period of time, for instance the top 10 percent based on lifetime value, the past several years or the last 12 months. We tailor a message that is specific to them with a focus on something of added value or convenience. These are generally not terribly price sensitive guests. The intent of the message is to intrigue them to stay with us when they come to New York. It is a loyalty building effort.

The second program identifies our high potential guests (HPG). These are people who we want to become MVGs by coming back again and again. This e-mail campaign focuses on that very specific effort and usually begins with a specific offer. It could be a free night, a discounted suite or a package tailored to their particular interests. These targeted e-mail campaigns have had some terrific results.

The third program has one basic theme: we miss you, please come back. Using the BI analytical tools, we identify the return pattern of repeat guests. Some may come every month for three days. Others may only visit every six months for a weekend. Whatever the pattern, when it is broken we know and after a suitable amount of grace time, we send the we miss you mailing. A high percentage of these lapsed guests tell us why they have not come recently. Sometimes it is something that went wrong on their last stay that wasn't resolved to their satisfaction. When they tell us this, it gives us a second chance by providing an incentive to invite them back so we can make it right. This program has been extremely successful. When executed properly a program like this can turn a lapsed guest into a most valued guest.

Because of these three programs, the repeat guest rate (using the industry standard of a return to the same hotel within a two-year window) for hotels in New York, is in the 17 percent range. Affinia Hospitality itself, with nine hotels in New York, has an overall repeat guest rate of almost 26 percent. This is for a regional hotel company competing against major domestic and international brands, many of whom have a frequent guest reward program, which we do not. The return rate of our HPGs is even higher at 38 percent and their ADR is 12 percent higher than the control group with average length of stay and average number of visits both 4 percent higher.

The value of e-mail marketing campaigns lies in having the analytic base, how quickly a campaign can be generated, the breadth of reach, the personalization and tailoring of the message and the low cost and high dollar return.

## E-MAIL MARKETING

## Electronic Relationships with Guests

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**W**e live in a brave new world. Approximately 80 percent of the population in the United States has access to the Internet. New industries with creative ways to get messages out to existing and potential customers are cropping up daily. Never have so many businesses had more opportunity and desire to take advantage of a single channel. Never has a marketing channel with this kind of reach been so inexpensive. And never have consumers felt so bombarded.

Legal requirements vary from country to country and state to state making it significantly more difficult for national and international companies to manage e-mail correspondence appropriately; not to mention a Web site and to some degree e-mail addresses have no borders. In the United States CAN SPAM and other e-mail marketing laws have created a line between marketing and non-marketing e-mail messages, hoping to find the sweet spot between protecting consumer wishes and allowing businesses access to market.

Those who are frequent Internet and e-mail users use spam blocking, but somehow still wind up deleting unwanted messages daily. At the same time, there are some companies we want to hear from with messages we are happy to see and online businesses that we want to get through the clutter.

The Hilton Family closely reviews both guests' desires and the legal environment to find the right balance. Our review is made more complex because we are largely a franchised company with individual hotels and management companies that also provide service to the same guests.

This continuous review process has led us to several principles:

- 1) If anyone within the Hilton Family offends a guest with objectionable online marketing, they will vote with their feet and stay elsewhere.
- 2) Guests do not understand nor do they care about the difference between a franchise and a company managed/owned hotel. If they tell us they don't want to hear from one of our brands anymore, they assume that means all of the hotels in that brand.
- 3) Guests will not tolerate a large volume of messages or graphically heavy messages that fill their inbox.
- 4) Guests respond to messages and offers that are meaningful to them. Just like traditional retail, if they receive something of interest, they are willing to open and consider. If they are bombarded by messages that don't interest them, they will opt out in droves, precluding any online marketing.

5) Transactional messages that move the purchase process along are meaningful by nature.

6) The Internet isn't just about the lowest price—it's about finding what you want and finding a good value for your dollar.

7) Protecting a guest's personal information is critical, and if it requires creation of a user name and password in order to ensure that there is adequate protection, most guests understand and will do so.

Based on these principles, the Hilton Family believes that e-mail is a viable and meaningful way to communicate with guests. Hilton delivers confirmations via e-mail for both online transactions and for other forms of reservations upon request. Hilton provides pre-arrival e-mails confirming stay details and allowing guests to contact hotels to make more detailed arrangements or pre-order particular services. By the end of the year we will introduce electronic check in features for our HHonors Diamond and Gold guests that will rely on e-mail to confirm details. Post stay information such as folio detail and past and future stay data is available online for guests with a user name and password. Guests may also receive a post stay e-mail thanking them or asking for feedback on their stay.

Guests may opt in to receive various brands' newsletters with offers and information of interest. HHonors members may elect to receive various communications, including marketing offers and statements online. Brands and hotels may e-mail messages of interest to guests through a central desk which manages guests' communication preferences and e-mail frequency.

Over the next year, messaging from the Hilton Family will become more personalized, allowing guests even more control over the types of messages that they would like to receive from us. Do your guests want to hear about golf packages, beach vacations, offers from particular cities or what HHonors bonuses are available?

Hilton continues to work on ways to allow our hotels and brands to convey relevant information to guests in a way that will provide true value to both the guest and the business. Follow the guests' desires. If not clear, think of the future of e-mail communications as the electronic golden rule: E-mail others as you would like to be e-mailed yourself. If we strive to live up to those principles, we will continue to retain our loyal guests and this highly effective channel of communication will remain a viable option into the future.

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