THE VALUE OF CRM

Driving Loyalty to Your Web Site Through a Consistent User Experience

by Tyler Niess

Customer relationship management (CRM) was a hot concept a few years ago, but it has not lived up to its initial billing. It was intended to deliver true customer loyalty, but it rarely does so.

Today, however, the original objective is being rejuvenated. Greater technical sophistication and the maturation of the Internet has changed our perception of what is required to build and manage an effective CRM program.

Few sectors have taken advantage of these changes as successfully as the travel and hospitality industries. As much as 75 percent of all its business is being transacted online. Consider the success of JetBlue or the growth of online agencies such as Expedia, Orbitz and Travelocity. Even the market value of Interactive Corp. is an indicator of how far the travel and hospitality segments have come online. This success is no accident. The pressure brought by the collapse of the Internet bubble has resulted in a degree of discipline and rigor that was lacking in the late 1990s. This discipline is exactly what is required to reinvigorate CRM programs and ultimately position them to deliver on their original promise: stimulating true customer loyalty.

To capture more meaningful information from your customers, you must provide value in return—not short-term value, but meaningful long-term value. For example, a simple incentive or promotion only reinforces the wrong message: you are interested in a transaction not a relationship. The trick is to not only to deliver short-term value but also to deliver a long-term payoff by using data that has an impact on their experience.

To build a single view of the customer's information, his or her experience must be integrated across all selling channels. In the retail space it has already become clear that multi-channel consumers spend more than single-channel consumers.

In the travel and hospitality spaces we face a slightly different customer relationship challenge given the success of the online agencies and merchant models, but the underlying goal remains the same—to provide the experience customers want so that they choose to interact directly with us. Consumers now accept but also expect much more from the organizations with which they interact across multiple channels. You must deliver an experience that pays off on the trust a customer has placed in you by sharing information about him or herself.

The idea of a single view of the customer is not a new one, and though the goal has not yet been reached, each channel has made progress in improving the discipline and insights of their data capture and management processes.

Nowhere have the strides been as dramatic as those in the online space. Perhaps

The **TWO KEYS** to ensure customer loyalty are:

1 Build a single unified view of the customer; and

2 Make that customer record as rich with meaningful data as possible.

one of the best examples is Hotwire and its use of triggered e-mails (by integrating YesMail into their communications platform) to send various follow-up offers to customers who have abandoned a transaction. This approach helps improve the conversion rates and capture more customers. It also integrates e-mail into the online sales and marketing plan, becoming itself an extremely rich source of data about each customer. Hotwire can see what kinds of offers and services have the greatest appeal and discover exactly which message or offer worked for each customer.

The next step to providing a positive customer experience that translates into positive business results is to bridge the gap between in-person contact (the experience of checking in and staying at a hotel) and the remote experience (call centers, Web sites and direct mail). Capturing and storing customer preferences must be recognized as a strategic business priority and used at the property level to improve the actual experience an individual has when staying at your hotel. Conversely, the experience promised in your remote communications must be consistent with what is delivered when someone visits one of your properties.

Fairmont has introduced an innovative solution that accomplishes one part of this challenge and has the potential to offer a much richer experience. As a premium brand, Fairmont wants to employ its Web site to reinforce the quality of the experience a customer has when staying in a Fairmont property. The Web site collects and stores information about a customer's preferences. This data enables Fairmont to deliver a differentiated experience for a customer who stays at a Fairmont hotel regardless of the property. To help bridge the gap between channels, Fairmont has introduced the idea of an online concierge that helps you plan your visit and concurrently creates an additional data capture point to enrich their understanding of their customers.

The success of each of these tactics is based upon the user acceptance of the Internet as a viable if not preferred channel to plan and book travel; an understanding of customer's preferences; and an ability to quantify the business results these programs can drive.

The success of loyalty programs, notably Starwood's Preferred program, Hyatt's Gold Passport or the airline industry's use of loyalty programs, has created a mechanism for gathering data with some value returned. But their success is only partial at this point.

Loyalty programs are highly visible right now, both for their successes and their shortcomings. Miles have become a commodity in and of themselves, but rather than integrating

the data these programs have collected into the experience a customer has when interacting with the brand, most of these programs are looking for the quick buck. They sell access to this list of customers and their preferences. How many credit card offers have you received from your airline frequent flyer program?

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These loyalty programs have learned the value of measurement and quantification, but they have yet to really leverage that insight to impact the user experience when customers are interacting directly with the brand.

There are significant technical challenges associated with the true consolidation of customer data and providing access to everyone involved in a customer interaction when they are having that interaction. But the real barrier is operational. Online tools and technologies that leverage data (like ATG Scenario server) and capture data (Omniture's analytics tools) are making great strides in facilitating the integration of online customer data and insights with more traditional customer data repositories, such as those used for call centers and direct mail. But the investment and commitment required to change behavior all the way down to the front desk at a particular property is more difficult than any single technology development or integration initiative. Until that happens the value hospitality providers are going to be able to offer to customers for their loyalty will be limited, as will the loyalty that customers offer in return.

Finally, the ability to provide an improved, consistent and self-consciously managed customer experience across channels is the most powerful way hotel properties can combat the pressures from the growth of the online agencies and merchant models. Hotels are fighting to improve yield, control their brand and own the customer relationship.

The one-to-one promise that was born from the early days of hyperbole surrounding the Internet is not yet real, but customers have become much more discerning. They have become much more sophisticated and they insist on value for their loyalty. Existing practices in loyalty programs as well as channel integration are offering enough value to keep your property on the consideration list, but are customers willing to pay a bit more because you offer them value?

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