

Canyon ranch case



Should Canyon ranch implement a CRM strategy? What are some of the major considerations? Canyon Ranch should absolutely implement a CRM strategy. For years Canyon Ranch has been the leader in the luxury segment of the spa industry, with a unique value proposition. However, competition has started becoming an increasing threat, as the trend has shifted towards convergence between medicine and spa services. There are a number of new players, and in order to maintain that point of differentiation, Canyon Ranch will need to build their relationships with their customers.

In order to do that, they need to implement a CRM strategy. Some of the major considerations include: * Leadership: Leadership sees the potential value of information to enable better decision making, however there are still some concerns over whether it is logical to make decisions solely based on numbers instead of subjective information. * Human resource Capacity: If they want to implement a robust CRM strategy, this requires a heavily upgraded technical infrastructure; hence a proper staff would be required to manage it either internally or externally. Communication: Canyon Ranch has traditionally relied on word of mouth and referrals while direct advertising may be a natural extension of the new system.

Therefore, marketing also needs to be willing and able to take on new forms of advertising to get the full value out of the system. * Cooperation: Do the other resort locations have the willingness and ability to adopt an enterprise level CRM system? An effective CRM system would need to utilize all locations under the same umbrella. People: Lower level employees such as program coordinators are juggling multiple tasks, which make it difficult for them to be actively listening to each guest. As we know, listening and

responding to customers is critical to a successful CRM strategy. * Culture: For a business that is traditionally focused on the human touch, technology in general has always been looked at as a threat to the spa industry.

Perception of the use of technology would need to be changed at all levels of the company, prompting them to think of the CRM initiative as their primary instead of secondary toolset. Size: Canyon Ranch has two destination resorts and three SpaClubs. The company is growing, and so are the services. For example, The Berkshires has over 230 different services in both Spa and Health and Healing departments, as well as lectures, fitness classes, and outdoor activities. This means there are lots of touch points and data to work with and keep track of for each customer. * Structure: Canyon Ranch has historically relied on a decentralized IT infrastructure, with both the destination resorts and the SpaClubs working independently.

The more decentralized an organization's customer interactions, the greater the challenges in practicing CRM. Specific to Canyon Ranch, the greatest challenge would be making sure all of the information flows from reservations to on-site. * Technology: They have relied on a legacy system that has been grandfathered into several generations of leadership, called CLS. While the system is vastly outdated compared to contemporary systems, the fact that Canyon Ranch has access to the source code (BASIC), any upgrades they make to their system can be done much more smoothly and cost efficiently. Process: Are the traditional inputs, such as the call center or paper based reservations on-site, able to adapt to a newer system? Does a CRM strategy fit with Canyon Ranch overall Positioning? A CRM strategy definitely fits in with Canyon Ranch's overall positioning. Canyon

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Ranch positions themselves as a luxury destination resort, providing one-on-one service to fit the unique needs of their guests so they can live a happier, healthier, more fulfilling life. In essence, they are the destination for holistic health.

As a point of difference, they offered the Health and Healing operation, staffed with medical doctors, nutritionists, behaviorists, and exercise physiologists. Their guests could not only enjoy spa services, but also nutrition seminars, fitness activities, and medical attention. In addition, they have always had a focus on providing superior customer service and personalizing their guests' experiences. In fact, they pride themselves on their extremely attentive service which includes a 2: 5: 1 staff-to-guest ratio.

They have a true integrative-care model, and therefore want the Canyon Ranch experience to be customized to their customer needs. Management is strongly committed to this initiative of providing an unparalleled standard of customer service. In terms of CRM, they are keenly aware of the potential that customer data offers, as well as the risks of not using it properly. For example, Canyon Ranch executives believe that if properly integrated, the Health and Healing Department could offer important synergies with other departments.

A CRM strategy will enable Canyon Ranch to deepen their relationships with their customers, therefore providing an unprecedented level of customer service, as well as a competitive advantage. How would you judge the current use of CRM concepts by Canyon Ranch? Canyon Ranch has developed substantial knowledge about their customers over the years;

however this knowledge is only surface level. There is a large opportunity for them to expand on their current systems to extract additional information and provide a more intimate, customized experience for their customers.

As mentioned earlier, their Information technology process is decentralized, with the destination resorts and SpaClubs working independently. The destination resorts rely on Computerized Lodging Systems (CLS), focused on efficiently processing transactions such as reservations. This system has the potential to track information such as what paid services a customer scheduled, when, with whom they took the service, etc. In essence, it can handle the complex scheduling for the Spa and Health and Healing services, however other activities cannot be tracked by CLS.

For popular services and activities, paper-based waiting lists are maintained. To complement CLS, Canyon Ranch in the Berkshires implemented Guestware, a software application designed to collect preferences and support incident tracking, rapid response, and guest surveying. The main setback, however, is the fact it does not integrate well with CLS. From an external standpoint, Canyon Ranch has multiple interactions with guests; however there are still some loopholes to manage.

For example, a few weeks prior to their scheduled arrival, the guest would speak with reservations via phone, which allows Canyon Ranch to obtain background information about the guests' goals for their stay, as well as some additional relevant background information. While this is great, it has proved difficult and sometimes problematic to translate this once the guest arrives at the ranch. There seems to be a point between reservations and

the program coordinator where information decays. At times, guests have to re-iterate their goals and background history, which they shouldn't have to do.

A proper CRM system would be able to seamlessly communicate that information from reservations to the program coordinator so they are already aware of your goals and can give recommendations for services and ways to meet those goals. What should Canyon Ranch Destination Resort's CRM initiative look like? (Hint: Provide a list of components with short descriptions) * Leadership: Leadership is aligned on objectives and execution, delivering consistent messages internally of the value of the CRM strategy/system. Ultimately, it must be treated as a business methodology that the organization can fully embrace and scale over time. Human resource Capacity: Should have at least one primary IT director responsible for overseeing technical infrastructure with auxiliary support staff added as needed. Add additional support staff to handle daily inquiries from leadership.

* Communication: All marketing personnel must have prior input in regard to what data will be derived from the CRM strategy/system. Since decisions on how to evolve the consumer experience will be made based on this data, marketing must be aligned with all potential outcomes that point beyond the traditional word-of-mouth approach. Cooperation: All Canyon Ranch locations must adopt the new CRM system and retrain staff to lean on its capabilities. While this will enable each geographic asset to be benchmarked against one another, it must be structured in such a way as to not make them compete with one another. This includes accounting for variables such as the

size/capacity of the location, services offered, and any seasonal influences. *

People: Provide intensive training to all lower-level employees, such as program coordinators. Enable all customer touch points dealing with scheduling & reservations to be updated in real-time.

Enable service persons to review guest schedules to provide relevant suggestions for additional services. * Culture: Full adoption of the new CRM system requires that it be embraced at all levels, starting with leadership. To ensure that it is consistently leveraged by all business units, a flexible rewards structure should be implemented to incentivize its utilization. * Size: The CRM system should not only have the ability to support the existing business, but be able to scale as the company expands into other locations and offerings. * Structure: Set up a centralized data warehouse that could be fed from all customer contact points.

* Technology: Create/purchase POS software to capture specific purchases and provide sales history to aid sales clerk. Create portal for guests to review, and maintain the ‘health plan’ they developed during their visit – use the portal for suggesting complimentary services and re-ordering products. * Process: Format data collection to ensure consistency – eliminate free-form entry except when necessary. Ensure that all data collected by ‘Reservations’ is available to ‘Program Coordinators’ before they receive the guests.

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