

# Ritz carlton case study

Business



The Ritz-Carlton – Using IS to Better Serve the Customer | CURRENT| PROPOSED| 5Cs| Customer| Business and Leisure Travellers demanding individualized attention and high quality hotel experiences.

Mainly focuses on corporate travel and meeting planners. | SAME| Company| 5\* Luxury Hotels and Resorts Mostly franchisor and management contract providers with some ownership. Customer centric culture and use of knowledge base marketing. Human capital and systems support to provide personalized service based on customer knowledge and consistency in all properties. Empowerment| SAME| Competition| Four Season, Starwood, Fairmont, Hyatt, Intercontinental and other Luxury category hotels/ resorts  
Competitive advantage: leader in product and service excellence, service is difficult to copy or reproduce by competitors| SAME| Collaborators| Employees as the most important collaborator. Extremely well trained professionals.

Efficient communication between marketing and sales partners Covia/Galileo (CRM), Encore (PMS)| SAME plus MIS vendors| Context| Weak fundamentals in hotel markets such as struggling European economy and over capacity in the US market, high customer perception of luxury brands. Improving economics for full-service hotels| 4Ps| Price| High end, Luxury| SAME| Product| Luxury Hotel with individualized attention. Best locations, distinctive facilities. | Leader in quality of both physical product and service. SAME + Event wedding planning| Pistribution| Repeat customers, Corporate| SAME plus new customers (reduce turnaways)| Promotion| Reputation, Print and online distribution| To increase marketing| Will you consider COVIA and Encore CRM systems? Which will be the differences with a product-oriented  
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CRM? COVIA is utilized more as just a global data storage center because of its large capacity for data storage, originally a reservation system for airline industry. ENCORE is the original PMS systems used in reservations for each hotel, and the system to be more close to a CRM.

The systems interphase with each other, but with limitations: upgrades, support, and simultaneous update. Customer duplication is a problem and no categorizing or defect reporting is available from encore. We consider COVIA and Encore to be more systems of global distribution systems and local property management systems that have been adapted to record customer profiles, rather than pure customer relationship management systems. They do not actually mine such profiles for useful data or relations that can aid the guest relations interface but merely display information that has been historically recorded. A true product-oriented CRM system will organize, automate, and synchronize business processes—principally sales activities, but also those for marketing, customer service, and technical support. The overall goals of CRM system are to find, attract, and win new clients, nurture and retain those the company already has, entice former clients back into the fold, and reduce the costs of marketing and client service.

An important factor for the success of a product/process oriented CRM is a good knowledge of the process, the system flexibility to scale or changes, and the continuous training of the staff to use effectively. How will you align the database systems with your people, the operations and the customers? The case shows that the available technology was adapted as best as the company could for CRM activities and staff operations. Ideally, it should have been the other way around. First, choose a strategy. Then design a service

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delivery process and understand the skills the people need to have to deliver.

Finally invest in the best technology that fits the purpose. Following this, the hotel should balance the different dimensions: CUSTOMER- PROCESS & PEOPLE -TECHNOLOGY CUSTOMER NEEDS: make sure that it is not only the transactional data (historic spending, complaints, segment) or demographics (gender, age, nationality). IT is the qualitative data that will help understanding how the customer thinks, his emotional and functional needs, taste, likeliness of choice, valorization. By capitalizing on this information, then the company will be able to understand the customer decision making process, estimate a customer lifetime value and better “ predict” the customer needs in his future visits. Customer’s preferences may change, so updates are necessary.

Sometimes customers are not aware of their emotional needs and will not share them. However, it lies in the staff capacity to leverage this information and reproduce the line of thought of the customer, the emotional needs behind the functional requests, comments, interactions. In terms of customer, perhaps Ritz Carleton could consider setting up an input area on their website or actually at a terminal within the hotel, where customers could enter certain preferences and requests directly into their files where they make their initial reservations or during their stay. Any “ surveying” method without being a real survey but that can help gather some information on tastes and preferences. Some customers will be willing to share more than others.

SERVICE DELIVERY ; STAFF: focus on the process and people that will deliver the service. By training all levels of staff with the same priority: serving the customer. Also, have it present in every customer touch point, so that any new knowledge generated can be included in the system. TECHNOLOGY: choose or develop one that “ fits” the purpose, with the best capacity to produce knowledge out of the data, integrating information from every touch point and reports with “ ready to use” information that can be translated into “ action” once the customer is staying in any of the hotels. Employees should be able to get quick and relevant information for their functional area (e.

g. housekeeper with pillow preferences) accessible at any point of the delivery process but with the flexibility for retrieving other customer information when required (e. g. technical person helping with directions to meeting rooms). The operations personnel should have a broad overview of the types of customers at a particular time of day, period or year – this will allow yield management as well as allocating the appropriate resources efficiently and effectively.

Secured computer access in all departments such that employees can get the relevant information as they need it during working hours. What is the impact of the culture in the service operations? And in the HR strategy? The sense of empowerment is very important to ensure that each employee feels that he/ she plays an important role in the whole service delivery chain. Each employee must be engaged to participate in contributing and delivering the high service standards to be maintained – including going out of functional areas as well as noting improvements in all areas. The HR strategy in <https://assignbuster.com/ritz-carlton-case-study/>

recruitment is critical to ensure the right people enter the organization and who can quickly integrate into the corporate DNA set out above. The right benefits and appreciation for every employee that meets such culture can also reduce any turnover (which in turns leads to less need for further training and thus costs). Employee loyalty often turns into customer loyalty.

The corporate philosophy at Ritz Carlton is all about personalizing service through creating seamless customer-driven service systems that would anticipate a guest's needs and preferences, and react instantly to correct any error or complaint. This is reflected in the service operations strategy in many ways including how they have implemented “ the lineup” at the beginning of every shift whereby the people finishing their shift would inform the replacement staffers of any guests requirements or requests that have been made which need to be attended to such that everyone is on the same page or how employees were encouraged to take notes of the comments they would overhear guests making in hopes of better serving them and catering to their needs. As well, the new hiring and training processes in HR have been a result of great influence from the corporate culture. Employees are meticulously chosen based on customer service qualities and go through a three interview stages, go through 100 hours of quality service education and are empowered (once in active employment) to jump in immediately should a problem arise to help make things right (this includes a \$2000 compensation allowance). Ritz Carleton also has in place many rewards and employee benefits (free trips to new hotels, give coupons or free weekend stays etc.

) to encourage and enforce their standards in customer service quality. The "12 Service Values," "The Credo," "The Three Steps of Service," "The 6th Diamond" are some of the statements thought to all employees over the years. Will the MIS systems support customer loyalty programs? In every case or only at Ritz-Carlton? Will you do it at Ritz-Carlton? MIS systems can support customer loyalty programs by mining the appropriate data for use by both service delivery as well as for marketing and operations. However, it must be used consistently and appropriately by all functions concerned. However, this entire valuable information will only make a difference if tightly integrated into service delivery, both in every case (where customer retention AND customer creation is important) and also at Ritz-Carlton. Considering the age of the COVIA and Encore systems currently used at Ritz-Carlton and the tedious interchange of information at local and worldwide levels, Ritz-Carlton should consider investing in an integrated MIS to collate such customer information and take the opportunity to clean up its database and institute new functions that allow proper guest identification and reduce duplicates.

This will allow it to reduce the costs of each "transaction" while reducing frustration for customer-facing staff. (In any case, these systems are no longer really supported by the companies who introduced them – outsourcing the systems to a vendor will make economic sense since Ritz-Carlton is not in the business of IT.) Such recommendation is subject to Ritz-Carlton meeting increasing data protection regimes in the world as well as the increasing move of such data into the computing cloud where accessibility at both HQ and local properties is synchronized. There are

different opinions to whether loyalty programs satisfy luxury travellers. Until recently Ritz did not give Marriott customers loyalty points in exchange of stays. Four Seasons (closest competitor) doesn't offer guests a loyalty program, and doesn't intend to in the near future. They believe that guest recognition, is really much more important for luxury travellers than loyalty points.

APPENDIX SWOT ANALYSIS

COMPETITIVE STRENGTHS \* Management knowledge and more than 20 years expertise \* Good knowledge of individual customers and demand patterns \* Good reputation and ratings \* Network of repeat customers \* Empowerment of employees \* Strong customer recovery systems

COMPETITIVE WEAKNESS \* Limited marketing \* CRM duplication \* Reliance on same customers \* Weak relationship and alignment with owners \* No international brand to boost distribution, publicity and benefits of scale

OPPORTUNITIES \* Gaming business \* Convert turnaways to return customers \* Better integrate CRM at worldwide and local level \* Asian markets growth

THREATS \* Four Seasons \* Other luxury hotels in same area \* Becoming an exclusive club of same customers \* Challenge in maintaining service