

An interview with hilton hotels' jim vonderheide



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NOV. 20, 2006 You Can Get to Know Your Guest: An Interview With Hilton

Hotels' Jim VonDerheide Bob Thompson Jim, I know you've got quite an

extensive background in what we now call customer relationship

management. Could you tell us a little bit about that background and what it

is you're currently doing at Hilton? Jim VonDerheide My career pretty much

started as a database marketer. I think as technology progressed over the

years, database marketing sort of evolved into response marketing in the

800-number era and then into interactive marketing in the web- based era.

I think as those channels start to integrate, we have a relationship that eeds

to span across the entire set of interactions we have with our customers. I've

kind of been standing strategically in between marketing and technology,

trying to make sure that those interactions make more and more sense in

terms of a continuity market. Bob Thompson What are your responsibilities

at Hilton today? Jim VonDerheide My responsibilities revolve around the

interactions that take place with our guests, irrespective of what channel

those interactions are taking place in.

So, if there is something that we've known about a customer or that a

customer has asked us to emember about their preferences or their choices,

I'm responsible for making sure that we act on those correctly and get them

delivered in the correct experience. Bob Thompson How long has this

position been in place there? It's been in place for about three years. We

originally started some of our efforts in, I think, what would be a typical

approach of a matrix operation that pulled in an operations person, a

marketing person and a technology person to determine how we could be

more integrated in the way we dealt with our guests.

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And at that point, actually, it was just recognition of our guests. Bob Thompson And today, where does your job report into? Is it in the marketing function or IT or somewhere else? Jim VonDerheide It's in an area that we refer to more as an integrated services area. You know, as a franchising organization with a corporate office, what we do is we try to create services that can be better delivered from a national organization than it can at any of our local hotels. Bob Thompson Let's talk a little bit about Hilton and the business environment you're in.

I noticed from the Hilton web site that Hilton's actually a collection of a number of different brands. Jim VonDerheide That's correct.

As I read it, 100 or so hotels worldwide and nearly 10 million rooms that are under Hilton brand, brands like " in addition to Hilton " Doubletree, Embassy Suites, Hampton Inn, Homewood Suites and Hilton Garden Inn. So in that type of environment, have you drawn any conclusions about what really determines whether a customer's going to be loyal to Hilton or to that specific brand? Choice I think it ends up being, again, a guest's choice. We have guests that we know are loyal to one of our brands or to a few of our brands.

We have a high percentage of our guests who are loyal to the family of brands and will choose to stay with us, irrespective of which one of the brands it is. And what we try to do is cater to each one of those choices that a guest makes. Obviously, it's to our advantage if we can get guests to be multi-branded, but we certainly understand that there are certain customer promises that, for example, an Embassy Suites would make that will not be replicated in any of our other brands.

Similarly, there are customer promises made by the Hilton brand that won't be replicated in any of the other brands.

So, you know, your job is to really make sure that that expectation is understood in terms of what the brand promise is and to also make sure that the family brand promises, irrespective of what brand you're staying at, what Hilton brings to its family. Bob Thompson What is that exactly? Let's talk about Hilton as the macro brand. What's the promise that you're attempting to make to the customers? Jim VonDerheide The customer promise from the family of brands really is hospitality.

We consider ourselves to be synonymous, worldwide, with hospitality, and we try to bring hospitality to light in every one of our brands.

So that is making your journey more of a pleasant experience. Bob Thompson When you get down to a specific brand, if you're talking about Hampton Inn, that's more of a budget brand, if I remember right. Embassy Suites is the suites brand. So with each one of these, you would then try to bring out something that's specific for the segment it's going after.

Jim VonDerheide That's correct. The Embassy Suites has a full-service breakfast, a prepared-to-order breakfast. Hampton has an individual breakfast but not individually prepared. Bob But let me go back to my earlier question.

What is it, specifically, that drives loyalty to that brand? What is it that you try to do or to manage to cause customers to really have this positive feeling

about Hilton or about one of these brands? Jim VonDerheide I think it's similar to most organizations. It's fulfilling that customer promise.

In our case, that is fulfilling the things that are what I would consider the cost of entry: a clean room, secure room, good bed, functional alarm clock, working shower, hot water, etc. So it's the physical property that's a requirement.

I believe some of the things we've added into that with our loyalty program, Hilton HHonors" some of the things we offer" are the baseline necessities to be in the major hotel industry: points and miles. Where we're at currently in our experience management is really moving towards choice and control. What we're trying to do is make sure that the things we're investing in for our guests are the things that they want.

So the example in a full-service property: If it's a very frequent guest who, historically, we would deliver a fruit basket to, if we find out they don't like fruit, we probably ought to be delivering a cheese plate.

So it's literally giving the customer the opportunity to tell us what their experience should be and to layer in investment at the correct level for that type of guest. Bob Thompson Let's talk a little bit about CRM, specifically, customer relationship management. Could you give us a brief definition of what it means at Hilton and talk about the evolution of CRM at Hilton, specifically? Where did it start and what's been happening? Jim VonDerheide I guess from a definitional standpoint, we have the four keywords.

It was first: identifying guests, knowing who they were, interacting with those guests and then differentiating.

Those were the keys that we were trying to find for identification, interaction and differentiation. We spent the first year and a half making sure that the technology could identify and recognize returning guests. Bob Thompson And this is back in what timeframe? This was around the year 2000-2001. If I backed up a little bit, I would say that, in the evolution of technology in marketing" or evolution in CRM or CEM" I believe the folks who are in that industry are change agents.

So we definitely recognized that early on and put together a matrix organization that was considered to be one of the key integrating factors within the Hilton corporation. Our average HHonors guest carries 3.

6 cards. We recognize that. We'd just like to be the one they choose first. ' It happened almost coincidentally with our acquisition of the Promus properties [in 1999], and we had a distinct requirement to integrate multiple and various brands and business models. CRM was seen" the customer was seen" as a major part of that integration.

So we backed up and said we needed a technology base and procedural protocol base that would allow us to deal with customers who were coming together from multiple Promus brand sets into one consistent family of brands. Technology played a major role in that from the standpoint of identifying who those customers were so that we could recognize them in a way and get to know them. Bob Thompson Let's dig into that just for a second here, if you don't mind. How do you recognize a hotel guest? Jim <https://assignbuster.com/an-interview-with-hilton-hotels-jim-vonderheide/>

VonDerheide I'm going to talk technology first, and then we'll talk about how we actually had the protocol to deal with it.

The technology. The simplest and historic was asking people to opt in so that they joined the HHonors Program.

Once that happened, the incentive of points and miles trained folks to give us their HHonors number. That was the easiest recognition. We set out on a mission to say they shouldn't have to do that. We should be able to recognize, especially, someone who's had 20 stays with us, without having to go to that level. Bob Thompson There are some people out there who, like me, don't like managing all these frequent- flier programs.

I mean, I fly a lot, but I don't fly enough.

So even though I probably shouldn't, many times, I just ignore it. I just don't want to be bothered. Do you find the same true in the hotel business, where people might be in the HHonors program or not, but they prefer not to give you their number and you have to deal with it some other way? Jim

VonDerheide Yes, I think there's a high volume of folks like that I know that I don't remember very many of my frequent-traveler numbers. I try to get them into a profile, so I don't have to.

But I think we have a high volume of people, and that was part of what we went through with CRM.

There's a high volume of our guests who, for whatever reason, choose to not join the HHonors Program, whether it's managing too many numbers or too many accounts or not wanting to have to bother with it. But we still believe if

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hey're staying with us frequently, we should be able to recognize them as a returning guest and give them specialized and different treatment. Bob Thompson You do that if they're not HHonors? Yes, correct. We have certain matching algorithms.

We try to make sure that we're putting together multiple purchases for individuals. And those records sort of transfer around the touch-points, the same way that our HHonors records do. The experience You've mentioned customer experience a couple of times here already, and I wondered if you could just comment briefly on what is the new news, from your point of view, on customer experience management" the big buzzword around the industry? Has it added something to how you think about customer relationships at Hilton, or is it more of a validation of what you've been doing already?