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A Study of Customer Loyalty and the impact of an eCRM approach in a 5-star hotel environment

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Signed Statement

Statement of authorship

I certify that this dissertation is my own work and contains no material which has been accepted for the award of any degree or diploma in any institute, college or university. Moreover, to the best of my knowledge and belief, it contains no material previously published or written by another person, except where due reference is made in the text of this dissertation.

I also understand that the content of this dissertation belong to Les Roches Hotel School and under no circumstances should any part of it be published, including on the internet, or publicly displayed without receiving written permission from the school.

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Date: __________2012-03-27____________

Abstract

"In today's globalized, fragmented economy, winners will increasingly be separated from losers by their ability to collect, analyze and derive actionable insight from consumer data" Rick Ferguson, VP Knowledge Development, Aimia (2012)

What is happening now is a shift in generations, technology (in itself nothing new) but together with the flattening of the world, the globalization, the economic downfall of 2008, as well as the generations shift in customers and culture impact from the golden BRIC among this shift will affect and make the hospitality industry have to take control of the change faster, as well as find new liaisons in the IT industry.

The main aim of this dissertation is to guide and assist 5-star hotels in constructing a solid and long term strategy towards their loyal customers. It is also to develop a plan that can guide and assist the same in the implementation phase of launching a holistic eCRM strategy that will benefit both the company and the customer in a win-win situation, as well as strengthen all their online customer relationships.

1. The first aim is to ***theoretical*** investigate and gain deeper knowledge and better understanding of 1) the concept of customer loyalty, 2) the concept of eCRM, and 3) how to handle the same over online channels like web 2.0 and social media.
2. The second aim is of a more ***practical*** and ***industry related*** nature focusing on how 5-star hotels can create, maintain and develop successful long-term customer relationships through an eCRM approach using interactive online channels like web 2.0

To make this into a more realistic approach (not only theoretical) the second aim also includes highlighting the potential benefits, as well as the challenges and implications that can occur in the increasing competition and rapidly escalating and ongoing globalization.

The study and research for this dissertation was mainly conducted over a 12-month time period from a 5-star chain in Asia. However, the name of the 5-star hotel chain cannot be revealed due to privacy issues although the findings of this study are applicable to all 5-star hotels.

The findings indicate that the core concept of customer loyalty has not changed much but the world around it has. We have now gone back to basics and put a lot more focus on the actual relationship and the trust created between the customer and the company. It is not so much about the individual pieces and programs anymore but how you can utilize the benefits of all to work in synergy and fit together across organizational functions, departments and multiply over customer touch points through web 2.0 and social media facilitating customer interaction, engagement and participation.

By using a framework like the Loyalty Triangle this gives the possibility to rank, evaluate and measure- , as well as to plan future customer loyalty strategies. Strategies later to be refined even further to ensure profitability and actively develop the customer towards deeper loyalty and make them the best they can be benefitting both customer and company.

Acknowledgements

Writing this dissertation has been very challenging, yet fun and exceptionally interesting. At the same time an eye-opening experience to the disconnect that exist between the technical landscape and the world of 5-star service in the hospitality industry. During this time there have been many late nights, early mornings and finally after all the hours of work I can finally make a mark in the check-box “dissertation submitted”.

Nevertheless, through all the reading, writing and researching there have been several helpful and supportive people who made this possible.

Without family and friends I would not have had the resources, possibility or support to fulfill the dream of a first class Swiss hospitality education and along with that to pursue an international career in the high-end hospitality industry. Some of you have been more or less knowingly supportive; nevertheless, I would like to take this opportunity to thank you all and also extend a few special thanks.

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My supervisor Dr. Marianna Sigala has also been a great resource and good support throughout the writing process. Mr. Bruno Eeckels has also been of grate support with the preparations and planning process, as well as the rest of the faculty at the Les Roches Hospitality Management School in Switzerland.

Looking back at the process of writing this master dissertation it has really given me a true, realistic and deeper understanding in the topic of customer loyalty. It has also helped me discover some large gaps in the market, in the knowledge base and the philosophy around the same. The changing skill sets, job descriptions and the evolution of technology. However, due to this understanding it has also been revealed how this (however challenging) can be bridged and turned into a competitive advantage instead of a slippery slope or the status-quo in a moving escalator going backwards.

In addition, I would also like to thank Ms. Anwen Parry for all cooperation along with the colleagues in the marketing, sales and web team for sharing time, experience and information during the 12-month case study in Thailand. Getting the opportunity to perform all research in a live environment and at the same time see the results of the research was a great motivator.

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