

Malte Kempen

Profitable Hotel Guest Management

The Factors Involved in and the Importance of Following a Guest Relationship Approach in the Irish Luxury Hotel Sector

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“As a merchant, you’d better have a friend in every town” (Grönroos, 1994)

Abstract

In these tough economic times, an increasing number of companies are turning to new ways of marketing and sales activities. This dissertation at hand will discuss the role and importance of Guest Retention and Guest Relationship building for the Irish Luxury Hotel Sector.

The German Poet, Friedrich Schiller, wrote in his poem the "Song of the bell":

*"Therefore test, who wants to bind himself forever,
Whether heart will find right heart.
The elation is short, the remorse is long."*

A key concept in Relationship Marketing is to estimate the value of a customer, and to estimate if it is advisable to establish a relationship with certain customers.

The dissertation is subdivided into several major sections. First, a theoretical section acts as an introduction into the scientific research concerning guest relationships in Irish Luxury Hotels. The theoretical part of this study examined the most commonly used assessment tools in the hospitality industry (Guest segmentation and Validation, Internal Marketing and Service Quality).

The literature analysis revealed that several terms are in use to describe Customer Relationship Marketing, especially for the financial sector, where the concept of Customer Equity (the value of a customer as financial asset) has a strong significance. The main distinguishing factor is the importance of service deliverance in a hotel. The expressions 'customer equity', 'customer value' and 'customer lifetime value' are synonymous in most cases.

In addition, the concept of guest/hotel relationships is outlined in detail. The study delved into choosing the appropriate criteria to enable an objective analysis of Irish Luxury Hotels. The work provides detailed instructions on how the research methodology is implemented.

It is followed by a practical section detailing the operation of an online survey that was conducted with the Sales and Marketing manager of the hotels. Hotels downgraded as four- or five-star hotels by the Irish Hotels Federation were invited to partake in an online survey with a standardised questionnaire. The main aims of the survey were to detect the current status and significance of Relationship Marketing (RM). Furthermore, it aimed to detect the tools and means to implement a holistic RM approach.

Already existing industry standards were also explored via conducting in-depth interviews with Luxury Hotels around Europe. This hands-on knowledge was translated into questions for the quantitative research (Online survey), in which 104 Luxury Hotels participated. In addition, the results of 5 in-depth interviews are briefly presented.

Through an academic and practice-orientated approach, this dissertation proposed an evaluation and discussion of common concepts in Customer Retention and Customer Equity evaluation. The final section contains a discussion of the learning outcome as in hindsight.

These findings were combined to solve the areas of uncertainty regarding the usability and role of Guest Equity, Hospitality Service, Internal Marketing, Service Recovery and Hospitality Advertisement in a holistic Guest Relationship approach in Ireland.

The results showed the Irish Luxury Hotel have understood the basics of Customer Retention techniques like service quality, Internal Marketing with empowerment and training and database marketing. Yet the study shows that hotel have not implemented or understood the whole picture thereof. The mechanisms seem to be operated unplanned and not cross-functionally connected. Furthermore, a unified strategic approach by the management is under represented. Most mechanism operates by themselves. The mindset of Irish hotelier appears to focus still on a transaction marketing approach. The researcher therefore indicates the need for more awareness and knowledge about Retention Management for the decision makers in this sector.

From a practical standpoint, this study can serve as a reference and inspiration for Luxury Hotel to implement or improve their own Guest Relationship strategy. Nevertheless, it is a contribution to get a deeper understanding of Relationship Marketing from an academically point of view.

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