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Guest Histories: An Untapped Service Resource

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Abstract

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Keywords

lodging industry, service excellence, relationship marketing, personalization, marketing information

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Guest Histories:

An Untapped Service Resource

Advances in technology now allow hotel operators to "remember" every guest's preferences through guest histories. However, few hotels are making use of the mountain of data that hotel guests leave behind

**by Chekitan S. Dev
and Bernard D. Ellis**

SERVICE EXCELLENCE will be the key factor in the success of hotels in the 1990s. One facet of

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service excellence involves remembering frequent guests' needs and desires, so that the hotel can fulfill those needs before the guest even asks. Consider the following hypothetical scenario:

Business traveler Chris Talioferro has just picked up luggage at the airport baggage claim. As Chris steps out to the ground-transportation stop, the hotel courtesy van is waiting to meet the flight. In the van is Talioferro's favorite caffeine-free soft drink.

Arriving at the front desk, the clerk greets Chris by name and asks for a quick signature on the hotel's registration card. All relevant guest information is already on the card,

including method of payment. Just to be sure Talioferro hasn't changed plans, the clerk reconfirms that payment will be by gold card. Chris can see that the assigned room is the same as during the last time at this hotel. During that visit Chris mentioned that its glass-topped dinette-style table was useful.

Entering the room, the bellhop turns the television to the recently merged Disney-CNN network, which the housekeeper noticed was always on when Talioferro occupied the room before. In the closet are much-needed extra hangers, plus a personally monogrammed robe.

On the table is the *International Herald Tribune,* the newspaper Chris requested during the last

visit. Opening the mini-bar, Talioferro finds plenty of macadamia nuts (the mini-bar attendant noticed that five packages disappeared during Chris's last stay) and Famous Amos chocolate-chip cookies. Chris also notices a bottle of Chateau Latour 1964, a preferred wine. Finally, Chris notes a message from the concierge telling about tickets to tonight's performance at the theater.

All of the services and amenities provided for the guest in this scenario are made possible by an automated guest-history program that was triggered when the guest's travel agent booked the room. Such individualized personal attention will be an important competitive strategy for hotels in the years to come. In this article, we will propose a model for analyzing the use of guest histories and discuss the findings of a study that examined the extent of guest-history use by hotels.

Three Factors

Obtaining brand loyalty will perforce be the key in hotel companies' competitive strategies. Because hotel accommodations in a given class are looking more and more alike, service quality will "increasingly become synonymous with brand image," as Paula Francese and Leo Renaghan wrote in a recent *Quarterly* article.[1] In fact, offering excellent service will not be enough to convince the guest to stay at a given hotel. Instead, Francese and Renaghan note, three factors will determine the guest's choice of a hotel brand— namely, incentives, individual attention, and recognition.

Incentives. The hospitality industry is only too familiar with such incentives as frequent-

customer programs that reward repeat customers with gifts, room upgrades, or airline tickets. While incentives seemed to work well for the airline industry, hotel companies' frequent-stay programs never really caught fire (see the accompanying articles on frequent-guest programs by Weaver and McCleary and by Toh in this issue of *The Quarterly*). Compared to the airlines' travel rewards, gifts and room upgrades offered by hotels do not seem to attract as many customers as hoped. Some hotel chains' programs are also hampered by the fact that the firms do not have properties in all cities to which would-be guests travel. Costing as much as 3 percent of annual revenues to administer, the programs have become expensive undertakings with disappointing returns.[2]

Personal attention. Giving the guest personal attention has more potential as a competitive strategy. Because most hotel operations have the tangible aspects of the lodging product under control, they must now concentrate on such intangibles as service. The challenge is to make service as tangible as possible. One of the methods for doing this is to create hotel brands that promise certain levels of service. The identity of each brand involves the promise of what Robert Lewis and Richard Chambers labeled "solutions to customers' problems."[3] Although brands do meet the needs of broad market segments, in reality there are as many solutions as there are customers. Richard Winger and David Edelman call this "selling to a segment of one."[4] To accomplish

this ultimate market segmentation, hotel operators will have to note, remember, and automatically accommodate guests' individual preferences.

Recognition. Recognizing the guest involves more than noting preferences and rewarding repeat business. Instead, hotels should build long-term relationships with customers by communicating expectations. To facilitate this, hotel companies will have to maintain a dialogue with customers—finding out exactly what they are looking for in a lodging experience, making sure guests know that they will find it at a given hotel, and checking back to make certain the guest's expectations were met. Beyond that customers must be recognized for the role they play in keeping hotels in business.

Relationship Marketing

Building relationships with customers is no longer simply a good business practice. It has become a matter of survival. More than selling the tangible product or the intangible service, hoteliers must focus on managing long-term relationships with their customers. Some hotel companies have recognized this fact by emphasizing service excellence over profitability in their mission statements. The Ritz-Carlton Company, for instance, included "offering the finest personal service" in its mission statement in its 1989 annual report.

Guest-Information Management

One opportunity to build relationships with guests is in the improved gathering and use of guest information, a practice that is not new to the hospitality industry. Before the computer age, guest information was recorded manually in journals or on cards.

[1]Paula A. Francese and Leo M. Renaghan, "Data-Base Marketing: Building Customer Profiles," *The Cornell Hotel and Restaurant Administration Quarterly*, 31, No. 1 (May 1990), p. 60.

[2]Jonathan Dahl, "Hotels Finding 'Frequent-Stay' Plans Don't Fly," *The Wall Street Journal*, November 5, 1990, p. B1.
[3]Robert C. Lewis and Richard E. Chambers, *Marketing Leadership in Hospitality* (New York: Van Nostrand Reinhold, 1989), p. 9.
[4]Richard Winger and David Edelman, "The Art of Selling to a Segment of One," *Business Month*, January 1990, p. 79.
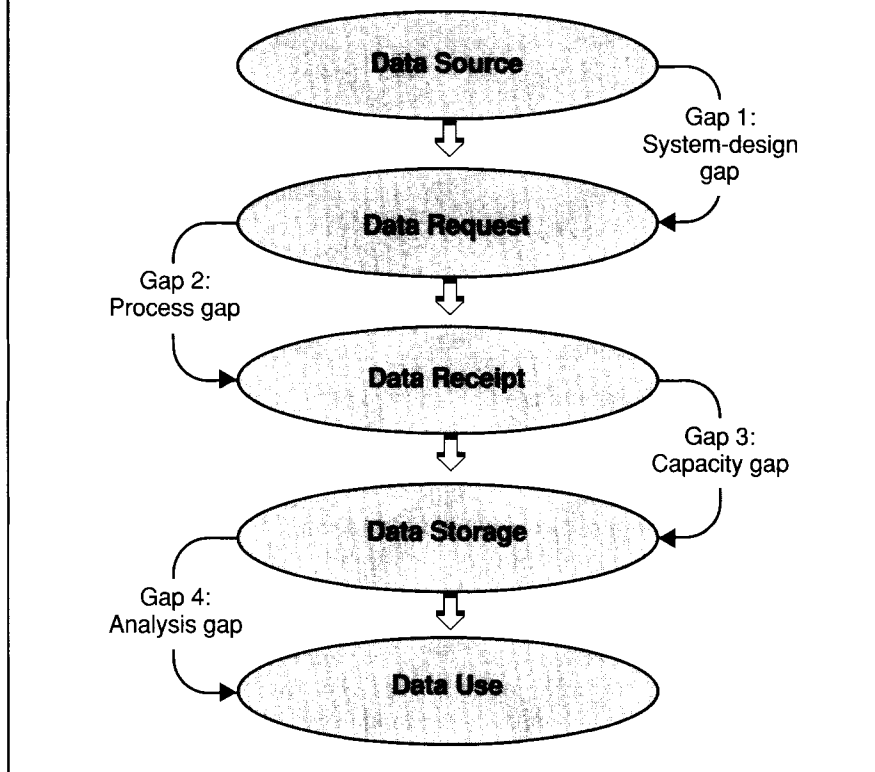
The practice faded after World War II, as the volumes of information became unwieldy and the cost of labor to keep the records became prohibitive.[5] Not only are the written records gone, but hoteliers can no longer rely on their employees to remember frequent guests because hotels now have so many rooms, guest stays are relatively short, and employee turnover is high.

The decreasing cost and increasing capacity of automated guest-history systems will allow hotels to create close relationships with their customers once again. Such use of customer information to develop relationships has been successful in the financial-services industry. Because financial services are extensively automated, it was natural for the industry also to automate the management of customer information. Marketing efforts were improved by targeting opportunities to create special services for customers. Moreover, financial institutions personalized their customer service by giving clerks and tellers access to detailed account information, by cross-selling or widening service offerings when appropriate, and by sending more personalized direct mail.[6] Effective use of customer information helped many financial institutions weather the uncertainties of deregulation and increased competition.

Guest-History Model

To aid in the study of guest-history use in hotels, we developed a model of guest-information management (shown in Exhibit 1). Managing guest information starts with the source of the information, the

[5]A. Neal Geller, *Executive Information Needs in Hotel Companies* (New York: KMPG Peat Marwick, 1985), p. 9.
[6]Wilke See-Tho, "Effective Use of Customer Information in Hotel Marketing and Service," (M.P.S. Monograph, Cornell University School of Hotel Administration, 1990), p. 15.

EXHIBIT 1
A model of guest-history management

Data Source

Gap 1: System-design gap

Data Request

Gap 2: Process gap

Data Receipt

Gap 3: Capacity gap

Data Storage

Gap 4: Analysis gap

Data Use

customers themselves or their representatives. Such secondary sources as census data or market research can also supply useful data. To begin the flow of information, the hotel must request it. That data request includes all information asked of customers before, during, and after their stay. Data receipt refers to the information that is actually received, while data storage deals with customer information that is actually kept on file. The final step, data use, involves the actual application of guest information for the purpose of enhancing service.

The greater the volume of accurate data that makes it from step one to step five, the more effective the guest-history system. Necessary information can be lost between any of the model's steps. One such gap, between the data source and the data request, might

be called the system-design gap. This gap could occur when desk clerks or reservationists fail to request operationally useful guest information. For instance, the system might not prompt the reservationist to ask for expected time of arrival. Such a gap would prevent the front office from scheduling its rooms according to time of arrival and would hinder housekeeping in scheduling cleaners.

A second potential gap, which could be called a process gap, occurs between the data request and data receipt. This gap involves any information that is requested but not received, resulting in incomplete data files and limitations on the marketing potential of the data. The third possible point of leakage is the capacity gap, which could occur when proper data are received but either not

stored or not stored long enough to be useful. A potential example is revenue by department, which could be used to pinpoint those guests who spend the most in food and beverage outlets. Finally, an analysis gap would exist between the data-storage and data-use steps if available information were simply not used. An example would be special amenity requests that could have been accommodated ahead of time, but weren't. Effectively managing guest history requires preventing information gaps or leakage between one step and the next.

The hotel industry has a head start in using guest information because, as Peter Yesawich has commented: "There are few businesses wherein customers divulge critical marketing information about themselves in the course of consuming the product."[7] Customers are routinely asked for much information when they make reservations, and they generally add to this information when they register. Then they express their room, food, and service preferences to the staff during their stay. Finally, they sometimes complete a comment card after their visit. It is up to the hotel industry to manage this wealth of information that guests leave behind.

Examining Guest History

Considering the information available to hotels and its importance in providing better service, we wanted to examine how effectively this information is being managed. In a Cornell University monograph, Wilke See-Tho examined the customer-information practices of six hotels, concluding that "those hotels are not optimizing their information-gathering capabilities."[8] The use of customer information for marketing and service purposes was particularly being overlooked.[9] See-Tho's findings suggest that gaps exist somewhere in the information-management process. To examine the locations of these gaps more closely, we surveyed hotels on their current practices of guest-history management. A discussion of the results follows a brief look at the sample.

The sample. Our sample ultimately comprised 30 hotels—11 first-class, ten luxury, and nine mid-scale. We originally sent out 125 surveys. Individuals contacted were drawn from alumni of the Cornell University School of Hotel Administration. The respondents held positions that would involve them in the collection or use of guest-history information, either at the property or corporate level. Although the sample is slanted toward upscale properties, such a slant is not a disadvantage because until now only relatively large, upscale hotels have been able to afford the automation necessary to maintain extensive guest-history data bases.

We also attempted to include 25 vendors of property-management systems (PMS), but only five responded. The low response rate of system vendors was disappointing, because we were hoping to learn from them what are systems' capabilities. We suspect that vendors who did not respond thought the information was proprietary and should be divulged only to potential buyers.

Survey Development

The survey was designed to test the validity of the guest-information model that we just presented and to assess where gaps exist in the management process. Using Neal Geller's study on hotels' information needs as a base, we compiled an extensive list of important guest-history attributes. We drew others from the work of Peter Yesawich, and users of guest-history systems suggested additional attributes. Vendors were asked what information *could* be requested. To ensure clarity and ease of use, the survey was pre-tested on users of guest-history systems.

In addition to filling out checklists, the hotel respondents were asked the following open-ended questions:
• Do you have a guest-history system? If so, is it linked to your reservation and property-management systems?
• Do you gather data for all

[7]Peter C. Yesawich, "The Case for a Database," *Lodging Hospitality,* October 1986, p. 38.

[8]See-Tho, p. 43.
[9]See-Tho, p. 33.

guests or just those meeting certain criteria?

• Do you have a front-office or marketing manual that includes guidelines for using guest-history information?

• What are the strengths and weaknesses of your guest-history system?

• What is your guest-history system "wish list"? If you could change, add to, or delete any aspect of the system, what would you change?

• Overall, does your guest-history system support your needs?

The respondents were also asked to include copies of registration forms, printouts of guest-history records, and other documentation containing guest information to help us identify gaps of which they might not have been aware. The survey also asked hotel respondents to identify their hotel's level of service, location, primary market, number of rooms, and average rate and occupancy.

Gap Analysis

The findings consisted of qualitative and quantitative data that constituted a rich body of information. We analyzed the information in terms of the guest-history model. We found considerable loss of potential guest information in the design of systems, in storage, and during analysis.

System-design gap. Hoteliers often do not ask for information that customers could easily provide. Key marketing data often are not requested merely because the appropriate data fields do not exist on registration cards or screens. If marketing-data fields do exist, they are often not obligatory, so the reservationist, clerk, or guest can skip over them to save time. Examples of such fields are special comments and purpose of visit.

Management of hotel information systems has traditionally

fallen in the realm of the financial controller. As a result, systems and forms have been designed with financial control in mind. That kind of design is necessary to ensure the proper functioning of the hotel's business, but our findings show a definite bias toward capturing financial information. Of the many points of information requested, 40 percent of the categories pertained to such accounting data as method of payment, billing address, and revenue totals. Just 29 percent of the requested information categories included sales and reservation data, such as source of reservation, special packages or discounts, and group affiliations. Although these data are useful for marketing, their role in facilitating billing and travel-agent accounting probably explains why they are requested as often as they are. At 18 percent, demographic data other than address constituted the third most-requested category (e.g., organization, age, gender, and information on spouse or family). A meager 12 percent of the information fields pertained to guest service, such as special preferences and amenities used. We conclude that hotels are getting useful marketing information mainly by accident, as a piggyback on the flow of financial-accounting data.

Process—no gap. The respondents reported virtually no problem in receiving all the information they requested. This finding underscores our earlier point that hotel guests expect to provide considerable information about themselves when registering or making a reservation. It wouldn't take much to design the guest-registration process to capture considerable marketing information.

Capacity gap. Failure to store information long enough for it to be useful was a major issue. Although

Hotels are getting useful marketing information mainly by accident.

eight respondents claimed to store their information indefinitely, seven respondents had no on-line guest-history system at all. While the mean length of storage was a low four months and the median a mere six months, there's some hope because a substantial number of respondents' storage times clustered around the two-year range. System vendors stressed that the length of storage is user-defined and usually is the first thing to be trimmed when a user wants to decrease the cost of computer hardware and software. Overall, the respondents showed little agreement on an appropriate length of storage. For a business hotel, one year might be sufficient, but a destination resort might need to hold guest information for several years between visits.

The storage-time figures alone are not useful in identifying a capacity gap, however. A better indication came from anecdotal responses. Many respondents referred to "limited storage capacities" in their systems. In addition, when asked for a guest-history wish list, several respondents suggested greater storage capacity. Although these respondents gave various lengths of time for what they thought was an appropriate storage time, they all agreed that their own was too short. Respondents also noted that the more information they store, the longer it takes to gain access to it. Apparently, much information is lost between the receipt and storage stages due to inadequate capacity.

Analysis gap. If hotels manage to obtain significant guest information and store it for an adequate period, they still may never use it! At first glance, it seems inconceivable that hotels would invest the effort and money to collect guest information and then not use it. Yet survey responses verified that this exact thing happens. Respon-

dents indicated that they actually use only about 45 percent of the data that they obtain from guests. This percentage applied equally to all four categories of information: accounting, sales and reservation, demographic, and service preference. That means hoteliers are using only a tiny bit of the potential marketing, demographic, and service-preference information that they have given to them.

Many respondents did not indicate one way or the other whether they used certain variables. The accuracy of these findings should not be affected by these non-responses, because the respondents would be aware of whether the information was actually being used. It's possible that the questionnaire suffered from the "social desirability" phenomenon in this case. Since the respondents knew that the study was measuring the use of customer information, they did not want to appear unsophisticated or incompetent by admitting that they did not use the information.[10] Rather than lying, they simply chose not to respond. We assumed a non-answer was in reality a negative response. In any event, it's clear that an analysis gap exists.

This gap is critical because it would be tragic if well-intentioned hotel companies incurred the expense of installing a sophisticated guest-history system only to have it go unused. Many reasons for the analysis gap can be suggested, but we will propose just three. First, the people who determine what information is to be asked might not be the same people who have the task of using it. Property-level employees might be gathering the information simply to comply with corporate policy without considering the

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[10]Earl Babbie, *The Practice of Social Research* (Belmont, CA: Wadsworth, 1986), p. 152.

objectives of that policy. Second, in their daily activities, hotel executives may simply be too busy to devote time to such future-oriented pursuits as guest-history analysis. Unfortunately, the changes that would be required to improve these two conditions are not easily implemented.

Luckily, there is another possible cause for the analysis gap—a cause that is more easily remedied, specifically, computer limitations. We already noted that as more information is stored, the time needed to retrieve and process this information increases. Respondents identified other computer problems as well: cumbersome, restrictive software; inaccurate data; and data loss. So, the accuracy of the data is questioned and software deficiencies can also block access to and analysis of the data.

These comments echo our earlier point that property-management systems are often not designed for the sophisticated analysis of guest-history data. To investigate this notion, we asked survey respondents to supply forms and printouts pertaining to guest information. Once again, we noted that the registration forms generally asked mostly for accounting-oriented information. More important, the guest-history reports compressed this information even further, allowing no more than two lines for comments. Conspicuously absent from the materials submitted by respondents were computer-generated reports summarizing aggregate guest-history data. Some daily market-segment reports were available, but nothing longer-term.

The potential for more reports exists, though. One vendor's guest-history materials contained the extensive menus of a "guest-history subsystem." Perhaps its functions are complicated to use or are buried under a maze of menus. This subsystem may also be an

expensive add-on that many hotels cannot afford. In programming guest-history functions in a modular fashion, PMS vendors are probably responding to the thinking of their potential buyers—namely, that guest-history information can be analyzed only by the most affluent of hotels where executives have the time and money to do so. As we argued at the outset of this article, hotel operators cannot afford *not* to make use of such information.

Closing the Gaps

Hotel companies should close the information gaps to improve their guest-history management. Here are some short-term suggestions for how to close each one.

System design. The point of guest histories is to get a detailed profile of all your frequent guests. To do so, be sure to tap all possible sources and ask all guests as many questions as you can. These questions can be asked throughout the guest's stay by various employees, who can then add to the data base. Some hotels ask their guests to complete a preference card upon check-in that lists all of the special amenities and services the guest will require. You should let PMS vendors know that their systems, including accompanying reservation and registration forms, must be redesigned to capture this additional information regarding marketing and service. The guest profile must go far beyond accounting information.

Capacity gap. With the recognition that customers are valuable assets comes the realization that additional storage capacity is one of the best investments you will make. Be certain that PMS vendors make accurate estimates of storage needs and do not underestimate these in trying to make the sale. Storing informa-

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HOLIDAY AND HYATT BUILD RELATIONSHIPS

Holiday Inns has combined business and pleasure for members of its "Priority Club," a frequent-guest program. According to *The Successful Hotel Marketer* (January 7, 1991), Holiday invited several hundred club members to complimentary getaway weekends, replete with theme parties and such speakers as Chuck Yeager and John Naisbitt. During the events, Holiday's marketers were on the scene personally asking the guests for their opinions on the Priority Club, Holiday Inns, and proposed new concepts for the club. The chain also asked the guests about their leisure-travel habits.

Hyatt Hotels and Resorts has created a recognition program for guests of its 22 resorts in the U.S., Mexico, and the Caribbean. Known as "Hyatt Gold Passport at Leisure," the program offers a special toll-free reservations number, priority reservations, and such special considerations during guests' resort stays as a manager's reception, a special concierge, and priority reservations and seating at restaurants. The "At Leisure" program is part of the Hyatt Gold Passport, which is the company's frequent-stay program for individual leisure travelers.—*G.W.*

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tion is not enough, however; access to it must be fast and simple.

Analysis gap. Closing this gap should be the first and easiest step in improving guest-history management. Look at the information you already have and think of creative ways to use it. This could be as simple as recognizing guests on their birthdays (say, with a handwritten note and flowers in the room). You can also make a more-detailed analysis. Examine country and zip codes to see where your guests are coming from. Look at the types of companies they represent. Note which credit cards they use. Match the guest registration to other documentation in the hotel. Apply a computer-based statistical-analysis package to do a regression analysis with total expenditures as a dependent variable so you can determine where the money is coming from and find your big spenders. Such an analysis will offset the major criticism of existing yield-management systems, which is that they do not consider the total revenue potential of individual guests when assigning room-reservation priorities.

Use guest-comment cards to match stay patterns with guest satisfaction. Do not forget to mine the data for ways to provide excellent service. Recalling the scenario presented at the beginning

of this article, the preferences of customers can be "remembered" without their having to make requests. Favorite rooms, foods, beverages, and amenities can be ready and waiting. Special diets and health considerations are particularly important to the growing mature-adult market (remember, the baby-boomers are entering their 40s). Apart from preferences, guests can be surprised when special dates are remembered or when monograms add a personal touch to such amenities as bathrobes or glassware.

Personal information can help hotel employees make pleasant conversation with guests (e.g., favorite hobbies, sports). In general, guest needs will be easier to anticipate. Automation has the potential to get this information to the proper departments, such as housekeeping and room service, so front-office personnel will have time to interact with guests instead of being constantly on the phone to convey information about guest requests.

Hotel employees' thoughtfulness will no longer be limited by their own memories. Moreover, hotels need not be held hostage by employees who guard guest information. By putting all information in a data base, each em-

"GREETINGS" FROM FOUR SEASONS

Four Seasons Hotels and Resorts began developing its guest-history system five years ago, in an effort to improve guest service. The "Greetings" system is a proprietary software package designed to capture more information about customers than was possible with simple property-management systems. "Greetings" expands each individual hotel's PMS by allowing room for a more complete guest profile. More special-request codes are available and the system has plenty of open data fields to allow employees to enter guest preferences that do not have codes. So if a frequent guest has stated that he or she does not like to receive calls after 9 PM, the hotel arranges to intercept late calls on all subsequent visits. Keeping track of that kind of guest desire was not possible with the PMS alone

"Greetings" runs on a PC platform with an 80386 processor, and it requires substantial human supervision to maintain its effectiveness. A programmer at Four Seasons headquarters works full-time to enhance the system, while an operations system analyst ensures that the system's operation is smoothly integrated into daily operations. Support at each of Four Seasons' 27 hotels comes from a "Greetings" coordinator, who is responsible for keeping data complete and up to date. Most coordinators are recruited from the reservations department, which has long been responsible for noting guest requests. Management instructions and employee notes about special-guest treatment are given to the coordinator, who then determines which notes should be entered into the system. The coordinator is also responsible for merging guests' duplicate records. The result of this effort is a clean, accurate guest-information data base that was generally unattainable with earlier guest-history systems.

Despite the cost in extra personnel, Four Seasons reckons that the system has been a good investment. The company was pleasantly surprised to find that it had more frequent guests than it thought—50 percent, on average—and these customers have given considerable positive reaction to the system.

In addition to accommodating guest requests, the extensive information captured by "Greetings" has added to marketing efforts by allowing marketing personnel to generate statistics based on any dimension of guest information. As a result, Four Seasons has a clear picture of where its customers come from and what their stay patterns are. Ad campaigns and direct mail have become more targeted, so that media dollars can be spent more effectively.

Awkward. The development of "Greetings" has not been totally without problems. The interface with the property-management system is often awkward. Housekeepers now have their own "Greetings" terminal, and they have become directly responsible for finding guest requests that apply to them. That approach has lightened the load of the front office, whose employees commonly bear the full weight of guest requests. In implementing the "Greetings" system, Four Seasons also had to overcome a certain level of reluctance on the part of long-standing employees, who suddenly were asked their opinions on guest preferences. Universal access to the data base has caused some duplication of effort in accommodating known preferences. Four Seasons has concluded, however, that the last two problems are happy outcomes: namely, guests who are taken care of too well and employees who now know that their input counts.

Greater "Greetings." Four Seasons plans to enhance and expand "Greetings," notably by joining its individual hotel systems into a network to share guest information. Such a web would allow the Mexico City property to give a Canadian guest the same recognition he or she receives at the Toronto hotel. Setting up such a network is not simple. Arranging for dedicated lines is complicated and expensive. Moreover, the company is finding inconsistent crossover patterns. While many guests of the Four Seasons Toronto also stay at the Vancouver property, guests at the Philadelphia hotel don't frequent other Four Seasons' properties. Such stay patterns must be researched before an efficient network can be designed.—*B.D.E.*

ployee in a hotel can be empowered to provide better service.

When employees are given the right to use guest information, they must also be held responsible for contributing to the data base with information they have collected as they interact with guests. Closing the gaps will create an effective guest-history system that will contribute greatly to building and maintaining the competitive advantage hotel companies so desperately need.

Culligan has predicted that the supply of hotel rooms will not increase drastically during the first part of the 1990s, due to decreased hotel lending and changed tax laws.[11] As a result, hotels have the chance for higher occupancy rates in the next few years. Eventually these high occupancies will cause another surge of hotel development (probably when financial institutions again find themselves with excess capital to lend). For these reasons, hotel companies must take action now to implement guest-history systems so they'll be in a good position to maintain their customer base even when a new hotel is built down the road.

Future Guest Histories

The scenario at the beginning of this article offered a glimpse as to how guest histories can be used. New technology, through computer networks, will make such recognition common practice. First, customer information will be available globally through

[11]Patrick E. Culligan, "Looking Up: Lodging Supply and Demand," *The Cornell Hotel and Restaurant Administration Quarterly*, 31, No. 2 (August 1990), p. 33.

[12]For information regarding networks, see: Richard Brandt, "The Personal Computer Finds Its Missing Link," *Business Week*, June 5, 1989, p. 120; regarding data circuits, see: Robert Stamper, *Business Data Communications* (Redwood City, CA: Benjamin/Cummings, 1989), p. 6.

sophisticated networking software connected by reduced cost data circuits.[12] Customers will be recognized at any of a chain's hotels worldwide. Four Seasons hotels are on their way to accomplishing this feat with the development of its "Greetings" system (see the box on the previous page).

New telephone technology (e.g., Integrated Services Digital Network, also known as caller-ID), which allows the same wires to carry voice and data simultaneously, will allow reservations agents to recognize callers personally when they pick up the phone. This technology will also allow guests' photographs to precede their arrival so all employees will recognize them and greet them by name.

Some cautions. Some customers might see such recognition as overly familiar or an invasion of their privacy. Moreover, too much recognition at the front desk could be embarrassing in some situations. Although automatic phone recognition has frightened some customers and led to privacy legislation, the caller-ID feature is bound to become commonplace. At the very least, callers will be able to dial an identification number to receive personal recognition when the reservationist answers.

An additional problem is the possibility of corrupted data. Hotels must be fanatic about maintaining the accuracy of their information or guests could accidentally receive inappropriate service, which could be embarrassing, indeed. The answer to this problem, incidentally, might be to let the guests see what you have on record for them. The downside of that approach is that when your guests see how much you know about them, their expectations will rise. If a customer expresses

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GUEST PROFILES FOR RESTAURANTS

Micro-market segmentation, which is at the root of all successful guest-profile programs, is now available for many types of food-service operations. Today's electronic technology, including satellite-based communications networks, allows retailers to track their customers' lifestyles and buying habits. Supermarket retailers were the first to realize the technology's potential, and have since pioneered sophisticated systems for point-of-sale data-base marketing.

MerchanTec International, an Atlanta-based company, introduced a food-service data-base-marketing system at the National Restaurant Association trade show earlier this year. MerchanTec calls its new system "InstAward," and claims it as the only commercially available service of its kind for restaurants and quick-service retail chains.

InstAward lets participating food-service operators issue magnetic-strip "loyalty" cards to their frequent customers, thereby allowing the stores to identify and monitor their customers' buying patterns.

To enroll in the program, the consumer completes an application at a participating unit. Once the application is processed by MerchanTec, an electronic file is created, which stores specific demographic and psychographic data, such as address, purchasing habits, and personality traits (e.g., food preferences, dining-out habits), and additional personal information such as birth dates and anniversaries. Then, the customer is issued his or her own encoded card.

Afterward, when the member-consumer makes a purchase, the customer accrues "points" or other loyalty awards by presenting the card and swiping it through an electronic terminal.

For the consumer, the appeal of a program such as this is that discounts and awards can be taken advantage of immediately.

For the retailer or food-service operator, the major benefit is a data base of consumer profiles that is essential to micro-market segmentation and effective direct marketing. By tracking customers' buying habits, businesses can know almost immediately when there's a disruption in those habits, and can respond to their best patrons' needs and preferences. Moreover, retailers and restaurateurs will no longer have to bother with coupon offers. Discounts and meal promotions can be keyed to the members' cards.

For corporations that operate in a variety of fast-food segments (such as PepsiCo, with its pizza, burger, Mexican, and chicken brands), providing consumers with an InstAward-type incentive to patronize its outlets is a way to capture business that otherwise might go to a competitor. (It's likely that, just as frequent flyers tend to be loyal to the airline with which they've accumulated the most points, fast-food customers will become loyal to those restaurants that offer some sort of "bonus" program.)

An added benefit, according to *American Demographics* magazine, is that properly constructed data-base marketing "can reduce the cost of marketing by increasing marketing's precision" (January 1991, page 50), an important consideration for an industry that traditionally has relied on mass-marketing to lure fickle and finicky customers to the cash register.—*F.L.C.*

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his or her special preferences and sees that they have been noted, they must be fulfilled. Otherwise, the guest may be left quite unsatisfied.

"New-Fashioned" Service

Overall, using new technology to manage guest information will restore the personal touch that technology is often accused of

destroying. Our survey shows that hotels have not been taking advantage of this technology, but more chains are now interested in making use of guest histories.

Guest recognition will allow hotels to maintain close customer relationships based on personalized, excellent service. Such relationship management will keep customers coming back. ☐