

Canyon Ranch

Harvard Business Review Case Study

1. Should Canyon Ranch implement a CRM strategy? What are some of the major considerations?

Although a leader in the destination segment of the spa industry, in terms of their technical integration, Canyon Ranch can be categorized as a "Visionary", as defined by the Gartner Magic Quadrant, which means there is room for improvement with technical execution. It seems like a natural progression to take their customer-centric approach, which has made them a leader, and make the transition to incorporating data to support and escalate their relationships with their customers, as well as their value chain members. So, major considerations include, the ability to shift from the usage of anecdotal information to using numbers to influence decision making, as well as the ability to truly integrate their data (CDI) and create a 360 view of their customers.

2. Does a CRM strategy fit with Canyon Ranch overall Positioning?

Yes, a CRM strategy does fit with the Canyon Ranch positioning, since their business practices are completely focused on their relationships with their customers, and advertising methods have relied on word-of-mouth referrals and value chain members, as opposed to mass media. Their entire operations are about customer satisfaction and the gathering of information, in order to ensure an optimal spa and health experience. So, collecting that data, and making it available at all touch points, would be beneficial; beneficial for profits, operations and customer service. Since their goal, as stated by Vice President of Marketing, Harley Mayersohn, is to ". . .raise the level of consistency among all our business units", it can be concluded that a CRM strategy would support this effort.

3. How would you judge the current use of CRM concepts by Canyon Ranch?

Canyon Ranch certainly values the information provided by their customers and their past success has depended on it, however, how this data has been captured, collected, shared and ultimately leveraged, is not the most efficient or accessible process. It seems their practices have been well executed in piece meal, but they are poised to take a more holistic approach. For instance, they have had a successful loyalty program, Centennial, and yet expanding on this by creating a more generic rewards program, or at least offering another tier, would provide greater opportunity for nurturing other segments of their customer base. Also, the Berkshire facility has demonstrated progress with the implementation of the Guestware component to their IT system,

and yet there is ample opportunity to integrate that with their existing customer database, as well as the POS to maximize retailing profits. Also, solving some of the issues related to the "hand off" process, once a guest arrives for their stay, could be done through CRM initiatives to build data efficiencies.

4. What should Canyon Ranch Destination Resort's CRM initiative look like?

Approaching a CRM initiative in phases is evident, because the Berkshire facility is most data oriented and can pave the way with CDI by integrating their CLS, Guestware and POS systems. The first phase of shifting to an organization that is data driven with a holistic CRM effort could include the following components:

Integrate Guestware with CLS: This will allow a manager to review any of the day's events and issues and take action immediately. Also, it will provide the blueprint for enabling a larger roll-out for all facilities.

POS integration: Data related to product sales would lead to selling opportunities after the customer stay; one approach would be the development of a program for the *auto renewal of products.

Program Coordinators: At this critical customer touch point, the use of thorough real-time customer data could potentially have an impact by reducing scheduling inefficiencies and confusion, leading to increased customer satisfaction. This role could also be expanded to include the empowerment to suggest trade-ups when scheduling conflicts arise by authorizing a spending budget, similar to Ritz Carlton, and/or creating a commission program for up-selling. If this key, customer-interfacing position is able to efficiently solve problems with real-time data, this could ease stress and also result in a reduction of turn-over and reduce hiring and training costs.

Prospecting/Customer Segmentation: The more detailed the data, the more prospecting opportunities for engaging with current customer's family members, i.e. children of the aging baby boomers and husbands.

Once the Berkshire integration is complete, and processes and results are measured, the system can be enhanced from learnings and then replicated at the other facilities creating an enterprise solution to support the goal to be consistent over all business units. These components could include:

The Web: Develop web site's interactivity to expand its ability to customize the information according to the specific visitor's interests and needs. Creating a vehicle for engaging with over 2

million unique visitors and then collecting information about them, enabling Canyon Ranch to determine their potential value and market to them to encourage future visits.

Loyalty Program: A secondary tier to the Centennial program tailored to another segment of customer behaviors and/or visitation history providing a vehicle for collecting data over all properties to increase ability to segment, cross-sell and measure customer value.

Value Chain Relationships: The tracking and measurement of customers that are generated from partners, such as Williams Sonoma and travel agents, allowing Canyon Ranch to continue to evaluate and cultivate these relationships, as well as predict viability of other potential partners.

SpaClubs/Queen Mary 2: Segment those that have not yet experienced the destination spa, but are familiar with the brand from another facility; cross-sell between properties.

For Canyon Ranch, implementing a more robust and accessible customer database as part of a holistic CRM program, fits with their goals, the value they place on building and maintaining relationships with their customers and their continued desire to create a high level of customer satisfaction. An integrated CRM initiative will allow them to benefit by collecting, analyzing and making the information available to their enterprise — leading them to create a blueprint for how to improve on the "best-in-the-business" spa experience.