

Puttin' on the Ritz: Dazzling Customers

Description

Today's hotel customers are becoming more sophisticated, with higher and higher expectations for the level of service they receive during their visit. Smart hotels have kept pace with their customers' climbing expectations by providing features that surpass expectations. The Ritz-Carlton, the first hotel to win the coveted Malcolm Baldrige National Quality Award, has outrun the competition by delighting customers with an incomparable level of service.

Providing this unmatched level of service assures that customers are loyal and will return repeatedly to any of the worldwide Ritz-Carlton hotels. Keeping loyal customers translates into higher profits for The Ritz-Carlton, because loyal customers return time and again. Customers also refer others, so The Ritz-Carlton spends less on marketing and advertising for each dollar of revenue it generates.

Learning Points

Customer loyalty is a key factor in running a successful business. A primary method for achieving loyalty is to delight your customers by providing more value than the customer expects.

Discussion Questions

Question: What are the benefits of providing services that surpass your customers' expectations?

Answer: Customer loyalty results in increased revenue and market share, achieved by building repeat sales and attracting more business from delighted customer referrals. Customer loyalty also results in shrinking costs, since loyal customers will return repeatedly on their own; advertising and marketing costs are not incurred. The costs of acquiring and servicing new customers and replacing old ones is not incurred. Another related benefit from customer loyalty is employee retention due to increased job satisfaction. This retention has a direct, positive impact on the bottom line: retention improves productivity and avoids the costs of hiring and training new employees. All of these decreased costs contribute handsomely to the organization's profitability.

Question: What opportunities do you have in your company to increase the level of service (and features) needed to surpass your customers' expectations?

Answer: Responses will vary. Many will find this a difficult question to answer since obvious improvements would have already been carried out. Probe: What ideas have you or others had that have been rejected for various reasons: impractical, "giving away the store," we know best what the customer wants, and so forth?

Question: What can be done to break through this resistance and assure that ideas that will delight the customer are considered?

Answer: Responses will vary. Many organizations will need to rethink the processes they have established for product development and service delivery. Examine rigid guidelines or rules, and eliminate those that are too constraining. Market research, focus groups, surveys of customers who have left, employee surveys, and benchmarking studies will all help find customer needs and areas for needed improvements.

Question: What products or services do you know of in your organization that were introduced without consideration of the needs of the customers, i.e., "we know this product is best for the customer, even if the customer does not know it yet"? What happened?

Answer: Responses will vary. Probe: What could have been done to prevent the problems? What should be done differently next time?