

A DATA STRATEGY FOR BECOMING DATA DRIVEN

CASE STUDY

Global Destinations & Spas Group

Background

The Global Destinations & Spas Group is a hotel, casino, spa and nightclub chain. Today it owns 60 hotels, 21 spas, 10 nightclubs and 6 casinos. Founded in New York in 1965, the Group HQ is based in Manhattan. There are currently 23 hotels in the US, but the Group has an increasing presence in mainland Europe, the UK, SE Asia,



Canada and Latin America. Most of its spas, casinos and nightclubs are co-located with its hotels, though 3 spas, 3 nightclubs and one casino are stand-alone establishments.

The Group has grown rapidly through aggressive acquisition and now has 30,500 employees. 78% of its workforce are full or part time employees with the remainder casual workers who are called on at peak periods. Turnover for 2022 was €1.4 billion which is only 75% of the turnover figure for 2018. To address this, the CEO has set a target of increasing average room occupancy from the current figure of 70% to 95% by the end of 2024.

The Group has traditionally presented itself as the leisure brand with a big heart and a small price. Its corporate values (published on its website) lay a great emphasis on personalised customer service and competitive pricing as its key market differentiators.

Current Situation



Although the Group has remained profitable, increasing competition from other chains & new accommodation services (e.g. Airbnb) in the US and elsewhere, and the rapid rise of online gambling, have been gradually eroding its profit margins over the last five years. This has threatened the very survival of the group.

A new CEO was appointed six months ago. Her brief is to increase the profitability of the Group and assure its future. The CEO and senior team are very aware that they are losing market share and need to turn the fortunes of the business around. In a bold public statement the CEO has gone on record to say that in five years the Group will be seen by the market as the leading

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otel, spa, casino & nightclub chain in the world, renowned for its unrivalled value for money and excellent customer experience.

Current Board

The CEO has brought in several new senior executives, four of whom are from her previous company, including a new Chief Marketing Officer (CMO). The CMO has been challenged to increase Group revenue by 20% by the end of 2025 and to maintain this increase year on year until 2028. She believes the best way to achieve it is to initiate a high-profile worldwide marketing campaign throughout 2024.



Some of the original Group board are still in place including the Chief Information Officer (CIO), the Chief Operating Officer (COO) and the Chief Financial Officer (CFO). The COO suspects the Group's running costs are higher than its competitors but has not been able to identify exactly where these inefficiencies exist. He is getting worried as the CEO has set an objective to reduce operational costs across the company by 15% year on year until 2028 and told him it is his primary goal.

Group Operations



Many bookings in hotels are still made by email, letter or phone directly to the hotel, although internet bookings can be made via several hotel booking websites including Booking.com and Trivago. The Group does not yet have its own online booking capability on its website so the CIO has stated his intention to create one and has also proposed setting up a multi-channel call centre for both outbound and inbound selling.

The CEO and CMO both want to introduce a company-wide membership loyalty scheme (provisionally called "Global Gold") so that customers who traditionally only stay at the hotels will be offered discounted accommodation and gambling and spa memberships; similarly casino, nightclub and spa customers could be offered discounts on hotel bookings. The Global Gold loyalty scheme is seen as critical as the Group believes it has a very loyal core customer base.

From 2001 to 2017 the Group accelerated its global expansion through a series of acquisitions of independent hotels, spas, casinos and nightclubs. As a result there is no centralised IT architecture with many inconsistencies in systems and software across the Group. Each hotel maintains its own list of customer details with virtually no electronic sharing of data. Worse, if a customer stays at a hotel and also takes out

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a membership of the same hotel's casino or spa the customer's details are collected and recorded separately. Each operation allocates its own unique customer reference numbers.

Current Data Problems

The CIO, fed up with being blamed for all the Group's data problems at every Board meeting, recently produced a short report on process and data issues across the Group. Some of the main findings were:



1. On a recent “back to the floor” programme of visits the CIO noticed some Valet Parking attendants did not regularly return ticket stubs to the reception desk. Many of these attendants are temporary staff and students working during university holidays. If reception does not have the stub the parking lot charges of €10 per day cannot be levied to customers at checkout time since reception will not know that they have used the lots. It has been estimated that over 250,000 parking days are lost every year. The CIO questioned the attendants, some of whom told him that they were not aware that they had to return the stubs. Others knew the correct procedure but said that there was no incentive for them to take the stubs to reception at the end of their shift. One said to him “All we want to do is get home as fast as we can”.
2. There is a low level of confidence in the accuracy of financial reports and the CFO is nervous about the financial and regulatory implications of this. At a recent major shareholder meeting both the CEO and CFO were severely criticised because the Group's share price has been static over the last three years. Shareholders made it clear that their expectations were that the share price should increase by at least 10% over the next two years. If it doesn't, they may invest elsewhere. The situation was not helped by the CFO's inability to produce accurate, up to date, reliable information at the meeting. Group reports are built up mainly from paper reports submitted from each hotel and establishment. These take a long time to compile manually, requiring a lot of rework and manipulation to generate final reports that are fit to be published externally.
3. There is poor tracking of inventory and supplies across the Group. It is strongly suspected that supplies disappear regularly. Staff at hotels are suspected, but the lack of accurate logistics and supply information make this impossible to prove. New fittings in rooms regularly vanish without trace. Over 200 televisions alone have been stolen from hotel rooms in the last year; staff blame customers, but no prosecutions have resulted. Lawyers have advised against prosecutions because the Group's inventory records are so poor that they do not know how many TV sets they actually own. Each TV costs the Group €300.

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4. Customer data is known to be a big problem. When a customer visits a Group hotel for the first time all details are entered in the hotel's own database, even if they are regulars at other Group hotels. There have been a number of complaints from regular customers that special requirements have to be repeated at each visit (e.g. room near a lift for easy access).
5. There is no standardised system for collecting customer details; some hotels still use the systems they had before being taken over by the Group.
6. Some hotels ask for email details when customers check in; others do not. Email addresses are not checked. The CIO recently audited them and noticed that the Group attempted to send one of its marketing messages to 406 people whose email address appeared to be mickeymouse@disneylandparis. This story appeared in the US national press, causing the organisation much embarrassment. Rival hotel staff in New York have been ringing the Group's HQ, asking in a high pitched voice to be put through to Minnie's room. One rival hotel group CEO also sent 200 Mickey Mouse balloons to the CEO, who failed to appreciate the joke. The CEO blames the CIO for the fiasco.
7. Because of the multiple capture of customer details the Group has no idea who its most profitable customers are. This will make it difficult for the CMO to introduce a customer loyalty scheme. This is compounded by the fact that there is wide disagreement across the Group as to what a customer actually is, some arguing that only hotel customers who pay the bill should be included in any loyalty scheme, whilst others suggest all visitors to Group properties should be considered as potential members.
8. In 2022 an IT consultancy company was brought in to advise the CIO on actions that need to be taken to improve use of IT. A random sample of data contained in 12 hotel databases showed that the quality of data was "overall poor, in places terrible". Moreover, they found no one had any responsibility for improving it or could suggest who should. Sample records from various Group hotel and spa systems profiled by the IT consultancy are included at Appendix 1, along with an overview analysis of the quality of key fields within customer data at Appendix 2.
9. The Group use first class mail to post their corporate magazine ("Global Roam") to each of their 528,000 known customers once a year. In 2022 this cost amounted to €839,000. Figures indicated that €315,000 of this was completely wasted as they were returned by national mail services as undeliverable. It was further estimated, via a separate survey, that of those delivered, 25% were in fact mailed to people who no longer lived at the address. A summary of the findings is at Appendix 3.

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10. Hotel supply management systems are rarely kept up to date when new supplies are delivered. All supply data has to be transferred manually by hotel staff from paper invoices and in some hotels there is a backlog of nine months of updates to process. Hotels often run out of basic supplies and emergency orders account for 41% of all orders made. On average emergency orders cost 20% more than regular orders. The total budget across the Group for these supplies is €53m a year.

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APPENDIX 1 – DATA QUALITY ANALYSIS OF CUSTOMER DATA (HOTELS)

Hotels - Sample Records

Cust. No.	Title	First Name	Last Name	Date of Birth	Email Address	Contact Tel. No.	Car Reg.	Check In Date	Length of Stay
112406	Mr	Karl	Jurgen	21/08/81	k.jurgen@google.com	+49 276542	DAX 1954	21/06/19	4
CAR1178	Ms	Greta	Windt	99/99/99	greta14@yahoo.com	0896 745328	000000	7/12/18	1
H54A21	Miss	Patricia	Garcia	07/06/01	patbgh@acme.com	+1 667 349871	N/A	8/8/15	7
000000	Dr	Sunita	Singh	16/10/87	ssing@outlook.com	+44 2921 567643	KL42 6GH	06/03/20	5
DEN880		John	John	12/19/69	jsmith@gmail.com	001 765 348961	PK-3886	11/30/2017	2
641997	Mr	Anne	Hartley	05/06/72	anneh2@outlook.com	00000		11/11/11	3
N/K	Ms	Patricia	Garcia		patbgh@acme.com	+1 667 349871	IA 5040X	19/10/17	7
H56B21	Rev	Peter	Alinsky	00/00/00	devil@hades.com	Hades 666	N/A	31/01/1954	1
75432	Mr	Peter	James	08/11/89	pljames@btinternet.com		668 WQN	17/7/17	2
AAAAAA	Mrs		James	08/11/89	pljames@btinternet.com			17/7/17	2

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APPENDIX 1 – DATA QUALITY ANALYSIS OF CUSTOMER DATA (SPAS)

Spas - Sample Records

Member No.	Title	First Name	Last Name	Date of Birth	Email Address	Contact Tel. No.	Date of Treatments	Treatment Types
SPA17 65	Miss	Jacinda	Johnson	99/99/99	jacindaj@google.com	N/K	09/11/20	7 & 9
112406	Mrs	Arya	Rohanda	09/08/69	arohand188@hotmail.com	+213 98900876	4/4/2014	Foot massage
SPA05 198	Mr	Arnie	Akers	17/9/21	aakers@outlook.com	+44 7860 964543	14/8/18	Physio
H54A21	Ms	Patricia	Garcia	07/06/01	patgbh@acme.com	+1 667 349871	8/10/15	1, 14 & 17
N/A	Ms	Marie	Robert	11/1/98	mrob1999@gfrfrance.com	+33 09098675	9/8/16	18
376545		Alexis	Bertonelli	N/K	noidea@questionmark		17/11/19	Physio & Make Up
000000	Dr	Bernard	Wilson	12/12/69	bwilson1988@gmail.com	01109 67565434	19/01/13	8
SPA08 113	Lord	Merrill		01/10/53	emerrill@hoflords.org.uk	N/A	7/4/20	Sauna
DAY VISIT	Mr	William	Burke	N/K	wburkeert@yahoo.com		8/19/19	Fmassage
853432	N/K	Yichen	Zhang	06/07/81	y Zhang989@sina.com	+86 77766 545421	7/9/99	5,6,8

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APPENDIX 2 – CUSTOMER DATA: OVERALL ANALYSIS

Record Counts	Hotel	Spa	Casino	Nightclub	Total	%age Total
Customer Records	517,083	15,990	7,526	3,869	544,468	
Zipcode / Postcode Populated	325,763	6,740	3,018	901	336,422	62%
Address Populated (Zipcode / Postcode & other)	309,474	8,087	2,550	585	320,696	59%
Externally Verifiable Addresses	201,158	5,690	1,403	205	208,456	38%
Records with Non-Address Data	20,683	432	150	450	21,715	4%
Duplicate Addresses	129,271	2,165	1,500	300	133,236	24%
Name Populated	517,083	14,783	7,543	3,645	543,054	99%
Title Populated	465,375	12,880	6,375	911	485,541	89%
Externally Verifiable Title	418,838	9,632	5,419	540	434,429	80%
Records with Non-Name Data	15,513	977	750	1,050	18,290	3%

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APPENDIX 3 – ‘GLOBAL ROAM’ MAGAZINE MAILING COSTS

Costs	Hotel	Spa	Casino	Nightclub	Totals
Customer Records	517,083	15,990	7,526	3,869	544,468
Direct Mail – Delivery Costs					
Magazine Printing (€1.20/copy)	€620,500	€19,188	€9,031	€4,625	€653,344
Mail Costs (€0.39/copy)	€201,662	€6,236	€2,935	€1,509	€212,342
					€865,686
Returned as Undeliverable (incomplete or inaccurate address)	191,321	6,396	4,502	2,104	204,323
Gone Aways	81,441	1,488	750	225	83,904
Cost of Failure					288,227
Data Cleanse Activity (€8.00/1000 records)	€4,137	€127	€60	€31	€4,355