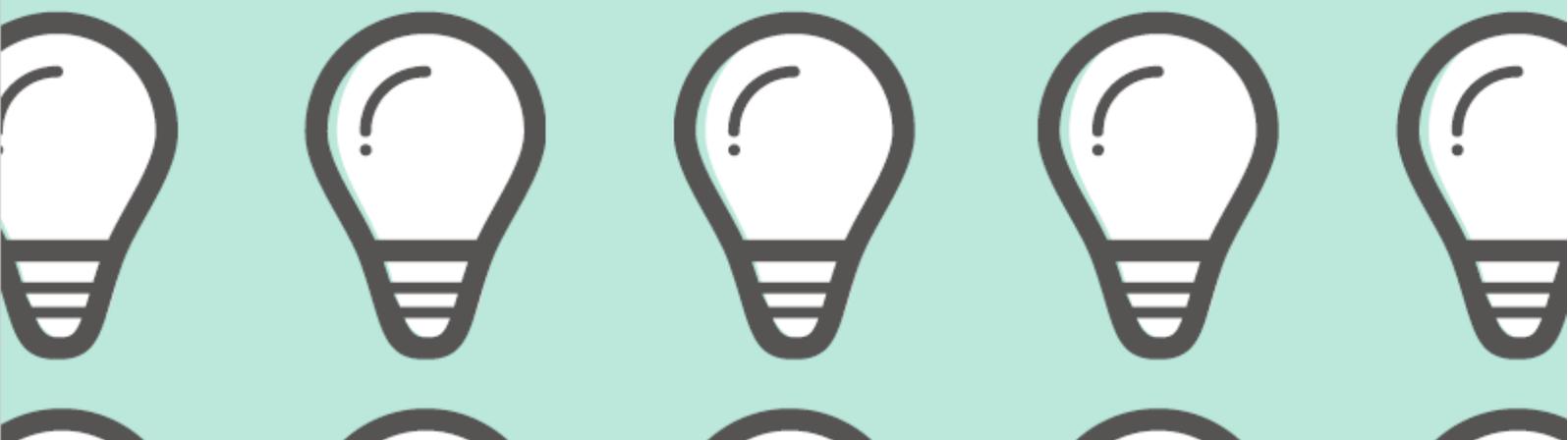


DR. MICHAEL TOEDT

# *CRM DISRUPTION*

The Strategic Shift in CRM





**dailypoint™**  
Central Data Management  
by Toedt, Dr. Selk & Coll. GmbH

# THE STRATEGIC SHIFT IN CRM

**The change from a marketing tool to the leading IT system**

**DR. MICHAEL TOEDT**

Dr. Michael Toedt – The Strategic Shift in CRM



**dailypoint™**  
Central Data Management  
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FIRST EDITION

[www.dailypoint.com](http://www.dailypoint.com)

Dr. Michael Toedt – The Strategic Shift in CRM

# THE STRATEGIC SHIFT IN CRM

Dr. Michael Toedt

## The change from a marketing tool to the leading hotel system

**München, February 2020** – The largest and most comprehensive study on CRM and data management in the hospitality industry was recently published. In it, 85 hotel chains worldwide were surveyed on their CRM activities, the solutions they use and the problems they face (you can download the Executive Summary here: <https://www.h2c.de/work/research/h2cs-global-crm-study/>).

In previous years, when Michaela Papenhoff's team had published studies like this, the press was full of reports, and vendors used the results to promote their own products. But this time, it's unusually quiet!

9 CRM providers, including dailypoint™, supported this study. Our motivation was to find out whether our strategy was the right one or not. The strategy of dailypoint™ in the recent years was, to convert the CRM (marketing) system into a Central Data Management (CDM) platform enhanced by the dailypoint™ Market Place. And we were extremely excited to see that the results confirm dailypoint's direction, specifically the work we've done over the last 3 years.

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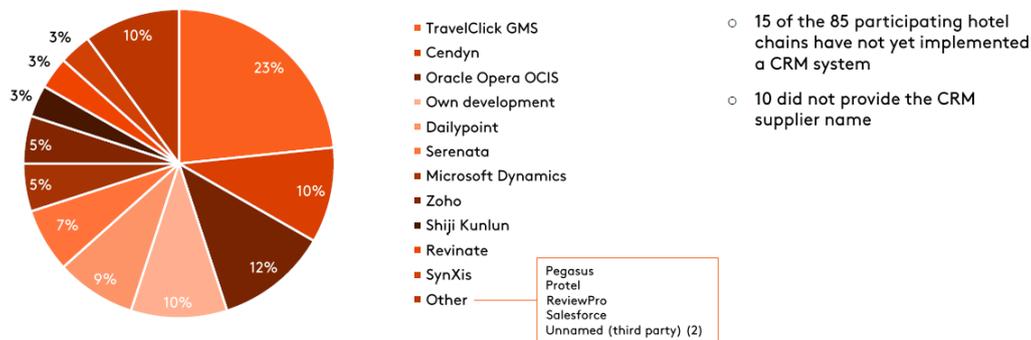
*"Big data will change the world like electricity"*

*– Range T.*

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## Employed CRM Systems

**h2c.**



Question Q14: What kind of CRM system is implemented? (If you use more than one system, please check all that apply). N = 60

Figure 1: h2c Global CRM and Data Management Study, P. 18, Düsseldorf, 2019

Today dailypoint™ is number three of the CRM systems. Oracle OCIS is not a CRM and own developments are a dead end in an ever growing complex world. The result is astonishing since dailypoint™ is the only system that is still in the hands of the founders and is not driven by financial investors.

But what is the dailypoint™ strategy? What are the most important results of the study and does it disrupt the current CRM landscape.

## 1. CRM IS NOT JUST MARKETING

CRM stands for Customer Relationship Management and it consists of three components. The latter is mainly unknown, a real CRM consists of CRM (Marketing), CRO (Operations), CRA (Analytics). As the name defines, a company's CRM approach should not only refer to marketing. Especially and, in particular the operative side must benefit from a CRM and create positive service experiences along the entire customer journey. Beside that, management decisions should be positively influenced through better analytics. Today AI plays a significant role to transform data into customer insights.

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But back to CRO, to the operations, this requires a deep two-way integration of CRM and PMS (Property Management System) since many processes on site still rely on the data in the PMS. dailypoint™ offers perhaps the most complex interfaces to all leading PMSs on the market. This means not only that the profiles get cleansed, it also means that PMS users have access to a Central Profile and deep customer insights like never before. In contrast to other CRM providers, dailypoint™ is not a marketing data silo. A CR-Marketing system which sits within the marketing department, limits the possible benefits of Big Data extremely! The positive effects on the service level or improving management decisions is marginal.

## In Demand: Tools to Analyze Guest Needs and Implement Guest Communication Tactics

**h2c.**

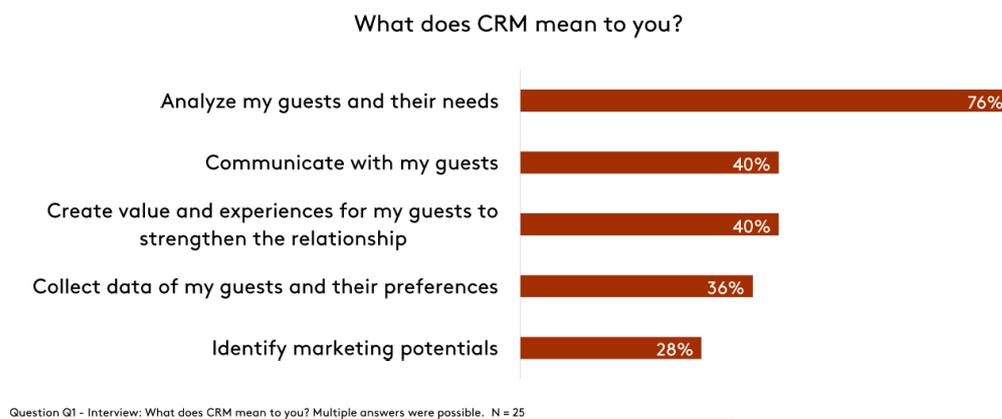


Figure 2: h2c Global CRM and Data Management Study, p. 24, Düsseldorf, 2019

dailypoint™ philosophy and Central Data Management approach means that all data should be available everywhere. across all departments, and all systems. Therefore a main focus is, to bring the central, cleansed and consolidated information sitting on the Central Profile back to the PMS for better services and guest recognition.

To push the service level and leverage from a Central Profile also implies that hundreds or thousands of users should have access to the information. Therefore, dailypoint™ does not charge any licenses per user, only by

hotel. One of our customers has over 2,000 users and doesn't pay any more for those users than if it had only one.

But how to manage many users in a multi-system IT environment? We've also taken the administrative burden out of the equation with a module which allows a Single Sign-On (SSO) procedure. If, for example, a user is created or deleted from the PMS, this can be automatically transferred to dailypoint™.

## 2. SUCCESS DEPENDS ON CLEAN DATA

According to the h2c study, the biggest problem hotel chains have in the CRM area is poor data quality. In fact, 61% of chains are not able to clean data automatically and 54% of chains manually clean their data! Just imagine that - the world talks about digitization and Big Data, and hotels have teams that are still manually processing data! It is not hard to understand, that this is not a solution if a company really wants to become data driven.

A study from October 2018 with 4.5 million stays from 120 hotels showed that hotels have on average 2.3 profiles for each returning guest just in the PMS system. This has huge negative effects on guest recognition, the service level, targeted sales or marketing actions or the quality of all guest related reports.

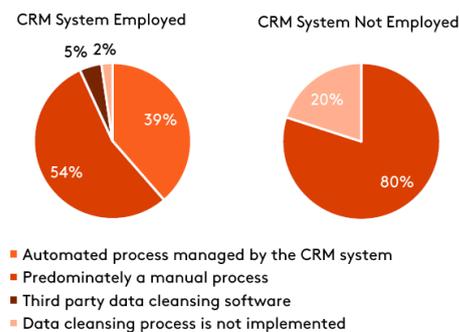
On top of the PMS and along the customer journey experts assume that a single consumer generates about 30 profiles within the different, mostly unconnected systems.

## Guest Data Cleansing: Predominately a Manual Process

h2c.

- More than half of all companies using a CRM system predominately maintain a manual data cleansing process
  - For 44% (including third party systems), the process is automated
- Of the chains without a CRM system, 80% have implemented a manual data cleansing process (20% have none)

How do you manage guest data cleansing?



Question Q26: How do you manage guest data cleansing? Please check the process that is primarily used. Other, please specify. N = 59 (CRM System Employed = 44, Not Employed = 15)

Figure 3: h2c Global CRM and Data Management Study, p. 28, Düsseldorf, 2019

But beside the aspect of CRM, what does this mean in regards to GDPR? This leads to the conclusion that hotels are not compliant when it comes to cover the technical requirements of GDPR. A manual management of information, correction or deletion requests from guests are basically impossible to do.

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*Technically speaking, hotels are not GDPR compliant!*

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Therefore the central management of data is also a key element of a GDPR strategy. But the key success factor for a CDM (Central Data Management) strategy is the data quality. dailypoint™ offers with the Data Laundry the most sophisticated automated cleansing process in the hotel industry, consisting of 350 unique steps. With the research we have done over a period of 15 years, in combination with the processing of billions of guest records from all over the world, it was possible to create a fully automated data cleansing process which handles multiple sources simultaneous and in real-time. Even many of the most luxurious hotels in the world trust the fully automated processes in dailypoint™.

In May 2019, the dailypoint™ Data Laundry was elected by the leading CIO's under the top three tech innovations during the HTNG Techovation Award in New Orleans. The Data Laundry cleans up data, as the name suggests. An unlimited number of data sources can be processed, an all-inclusive opt-in procedure provides legal security, and the Privacy Dashboard fulfils information and deletion requests according to GDPR company- and systems wide.

Furthermore, the data does not remain just in dailypoint™; it is distributed to all connected systems. This is how we clean up the data that also sits in the PMS. Most CRM providers have this topic in their sales presentations, but hotels should look closely at how the data is really processed. Only if a provider is able to overwrite and correct profile data in the PMS, you can talk about a 2-way functionality.

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*Each CRM provider promotes the topic of data cleansing for itself. But there are serious differences in quality. Only providers that are able to overwrite profile data in the PMS and, if possible, can merge, really provide comprehensive data cleansing.*

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Managers should also make sure that all promises during sales presentations are included in the contract. Reality and Sales are in many cases different stories.

### 3. CENTRAL PROFILES BELONG IN THE CRM

Since dailypoint™ was founded in 2005, we have followed the idea that a central guest profile for guests, companies and all kind of profile types should not be in the PMS, but in the CRM. After all, various sources have to be connected with each other in real-time and large amounts of data have to be merged. The five V's (Variety, Velocity, Veracity, Volume, Value) explain explicitly why the PMS never was the right place. Now, 15 years later h2c's study confirms, that more and more hotel companies follow our approach. Over the next years more and more hotel companies want the central guest profile to belong in the CRM.



**h2c.**

In three years, the CRM combined with New Systems will surpass the PMS as the leading system for guest profile management

Note: Other Systems are employed today. New Systems are planned for the future (the system type was not specified in the survey)

Figure 4: h2c Global CRM and Data Management Study, p. 29, Düsseldorf, 2019

This also means the PMS is losing its role as the central IT system and the CRM takes over its role. As mentioned above the 5 V's of Big Data explain why the PMS never was the right source for the Central Profile, and also the CRS is not the right place, although leading CRS vendors try to convince the market with millions of marketing dollars to believe so. Over the last decade the hotel industry moved into the wrong

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direction. Hotel companies should not lose more time and competitiveness. It is time to make a smart move forward.

A #realCRM is the solution to manage the necessary central profile. The pre-requisite for that is an integrated, fully automated Data Quality Management (DQM) system, or in other words a sophisticated data cleansing machine. Collecting data is not enough; each hotel company which runs a multi-property PMS solution can confirm this; the data must be automatically standardized, cleansed, merged and it must also be possible to generate customer knowledge from the data. For this purpose, dailypoint™ offers the Data Laundry plus the Profile Engine. Modern machine learning processes which automatically enriches guest profiles with interests and preferences are the key for a complete new quality of guest insights.

According to our calculations, a hotel with 100 rooms per day has about 5,000 events that can be transformed into valuable guest insights. Guest knowledge that can be used anywhere along the customer journey to personalize the guest experience, as long as all systems are connected to the Central Profile.

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*The Central Profile is the “Holy Grail” of a successful IT Strategy.*

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The Central Profile is the “Holy Grail” of a successful Big Data IT Strategy. This the key message each and every executive has to understand. It must be the base for all future IT decisions. No connectivity to the central profile means, it is the wrong solution. Everything must be connected. By the way, this is also necessary to become GDPR compliant. Otherwise the necessary synchronised management of data is not doable. Just ask yourself how to manage deletion or information requests in a company with 30 different profiles in different systems for the same person! A company which want to become technically compliant with GDPR must have a Central Guest Profile. So GDPR is also a chance to gain competitive advantage.

Why are OTA's so successful? The Central Profile is the key success factor of the OTA's, so why not follow the example! A Booking.com knows exactly who their customers are, not so hotels.

The abundance of a central profile effects of course also the quality of guest communication. According to the h2c study, 81% of hotel chains still do not have personalized communication with their guests<sup>1</sup>, and the reason for this is simple: most hotels are simply not in a position to do so because they simply do not know their guests.

The most important direct marketing medium for online shops are traditionally vouchers, vouchers automatically dispatched to push a very targeted distribution. In contrast to this, vouchers in the hotel industry play no significant role to drive direct bookings. The reason, hotels without a central profile are not able to use vouchers, since the risk to target people with existing future reservations is basically too high. The abundance of a central profile is therefore the reason why one of the most powerful sales drivers are not used by hotels.

## 4. CONNECTIVITY IS A MUST

In order for a CRM to be able to cover the entire guest journey, data must be connected across all systems. dailypoint™ offers 14 modules within its platform. In addition, however, we stand behind the idea of a connected app marketplace. So, for the last few years, we have developed an open API on the OTA/ HTNG industry standard that enables other systems to get quick and easy access to the central guest profile in dailypoint™. (<https://www.dailypoint.com/developer-registration/>). Instead of spending tons of resources developing an interface, technology partners can get access to the central, clean guest profile available in the dailypoint™.

On the dailypoint™ Market Place over 120 solutions (<https://www.dailypoint.com/marketplace-store/>), including best-of-breed solutions such as hotelkit, Tableau or D-Edge, guarantee the best possible connectivity and data utilization.

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<sup>1</sup> Source: h2c Global CRM and Data Management Study, P. 32, Düsseldorf, 2019

## Loyalty Program Employment

**h2c.**

56% of survey participants offer an own loyalty program – however,

**43% of all chains do not have a formalized loyalty program**

20% thereof do not offer any kind of loyalty program

Nearly all loyalty programs (97%) are points-based (as opposed to benefits-based)

Only one chain (2%) utilizes a third party loyalty program (e.g., VOILA)

Loyalty Program Availability



Question Q3: Do you offer a loyalty program? N = 66. Note: Percentages may not total 100 due to rounding.

Figure 5: h2c Global CRM and Data Management Study, p. 21, Düsseldorf, 2019

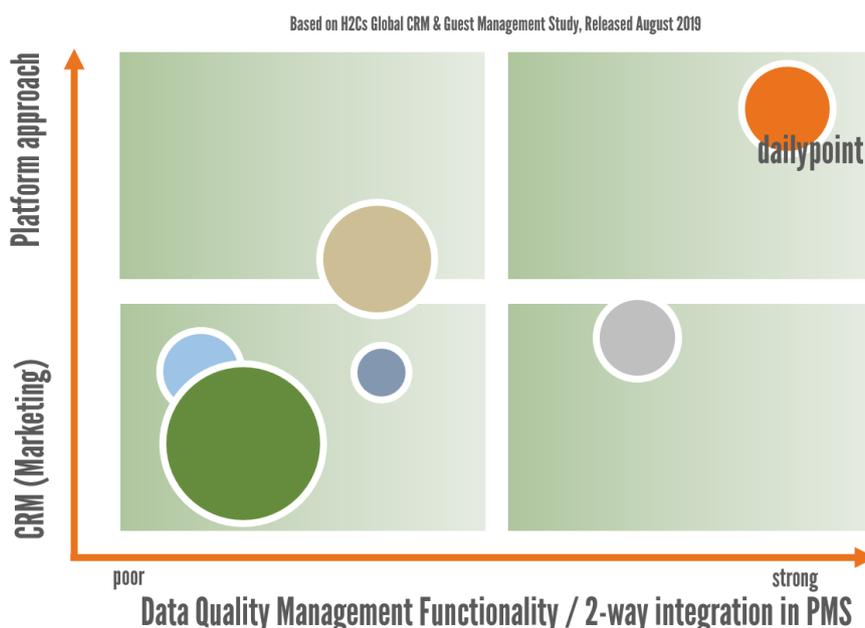
Moving forward, dailypoint™ will continue to build upon and improve the own developments. In 2019, for example, we greatly expanded our loyalty program functionalities, including connections to Miles & More and Payback. The differentiator is, that in dailypoint™ a club member has not an additional profile. Everything is connected to the one central guest profile.

It is fitting that the h2c study found that 43% of hotel groups do not currently operate a formalized loyalty program.<sup>2</sup>

<sup>2</sup> Source: h2c Global CRM and Data Management Study, P. 21, Düsseldorf, 2019

## 5. CONCLUSION

In summary, the h2c CRM and Data Management study confirms almost 100% of the strategy of dailypoint™. In particular, the development towards a central Data Hub, respectively Central Data Management, with the necessary fully automated data cleansing processes, the central profile not only for guests but also for companies, travel agents, bookers etc. as well as the easy integration of third-party applications via the dailypoint™ Marketplace has been fully confirmed. If a hotel company wants to implement a Central Data Management strategy, dailypoint™ can work as the leading system, or in other words as the centrepiece above all IT system. dailypoint™ is therefore not a limited marketing oriented CRM, it is a #realCRM, where the M stands for Management. The Property Management System, that has been leading for decades, is increasingly losing its central role within the IT landscape and is being reduced to its core tasks. And it should be clear and is a logic conclusion, that the CRS cannot take over its role. The leading system should be a “real” CRM.



We at dailypoint™ are thrilled about the results. The competition matrix above explains where dailypoint™ is positioned today. All major “CRM” vendors are mainly marketing tools with none or very poor data cleansing functionalities and therefore offer no or only very limited 2-way interfaces to the PMS systems. The



chart is only a snapshot, but it is a great confirmation of dailypoint™ work and vision, and it has energized and motivated us to work tirelessly to help hotels digitize and leverage their data.

## About the author

Dr. Michael Toedt is one of the most renowned experts in the field of Big Data and CRM in the hospitality Industry. His professional life can be divided into two parts: First, his goal was to take over his parents' hotel business. After two apprenticeships and 1.5 years in a Michelin star restaurant, he studied business administration in Munich. In 2000, he started his second career in the field of CRS and later CRM at the Schoerghuber Group. In 2005 he founded the Toedt, Dr. Selk & Coll. GmbH (TS&C), today known as dailypoint™. Since then TS&C has made a name for itself as a software company and think tank for data management. Among others Michael Toedt wrote the official CRM guide of the Austrian Hotel Association and in 2015 the book "Big Data", which has become a standard work for the topic of Data Management. In the same year, he was elected by the HSMAI as one of the TOP 20 EXTRAORDINARY MINDS IN SALES, MARKETING & TECHNOLOGY across Europe. He received his doctoral degree in 2016 on the subject of CRM, respectively "The influence of communication on sales performance in the luxury hotel industry" from the University of Latvia. Michael Toedt writes articles for several international magazines and online platforms on a regular basis and lectures at the University of Applied Sciences in Munich about CRM and Hotel Technology.



## About dailypoint™ software made by Toedt, Dr. Selk & Coll. GmbH

dailypoint™ is the leading #abovePMS #realCRM solution for individual hotels and hotel groups. dailypoint™ collects data from all relevant sources such as PMS, POS, website, newsletter or Wi-Fi and creates a central and consolidated guest profile. The integrated patent-pending data cleaning processes and special artificial intelligence (AI) are used in addition to the application and generate extensive guest knowledge.

The cloud-based SAAS solution is the ideal basis for centralized data management (CDM). dailypoint™ consists of 14 modules and is complemented by the dailypoint™ Marketplace with more than 120 solution partners.

This allows dailypoint™ not only be used for measurable marketing (CRM) and optimal direct sales, it also covers the entire customer journey and thus supports all departments of a hotel. The integrated Privacy Dashboard is also the central element for the technical implementation of the GDPR.

dailypoint™ is headquartered in Munich, Germany and has global representations in all major markets. Since November 2019, Accor has a minority stake in TS&C which proves the quality of the dailypoint™ solution.

**Further information:** [www.dailypoint.com](http://www.dailypoint.com)

**NOTES**