

Article Title

Relationship or revenue: Potential management conflicts between customer relationship management and hotel revenue management

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Abstract

The concepts of customer relationship management (CRM) and revenue management (RevM) have been embraced by managers in the hospitality industry although, in practice, companies may find it difficult to accommodate both fully. This paper examines the compatibility between the two practices and discusses the possible management conflicts that occur from both account managers' and revenue managers' viewpoints. Findings gathered from an international hotel company reveal several causes of potential management conflicts including: management goals, management timescales, perceived business assets, performance indicators and management foci between CRM and RevM due to divergence occurring in managers' priorities and in their approaches to achieving their individual set goals. These differences have rarely been comprehensively investigated in previous studies, yet are vital in integrating CRM and RevM practices.

Conclusion

It has been considered a dilemma for a long time to choose between building a good customer relationships and immediate revenue earning. Through the study, however, it was possible to figure out the potential conflict between RevM and CRM and it leads to a few managerial implications. First, hotels could achieve additional revenue after the implementation of new revenue management practices. However, this won't last that long if the process focuses on the sales figure itself and ignores the value of customer relationships. Secondly, hoteliers should be aware of the potential conflicts in the practice of two departments for optimizing the hotel's sustainable financial return. Moreover, senior management should know those internal tensions that diverse performance measurements cause between the property and the sales and marketing department. They need to review employees' responsibilities and performance targets whether individual career goals harm the overall goal of the company due to conflicting interests.

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