

Research on the Application of Customer Value Theory in Luxury Hotel Customer Relationship Management: A Case Study of JW Marriott Hotel Shenzhen, China

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Keywords: Customer Value, Customer Relationship Management, Customer Satisfaction, Competitive Advantage

Abstract: With the rapid development of the global tourism industry, the competition in the luxury hotel sector is becoming increasingly intense. In order to establish a strong foothold in the competitive market, luxury hotels must deeply understand and meet the needs of their customers. Customer value theory provides effective strategies and methods for luxury hotels to optimize customer experiences, enhance service quality, increase customer loyalty, and boost brand influence. This study focuses on JW Marriott Hotel Shenzhen, China. Through interactions with internal management staff at JW Marriott Hotel Shenzhen and research on historical data, this paper analyzes the current status of customer relationship management and customer contribution value at the hotel. It aims to explore the application of customer value theory in luxury hotels, and discuss how to improve customer satisfaction by meeting their needs and providing unique value. Through in-depth analysis of the luxury hotel industry, this paper puts forward a series of strategies and recommendations to help JW Marriott Hotel Shenzhen gain a competitive edge.

1. Introduction

1.1 Research background

Customer value theory originated in the United States in the 1980s and has gradually become a key aspect of enterprise competition and customer relationship management with the development of information technology. This theory advocates for the identification and satisfaction of customer needs through in-depth analysis of customer value, thus improving customer satisfaction and enhancing a company's market competitiveness. In the luxury hotel industry, the application of this theory is of great significance. Firstly, the target customers of luxury hotels have specific consumption needs, preferences, and behavioral characteristics, which can be better understood and catered to through analysis to provide personalized services to the hotel guests. Secondly, the customer value theory helps hotels identify customers at different levels, enabling personalized services and marketing strategies for high-value customers to enhance customer satisfaction and loyalty. Lastly, the application of customer value theory can help luxury hotels better integrate

internal resources and external market opportunities, achieving mutual growth between customers and hotels.

Shenzhen Jinmao JW Marriott Hotel opened in 2009 with a total of 402 guest rooms and conference facilities covering an area of 1,226 square meters, suitable for various business and social events. The main sources of revenue for the hotel come from banquet receptions, conference clients, and tour groups. In recent years, the hotel's operating revenue growth has shown signs of fatigue. Looking at the annual revenue, in 2017, the revenue was 204.9 million yuan, with a growth of 12.64%. In 2018, the hotel achieved a total revenue of 212.6 million yuan, with a growth of 3.76%. However, in 2019, the revenue decreased to 208.9 million yuan, a decline of 1.74%, showing a lack of dynamic growth in the hotel's revenue. With a significant drop in revenue in 2020 due to the impact of the epidemic, the decision was made to renovate the hotel due to its aging facilities ^[1].

In today's rapidly developing market economy, industrial formats are constantly evolving, new competitors emerging continuously, and the rapid penetration of the digital economy intensifying the competitive environment, leading to declining profits. Therefore, the renovated hotel must focus on customers to adapt better to the changing external competitive landscape. For this hotel, how to solidify good customer relationships, maintaining a mutually beneficial and long-term relationship between the hotel and its customers, is a key issue that the hotel needs to consider.

1.2 The research objective.

In recent years, the operational performance of the JW Marriott Hotel at Jinmao has been declining. After renovation, the previously existing issue of customer loss was highlighted. This study analyzes the hotel's operational data and combines it with interviews with hotel management personnel. It was found that the problem can be attributed to customer relationship management issues. Literature review indicates that research on customer relationship management is often used to address customer loss, which corroborates this finding. Therefore, this study applies relevant customer relationship management knowledge to help the hotel identify the reasons for customer loss, propose customer relationship management recommendations and strategies, improve the current situation of customer loss, and enable the hotel to sustainably develop in the ever-changing market environment.

1.3 Research significance

1.3.1 Theoretical significance

The theory of customer value emphasizes the identification and provision of value that customers truly need and prioritize from their perspective. As an important theory in the field of hotel management, its in-depth exploration in the context of this hotel can further enrich and improve the theoretical framework of hotel management, promote innovation and development in hotel management theory, facilitate academic and industry exchanges and collaboration, drive the organic integration of academic research and practical application, and enhance the practicality and relevance of academic research. A thorough study of customer value can provide important basis for strategic planning for this hotel.

1.3.2 Practical significance

To better understand customer needs, we need to optimize resource allocation, enhance customer satisfaction and loyalty, and improve the core competitiveness of the hotel, specific practical guidance is needed. Additionally, assisting the hotel in formulating strategies that align with market

trends and customer needs to ensure long-term stable development is necessary. Through in-depth research on the application of customer value theory in this hotel, valuable insights and references can be provided for the entire hotel industry, driving its continuous development and progress.

1.4 Research Methods and Approaches

1.4.1 Research Methods

The research approach involves the use of literature review, interviews, and data analysis to explore the relevant theories and literature on customer value and customer relationship management, investigate the current state of customer relationship management in this hotel, identify existing issues, and develop potential solutions.

1.4.2 Research Approach

This article primarily investigates the customer relationship management of the JW Marriott Hotel in Jinmao based on customer value theory. It combines relevant theories, literature, and analysis of the current background, competitive situation, and development trends of luxury hotels, along with practical experiences of relevant staff. The research analyzes the marketing environment, current customer relationship management, and application strategies of customer value theory in the hotel, and proposes corresponding solutions to the identified issues ^[2].

2. Literature Review

2.1 Overview of Customer Relationship Management Research Abroad

Customer relationship management inevitably requires enterprises to invest resources. Xuan Loran Wang, et al. (2012) believed that "In the subject of customer relationship management, hotels must allocate certain manpower, material resources, and financial resources, which will impact the hotel's short-term profits." Vicente Guerola-Navarro, et al. (2021) considered that "The most significant approach to implementing customer relationship management is through process redesign, integrating customer relationship management with enterprise innovation, which is an effective way to manage customer relationships and a powerful weapon for enterprises to continuously maintain competitive advantage." In the literature related to customer relationship management, it is not difficult to find that although scholars have different perspectives and research methods on customer relationship management, they unanimously agree on the core idea that customer relationship management should be "customer-centric"^[3].

2.2 A Review of Customer Relationship Management Research in China

The research on customer relationship management cannot be separated from customer value. The hotel's large amount of customer information, the lack of CRM management functionality in the management information system, and the complexity of customer information collection have increased the difficulty of identifying customer value, as mentioned by Zeng Lu (2016) "The large number of hotel customers and the difficulty of data collection have increased the difficulty of identifying customer value". Wang Yonggui (2019) believes, "Due to resource constraints, enterprises do not have the ability to establish good customer relationships with all customers and can only focus on one or a few segmented markets as strategic targets." Although enterprises recognize the importance of CRM, in practical operations, the lack of specialized knowledge and talent, as well as doubts about the return on investment of CRM systems, have led to less than ideal

implementation effects of CRM.

2.3 Theoretical Basis Translation into English Title

2.3.1 Customer Segmentation Theory Translation into English Title

Customer segmentation is the first step in customer relationship management. Without customer segmentation, other theoretical and technical models have no basis for implementation and utilization. This is because each customer differs in terms of needs, purchase motivations, and educational backgrounds. By classifying customer characteristics, we can more efficiently concentrate resources and efforts, achieve more effective marketing promotion, and develop differentiated brand strategies and marketing plans based on the characteristics of different customer groups in hotels, thus more precisely utilize human and material resources to serve target customers and achieve resource-intensive utilization. Customer segmentation theory was first proposed by economist Wendell Smith, who emphasized the differences in customer needs and the impact of limited corporate capital on market competitiveness effectiveness, which has become an important driving force for studying customer segmentation.

Different customers have different needs; some customers require preferential prices, while others require differentiated products and services. Each department within a hotel also has its own needs; the engineering department pursues stable and outstanding quality, while the procurement department pursues affordability and supply stability. Therefore, we need to provide products and services that meet market demand based on our own resources and sales capabilities. By applying customer segmentation theory, we can more accurately classify and generalize customers, thereby serving our target customer group more precisely.

2.3.2 Customer Value Theory

The theory of customer value is a marketing concept based on the customer perspective, understanding and assessing the value of products or services from the customer's point of view. The theory holds that customer value is determined by the balance between the benefits customers derive from the product or service and the costs involved. Specifically, representative theoretical studies that focus on customer value perception include Philip Kotler's "Customer Delivered Value" and Zeithaml's "Perceived Value." Perceived value refers to "the gains that customers perceive, and their intuitive evaluation of the overall utility, after weighing the costs incurred in acquiring the product or service." This study on customer value measurement is conducted from the perspective of perceived value.

3. Analysis of Hotel Marketing Environment

3.1 General Environmental Analysis

3.1.1 Economic Environment

In 2022, the domestic gross domestic product (GDP) reached 12047.24 billion yuan, an increase of 3.0% over the previous year. Against the backdrop of increased global economic uncertainty over the past three years, the growth rate of China's economy has slowed down. According to data from the National Bureau of Statistics, China's GDP growth rates were 6.1%, 2.3%, and 8.1% in the years 2019, 2020, and 2021 respectively. The tourism and accommodation industry suffered a severe blow. In the post-pandemic era, with the overall economic downturn, the market for star-rated hotels shrank.

The tourism industry is one of the most significant related industries to the hotel industry, as the number of tourists directly affects the demand for hotel stays. Impacted by the pandemic, the total number of overnight tourists in Shenzhen decreased by over 27% in 2020 compared to 2019. However, it quickly rebounded in 2021 to 63.643 million person-times, which was not much different from 2018 and 2019. In the first three quarters of 2022, the total number of tourists in Shenzhen was 34.7957 million person-times, representing a year-on-year decrease of 30.9% [4].

3.1.2 Social Environment

Shenzhen is located in the southern part of Guangdong Province, on the eastern bank of the Pearl River Estuary, with Dapeng Bay and Daya Bay to the east, and connected to Hong Kong by the Shenzhen River to the south. The total area of the city is approximately 1996.85 square kilometers. By the end of 2022, the permanent population of Shenzhen has exceeded 20 million, comprising a diverse population from various parts of China and internationally. It is an important center for conferences and exhibitions in China, hosting numerous international exhibitions and conferences annually. Shenzhen has a well-developed transportation network, including the Bao'an International Airport, the Guangzhou-Shenzhen-Hong Kong Express Rail Link, highways, and urban public transportation systems. Bao'an International Airport is one of the four major aviation hubs in China, providing domestic and international flight services. The Guangzhou-Shenzhen-Hong Kong Express Rail Link connects Shenzhen with Hong Kong, Guangzhou, and other areas, making transportation convenient and highly favorable for the tourism industry.

3.1.3 Technical Environment

According to the "2022 Industry Internet Smart Tourism Research Report," the scale of online accommodation transactions in China in 2022 was 90.18 billion yuan, with Ctrip, Meituan, and Elong collectively holding a market share of 69.2%, indicating a high degree of market concentration. Although slightly lower compared to pre-pandemic levels, the internet has improved the quality and efficiency of hotel services, profoundly impacting the hotel industry.

Shenzhen is one of China's high-tech industry bases, particularly excelling in electronic information technology, new materials technology, and new energy technology. Various emerging technologies are advantageous for enhancing the application of technology and services in hotels. As a forefront city in terms of openness, Shenzhen aligns closely with international markets, actively engaging in international scientific and technological cooperation and exchange. By introducing advanced foreign technologies and management experiences, it promotes the intelligent transformation of the hotel industry.

3.2 Industry Environment Analysis

Table 1: Competitor Analysis Table for JW Marriott Hotel Shenzhen

Hotel Name	Address	Product
Sheraton Shenzhen Futian	Futian District, near Convention and Exhibition Center Metro Station	354 guest rooms, 2 multipurpose halls, 7 meeting rooms
Shangri-La Shenzhen	Futian District, prime location with good scenery	478 guest rooms and 50 suites, 7 multipurpose halls, 15 meeting rooms
Four Seasons Hotel Shenzhen	Futian District, Central Business District	266 guest rooms, 2 multipurpose halls, 3 meeting rooms

From the perspective of hotel products, the hotel has certain advantages in terms of geographical location, number of guest rooms, dining capacity, and conference reception capacity. (As shown in Table 1) In terms of hotel product differentiation, traditional five-star hotels are facing the problem

of homogenization, with little differentiation in hotel products, which makes customers pay more attention to price when choosing hotels. Moreover, customer loyalty in the hotel industry is not high, intensifying price competition among hotels. The result of this competitive approach is to erode each other's profit margins, which is not conducive to the development of the hotel industry ^[5].

3.3 Analysis of Hotel Interior Environment

3.3.1 Introduction to JW Marriott Hotel Shenzhen Futian

Table 2: Main Business Products of JW Marriott by Jinmao

Serial Number	Product Name	Main Parameters
1	Jinmao Banquet Hall	500.25 square meters, can accommodate 180 people for meetings and 360 people for banquets.
2	Banquet Hall A	166.75 square meters, can accommodate 60 people for meetings and 130 people for banquets.
3	Banquet Hall B	166.75 square meters, can accommodate 60 people for meetings and 130 people for banquets.
4	Banquet Hall C	166.75 square meters, can accommodate 60 people for meetings and 130 people for banquets.
5	Meeting Room 1	56.25 square meters, can accommodate 33 people for meetings and 30 people for banquets.
6	Meeting Room 2	56.25 square meters, can accommodate 33 people for meetings and 30 people for banquets.
7	Meeting Room 3	60.48 square meters, can accommodate 30 people for meetings and 20 people for banquets.
8	Meeting Room 4	88.55 square meters, can accommodate 30 people for meetings and 40 people for banquets.
9	Board Meeting Room	66.12 square meters
10	Sky Garden	410 square meters, can accommodate 370 people for receptions and 270 people for banquets.
11	Guest Rooms	A total of 402 guest rooms, with 9 room types: King Room, Twin Room, Third Space Room, Open Suite, Open Twin Suite, Executive Suite, JW Suite, Xiong's Tribe Social Room, and Presidential Suite.
12	Restaurant	There are a total of 306 seats in the Chinese and Western restaurants, including 6 private dining rooms.

The JW Marriott Hotel Shenzhen Futian is invested and constructed by China Jinmao (Group) Co., Ltd. and managed by Marriott International, Inc. Located in the commercial center of Futian, Shenzhen, the hotel is just steps away from the city's new metro system, offering convenient transportation. The hotel is adjacent to various tourist attractions, shopping areas, business districts, and important ports of entry in Shenzhen, making its location extremely convenient. It features 402 modernly decorated and well-equipped business rooms and suites, as well as a variety of dining options including Chinese, Japanese, and Western restaurants, lounges, and banquet facilities. Additionally, the hotel offers a 24-hour fitness club, an outdoor swimming pool, and a total conference space of 1,226 square meters, providing guests with comfortable experiences for leisure, exercise, and meetings. Services such as airport transfers, dining, and robot services are also available, aiming to create unforgettable stays for guests. (As shown in Table 2)

3.3.2 Internal Value Chain Analysis of the Hotel

By understanding the internal environment of the hotel and accurately assessing its resources and capabilities, it provides a practical basis for the proposal of customer relationship management

strategies. The internal value chain of the hotel is divided into basic and added value, which together constitute the total value of the hotel. Basic value is comprised of cost advantages brought by procurement activities, tangible product quality, intangible product quality, and brand marketing activities. Added value includes property value brought about by the hotel's geographic location, decoration, and infrastructure, human capital value brought about by employee productivity and loyalty, as well as the value of hotel management systems and corporate culture.

(1) Basic Value

The JW Marriott Hotel Shenzhen Futian invests a significant amount of resources, including capital, human resources, and material resources, to ensure the normal operation of the hotel. In terms of resource input and allocation, the hotel focuses on high-quality hardware facilities, staff training, and material procurement to ensure the provision of high-quality service and products. Customer experience is the core link of the hotel's internal value chain. The hotel emphasizes providing personalized services and unique stay experiences to meet customer expectations and needs. It also places importance on customer relationship management, increasing customer satisfaction and loyalty through the establishment of customer profiles, and providing customized services. The hotel focuses on brand building and marketing to increase brand awareness and market share. It also emphasizes market research and competitive analysis, adjusting market strategies in a timely manner to adapt to changes in market demand.

(2) Added Value

The JW Marriott Hotel Shenzhen Futian is located near the intersection of the Guangzhou-Shenzhen Expressway, the Shenzhen Convention and Exhibition Center, and multiple tourist attractions, with convenient transportation. Moreover, due to its early opening year, the hotel has introduced newly renovated Third Space Rooms with versatile extended spaces that can be arranged as themed spaces such as Zen tea, yoga, and parent-child activities, making it highly attractive. The hotel also places great emphasis on optimizing internal processes and management to improve operational efficiency and customer satisfaction.

4. Analysis of Current Customer Relationship Management Situation

4.1 Product and Service Quality

As a five-star hotel, the product and service quality of the JW Marriott Hotel at Jinmao Tower naturally cannot be ignored. The hotel offers modernly decorated and fully equipped business rooms and suites, equipped with WIFI, LCD TVs, etc., ensuring guests' comfort and convenience during their stay. Additionally, the hotel also features Chinese and Western restaurants, an executive lounge, and a total of 1226 square meters of meeting facilities, providing business guests with high-quality work and leisure environments.

4.2 Personalized and Customized Services

The hotel also demonstrates a high level of personalized and customized services. For example, it offers a range of preferential policies for members, including priority booking and late check-out, reflecting attention to the individualized needs of customers. In addition, 24-hour room service is provided, along with daily butler and turndown services, offering customers thoughtful customized services.

4.3 Customer Experience and Emotional Connection

The JW Marriott Hotel at Jinmao Tower also excels in customer experience and emotional connection. The hotel's prime location, adjacent to major tourist attractions, shopping areas,

business districts, and important ports in Shenzhen, provides guests with a convenient travel experience. Additionally, the hotel offers leisure facilities such as sauna, Spa by JW, and an outdoor pool, allowing guests to enjoy comprehensive physical and mental relaxation during their stay. The friendly and professional service attitude of the hotel staff also creates a pleasant emotional connection for customers.

4.4 Social Responsibility and Sustainable Development

Focusing on sustainable development by taking environmental protection measures to reduce impact on the environment. For example, the hotel uses energy-saving equipment, implements waste sorting, etc.; in terms of social responsibility, the hotel actively participates in public welfare activities and supports the development of local communities. At the same time, the hotel also pays attention to employee welfare and career development, providing employees with a good working environment and opportunities for growth.

5. Application Strategies of Customer Value Theory in Hotels

5.1 Customer Segmentation and Market Positioning

Segmenting different customer groups, such as business travelers, leisure tourists, and families, and positioning the market based on the unique needs of each customer segment. For example, targeting business travelers, the hotel can provide high-quality business facilities and services; targeting leisure tourists, the hotel can offer a wide range of leisure facilities and tour services. Through customer segmentation and market positioning, the hotel can better meet the diverse needs of different customers and enhance customer value.

5.2 Construction and Application of Customer Relationship Management System

The establishment of a comprehensive Customer Relationship Management (CRM) system in hotels, including customer information management, customer satisfaction surveys, and customer complaint handling. Through the application of the CRM system, hotels can better understand customer needs, enhance customer satisfaction, and ultimately increase customer value. For example, through customer satisfaction surveys, the hotel can gauge customer satisfaction with the hotel services, make improvements in areas of dissatisfaction, and ultimately enhance customer value.

5.3 Analysis of the Driving Factors of Customer Value Creation

The analysis of the driving factors of customer value creation is essential for hotels to identify key factors influencing customer value and optimize them accordingly. For example, hotels can enhance customer value by providing high-quality services, comfortable accommodation environments, and convenient transportation to improve customer satisfaction. Additionally, hotels can further elevate customer value by offering personalized and customized services to meet special customer needs.

5.4 Employee Training and Culture Building

Hotels should strengthen employee training and culture building to enhance employees' service awareness and professionalism, enabling them to actively provide quality services to customers. For example, hotels can conduct regular employee training to improve service skills and attitudes. Additionally, through culture building, hotels can foster a positive and customer-centric corporate culture, enabling employees to genuinely focus on customer needs and enhance customer value.

6. Strategies for Enhancing Customer Relationship Management

6.1 Customer-Oriented

6.1.1 Strategic Planning and Execution

In the strategic planning and execution of the hotel, customer needs and market trends are considered core factors. Customer relationship management is utilized to enhance the hotel's brand image and market competitiveness. At the leadership level, the operational philosophy revolves around creating extraordinary value experiences for customers, with a focus on customer needs as the starting point for decision-making, ensuring that customers feel valued by the hotel, and providing necessary resources to support frontline staff in delivering high-quality service to customers. In terms of management systems, the ability to distinguish between employees' performance in creating customer value, and the emphasis on indicators such as customer satisfaction and churn rate are demonstrated. Regarding training systems, a management approach centered around "customer-centric" is employed. Internal communication mechanisms that facilitate the efficient exchange of customer knowledge and information are established, fostering a customer-centric organizational design.

6.1.2 Customer Data and Analysis

Collect and analyze detailed customer data, including preferences, past bookings, purchasing behavior, etc., use CRM software to integrate customer information for a better understanding of customer needs and expectations, ultimately utilize data analysis to predict customer behavior and develop personalized service and marketing strategies.

6.1.3 Customer Experience Management

Monitoring customer experiences through customer feedback and satisfaction surveys ensures consistent service standards and continuous improvement in service quality. We identify areas for improvement through customer feedback and satisfaction surveys, and take measures to enhance these areas. Offering diverse service options, such as various room types, dining services, and recreational facilities, allows us to meet the needs of different customers. Implementing loyalty programs rewards long-term and frequent booking customers. We encourage employee engagement in customer service through incentive plans and reward mechanisms, aiming to provide service that exceeds customer expectations and delivers personalized experiences.

7. Research Findings and Outlook

7.1 Research Conclusions

Customer value not only relates to the hotel's profits and market share, but also directly impacts the hotel's brand image and customer loyalty. The essence of customer relationship management lies in the concession of interests under the premise of ensuring the basic interests of the enterprise, rather than blindly catering to various customer demands. Hotels should determine the allocation of resources based on the benefits created by customers and the size of customer value contribution. By identifying the problems in the hotel's customer relationship management and proposing solutions, the following conclusions can be drawn:

- 1) Customer value is the core competitiveness of luxury hotels

In the fiercely competitive hotel market, customer value has become one of the core competitive advantages of hotels. The target clientele of luxury hotels typically have high spending power and high expectations. They not only pay attention to the hotel's hardware facilities, but also focus on

the services and experiences provided by the hotel. Therefore, luxury hotels must deeply understand the needs and expectations of their target customers, gain customer recognition and trust by providing excellent customer experience, and establish lasting customer relationships.

2) Customer value enhances the brand image of luxury hotels

The brand image of luxury hotels is one of the key factors that attract customers. By providing outstanding customer value and experience, hotels can build a good brand image, win customer trust, and generate positive word-of-mouth. When customers share their positive experiences on social media or word-of-mouth platforms, the hotel's brand awareness and reputation will also increase.

3) Customer value affects the revenue and market share of luxury hotels

High-quality customer value and experience can lead to customer satisfaction and loyalty, thereby promoting revenue growth and market share increase for hotels. Loyal customers are more likely to choose a hotel as their preferred brand in the long term and recommend it to other potential customers. At the same time, positive word-of-mouth can attract more new customers to choose the hotel.

7.2 Research Outlook

In the research process, due to my limited theoretical knowledge and research proficiency, my study of JW Marriott Hotel Shenzhen was not as in-depth as I would have liked. However, with the continuous development of technologies such as artificial intelligence, big data, and the Internet of Things, luxury hotels have more tools at their disposal to enhance customer value. Future research could explore how to leverage these advanced technologies to better understand customer needs, provide personalized services, and optimize the customer experience.

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