

Hotels up loyalty-program stakes



Loyalty programs may seem ubiquitous in hotels today, so it's easy to forget they're a relatively new invention, first appearing on the scene in 1983. Holiday Inn and Marriott introduced the first offerings in the hotel industry, and today, large hotel brands continue to dominate the rewards segment.

But recently, new challengers to these large brands have emerged. In the past decade, regional brands have launched their own rewards programs and independent hotels have banded together with third-party rewards programs to deliver more value to their customers. With more competition than ever, hoteliers must ensure their rewards programs remain dynamic to keep existing customers and attract new ones.

Social Push

Social media permeates many aspects of modern life, so it's not surprising hoteliers are using it to develop their reward programs. According to an Oracle study with more than 13,000 global respondents, more than half of consumers say it is essential for hotel brands to have a social media presence. The same study shows that 45 percent of consumers think YouTube reviews are more trustworthy than branded advertisements.

Large hotel brands are leveraging major trends with social media to advertise their rewards programs. They're embracing influencer marketing, a process that uses online content creators with large followings to promote products and services.

“We are often a first mover to collaborate with our media partners on cutting-edge advertising options,” said Dorothy Dowling, SVP/chief marketing officer at Best Western Hotels & Resorts. Dowling said Best Western already has strong relationships with a variety of influencers. Dowling also is excited about Best Western’s recent investment with Famebit, a YouTube-owned marketplace that allows for easy collaboration between YouTube influencers and the brands that want to advertise on the site.

Smaller chains also are focusing on social media engagement. “We recognize that word of mouth is the most powerful referral source and we are definitely enhancing our product on social media,” said Nicole Spaeth, director of Marketing at My Place Hotels. Spaeth said My Place, whose rewards program launched in June of 2019, has seen great success by using social media to run promotions like sweepstakes and giveaways. My Place recently gave away 1 million free points to reward its existing members and entice new ones.

It’s not enough to only connect with new members. Research says current loyalty members want to personalize their experience: More than two thirds of consumers think offers based on their preferences are appealing.

Large brands are relying on their size and vast resources to provide personalized experiences to customers. “Ultimately, scale will drive the success of a rewards program,” said Dowling. Large brands are able to personalize rewards programs through their use of business intelligence and data analytics. With tens of millions of members, these brands are able to analyze massive amounts customer data. This data can predict trends in member desires; identify types of customers to cater to and deliver experiences to enrich their travel experience.

Flexible Options

Despite their wide usage, some disagree with large-scale, data-driven rewards programs. “You can’t operationalize personalization at scale, one-of-a-kind is not something you can stamp out in a cookie cutter,” said Jeffery Low, founder/CEO of Stash Hotel Rewards. Independent hotel rewards programs like Stash want guests to experience personalization with a human element. Because independent hotel owners are free to create their own rewards, they can craft experiences unique to their region, city or neighborhood.

Flexibility is an essential component for a modern rewards program. Customers want to use rewards when it suits them and brands need dynamic platforms to attract new members and engage existing members.

Large brands offer an inherent flexibility in their size. “With hotel brands across every market segment, we have options for every type of traveler today,” Dowling said. They are also able to be flexible in how they dispense rewards. Some brands allow members to exchange points for options like airfare, gas, entertainment and shopping. However,

blackout dates, expiring points and disappearing rewards are pet peeves for many travelers.

The flexibility that independent reward programs provide is essential to the longevity of independent hotels. “Without access to a program that provides travelers with what they have grown to expect—points and other perks—independent hotels struggle to compete with the [online travel agencies] and their large chain counterparts,” according to Kristie Goshaw, chief marketing officer at Preferred Hotels & Resorts. Independent rewards programs often are able to attract the best guests for independent hotels. Guests like business travelers, who try to rapidly accumulate points, can be valuable repeat customers. Independent reward programs also can serve as a search engine for travelers. By looking in their rewards network, travelers can find new hotels in other cities. This ensures the traveler has another positive lodging experience and ensures another independent hotel has business.