

What Works in Loyalty Programs?

By Kimberlaine Banks, IARE Contributor



It is not easy to figure out what works in loyalty programs, but every hotel company needs to focus on getting this right. Consumer expectations have been evolving since the first loyalty programs were launched by Holiday Inn and Marriott in 1983. With expectations a moving target, how can anyone know what works?

There is no shortage of research data available but the results and conclusions sometimes conflict. Common features offered by programs that consistently rank best with consumers include:

1. Easy to earn and redeem rewards quickly
2. “Members-only” perks that make members feel special
3. Rewards that have a high perceived value like room upgrades, access to special member lounges and free stays
4. A variety of reward earning and redemption options like dining, entertainment or retail discounts

According to [US News & World Report](#) 2018 – 19 Best Travel Rewards Programs released July 31, 2018, the top three, [Marriott Rewards](#), [Wyndham Rewards](#), and [World of Hyatt](#) each have unique attractive reward program features. These three, along with [Choice Privileges](#), [Best Western Rewards](#), [Hilton Honors](#), [IHG Rewards Club](#), [Le Club Accor Hotels](#), are high ranking across studies.

Guests specifically mentioned Marriott’s ample award availability at vacation destinations, Wyndham’s ease of earning and redeeming a free night and Hyatt’s low points redemption requirements. Each of these brands have been active IARE members for many years.

In JD Powers November 2017 [Hotel Loyalty Program Partnerships Critical to Customer Satisfaction](#), the venerable consumer research company evaluated four weighted factors (in order of importance): ease of earning and redeeming rewards (35%); program benefits (27%); account management (22%); and member communication (16%). Two of the top three were the same as those recognized by US News Marriott at number 1, and Hyatt at number 2 with Hilton Honors at number 3; Wyndham Rewards completed JD Powers’ top 10.

The key JD Power findings were:

- 1) Frequent travelers want more than hotel stays
- 2) Many customers do not understand how to redeem rewards
- 3) Loyalty program satisfaction boosts brand loyalty

[The Points Guy](#), Nick Ewen, ranked Wyndham, Hyatt, Hilton and Marriott in his top six along with Le Club Accor Hotels and Starwood Preferred Guest in the [2018 Best Hotel Loyalty Programs in the World](#). He also encouraged guests to crunch the numbers on their favorite brands' loyalty program "to see if your favorite hotel program actually does make the most sense for you? Are you confident that you're earning rewards as quickly as possible, and do you know for sure that the rewards you're booking are as valuable as they can be?"

[Reuters](#) notes that loyalty programs are win/win because hotels score more direct bookings on their websites which is a guest touchpoint that bypasses paying commissions to online travel agents, and guests enjoy friendlier more generous loyalty programs.

Capturing guest attention and loyalty is more about experiences than transactions. Guests care how brands make them feel. Soft skills matter. Recognition works. Being greeted by name at every touchpoint from the call center agent who takes the reservation to the valet parking attendant to the front desk clerk and the concierge as a loyalty program member helps develop loyalty that goes beyond mere points.

Research shows that the programs deemed best in class are doing well but they don't rest on their laurels and neither should you.

So, how do you establish and maintain a great loyalty program yourself? Learn from the best. Combine elements you like in programs that are doing it well with your own unique twist. [Hotel Management](#) says more than ¾ of guests want a loyalty program that recognizes them as a member and 2/3 valued experiences designed just for members. The [\[r\]Dialogue](#) study the April 2018 article, [Guest loyalty is changing. Here's how to capitalize on it](#), references says, "there are four factors beyond the traditional transactional point accrual and redemption of loyalty programs that can help brands to differentiate and enhance the guest experience: recognition, access, information and time savings or convenience."

To differentiate your loyalty program, personalize your guest experience. Create real relationships using recognition and members-only experiences. Make your guests feel important. Follow the Golden Rule. Make it easy to earn and use points. Communicate. Then, add your own secret sauce. You have access to volumes of guest feedback data that tells you exactly what your guests want. Use it to demonstrate your loyalty to them.

What works in loyalty programs is loyalty that goes both ways.

Hyperlinks for references above in case they need to be created in the website to be posted there:

US News & World Report Article - <https://www.usnews.com/info/blogs/press-room/articles/2018-07-31/us-news-reveals-2018-19-best-travel-rewards-programs>

Marriott Rewards - <https://www.marriott.com/rewards/rewards-program.mi>

Wyndham Rewards - <https://www.wyndhamhotels.com/wyndham-rewards>

World of Hyatt - <https://world.hyatt.com/>

Hilton Honors - <http://hiltonhonors3.hilton.com/en/index.html>

Choice Privileges – <https://www.choicehotels.com/choice-privileges>

Best Western Rewards - https://www.bestwestern.com/content/best-western/en_US/best-western-rewards.html

JD Power Hotel Loyalty Program Satisfaction Study - <http://www.jdpower.com/press-releases/jd-power-2017-hotel-loyalty-program-satisfaction-study>

The Points Guy – <https://thepointsguy.com>

The Points Guy Article – <https://thepointsguy.com/guide/best-hotel-loyalty-programs/>

Le Club Accor Hotels - <https://www.accorhotels.com/leclub/join-loyalty-program/index.en.shtml>

Reuters - <https://www.reuters.com/article/us-hotels-travel-bookings-idUSKBN1A318F?feedType=RSS&feedName=businessNews>

Hotel Management - <https://www.hotelmanagement.net/>

Hotel Management Guest Loyalty article - <https://www.hotelmanagement.net/guest-relations/guest-loyalty-changing-here-s-how-to-capitalize-it>

[r]Dialogue Brand Loyalty Study executive summary - <http://www.rdialogue.com/blog/executive-summary-rdialogue-brand-loyalty-study>