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WHAT DO CONSUMERS WANT FROM A HOTEL LOYALTY PROGRAM?

Global Survey Data and Insights



What do consumers want from a hotel loyalty program?

GLOBAL SURVEY DATA AND INSIGHTS

The hotel industry as we know it today is a vibrant one, but tumultuous, too. Attribute the status to a digital tsunami that has engulfed us, and it is reshaping our marketplace. Online travel agencies are wedging themselves between you and your guests. Disrupters, such as Airbnb, are posing a threat. And tech-savvy consumers are clicking and choosing new options like never before.

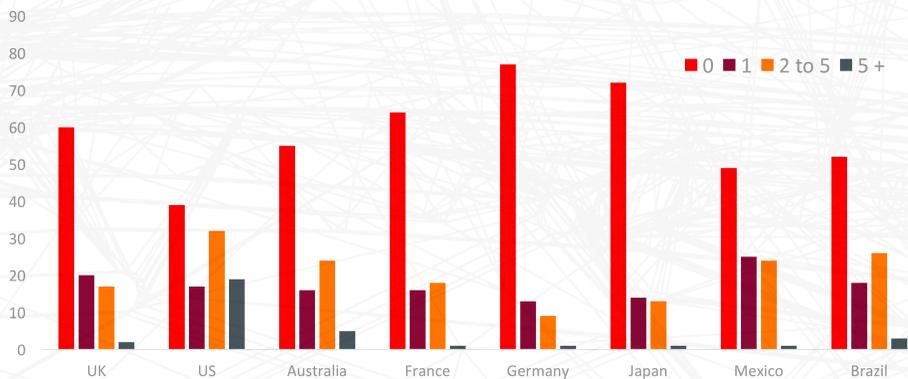
With so many distractions, preaching guest loyalty may seem futile. But here lies the truth: It is the path to hospitality salvation.

Loyalty programs provide a framework to nurture guest relationships, offering recognition, perks and options to redeem rewards. Most importantly, they create guest profiles and transaction histories that yield the insights needed to foster what is demanded today: individualized guest interactions.

- **Ample opportunity remains to recruit consumers to loyalty programs.**

Among all survey participants, 58.7% reported that they do not belong to any hotel program. A mere 3.2% said they are members of five or more.

How many hotel loyalty programs are you a member of?



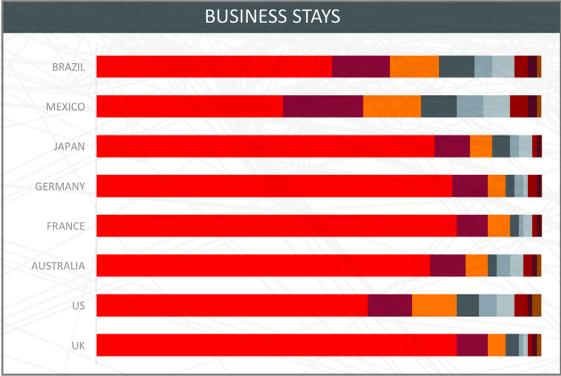
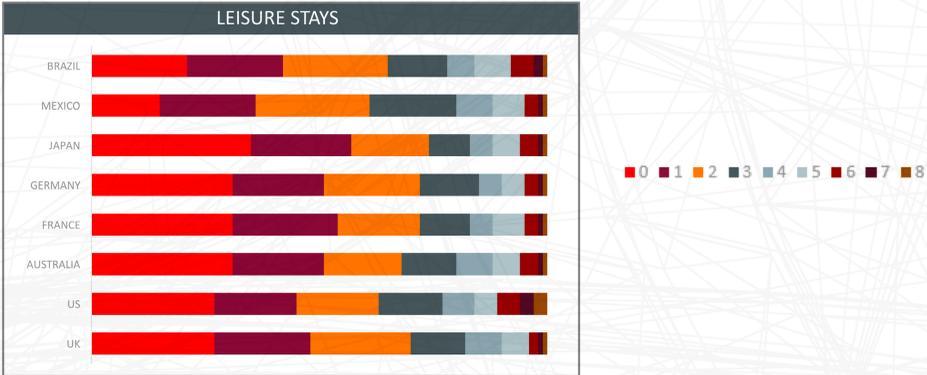
What do consumers want from a hotel loyalty program? CONTINUED

GLOBAL SURVEY DATA AND INSIGHTS

To help hoteliers with this pursuit, Oracle Hospitality conducted a global consumer survey to identify key attributes of successful programs and benefits that members most value. Our research also sheds light on loyalty's potential:

- Loyalty initiatives are “sticky” – once customers enroll in a hotel program, they demonstrate loyalty to the host brand.** Globally, a pattern of repeat business was evident among members, ranging from 33.6% of Australians to 53.8% of Mexicans who said they often stay in hotels that offer their loyalty programs.

How often are you able to stay at a hotel offering your favourite loyalty program?



#1 What consumers want

Much has been written about the millennial mindset and its craving for individualized, personalized service. But such thinking is hardly limited to a particular generation. Indeed, the desire to customize virtually everything to one's personal liking is a ubiquitous sentiment among consumers at large, and defines the loyalty benefits that they most value. The theme of individualization is evident in their top-3 preferences:

61% are interested or very interested in being able to choose their rewards.

57% are interested or very interested in being able to customize their hotel experience (options for room choice, newspaper, checkout time, etc.).

54% are interested or very interested in a room upgrade.

Though all consumers surveyed preferred the option to choose the rewards they receive, their selections differed based on regional and demographic factors:

- **Popularity of perks can vary based on members' residence.** For example, receiving discounts on purchases within the hotel was highly preferred in Latin America (Brazil, 68.53%, and Mexico, 64.06%), but in the UK only 33% said they were interested or very interested in that benefit. In the UK, the ability to upgrade a room was far more coveted – 49%.
- **Social media integration with loyalty programs may inspire millennials.** It is no secret that millennials enjoy using social media. Why not reward them for it? Worldwide, 43.21% of millennials said they are interested or very interested in earning points for sharing their guest experience on social media – and its popularity was even greater in markets such as Mexico (61.16%), Brazil (60.29%) and US (58.06%). By comparison, only 22% of older consumers (age 51-85) expressed similar interest.

#2 The importance of leisure

Leisure travel is the most common reason why consumers stay at hotels. But because leisure travelers take fewer trips than business travelers, hoteliers might conclude that they are not a valuable target audience for loyalty programs. The evidence, however, tells a different story: They could deliver ample repeat business and should not be overlooked.

In Mexico, for example, healthy participation in loyalty programs among leisure travelers clearly correlates with more repeat hotel stays – 49.9% of Mexican respondents used hotels 2, 3 or 4 times in the past year. (In addition, 12.2% reported using hotel 5 times or more).

In certain markets, leisure travelers' engagement in loyalty initiatives is anemic. But numerous factors likely are to blame, including confusion about, or difficulty of, earning rewards and, in some cases, simply the lack of a desired hotel's presence. In Europe, where hotel chains are far less prevalent, options can be limited.

Which makes it all the more important to consider creating "lite" or easy-to-use, entry-level programs to court infrequent travelers. In fact, as the next section illustrates, simplicity should be the cornerstone of any program.

How many times have you stayed at a hotel (leisure stays past year)?

	UK	US	Australia	France	Germany	Japan	Mexico	Brazil
0	26.3%	25.7%	29.8%	30%	30.1%	33.8%	13.7%	20.7%
1	20%	17%	18.6%	21.8%	19.1%	21.3%	19.5%	20.8%
2	21.1%	17.4%	16.2%	17%	20.3%	16.2%	24%	21.8%
3	12.2%	13%	10.6%	10.1%	11.7%	9.4%	18%	11.9%
4	7.2%	6.3%	6.9%	5%	4.2%	4.4%	7.9%	5.5%
5	4.9%	6.2%	5%	5.7%	5%	5.3%	6.9%	7.5%
6	2.2%	4%	2.7%	2.9%	1.8%	2.9%	2.7%	4.3%
7	0.9%	2.1%	1.3%	1.4%	0.8%	1%	1.5%	2%
8	0.8%	1.7%	1.4%	0.8%	0.9%	0.5%	1.1%	0.5%

#3 Improving participation

Confusion and complexity are the root evils of many things, and their presence in a loyalty program could undermine it. When designing a loyalty initiative and offering rewards, it is imperative to focus on the three “Rs” – Relevant. Redeemable. Reliable.

Programs must deliver rewards that consumers actually want, and they need to be redeemable with ease, following clear, simple and consistent practices.

- **Be relevant:** More than 20% of survey participants said they do not join loyalty programs because the offered rewards do not interest them.

Which of these statements do you agree with?



#3 Improving participation

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- **Be redeemable:** A major barrier to loyalty participation is the reality, or at least the perception, that it takes too long to earn rewards. Indeed, nearly one-third (29%) of survey participants said they don't join for that specific reason. Other key findings:
 - 61.58% would like to earn more rewards per hotel stay.
 - 52.18% would like more options to redeem rewards.

Hoteliers need to clearly and simply explain the path to earning rewards – and dispense them early, often, and in a variety of ways. In addition to booking room nights, guests could gain reward eligibility, for example, for expenditures on hotels services such as spa treatments or spending in on-property restaurants. Allowing and encouraging early engagement is crucial to success. In other words, guests become loyal if you give them the opportunity.

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- **Be reliable:** Programs must be easy to use and dependable, and that begins with a simple enrollment. Registration cannot be time consuming nor difficult to understand, and it certainly should not be the Inquisition. Many consumers, regardless of age and geography, are understandably wary of sharing personal information: The amount required for membership was frequently cited as a concern in Germany (24.5%) and US (24.9%). For registration, request no more than 4 or 5 points of information from prospective members. You can always seek more details and preferences later to build their profiles.
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#4 Loyalty is the best defense

Across all countries surveyed, Airbnb-type services have reduced the use of hotels. But their impact, thus far, has been relatively modest. In several major markets – including Australia, France, Germany, Japan, UK and US – more than a majority of respondents (52%) reported that they have not used an Airbnb-type service.

Our research indicates such disrupters and traditional hotels can co-exist, with each offering unique benefits. But by delivering first-rate loyalty programs that broaden and bolster the definition of exceptional guest experience, hoteliers can defend against further inroads by new competitors.

What impact have 'Airbnb' type services had on your use/views of hotels and accommodation?

	UK	US	Australia	France	Germany	Japan	Mexico	Brazil
These services have reduced my use of hotels	5%	18.5%	10.9%	9.5%	6.1%	4%	9.5%	19.8%
I prefer Airbnb type accommodation as it is cheaper	8.5%	14.7%	14.6%	14.8%	12.8%	7.3%	18.4%	20.6%
I prefer Airbnb type services as I like trying new experiences	7.2%	16.3%	13%	10.4%	11.4%	5%	20%	23.8%
I like Airbnb type accommodation as it makes it easier to meet locals and explore an area	6.3%	13.5%	10.6%	9.9%	10.4%	4.3%	14.8%	20.2%
Airbnb accommodation is more comfortable and relaxing than hotels	5.1%	13.3%	9.1%	6.8%	7.2%	3%	11.6%	10.6%
I get more for my money with Airbnb type accommodation	8.1%	11.5%	11%	8.9%	16.1%	10%	23.1%	16.9%
I like 'home comforts' and get more with Airbnb type accommodation	5%	11.4%	9.2%	9.5%	11.3%	3.5%	14.8%	18.7%
I have more privacy if I use Airbnb type accommodation than a hotel	4.2%	8.3%	5.8%	6%	9.7%	0.7%	12.2%	13.5%
I trust hotels more	18.5%	15.5%	16.7%	11%	18.3%	22.8%	23.8%	25.6%
I prefer the service I receive from hotels	13.3%	11.8%	14.8%	12.3%	20.8%	16.3%	22.1%	22.2%
I do not use Airbnb type services	60.4%	48.4%	51%	52.9%	47.5%	53.7%	27.1%	24.3%

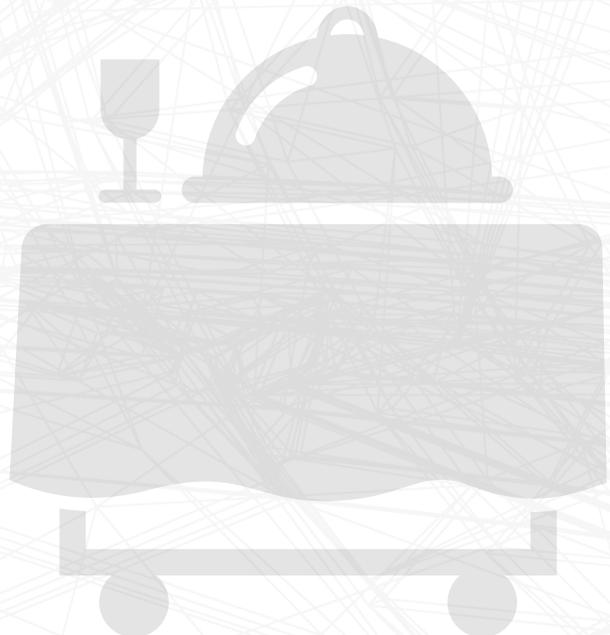
How Oracle Hospitality can help you

Oracle Hospitality OPERA Customer Loyalty Tracking Cloud Service enables hotels to deliver an exceptional guest experience and maximize customer loyalty by centrally gathering and managing guest data. Profile management capabilities ensure one true source of guest data, minimizing duplicate records and ensuring that guest preferences are recorded and shared across multiple properties.

Oracle Hospitality OPERA Customer Loyalty Tracking Cloud Service also delivers the flexibility required to design unique loyalty programs that best serve your business. Such functionality enables the creation and management of various initiatives, ranging from a simple loyalty scheme providing free Wi-Fi to a multi-tiered program offering guaranteed availability or a complimentary hot air balloon ride. Oracle Hospitality OPERA Customer Loyalty Tracking Cloud Service – it's the solution for winning repeat business.

Please visit oracle.com/hospitality for more information.

Contact us: oraclehosp_ww@oracle.com



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FOR MORE INFORMATION

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