

# Do Loyalty Programs Work?

For years, airlines have used loyalty programs (mileage accrued) as a means of keeping customers within their system. As these programs have increased in popularity so have the problems around them.



Airline loyalty programs not only have multiple gradations but also seem to become either more difficult to use or more complicated. The recent announcements that airlines may connect the amount of earned “points” to the tickets cost has become one more hassle in what seems to be a never-ending battle between the airlines and their customers.

Today’s travelers have begun to discover that hotel loyalty programs offer multiple advantages over airline programs. In fact this form of tourism marketing has continued to increase over the last three decades or more.

As in the case of airline programs the hotel loyalty program is designed to build a relationship between a client and a specific hotel brand. For example, the publication Hotel News Now of August 11, 2013, quotes Bob Behrens, VP of Marriott’s loyalty programs as stating that the core of the program is to build deeper relations between the corporation and its guests. Because Holiday Inn cancelled its program in 1986 and then restarted it in 1987, Marriott’s program that began in November 1983 is the longest continual loyalty program.

Most large hotel chains, at least in the United States today are part of a hotel loyalty program that may also be connected to an airline loyalty program. One big advantage within hotel loyalty programs is that in most cases point users find it easier to redeem their awards than on airlines.



Some of the major hotel loyalty programs are:

**Hyatt Gold Passport IHG Rewards Club Marriott Rewards   Starwood Preferred Guest **

Each of these programs has its benefits and drawbacks and each is governed by its own set of rules. This variance among programs means that travelers are wise to read the fine print and to learn which program meets their individual needs. The programs tend to emphasize free nights or upgrades, or add-ons such as a free bottle in the room, later check-outs or earlier check-in services, or free or better access to internet service.

### **Potential Future Trends**

Hotel loyalty programs are evolving as the traveling public changes. For example, a challenge facing travelers and smaller hotels or hotel-boutiques has been that their independence and uniqueness has kept them out of major hotel loyalty programs, and thus forcing travelers to choose between the unique and the affiliated. A future trend may be that these boutique and independent hotels may create combined incentive travel cards while at the same time maintaining their independence and unique qualities.



Some of the other changes and ideas that hotels may wish to consider as they adapt their loyalty programs to an ever changing market are:

Hotels may want to design their loyalty programs around not only what their guests state they want, but what they need. For example, US citizens flying to Europe are often faced with the problem of early morning arrivals with no place to go. Loyalty programs that solve difficult airline schedules (for example mid-afternoon check-outs for late night flights) may have a unique offering that is worth a lot more than a hotel upgrade. Combining hotel points with local attractions may be another way to distinguish hotel point systems. For example, allowing frequent hotel guests to access airport executive lounges or providing free baby sitter service may also distinguish hotel programs and create a new sense of loyalty.

No one knows for certain where the market will take loyalty programs in the near and distant future, but it is clear that to continue to be successful loyalty programs both in the world of hotels and airlines will have to evolve to meet travelers' needs or they will cease to be relevant.

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