

Upgrading guests' loyalty in hotels

High-frequency travelers participate in multiple hotel loyalty programs, waiting to see which generates the most value before focusing on one. Once past this tipping point, guests will go out of their way to build equity with their brand of preference. As Millennials become a more dominant spending segment, it will be especially important for hotel companies and brands to understand their purchasing and loyalty behavior.



Customer enrollment alone does not translate into loyalty

Existing status and points are the biggest drivers of customer loyalty and brand preference

Once established, this loyalty is powerful and sticky, and transcends individual rewards

Average loyalty program participation:

Total population is...

Enrolled in

2.6

Active in

1.8

Millennials are...

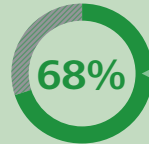
Enrolled in

1.9

Active in

1.6

The majority of travelers (68%) declare themselves loyal to a specific hotel rewards program because that is where they have accumulated the most points.



Business travelers...

...claim loyalty to their preferred program because it is where they have the most points.



Millennials...

Even if they lost their points with their current program...

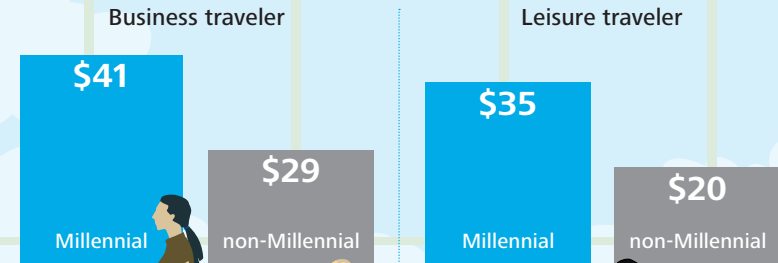


66% of travelers would stay loyal.



75% of Millennial travelers would stay loyal.

Once customers have identified a preferred loyalty program, they indicate willingness to go out of their way to enhance their participation. Additional dollars they are willing to pay to stay at a hotel covered by their program:



* Data reflects responses of high frequency travelers, defined as those who have stayed more than 25 nights in a hotel in the past 12 months.

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Background

In early 2013, Deloitte published *A Restoration in Hotel Loyalty: Developing a blueprint for loyalty programs*, a look at the state of brand loyalty within the hotel industry. In 2014, we revisit the subject to help companies understand how they can maximize the return of these programs amidst an evolving customer base and dynamic market conditions. The full report will be available in summer 2014. Contact us at karmour@deloitte.com to learn more or follow along at [@DeloitteCB](https://twitter.com/DeloitteCB).

Methodology

In January 2014, Deloitte conducted a survey of over 3,000 hotel customers in the United States who stayed at a hotel for at least 25 nights or more in the past 12 months and were born between 1924 and 1995. The survey focused on hotel customer behavior and attitudes, including their engagement preferences, hotel choice behavior, and the effectiveness of loyalty programs.

We also conducted two focus group panel discussions to gain deeper insights into drivers of hotel consumer brand loyalty.

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