

Customer loyalty programme in hotel sector – uk essay



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Loyalty has become one of the key strategic goals for many service organisations, including hospitality companies. According to Capizzi and Ferguson (2005), loyalty programs have reached a state of maturity. The UK hotel industry adopted loyalty programs at the beginning of 1990.

Since then, various loyalty programs have pervaded the industry. Therefore loyalty programs are no longer new in the UK and they may be referred to as a relatively mature marketing strategy. The most common loyalty program in the UK hotel industry is the frequent user reward program.

Hotels developed this program in order to retain customers. For instance, Starpoint from Starwood organisation, may be availed free of charge by all customers who stay in the hotel.

Thus, whenever customers stay in the hotel, they are rewarded with a certain number of points. When a certain number of points is reached, customers may be given service compliments or may even avail a room for free. After the customers get the benefits, however, they tend to try new hotels for new benefits. Thus, frequent user programs have not been entirely successful.

According to Godfrey Rooke, chairman of Hong Kong DMA, “ most people think issuing cards will make customers automatically loyal. It will not.

People tend to buy just to get a discount, which is detrimental to many businesses as it affects retail margins” (McIlroy and Barnett, 2000). Although loyalty programs have been successful marketing tools and cost-effective for many organisations, it is still doubtful whether customers get really attracted

by loyalty programs or not. Furthermore, it is still hard to believe that customers can really be loyal to one specific hotel in spite of any situation.

As a result, it is valuable to find out how customers perceive loyalty programs. There are many researches on loyalty marketing which are based on the organisation's perspective.

There is however, not enough research on loyalty marketing from the customer's point of view. This study intends to explore on the latter as it looks into the cases of two hotels in the UK that have implemented loyalty programs. 5. 1 Budget hotel – Holiday Inn Kensington Holiday Inn-Kensington has 906 air-conditioned modern rooms, including 4 suites and 8 accessible bedrooms over 27 floors.

Most of the rooms can access high speed internet and have a panoramic view of London.

The conference facility offers 10 reasonably-sized conference suites. Priority club is the loyalty program from Holiday inn which was rewarded as “ Hotel Loyalty Program of the year 2005” and “ Best Member Communication” from Freddie Awards. There are three different types of membership cards under the Priority Club. ? Priority Club member: This could easily be issued to anyone online by providing personal details over the hotel's website.

It allows customers to have extended checkout periods, free newspapers, no expiration of points and an opportunity to collect points from 3, 600 locations. ? Priority Gold member: To qualify, customers need to stay for 15 nights in the hotel during a 12-month period or earn 20, 000 points in a year.

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The benefits are 10% point bonus, priority check-in and access to the exclusive gold elite phone number. However this could be bought for \$50 per year. ? Priority Platinum member: A customer is required to stay for 50 nights or earn 60,000 points to become a platinum member.

The benefits range from 50% point bonus, to priority check-ins, upgraded accommodation, guaranteed reservation within 72 hours and access to the exclusive platinum elite phone number. This membership is also sold for \$50 per year for customers to get benefits.

Priority club has partnerships with airlines, car rental companies and credit card companies. Customers may redeem their points to avail of a free night, wines, store vouchers, airline rewards, participation in UK-based special activities and trip package to Europe etc. (www.ichotelsgroup.com)

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