

# Loyalty program from the customer's perspective

[Business](#), [Marketing](#)



From customers' perspective, loyalty programs could be a good way to save money and get better value for what they paid for. Previous researchers in this area found that most of their respondents believed that the loyalty programs offer a good range of benefits and represent good value for money (McIlroy and Barnett, 2000). These days, majority of hotels have partnership with other hotels, restaurants, bars, retail shop or car rental companies etc. They provide discounts, regular promotion opportunities or compliments. The benefits for customers are therefore continuously increasing.

Also, members of loyalty programs are able to get more exclusive information about the product or service than non-members; hence, they find it easier to access and use all the benefits. Joining a loyalty program of their preference could be truly valuable and beneficial for customers in many ways. A loyalty program brings advantages both to customers and organisations although there is a negative side effect. Although majority of loyalty programs from the airline and supermarket industries became successful, the same may not be said for the hotel industry. There are several reasons for this.

One, people usually stay in hotels is usually during leisure/business trips. Their choice of hotel could vary depending on the location of their trip. While a loyalty program may really be beneficial for those who travel regularly, it may not be able to offer as many benefits to customers who travel only occasionally. Two, hotels try to offer a variety of ways for customers to redeem their points but they seem to require a large number of points before they can claim their rewards. As such, customers may tend to give up early

on during the points collection phase. That might be one of the reasons why loyalty programs are not very successful.

Finally, loyalty program benefits do not seem to meet customers' expectations. Benefits are quite limited and majority of hotels are offering the same benefits. Loyalty programs should be more innovative in offering a wider variety of benefits and ways to redeem points in exchange for rewards. As a customer, free newspapers or priority check-ins may not be enough encourage one to become loyal to a specific hotel organisation. Methodology Research is a process of systematically obtaining accurate answers to significant and pertinent questions by the use of a method of gathering and interpreting information.

(Balsley & Clover, 1988). This research undertaking is designed to be a descriptive and evaluative study using qualitative data that will be subject to qualitative analysis. The tool for deriving data shall be in the form of a survey questionnaire to be administered to the customers of the Holiday Inn and Millennium Gloucester hotels. 1. Secondary research Secondary research involves going through existing resources from the media, journals or books to acquire the necessary information for the study. It gives better understanding of specific area and theory as well.

Also, secondary research should be continued even after primary research to get more present data for the study. This researcher plans to conduct secondary search before doing primary research in order to discover what is known and what data are available on customer loyalty. For this paper, secondary research will be carried out by studying and analysing current

market trends in the hotel industry focusing on loyalty systems and programs. 2. Primary research An important management tool that has served to influence a lot of business strategy and policy formulations is the customer satisfaction survey.

It is primarily utilized to determine the customers' perceptions and attitudes towards a company's product, service delivery and overall image. Companies may differ in the form or manner of conducting customer satisfaction surveys but in essence, they serve two main purposes. One, they may provide critical information for management to enable it to come up with an objective comparison among different business units across varying time range and locations (Jones and Sasser, 1995).

Two, according to Lin and Jones (1997), customer satisfaction surveys may provide valuable data on how products, goods, services, and even business processes can be further enhanced and developed to meet the changing demands of the market. Research on the application of customer satisfaction surveys has reported both positive and negative findings. Shortcomings of the surveys or the manner of conducting the surveys have been accounted for (e. g. Aiman-Smith and Markham 2004, Katcher 2003, Thompson 1998, as cited in Lin and Jones, 1997).

Moreover, Riechheld (1996) has reported on how customers have gotten tired of these surveys, while Godfrey (1993) pointed out the inadequacy of these surveys in terms of performing follow-throughs and more in-depth analysis of results (Lin and Jones, 1997). For this study, a customer satisfaction survey-questionnaire will be utilized as the primary method of

acquiring the research data. The questionnaire will be comprised of a combination of open and closed questions to get more accurate and complete data. The sample will consist of 15 customers from two different types of hotel (deluxe hotel & budget hotel).

The sample of customers will be chosen randomly, however, the research will attempt to get a wide range of age, gender or purpose of visit in hotel in order to reduce bias. 3. Quality of evidence The method of data collection and measurement is important factor in terms of quality of evidence. To achieve quality of data the following has to be concerned. ? Validity could be the most difficult issue to resolve in this report. To measure peoples attitude or behaviour towards a certain loyalty program may be quite difficult and the honest responses may be hard to obtain.

In order to overcome this problem, the researcher will prepare a well-structured questionnaire and use an onsite research method. If the questionnaire is just given to the participant to fill-out all by him/herself, there is a possibility that some of the questions might be misinterpreted and that responses could be inaccurate. The researcher, therefore, will instead conduct a shortinterview-type of survey wherein the questions will be read aloud to the participant and the answers will be written down as the interview progresses.

This method may allow the researcher to ask additional questions not included in the prepared questionnaire depending on the participants' answers. ? Reliability: According to Veal (2006), any research findings should relate only to the subjects involved, at the time and place the research was

carried out. However, this researcher will conduct the questionnaire in two different types of hotels in order to get more effective data from the customer's perspective. People's attitudes and behaviour could differ due to social status so the researcher has decided to conduct an onsite research in both budget and luxury hotels in central London.

Also the research will differentiate the customers according to their purpose of visit. The reason is that the needs and demands of business travelers and leisure travelers may be different from one another. ? Sufficiency: From the questionnaire analysis, books previous research and journals will be combined to conclude effectively. Additional

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