

# Hhonor – college essay



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The Battle for Customer Loyalty Hilton HHonzors is a program which was designed to build loyalty to the Hilton brand worldwide. Membership in the program is open to anyone who applies at no charge. Members earn points toward their Hilton Honors account whenever they stay at a HHC or HIC property.

Like many other reward programs, as members accumulate points they can redeem them for HHonzors hotels or use them toward products and services from partner companies. Along with being a well-recognized name, the major advantage or strength of the Hilton hotel chain and the HHonzors program is that it allows their members to “ Double Dip”. This means that their members can earn mileage in partner airline frequent-flyer programs and HHonzors points during the same stay.

The HHonzors program is the only hotel chain program to offer double-dipping. Looking at the weaknesses of the Hilton hotel chain and the HHonzors Program we can see that a major area of weakness has been a “ widely varying product and the challenge of managing customer expectations with such a variety of product offerings” (Deighton, & Shoemaker, 2000). This is an issue caused in large part by the different types of ownership and management which controls the 492 properties branded as Hilton hotels.

We can also see that when lined up in a direct comparison with the new Starwood Preferred Guest Program such features as No Blackout Dates, No Capacity Control, Paperless Rewards, and Increased Hotel Reimbursement (none of which are currently offered by HHonzors) could be expensive to

match and may not make sense for HHonzors to offer. The following is an alternative strategy I would suggest Hilton consider given the circumstances presented in the case.

Customer Brand Loyalty is much more than simple repurchasing. Brand Loyalty can be earned only when leaders put the welfare of their customers and partners ahead of their own self-serving interests. " (Reichheld, 2001). In essence, customers care about companies who they feel care about them. This is one of the key components of any CRM or loyalty Program. In order to be successful, a loyalty program must go beyond repeat purchases. Loyalty programs must foster emotional relationships which connect the customer to the brand. The only way to foster this type of connection is through repeated positive interactions and experiences with the Brand (McCall, Voorhees, & Calantone, 2010).

It is difficult to have repeated positive interactions or experiences with a brand if procedures, processes, policies, and so on (overall operations), are not standardized and therefore potentially different at any given property. Customers like what they know and when they can count on their expectations being met. Therefore, before even addressing the Loyalty Program itself I would recommend the company standardize operations throughout their entire network of properties (or at least within the different chains such as Hilton Hotels, Hilton Garden inn, etc. no matter what the management and ownership model might be.

Not only will this foster customer loyalty do to the increased probability of repeated positive experiences but could also create efficiencies within

operations leading to reduced operating cost. This would be a win-win opportunity for both the customer and the company. Increased loyalty means increased stay frequency and retention of members. A 5% increase in customer retention yields a 75% increase in customer net present value (Reichheld, 2001).

The chart below puts a monetary perspective on the potential increase in revenue due to increased retention. The assumption being that retention would increase the number of active members within the existing HHonors members program. Cumulative Effects of Customer Satisfaction and Retention = Customer Loyalty| Conditions| Percentage of Members who are active| Members| Active Members| Stays Per Active Member| Nights Per Active Member| Average nightly revenue per stay|

If HHonors is successful at implementing this strategy revenues would go up, cost would go down and customer satisfaction and Loyalty would be at an all-time high without even touching the HHonors Program itself. The bottom line is that a program or initiative is usually a temporary part of the organization or Brand. The customer is not buying a program or initiative. They are investing in a mutually beneficial relationship or partnership which the organization or brand must nurture in order to create loyalty, not just retention.