

# THE OVERVIEW

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# Guest Loyalty Programmes for All – Not Just the Big Boys

In a recent sit down with Agilysys – a global provider of hospitality technology – James Slatter, EMEA Managing Director, breaks down the trends shaping hospitality loyalty programmes and how these programmes can place independents, boutiques and small chains at a competitive advantage.

## What defines guest loyalty? How have these programmes evolved to become what we see today?

With origins starting around the mid-1980s, and quite possibly borrowing from the airline industry's introduction of frequent flier programmes at the time, hotel guest loyalty plans were once only used by the Holiday Inns and the Marriotts of the world. Things have changed a lot since then. Guest rewards are pervasive (at least among the large chains); having grown to become an expected perk of many travellers. Over the last five years, loyalty has evolved to be

less about being acknowledged for a single transaction and more about rewarding all guests with specialised attention and customised offers. Today, it is a well-known fact that hotels attract business with loyalty programmes that are designed to keep guests coming back.

## Over the past several years, we have seen a push toward enhanced guest experiences. Do loyalty programmes still play a critical role?

Absolutely. Hotels should encourage all guests to become a reward or loyalty

programme member – not just those that stay most often. Once becoming a member, those guests help hotels better understand and cater to their preferences, which forms an instant connection to the property regardless of the frequency of the guest's visits. With the advent of social media, where consumers rely on reviews and recommendations more than almost anywhere else, each guest presents the potential to become your next brand advocate. It's essential to leverage the value of loyalty programmes and their influence on brand awareness.

## What about profitability? Do loyalty programmes create valuable business for hotels and resorts?

Understanding the individual guest is what brings value to your property. This knowledge is an integral part of the profitability equation, and loyalty programmes help by tracking total guest spend (i.e. their value). Loyalty plan members may generate consistent room demand which supports occupancy rates and RevPAR. However, a guest who stays frequently yet doesn't spend anything else whilst in the hotel may bring in less overall value than a guest who stays less often but spends extra on hotel activities like spa or golf, as well as frequenting the hotel bars and restaurants. Another consideration when understanding the

importance of each guest is to identify who books directly. Those who book directly contribute differently to the bottom line than those who book through an OTA, which can cost your property up to 25 per cent in commission fees. Not all guests are of equal value, and loyalty programmes allow operators better visibility to their relative profitability.

## How do independent and boutique properties capitalise on loyalty programmes to compete with the 'big boys' who have been offering guests rewards for years, or even decades?

The agility of boutiques and independents places them in the unique position of coming up to speed and possibly surpassing the 'big boys' in relatively short order. There is a reason why experiences offered at boutique-type locations are highly sought after and considered trendy by guests of all demographics. Not only do they provide a more intimate, casual and personable atmosphere, but they

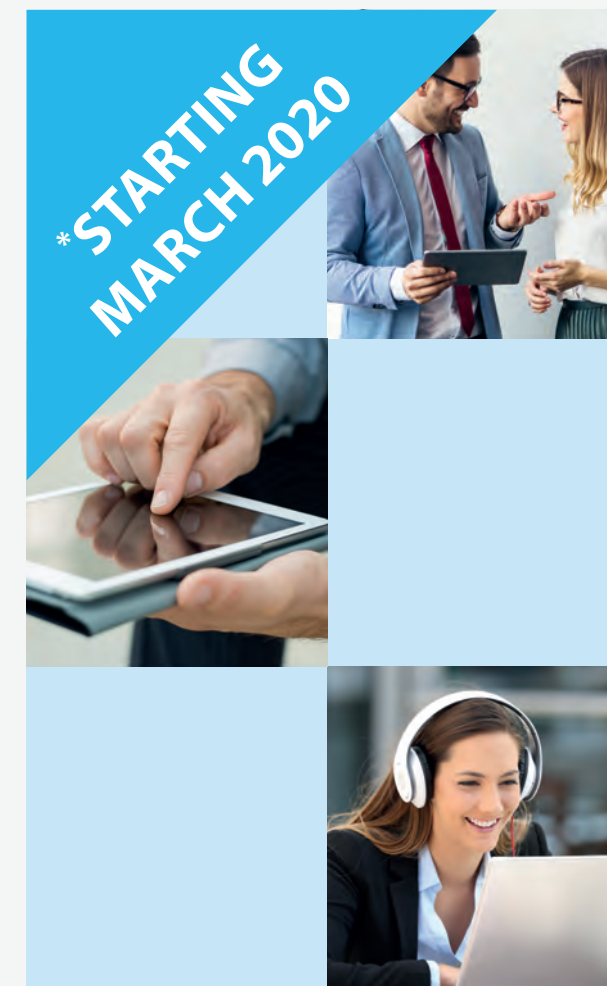
also have enhancements, amenities and specialised services that the big chains often do not. Boutique and independent locations are in a position to promote specialty packages, and to offer loyalty redemptions that have longer expirations – or perhaps no expiration at all.

One way to keep it exciting is to change the redemption offers regularly. For example, redemption offers might include an interactive demonstration with the chef preparing the property's signature dish, an upcoming pizza-making event, a complimentary round of golf or a bottle of gin from the local distillery. The key is to extend rewards that appeal to the diversity of your guest population, change offers on a consistent basis, and be sure to make it redeemable during the next stay – possibly with no expiration. Offering these rewards do not have to be an administrative burden either. They can be supported through your PMS and POS systems for automatic redemption with little, if any, need for staff to determine what guests have earned.

## Where do you see the future of guest loyalty and reward programmes?

Over the next 3-5 years, rewards themselves will become far more sophisticated; even more effective at captivating and retaining guests. Nimble boutiques, independents and small chains are well-positioned to take up loyalty programmes as a tool to gauge the value of their guests and to continue delivering against their changing expectations.

The single most influential factor in the evolution of hospitality technology is the guest. Agilysys, an industry leader for more than 40 years, is dedicated to next-generation technology innovation for hospitality professionals. Our integrated PMS and POS core solutions are designed to support all aspects of the guest journey. This includes loyalty programmes for properties of all sizes, with a built-in offers module, to cross-promote among the hotel, its restaurants and retail outlets.



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