



Ashvin Iyengar



Protik Basu

REWARDS IN HOSPITALITY INDUSTRY

A temptation to guests

Guests today are more demanding than ever before. They want personalisation because the power of quick and peer-driven information is available at the touch of a button. This digital life has one aspect which the guest values above all. In fact, the guest is so used to the digital life that they subconsciously crave for this in the offline world as well.

An organisation can leverage the digital space to create new customer in many ways. Once the customers are within the system, it's equally important to leverage digital technology to retain them and ensure their longevity as contributors to revenue and profits. It also makes better business sense, purely because an existing customer often yields higher ROI's than the creation of new customers.

This is where a rewards/loyalty programme comes into the picture.

Loyalty can be defined as a guest's commitment to prefer doing business with a particular organization. This basically has two components: Making repeat purchases and becoming a brand ambassador

This is the basic core definition and has been the basis on which almost all traditional loyalty programmes have been designed. In the hospitality industry, hotels have relied on the tried and tested method of providing three components to fulfill this basic premise of loyalty programmes:

- Give exclusive deals or rates to its members

- Bonus points and other freebies
- Membership benefits in hotels and outside

Just building on this, the giants of the hospitality industry have built up a veritable empire of loyal guests who come back on their own without the need to spend advertising dollars and who also become willing brand ambassadors. The question is – in today's disruptive fast moving economy, how much of this is still relevant?

The factor to be explored is whether the old tactics will work in an environment where achieving visibility is no longer as prohibitively expensive as before, where the customer can achieve an individual voice of their own via the revolution of social media and not just remain a statistic in a report. Today, even a startup brand, if it has something unique to offer can achieve breakneck recognition through sheer word of mouth, something that would have been very difficult in the times when Madison Avenue ruled what message went out in the market.

To begin answering this, we need

to look at one part of the guest's need that is overlooked in the legacy principles of loyalty programmes – emotional connect and what is the cost for the guest to switch to a rival brand. The two are connected. Infact so entwined is it that programmes are being designed to elicit repeated behavioural responses rather than developing enduring emotional bonds with customers. Today the guest is just not satisfied with the old ways in which they were rewarded!

According to a study conducted by Deloitte, both 'ability to value me' and 'ability to understand my needs' were among the top 5 most important attributes for this segment of travellers. Hotel loyalty members switch between brands and spend as much as 50 percent of their wallet with non-preferred brands as the switching cost between the brands is negligible, especially as we get more digital.

What kind of personalisation can create this sort of brand affinity? It comes down to a personalised experience in the hotel itself. Of course it's more complicated than the sentence suggests. For this,

we need to make use of all the technology at our disposal, both mobile and online space, to create this individualised experience and making personalised offerings to our most information driven and technologically empowered segment.

In today's world, a hotel whose internal systems are not interconnected will soon become something of an anachronism. Getting the integration will be a balance between the guest's needs and the cost. But once done, the rich sources of data will throw up enough surprises and therefore opportunities to give a rich personalised experience for the members.

And at the end of the day, for organisations which are able to leverage technology and drive seamless experiences to retain and reward their loyal guests there will probably be a reversal of roles. The guest will reward you.

(Views are contributed by Protik Basu, Head, Digital & Rewards, The Lemon Tree Hotel Company and Ashvin Iyengar, Director- Special Projects, The Lemon Tree Hotel Company).