


ORIGINAL

A brief report on building customer loyalty in luxury hotels: a universal approach

Breve informe sobre la fidelización de clientes en hoteles de lujo: un enfoque universal

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ABSTRACT

Building consumer loyalty is becoming increasingly tough, and the cornerstone of loyalty is generating exceptional experiences that keep people returning. In this post, we'll look at how hotels may increase customer loyalty by providing great service, backed up with a fascinating case study. The hotel prioritized fostering a strong service culture among its workers. They held frequent training sessions to improve staff abilities, develop a customer-centric culture, and encourage workers to go above and beyond. The hotel understood the value of personalizing and anticipating visitor demands. They gathered and preserved specific guest preferences, allowing them to provide individualized experiences. Every contact, from customized welcomes to chosen facilities, was designed to exceed guests' expectations. The hotel placed a strong focus on proactive communication. They formed a specialized guest relations staff to communicate with visitors before, during, and after their stay. This individualized contact made guests feel appreciated and cared for, and their opinion was considered. This paper will give an insight into the approach.

Keywords: Building Customer; Loyalty; Luxury Hotels.

RESUMEN

Fidelizar a los consumidores es cada vez más difícil, y la piedra angular de la fidelización es generar experiencias excepcionales que hagan que la gente vuelva. En este post, veremos cómo los hoteles pueden aumentar la fidelidad de sus clientes ofreciendo un gran servicio, apoyándonos en un fascinante caso práctico. El hotel dio prioridad al fomento de una sólida cultura de servicio entre sus trabajadores. Celebraban frecuentes sesiones de formación para mejorar las habilidades del personal, desarrollar una cultura centrada en el cliente y animar a los trabajadores a ir más allá. El hotel comprendió el valor de personalizar y anticiparse a las demandas de los visitantes. Recogían y conservaban las preferencias específicas de los huéspedes, lo que les permitía ofrecer experiencias individualizadas. Cada contacto, desde la bienvenida personalizada hasta las instalaciones elegidas, se diseñó para superar las expectativas de los huéspedes. El hotel se centró en la comunicación proactiva. Formaron un equipo especializado en relaciones con los huéspedes para comunicarse con ellos antes, durante y después de su estancia. Este contacto individualizado hizo que los huéspedes se sintieran apreciados y atendidos, y que se tuviera en cuenta su opinión. Este artículo ofrece una visión de este enfoque.

Palabras clave: Fidelización de clientes; Lealtad; Hoteles de Lujo.

INTRODUCTION

The hotels prioritized resolving guest problems with sensitivity. They actively listened to guest input, handled concerns quickly, and took proper action to correct the situation. This degree of attention and response transformed potentially unfavourable situations into good ones, promoting trust and loyalty. The hotels' efforts had concrete benefits. They experienced a considerable rise in client satisfaction and repeat reservations. The hotel's internet reputation increased thanks to positive evaluations and suggestions from delighted customers. The commitment to providing great service resulted in increased customer loyalty, which drove revenue growth and positioned the hotel as a favoured choice for discriminating tourists. Hotels must prioritize providing great service to increase client loyalty. Hotels may build long-term connections with their customers by cultivating a service culture, customizing guest experiences, encouraging proactive communication, and addressing difficulties with empathy. The case study of this luxury hotel demonstrates the transformational power of these methods in creating customer loyalty and company success. Remember that outstanding service is the foundation on which client loyalty is based. Accept the challenge, improve the guest experience, and watch your hotel become a refuge of loyalty and unprecedented success.

With so many brands and places vying for customers, hotels may struggle to keep them and urge them to stay more than once, especially during bad times. Not only that, but there are several aspects that influence hotel client loyalty, including customer experience, value, guest perks, and others. In this blog article, we will answer your concerns concerning hotel customer loyalty and demonstrate how to enhance earnings by enhancing your visitor retention marketing. We provide a thorough understanding of what customer loyalty is, how it is formed, and explain the impact that having a reward program in your company plan can make.



Figure 1. Tips to build customer loyalty

Source: <https://medium.com/@idealhpgroup/build-customer-loyalty-in-the-hospitality-industry-e25737e3203d>

Everything you should know about hotel client loyalty

What is customer loyalty?

Customer loyalty is at its peak when a consumer continues to do business with a brand or firm. In other words, loyal customers choose one firm, venue, or program above other available ones. Even when prices are higher or restrictions are stricter, committed consumers may continue to choose their chosen alternative regardless of cost or convenience. Loyal consumers have faith in the quality they will receive, therefore they are ready to pay a little more money to guarantee their expectations are realized. Customers have been more outspoken about their service expectations, aggressively seeking out brands and organizations that meet those requirements. As a result, more firms may provide prizes for loyal clients to capture their sustained business.^(1,2)

Why is customer loyalty important?

Every successful firm is constantly striving to achieve two objectives: maintaining current consumers and recruiting new clients. The same thing applies to hotels. Guest loyalty should always be a top priority for hotels because it fosters an atmosphere conducive to long-term success. When customers return to a resort, the hotel not only benefits from increased occupancy and income, but it also allows hotel personnel to form connections with them. This allows staff to better anticipate visitor demands and prepares a facility for a better guest experience.⁽³⁾

What does customer loyalty look like in the hospitality industry?

Customer loyalty, according to a hotel, stems from good service. It is the result of continually providing outstanding service and knowing that their requirements will always be addressed when they book with their trusted brand. When you notice people returning to your hotel on a regular basis and they become recognized faces, it is probable that they have become loyal consumers. Hoteliers will be able to identify consumer loyalty through guest comments and reviews. It may surprise you to see how many people submit reviews with phrases like, “I stay here all the time and I love it!” It’s always clean, and the customer service is excellent.” Loyal consumers love to talk about their valued brand, and they are inclined to promote it to friends and family.⁽⁴⁾

When shoppers, travellers, or other consumers are considering choices, they frequently seek feedback from current and previous customers. In fact, according to a BrightLocal survey, 87 % of consumers read online reviews for local companies, with the hotel industry ranking second among industries where consumers are most likely to read reviews. Hotels are not physical items that customers may evaluate by testing before staying on the resort. As a result, travellers frequently rely on word-of-mouth recommendations or top-rated web evaluations. In many cases, guess who is leaving the reviews? Customers are loyal. They also use social media to publish, share images, and endorse products, among other things.⁽⁵⁾

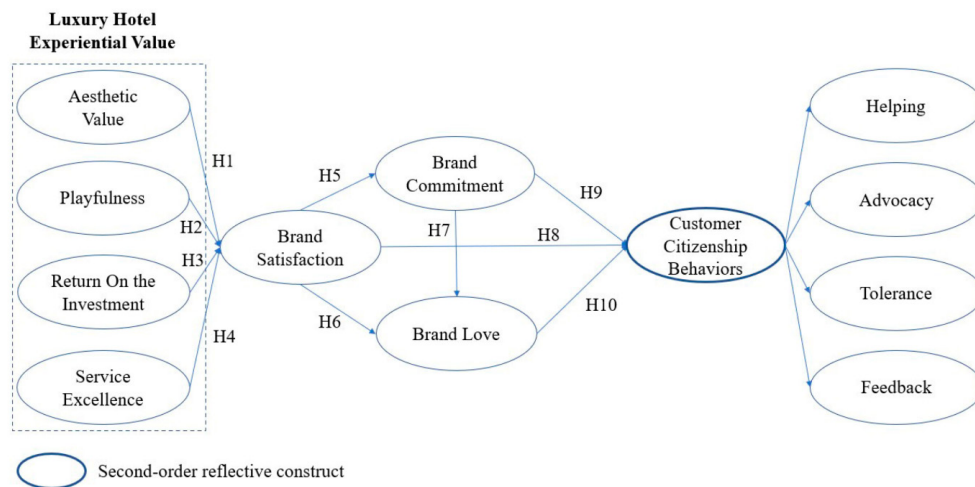


Figure 2. Hypotheses Model

Source: <https://www.mdpi.com/2071-1050/14/21/13899>

How does a hotel loyalty scheme work?

Hotel loyalty programs encourage customers who spend money on their facility. Members often receive benefits in the form of points for booking nights or spending money. These points may be used for future visits, accommodation upgrades, meal discounts, and more. Some hotel loyalty programs also reward members for shopping with affiliated businesses or using credit cards with whom they have partnered.⁽⁶⁾

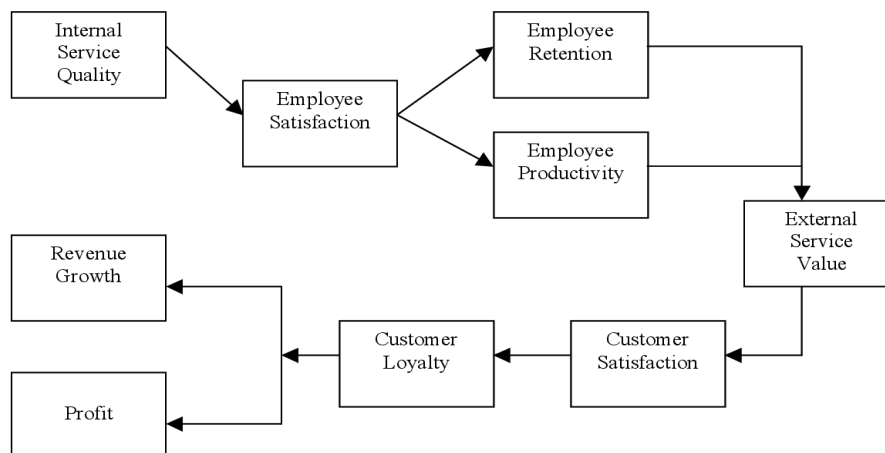


Figure 3. The Service Profit Chain

Source: <https://www.semanticscholar.org/paper/The-Effects-of-Service-Recovery-Satisfaction-on-and-Riscinto-Kozub/20ad5af5e189d17680895e51ad7c614bc466e8e5>

How can hotels build customer loyalty?

Hotels that want to promote customer loyalty or enhance guest retention should prioritize enhancing hotel service, guest perception, and the guest experience. Hotels may increase client loyalty in several ways, including:

1. Exceeding Guest Expectations.
2. Offering exceptional client service.
3. Providing helpful responses to guest reviews and comments.
4. Making frequent commitments for improvement.
5. Developing ties with regular passengers.
6. Understanding what visitors expect from hotels.
7. Offering guests a personalized experience.

Why should hotels reward loyal guests?

- a) Hotels should reward their loyal customers for several reasons, including service and income.

Rewarding repeat guesses will help hotels:

- b) Improve their market position.
- c) Increase RevPAR, ADR, and total earnings.
- d) Create more educated selling tactics.
- e) Increase your occupancy rates by building a devoted network of returning customers.
- f) Improve hotel performance and internet rankings.
- g) Improve contact with visitors.

According to the MIT Sloan Management Review, 77 % of customers affirm that they will select their loyalty brand over rival brands, even if it means paying somewhat more money. With the hospitality business always changing, every hotel must aim to remain competitive, and one effective method to do so is by attracting loyal visitors.⁽⁷⁾

What should a hotel's customer loyalty programme include?

A hotel customer loyalty program should make it easy for visitors to collect points when they stay and spend money at your establishment. The longer they remain, the more they earn. Loyalty programs should make customers feel like they are valuable members of your hotel's family. Many hotels provide a special discounted rate for rewards members. They also provide a wide range there are several value-based awards.⁽⁸⁾

Successful hotel loyalty programs are quick and simple to join. Members should be able to easily access their profiles, track their awards, and update their personal information. Furthermore, guests like rapid gratification. Make it easy to receive first incentives quickly. Create a loyalty program that allows users to use their points for items like:

1. Overnight bookings.
2. Room improvements.
3. Dining or hotel shopping costs.
4. Discounts on regional attractions.
5. Online Shopping Credits.
6. Cashback redemptions.

Consider implementing a tiered loyalty scheme for hotel visitors. Tiered benefits accumulate when visitors book more nights and spend more money on your property. As the reward tiers rise, incorporate more free goodies, such as:

- a) Free laundry services.
- b) Complimentary valet parking.
- c) Select the in-room amenities.
- d) Complimentary early check-in or late check-out.
- e) A promise that there will be no ban dates for member prices.



Figure 4. Loyalty Programs

Source: <https://www.zinrelo.com/best-hotel-loyalty-programs.html>

DEVELOPMENT

Are millennials' opinions about loyalty programs unique, or do they reflect a greater macro trend among travellers?

When analysing loyalty, we wanted to know how attitudes and actions vary by age group. Are millennials—defined in our survey as those aged 21 to 29 who will soon make up a sizable portion of the purchasing population—less loyal and devoted to a single loyalty program? One of the many fascinating surveys results we received was the average number of loyalty memberships owned by each age group. We discovered that they are far more alike than not.

In contrast, millennial leisure travellers joined fewer reward programs—only 2,3 on average. Possible explanations for the disparity include:

- Millennial leisure travellers are more interested in using the sharing economy versus traditional options.
- Millennial leisure travellers have not had the same amount of time to accumulate the volume of memberships that others have.
- Millennial leisure travellers have not experienced travel in the same way or to the same extent as travellers aged 30 and up or business travellers.

The economics of redemption: loyalty-value exchange

However, a closer look reveals that millennial behaviour is comparable to that of leisure travellers. This leads us to conclude that engagement is driven more by volume of travel than by conduct. Regardless of the cause, firms that can consistently interact with leisure and millennial travellers will build a larger, more devoted following. Hotel loyalty programs are often designed to benefit business guests. As loyalty programs evolve and strive to deliver value, hotel firms must determine how to prioritize investments. They should question yourself, “Do we design our programs to increase engagement across all segments?” Do we focus on the most profitable demographic?

How brand and preferences affect loyalty?

The previous parts focused solely on hotel loyalty programs; however, in this section, we will look at hotel and travel experiences to identify what motivates visitors to commit to brands. Hotel loyalty is also influenced by what passengers value in a brand vs what they value in a reward program. For example, our focus group participants rated Starwood Hotels & Resorts as the most desired brand in large part due to the soft benefits—the experiences they had there. Its reward program, SPG, rated fourth in terms of membership, after longer entrenched programs like Hilton and Marriott, since hard benefits often drive loyalty programs.⁽⁸⁾

Luxury hospitality starts with a hallmark property, but a well-located, elegantly built hotel is merely the beginning. Stellar service, delivered by dedicated hotel workers, is what brings a wonderful property to life. In an interview, one general manager (GM) of a luxury hotel explained, “Our facility is our stage, and guests are paying for a performance.”

Distinctive, quality service is more vital than ever. The luxury segment is expected to grow at a rate of 6 % per year through 2025, faster than any other chain-scale hotel class, and competition for customers is heating up as luxury hotels proliferate and alternative options (such as stylish rental villas with chefs and staff) enter the market. Nonluxury homes have also caught up on some of the physical aspects associated with luxury, such as luxurious mattress toppers and rainfall showerheads.⁽⁹⁾

Meanwhile, the definition of luxury is evolving throughout the service industry. Affluent clients are increasingly prioritizing unique experiences—rather than just the real product—and colourful environments over ornate formality. Data on consumer spending substantiates the assumption that interest in recreational events is typically increasing while interest in nonessential products is often decreasing.



Figure 5. Enable a distinctive customer experience

Source: <https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/how-the-worlds-best-hotels-deliver-exceptional-customer-experience>

Guest loyalty is the continuing emotional link between guests and hotel businesses

Travelers are deemed loyal when they prefer to stay at one hotel brand over another, or when they interact with and consistently book from your hotel brand rather than your rivals. Hotel customer loyalty is a result of a customer's pleasant experience throughout all contacts with your hotel brand, and it helps to build trust. This may be shown in how willing a hotel guest is to book from you over your competition. In today's complicated and competitive hospitality business, developing loyalty with your visitors or hotel clients is a must, not a choice. However, hotels frequently struggle to identify the best strategies to generate, optimize, and evaluate client loyalty. Customer loyalty should be in the hotels' ethos, not just as a strategy. The secret to success is to put the consumer first in all you do, at all touchpoints. By increasing the human connection, you may achieve significant commercial results. Customers now have more expectations than ever before, and we feel traditional loyalty programs need to be reconsidered. Increasing hotel customer loyalty is the capacity to stay at the forefront of consumers' minds and instil a sense of loyalty. Hotels can transform the visitor journey by providing consistent experiences. That's why hotels use loyalty programs to attract and retain customers.⁽¹⁰⁾

CONCLUSIONS

Understanding and executing hotel client loyalty is manageable. It is required for an amazing customer journey and experience, as well as providing your visitors with the best value possible. Making visitors feel valued and appreciated through tailored experiences, loyalty programs, and unique rewards for returning customers can help to create loyalty. Most importantly, it keeps guests interested and informed about special offers and activities. Also, reply quickly to their feedback and concerns to secure repeat business. Finally, remaining competitive in price and up to current on industry changes and innovations is critical for maintaining loyal hotel guests. Without a question, hotel client loyalty is an important part of the hospitality sector. Now that you know the primary tactics to create and retain hotel client loyalty, begin executing them.

Hotel reward programs are meant to be appealing enough to entice everyone. However, as leisure and corporate visitors' travel preferences change, hotels must improve their reward programs. Staycations are becoming increasingly popular as the innovative work-from-anywhere trend spreads. However, this is not the case for everyone; others wish to feel wonderful, experience adventure, or enjoy luxury. People travel to get a range of experiences and exposure. When your guests are unique, they desire various experiences. Deloitte's Hotel Customer Loyalty Survey reveals the path to winning the contest for guest loyalty. It states, "To convert your consumers into enthusiastic, even passionate brand devotees, you need to grasp the patterns in how various travellers regard.

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anticipated.” The better you understand your visitors, the more tailored and immediate service experience you can provide them. It is vital to remain in touch with your visitors even while they are not at the hotel. With many touchpoints, you can now provide individualized experiences to your guests.

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