

How Hotel Loyalty Programmes Can Boost Brand Relationship Quality

Well-designed hotel loyalty programmes can increase members' satisfaction and improve the quality of their relationships with the associated brands, according to Dr Ada Lo of the SHTM and her co-authors. In a recently published article the researchers highlight the loyalty programme features that are most effective for building brand relationship quality (BRQ), and how BRQ contributes to outcomes such as members' word of mouth recommendations and purchase intention.

Customer Relationship Management

The researchers explain that many hotel chains offer loyalty programmes as a means to "reward frequent customers, generate information about customers, manipulate customers' behaviour" and compete with other hotels. Although these programmes are expected to build business in various ways, in reality customers' behaviour does not actually change much once they become members. Nevertheless, many hotels continue to offer loyalty programmes as customer relationship management strategies.

Despite the large amounts of attention paid to the quality of relationships between employees and customers, those between customers and hotel brands are little understood. This seems surprising, argue the researchers, given that BRQ reflects a customer's "strong emotional and motivational tie with a brand". Although similar to brand loyalty,

BRQ is considered to be richer because it is a better indicator of the customer's relationship with the brand over time and can lead to higher purchase intention, increased business and income for the hotel, and better customer retention.

Given the lack of a clear definition of BRQ, the researchers suggest that it comprises three dimensions: trust, satisfaction and commitment. Trust indicates a person's confidence in and willingness to rely on and maintain a relationship with an exchange partner. Satisfaction refers to how well customers evaluate a good or service over time relative to their expectations. Commitment refers to the customer's willingness to develop a relationship with the brand over time and is vital for building and maintaining a positive relationship with the company.

Active Programme Members

In an effort to investigate the antecedents and consequences of BRQ among loyalty programme members, the researchers surveyed the active members of a programme offered by "one of Asia-Pacific's leading luxury hotel groups". They targeted roughly equal numbers of participants from each of the programme's three membership levels: basic-tier members, who had stayed at one of the group's hotels between 1 and 19 times within a calendar year; mid-tier members, who had stayed between 20 and 59 nights in at least 2 of the group's hotels; and top-tier members, who had

stayed at least 60 nights in two or more hotels.

An online questionnaire asked how satisfied the members felt with the programme's hotel-related and non-hotel related benefits. It also measured the three dimensions of BRQ and three relationship outcomes: word of mouth, share of purchase and willingness to serve as a marketing resource.

Of the 920 respondents, more than 80% were men, and around 60% were aged between 36 and 55. Their levels of education were generally high, with correspondingly high income levels – almost 30% earned at least US\$14,000 a month. Around a third of the members were from the Greater China region and more than a quarter were European. Although more than half had been members for less than two years, almost a quarter had held their membership for six or more years.

Building Relationship Quality

The researchers found that BRQ does indeed consist of trust, satisfaction and commitment. On this basis, they examined which aspects of the loyalty programme were most effective in building BRQ. Membership communication was found to have the strongest effect, confirming the importance of "communication with customers in enhancing trust and other relationship quality dimensions". The researchers suggest that hotels should make use of this finding by developing targeted and relevant communications exclusively for

members with different tiers of membership. They also propose that hotels make better use of social media, along with emails and text messaging, to facilitate direct interactions and better engage customers with the brand.

Customer relationship management activities, particularly those related to employee customer orientation, are also important for hotels seeking to build BRQ, argue the researchers. Given the critical role of hotel employees in building trust with customers, hotels need to ensure that staff members are willing to prioritise customers and “tailor their different needs and wants during face to face encounters”. As customer orientation is important in Asian countries, which emphasise the “long-term development of relational bonding and trust”, the researchers were not surprised to find that the Asian members of the loyalty programme preferred to build relationships with employees who put customers first before engaging in a business transaction.

Trust can also be gained when employees deliver the service as promised by the brand. The researchers note that hotels could make use of internal programmes to ensure employees understand the brand’s promise to customers, and they need to hire staff with the “right attitude” and train them well. Well orchestrated internal communications could also be used to effectively disseminate the brand’s message to employees around the world.

Word of Mouth Promotion

Loyalty programme members with stronger BRQ indicated that they would be willing to recommend

the hotel brand to others and would stay in the group’s hotels more often. However, BRQ may not always have positive effects.

Against their expectations, the researchers found that those with stronger BRQ were somewhat less willing to serve as marketing resources for the brand as they were reluctant to allow their personal information to be used. Word of mouth recommendations, however, were another matter because they were spontaneous. The researchers suggest that hotels could make use of this by “encouraging their customers to be advocates for their brands via social media”.

Customers Prefer Immediate Rewards

It is important for hotels to know what types of rewards they should offer through their loyalty programmes. The researchers found that members generally prefer immediate rewards, which include features such as priority check-in, room upgrades and discounts, that guests can immediately redeem during their stay.

Loyalty programme managers could benefit from this by placing more emphasis on immediate rewards and offering more distinguishable benefits that differentiate the brand from competitors. The researchers note that managers could use importance-performance analysis to identify the benefits that members value most, and may need to take into account the differences in preferences between baby boomers and millennials, as the latter are becoming more important in the hotel business.

Avoiding Adverse Effects

Well-designed programmes can enhance member perceptions of the brands involved and the loyalty programmes themselves, but the researchers also emphasise that poorly designed programmes can produce adverse effects. Hotels that already offer or are considering introducing loyalty programmes should thus pay careful attention to the features they contain.

POINTS TO NOTE

- Brand relationship quality comprises trust, satisfaction and commitment.
- Customer orientation, membership communication and hotel-stay-related benefits enhance that quality.
- Members with strong brand relationship quality are more likely to recommend hotels.
- Brand relationship quality may reduce members’ willingness to be used as marketing resources.

Lo, Ada S., Hyunjung Im, Holly, Chen, Yong and Qu, Hailin. (2017). “Building Brand Relationship Quality among Hotel Loyalty Program Members”. *International Journal of Contemporary Hospitality Management*, Vol. 29, No. 1, pp. 458-488.