



Are you loyal?

Hotels commonly offer loyalty programs to their guests. Do you often go back to the same hotel to enjoy rewards? I'm more the type to search for the best offers online 😊.

History of Loyalty Programs^{1,2}

A loyalty program is a marketing strategy designed to encourage customers to continue to shop at or use the services of a business associated with the program.

Benjamin Talbot Babbitt is likely the true creator of the modern loyalty program. Born in 1809, Babbitt designed a cheap process to make a key base ingredient of baking powder. He soon grew his business to include yeast, baking powder and soap powder. He was the first to sell individually wrapped bars of soap, with 'Babbitt's Best Soap' becoming a household

¹ <https://loyaltyrewardco.com/the-true-history-of-loyalty-programs/>

² <https://www.ezeeabsolute.com/blog/hotel-loyalty-program/#:~:text=In%20February%201983%2C%20Holiday%20Inn,free%20or%20discounted%20partner%20flights>

name all over the US. In the 1850s, Babbitt Inc. launched a program where it invited customers to cut and collect the 'trade marks' from packaging of Best Soap and 1776 Soap Powder, which could then be exchanged for coloured lithographs by mailing them to the company.

In the hotel industry, two major brands introduced loyalty programs. In February 1983, *Holiday Inn* launched the first-ever hotel program. In November 1983, *Marriott* followed suite. Initially, the loyalty schemes were associated to airlines. Rewards earned could be used to book free or discounted flights. However, after a while, hoteliers found that these programs were more beneficial to airlines than to them. They therefore started to develop their own programs where guests could use reward points to book a room or enjoy other hotel services. Four large hotel brands – IHG, Marriott, Hilton Worldwide, and Starwood Hotels & Resorts Worldwide – were the first to implement loyalty programs.

Types of Hotel Loyalty Programs³

There are essentially three types of loyalty programs:

- *Points System* - most common system where guests earn a certain number of points per purchase e.g., for booking their room.
- *Instant Rewards* - particularly useful with millennials as it ensures a return from the start. Simply joining this scheme should offer a reward, like a free beer or wine at the hotel's restaurant.
- *Partnership Rewards* – involves partnering with local travel, tourism and hospitality businesses to build a specialty rewards system. The main goal is to partner with a company that provides a service that guests need such as giving them 20% off their meal at a great local restaurant, or half-price tours.

³ <https://www.littlehotelier.com/blog/increase-your-revenue/simple-loyalty-programs-bnbs/>

Hotel Loyalty Stats^{4,5,6}

- 44% of hotel guests report that loyalty programs influence their hotel selection.
- Loyal hotel guests spend 22% more than irregular customers and stay 28% longer.
- Major hotel chains say that loyalty members book about 60% of nights.
- What millennials look for in a hotel loyalty program is to be able to choose their rewards (61%), customize their experience (e.g., choice of room, checkout time) (57%), and get a room upgrade (54%).
- According to an analysis conducted by Nerdwallet in January 2024, *Wyndham* has the most valuable loyalty program: if you spend \$100 at a Wyndham hotel, you will earn roughly \$12 back in rewards points 😊!

Benefits for hotels⁷

For hotels, offering loyalty programs can:

- Increase guest retention and boost the number of direct bookings. Guests enrolled in a loyalty program tend to book more frequently and spend more money during their stays.
- Improve guest satisfaction, which can lead to positive reviews and increased word-of-mouth referrals.
- Set an hotel apart from competitors. Guests are more likely to book with a hotel that offers a loyalty program, especially if the benefits are appealing.
- Improve marketing campaigns by making use of data on guests' preferences, booking patterns and spending habits.

⁴ <https://www.onlinedasher.com/hotel-loyalty-program-statistics/#:~:text=Hotel%20Loyalty%20Program%20Statistics%3A%20The,more%20than%20133%20million%20members>

⁵ https://www.oracle.com/webfolder/s/delivery_production/docs/FY16h1/doc11/global-survey-data-insights.pdf

⁶ <https://www.nerdwallet.com/article/travel/most-valuable-hotel-rewards-programs>

⁷ <https://www.linkedin.com/pulse/benefits-loyalty-programs-hotels-bookingsuccess/>

Whether 'loyal' or not, all guests expect excellent service while staying at hotels. Unfortunately, staff shortage is the NUMBER 1 issue in the Hotel Industry. This is why offering a mobile tipping solution is a big plus as it can increase the wages of hotel employees. **Tip&Go** won't resolve staff shortage, but it will go a long way in reducing it 😊!

Francis Léonard, CEO



The face behind your comfort

www.tip-go.com