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CONSUMER LOYALTY PROGRAMS IN THE WORLD'S LARGEST HOTEL CHAINS

Types of consumer loyalty programs are considered depending on the number of participants, benefits, presence (absence) of entry barriers for participants. By increasing customer loyalty, hotels partially abandon the idea of maximizing revenue at the expense of customers, setting prices acceptable to them.

Consumer loyalty programs among well-known international hotel chains were analyzed, their pros and cons were highlighted. It was found that one of the attractive aspects of the Marriott Bonvoy loyalty program is the opportunity to stay for the fifth night for free, customers can transfer points to 40 partner airlines and have the opportunity to upgrade their room category and take advantage of the benefits of the executive lounge, consumer incentives include converting points into retail gift certificates, cruises, car rentals, tickets to concerts and sporting events. As of the beginning of 2023, the Marriott Rewards loyalty program covered more than 192 million regular customers. In addition, there is an incentive program, within the framework of which points are accrued for special events and banquets held in hotels according to a special scheme.

Hilton is offering a fifth night free. To use this opportunity, guests must have Hilton Silver elite status, which entitles them to room upgrades, free breakfast, and additional points. The hotel chain has become a leader in terms of development, with its membership growing by 110% between 2018 and 2023, reaching a total of 173 million members.

Hyatt offers numerous benefits within its loyalty program, including free breakfasts, waivers of resort fees and parking fees on award nights, and guaranteed room upgrades. Hyatt has more than 48 million loyal members.

Wyndham Rewards partners with Caesars Rewards from Caesars Entertainment. This allows all members to combine their accounts and earn and redeem points at Caesars properties; while elite members can earn corresponding status. As of September 2023, Wyndham had 105 million members (up 78% from 2018).

In terms of earning points, Choice has two credit cards developed in cooperation with other companies. As of September 2023, Choice Hotels had 60 million members (up 54% from 2018).

The Accor hotel chain contains many elite and luxurious offers. Points in the ALL program are divided into four levels of privileges. Using all the benefits of the loyalty program, it is possible to exchange the collected points for taxi rides, car rentals and rail travel. As of June 2023, Accor had 89 million members, which is 40% more than in 2019.

Among the types of consumer loyalty programs that are actively used by international hotel chains, the following are highlighted: rewards, special prices, free services, partner programs.

Key words: customer loyalty, consumer loyalty programs, hotel, hotel chain, hotel service, hotel room, international hotel chains.

Горожанкіна Н. А., Корнєєв М. В., Щолокова Г. В., Довгополій Д. Є. Програми споживчої лояльності у найбільших готельних мережах світу

Розглянуто типологію програм споживчої лояльності у найбільших готельних мережах світу в залежності від кількості учасників, переваг, наявності (відсутності) вступних бар'єрів для учасників. Підвищуючи лояльність клієн-

тів, готельні мережі частково відмовляються від ідеї максимізації доходів за рахунок клієнтів, встановлюючи прийнятні для них ціни. Проаналізовано програми споживчої лояльності серед відомих міжнародних готельних ланцюгів, виділено їх переваги та недоліки.

Встановлено, що однією з привабливих сторін програми лояльності Marriott Bonvoy є можливість безкоштовного проживання на п'яту ніч, при цьому клієнти можуть переводити бали до авіакомпаній-партнерів та мають змогу покращувати категорію номеру.

Програма лояльності Hilton дарує п'яту ніч проживання безкоштовно. Щоб скористатися цією можливістю, клієнти повинні мати елітний статус Hilton Silver, який дає право на покращення категорії номеру, безкоштовний сніданок та додаткові бали.

Міжнародна готельна мережа Hyatt Hotels Corporation пропонує численні переваги в межах своєї програми лояльності, включаючи безкоштовні сніданки, скасування курортних зборів та плати за паркування під час винагородних ночей, а також гарантоване підвищення категорії номерів.

Wyndham Rewards має партнерські відносини з Caesars Rewards від Caesars Entertainment. Це дає змогу всім учасникам об'єднати свої облікові записи й отримувати та використовувати бали у закладах Caesars; водночас учасники елітного рівня можуть отримати відповідний статус.

Щодо можливості заробітку балів, Choice має дві кредитні картки, розроблені у співпраці з іншими компаніями.

Готельна мережа Accor містить безліч елітних та розкішних пропозицій. Бали в програмі ALL розподілені на чотири рівні привілеїв. Використовуючи всі переваги програми лояльності, можливо обмінювати зібрані бали на поїздки у таксі, оренду автомобілів та подорожі залізницею.

Серед типів програм споживчої лояльності, які активно використовуються міжнародними готельними мережами, виділено наступні: винагороди, спеціальні ціни, безкоштовні послуги, партнерські програми.

Ключові слова: лояльність клієнтів, програми споживчої лояльності, готель, готельний ланцюг, готельна послуга, готельний номер, міжнародні готельні мережі.

Problem statement. Customer loyalty programs are designed to keep customers interested and intrigued for the longest possible period. Therefore, it is not easy to distinguish one from the others. Most hotel programs are rewards programs – they are multifaceted schemes that depend on a variety of factors, such as the number of properties, bonuses for intermediate stages, points validity, transition nights, free stays, etc.

The growing interest of many hotel companies in increasing customer loyalty is not only due to the fierce competition for customers among hotels, but also to this feature of the modern hotel market.

Loyalty programs ensure that consumers receive benefits when making repeat purchases from a company. This does not include one-off promotions, as such programs are aimed at encouraging consumers to stay in regular contact with a business over a long period of time.

In addition to stimulating demand for a company's products or services, loyalty programs also create value for customers. The customer can evaluate the program's usefulness at two stages (when points are accrued and when they are used).

Analysis of recent research and publications. The works of T.M. Baidak, V.O. Bolotova, M.H. Boiko, O.B. Hirna, L.I. Haieva, O.Ya. Kobylukh, K.V. Hurdzhyian, O.V. Zhehus, O.V. Illiashenko, O.V. Zozulov, M.M. Ivannikova, L.O. Ivanova, O.M. Muzyka, N.V. Kuzmynchuk, T.M. Kutsenko, O.Yu. Terovanesova, M.P. Mal'ska, I.H. Pandiak, Yu.S. Zanko and others were the theoretical and methodological basis of the study.

The goal of the article is to study consumer loyalty programs in the world's largest hotel chains.

Presentation of the main material. The hospitality sector tends to use various loyalty programs to obtain rewards, accumulate points, create exclusive clubs and establish partnerships with businesses working in other hospitality-related industries. Consumer loyalty is a conscious choice of a particular company among alternatives. Loyal customers are ready to bear additional costs (e.g., paying a higher room rate, spending extra time traveling, waiting for inconvenient check-in or check-out times, etc.) if they know that a particular hotel offers the hotel product or service they need most [1-9].

Currently, many loyalty programs can be divided into the following types depending on the number of participants and the benefits they receive: by number of participants (partnership; own), by benefits received by the buyer (programs related to the following material benefits; programs related to obtaining various kinds of privileges), by the presence (absence) of entry barriers or conditions for loyalty program participants (open; closed) [10].

However, it should be noted that by increasing consumer loyalty, hotels partially abandon the idea of maximizing revenue at the expense of customers by setting prices that are acceptable to them [10].

Customers participating in loyalty programs are entitled to additional discounts and more favorable accommodation conditions. Meanwhile, if a hotel customer is forced to buy a room at another competitor hotel for some reason, this does not have any negative consequences for them. The only possible consequence is that in the case of an accumulative program, the transition to the next level of the loyalty program is somewhat slower (i.e. there are no direct losses, only a loss of profit).

In other words, loyalty is not a one-way relationship (customer and hotel), but a two-way relationship (it means that the client is loyal to the hotel, and the hotel, in turn, is loyal to the client). Thus, loyalty programs are a

system of long-term relationships between customers and companies, in which both parties agree that immediate benefits can be reduced for the sake of future long-term cooperation [10].

There is no one hotel consumer loyalty program which is ideal for every traveler. Some programs offer more flexibility and prioritize earning points for free nights, while others emphasize special member-only privileges such as free Wi-Fi access or upgrading the room category.

So let's take a look at consumer loyalty programs among well-known international hotel chains.

According to the latest international estimates, Marriott, Hilton, Hyatt, Wyndham, Choice, Accor are considered to be the most well-known and attractive loyalty programs.

The Marriott hotel chain includes more than 30 brands and almost 8,700 properties in 139 countries and regions. One of the attractive aspects of the Marriott Bonvoy loyalty program is the possibility of a free fifth night stay. It's about the guest getting the night at the lowest price, spending zero points, if he or she books five bonus nights in a row [1].

Another advantage is that Marriott Bonvoy members can transfer points to 40 partner airlines (including Alaska Airlines Mileage Plan and Asiana Club). In addition, guests can upgrade their room category and enjoy the benefits of the executive lounge.

In addition, consumer rewards programs provide for the conversion of points into retail gift certificates, cruise trips, car rentals, tickets to concerts and sporting events [2].

The Marriott Bonvoy rewards programs provide for the use of points for stays at partner hotels, including payment for SPA treatments and restaurant visits [9]. Members have the opportunity to earn points for excursions, tour packages and transport services by booking them through Marriott or their travel partners, such as Uber. Additionally, members can increase their points by making everyday purchases with any Marriott Bonvoy credit card.

The pros and cons of the Marriott hotel chain's consumer loyalty programs are presented in Table 1.

Table 1

The pros and cons of the Marriott hotel chain's consumer loyalty programs

Pros	Cons
More than 7,000 participating hotels.	Suite Night Awards cannot be used for partial payment of accommodation.
Properties in more than 130 countries and located in cities, beaches, small towns, etc.	Rooms in high-end hotels are worth a lot of points.
Rewards can be used for hotel stays, flights, car rentals, cruises, and vacation vouchers.	The highest level of Marriott Bonvoy membership is more difficult to achieve than the highest level in the Hilton Honors and World of Hyatt programs.

Source: created by the authors based on [3]

By the beginning of 2023, the Marriott Rewards loyalty program had more than 192 million regular members. The incentive system, which awards points for organizing certain events and banquets at hotels under special arrangements, is popular with customers. The program is not limited in time. The points earned can be used to pay for cruises, resort stays, car rentals and other services. Most clients actively use the benefits of the program, accumulating points for using various services, but some avoid joining the club, fearing frequent newsletters and messages from the hotel [8].

Hilton is a hotel chain which has more than 1.1 million rooms in approximately 7,400 hotels located in 124 countries and territories. Also, it should be noted that Hilton has partnered with Amex Membership Rewards to allow the transfer of accumulated points. For every Amex point transferred, the customer receives 2 Hilton points.

The hotel giant also has four co-branded credit cards, all issued by American Express. Holders of these American Express cards automatically earn Hilton Honors Gold status as long as their card account remains active.

Hilton also gives the fifth night of stay for free. To take advantage of this opportunity, customers must have Hilton Silver elite status, which entitles them to upgrade the room category, free breakfast and additional points.

The pros and cons of the Hilton hotel chain's consumer loyalty programs are presented in Table 2.

Table 2

The pros and cons of the Hilton hotel chain's consumer loyalty programs

Pros	Cons
There are no blackout dates when using points to book a room.	Bonus points do not count toward gaining elite status.
More than 7,000 hotels and resorts around the world participate in consumer loyalty programs.	Members cannot earn hotel points and air travel for the same stay.
Resort fees are waived for all premium seats booked with points.	Free nights at top-tier hotels require a lot of points.

Source: created by the authors based on [1]

This hotel chain has become a leader in terms of development: in 2018-2023, the number of its members increased by 110%, reaching a total of 173 million people.

More than 1,200 hotels have joined the consumer loyalty program of World of Hyatt in more than 70 countries. Hyatt owns hotels exclusively in attractive resort areas and major cities.

Hyatt offers numerous benefits within its loyalty program, including free breakfasts, waived resort fees and parking fees during reward nights, and guaranteed upgrade of the room category [4].

Hyatt recommends using both personal and business credit cards to earn points, which is a highly effective solution.

Hyatt has more than 48 million loyal members.

The pros and cons of the Hyatt hotel chain's consumer loyalty programs are presented in Table 3.

Table 3

The pros and cons of the Hyatt hotel chain's consumer loyalty programs

Pros	Cons
Free nights in standard rooms start at 3,500 points per night.	Some elite membership benefits are not available at some hotels.
It is possible to earn and use points at hotels with different prices and styles.	Free nights bonuses are only available for standard rooms if the hotel has available rooms at the standard rate.
Elite members of the World of Hyatt and American Airlines Advantage programs can earn points and miles for stays and flights at the same time.	Rooms in the highest category of facilities are worth a lot of points.

Source: created by the authors based on [5]

Wyndham unites more than 9,000 hotels under 24 brands in 95 countries of the world, including some upscale hotels, but most of them are budget hotels.

Wyndham's economy brands, such as Super 8, Days Inn and Microtel, operate in regions where Hyatt or Marriott are not present.

Wyndham Rewards has a partnership with Caesars Rewards from Caesars Entertainment. This allows all members to combine their accounts and earn and use points at Caesars properties; at the same time, participants of the elite level can receive the appropriate status.

Additionally, customers can earn extra points on hotel services and daily purchases if they hold one of the three Visa Wyndham Rewards Earner credit cards.

The points earned can be used to pay for hotel stays, renting a home for a vacation, airline tickets, excursions and events, and to purchase gift cards and retail goods.

The pros and cons of the Wyndham hotel chain's consumer loyalty programs are presented in Table 4.

Table 4

The pros and cons of the Wyndham hotel chain's consumer loyalty programs

Pros	Cons
More than 8,000 facilities around the world.	It can take six to eight weeks to process partner rewards.
Qualifying nights can be postponed to the next year, which will make it easier to obtain a higher status.	The brand has a limited number of high-quality properties.
The free all-inclusive stay at the hotel includes meals, drinks, and amenities for two guests.	Membership bonuses are minimal until you achieve diamond status.

Source: created by the authors based on [4]

As of September 2023, Wyndham had 105 million members (an increase of 78% compared to 2018) [8].

Choice takes an honorable third place by amount of real estate after such international hotel chains as Wyndham and Marriott.

From time to time, the brand organizes promotions that allow you to accumulate points for a free night by fulfilling not very difficult conditions.

On the possibility of earning points, Choice has two credit cards developed in cooperation with other companies. Unfortunately, having Choice Privileges elite status doesn't come with any noticeable benefits. There is limited availability of superior rooms, and only a few brands offer free breakfast for top-tier elite program members.

The pros and cons of the Choice hotel chain's consumer loyalty programs are presented in Table 5.

As of September 2023, Choice Hotels had 60 million members (an increase of 54% compared to 2018) [8].

Accor has a wide portfolio of hotel brands (there are more than 40), which includes many upscale and luxury offers. Points in the ALL – Accor Live Limitless program are recognized as one of the most profitable rewards. Members can use them after accumulating 2,000 points or more to reduce the cost of their hotel bill by €40 (or the equivalent in another currency).

Table 5

The pros and cons of the Choice hotel chain's consumer loyalty programs

Pros	Cons
More than 7,400 participating hotels.	Free nights at Preferred Hotels & Resorts properties can be booked only by calling the Choice service center.
When staying in budget hotels, you can get free nights in top-tier hotels.	The points required for reward nights vary greatly depending on the property.
Members can earn points for hotel stays, car rentals, cruise vacations, eating in restaurants, and more.	Points can only be used at a limited number of hotels in the collection.

Source: created by the authors based on [1]

Most of Accor's hotels are concentrated in such regions of the world as Europe and Asia. The hotel chain does not offer its customers a compatible credit card to quickly accumulate points in the loyalty program.

The ALL program has four levels of privileges. The highest, Diamond, provides free breakfast on weekends (or daily in the Asia Pacific region), upgrading the room category and access to the executive lounge. Additional bonuses include, for example, free use of bicycles at Fairmont hotels.

Taking full advantage of the loyalty program, collected points can be exchanged for taxi rides, car hire and rail travel, due to Accor's cooperation with Europcar, Hertz and Eurostar.

The pros and cons of the Accor hotel chain's consumer loyalty program are presented in Table 6.

Table 6

The pros and cons of the Accor hotel chain's consumer loyalty program

Pros	Cons
Members can earn and exchange points at more than 4,200 participating hotels worldwide.	Points expire after 12 months of account inactivity.
Program members can use a combination of points and cash to pay for hotel stays.	A limited number of hotels in the USA.
Other travel and hotel services, including flights, car rentals, restaurants, and SPA treatments, will earn points.	It can be confusing to calculate the points-to-euros ratio to get a free night.

Source: created by the authors based on [1].

As of June 2023, Accor had 89 million members, which is 40% more than in 2019.

The relatively low growth rate can be attributed to three factors: delayed investments, slower development of joint credit card programs and a lower density of presence in many markets.

Some studies demonstrate that loyalty program commissions as a percentage of total spend are still generally lower than commissions of online travel agencies, which can range from 11% to 30%. But if you run an economy class hotel in a non-entertainment location, you may have more to contribute to the loyalty program than you get from the guests who earn rewards.

It can be noted that each customer's loyalty to the company and its services or products goes through different stages, but the main task of a hotel business is to create truly loyal customers. Truly loyal customers are regular buyers who purchase a wide assortment of the company's products, attract other customers and do not respond to competitors' offers.

Conclusions from this study and prospects for further research in this area. To summarise, the main recommendations for achieving the goal of our study are as follows. Among the types of loyalty programs, which are actively used by international hotel chains, the following can be distinguished: rewards – earning points for purchasing hotel services, the points earned can be used to pay for goods or hotel services; special prices – using discounts when hotels have various offers, discount programs motivate customers to make additional purchases; free services, which aim to develop relationships with hotel services consumers and encourage customers to purchase new services by offering some products within the same brand free of charge; partner programs – customers have possibility to receive rewards for purchasing products from partners.

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