

CAN LOYALTY BE HIGH IMPACT AND LOW COST?



OPPORTUNITY

Are you actually running a (Dis)Loyalty Program? Only 1 out of 4 customers allocate more than 75% of their share of wallet to their preferred brand and less than 1 out of 3 Americans find reward program communication to be relevant; even fewer Millennials. With consumer expectations changing, points and free stays are no longer enough. How have brands changed the cost equation for loyalty and who is innovating for consumers and for owners? Is there such a thing as Disruptive Loyalty?

SOLUTION

The answer is yes. A handful of brands across multiple verticals are approaching loyalty engagement with a new mindset grounded in innovation and CRM technology and motivated to turn transaction-based deal-seeking loyalty into emotional loyalty. The rewards of an effective loyalty program haven't changed. What it takes for a brand to earn loyalty has. Effective loyalty programs continue to benefit from the 80/20 rule and lower cost of sales. The key is adapting to the new motivation set of consumers today and focus on creating that 1-to-1 personal relationship, or recognition-based loyalty. Most points-based branded loyalty programs force the guest to earn loyalty with their spending behavior, but enterprising brands are focusing instead on earning the loyalty of their guests from the very first interaction beginning with the first brand interaction.



One brand embracing the idea of Disruptive Loyalty and leading the way in delivering more relevancy for its consumers and lower costs for its owners is Red Lion Hotels. RLHC retired its expensive, points-based loyalty program and launched Hello Rewards, void of status and tiers. Hello Rewards is about recognizing and rewarding its members for doing things they already love to do and rewarding every member equally.

These three principles guide the program to make it stand on its own:



KNOWINGLY
RECOGNIZE



SURPRISE &
DELIGHT



FUEL
PASSIONS

Are loyalty programs worth 6% GRR?



30.2% Absolutely. More than 2/3 of my guests are loyal to my hotel.

40.6% Not really. Lots of cost for lots of freebies.

19.2% I think so. But I'm not certain loyalty was their deciding factor.

10.0% No frig'n way. But what's my alternative?