Current State of Hotel Loyalty Programs

According to the famous Pareto principle, 80% of hotel revenue is produced by the top 20% of customers - in our case, these are our top loyalty guests.

New areas of competition (especially homesharing sites) are increasing the need for a new approach.

The only way to increase the loyalty program effectiveness is to work on the customer factors.
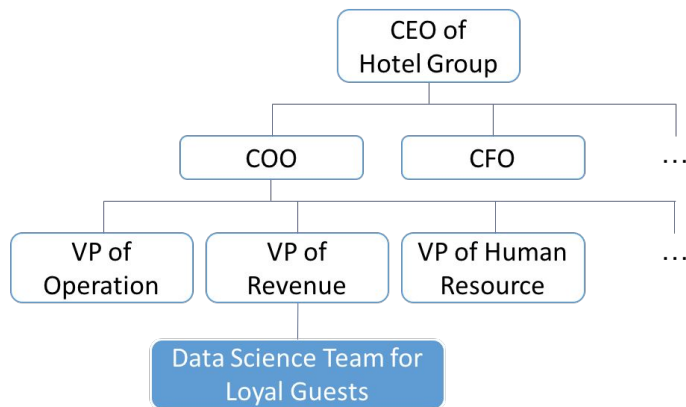
Organizational Context

Authors:

Data Science team

Data available:

Public data (social media, weather, etc.)
Proprietary ABC Hotel Group data
(e.g. pricing models, billing history)
External data (demographic data
appends)

The Problem

How can we create a personalized, enjoyable, and data-driven experience for our most loyal and valuable hotel guests to improve overall **guest satisfaction**, average **revenue per guest**, and overall **hotel revenue**?

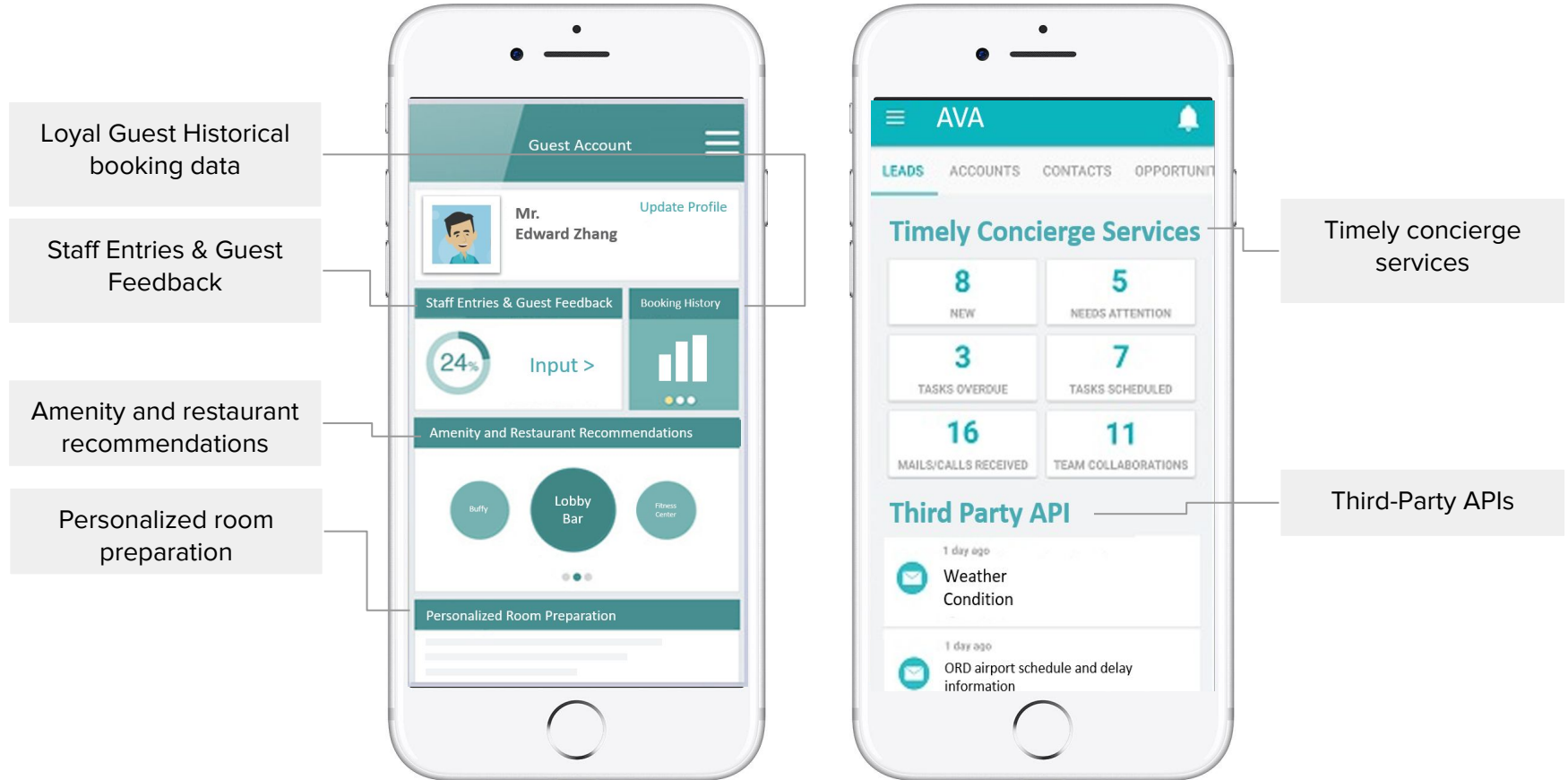# Our Solution:
Guest Experience Personalizer (GEP)

An all-in-one solution that utilizes the data of our highest-paying customers to build more individualized profiles for the most loyal and valuable hotel guests.

AI-powered virtual assistant (AVA)

Augmented guest profile (AGP)

AI-powered Virtual Assistant (AVA)

Loyal Guest Historical booking data

Staff Entries & Guest Feedback

Amenity and restaurant recommendations

Personalized room preparation

Timely concierge services

Third-Party APIs

Guest Account

Mr. Edward Zhang — Update Profile

Staff Entries & Guest Feedback — 24% Input >

Booking History

Amenity and Restaurant Recommendations

Buffy — Lobby Bar — Fitness Center

Personalized Room Preparation

AVA

LEADS   ACCOUNTS   CONTACTS   OPPORTUNIT

Timely Concierge Services

8 NEW   5 NEEDS ATTENTION
3 TASKS OVERDUE   7 TASKS SCHEDULED
16 MAILS/CALLS RECEIVED   11 TEAM COLLABORATIONS

Third Party API

1 day ago
Weather Condition

1 day ago
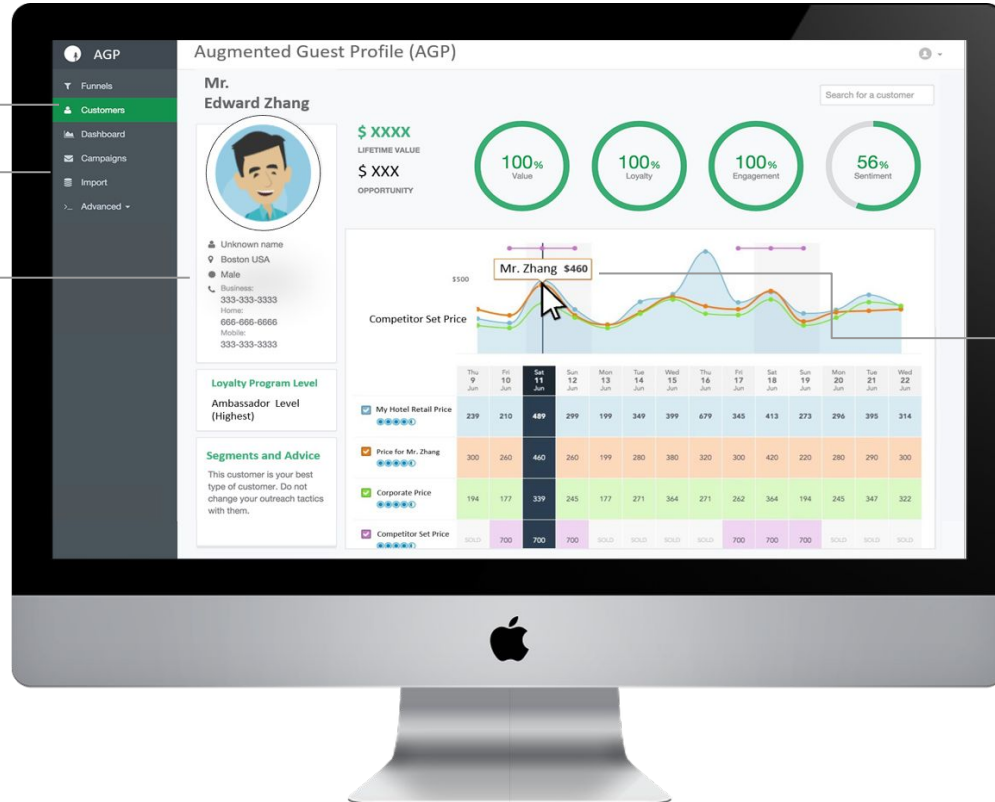ORD airport schedule and delay information

Desktop Solution - Augmented Guest Profile (AGP)

Hotel's Pricing System

Loyal Guest Historical Booking Data

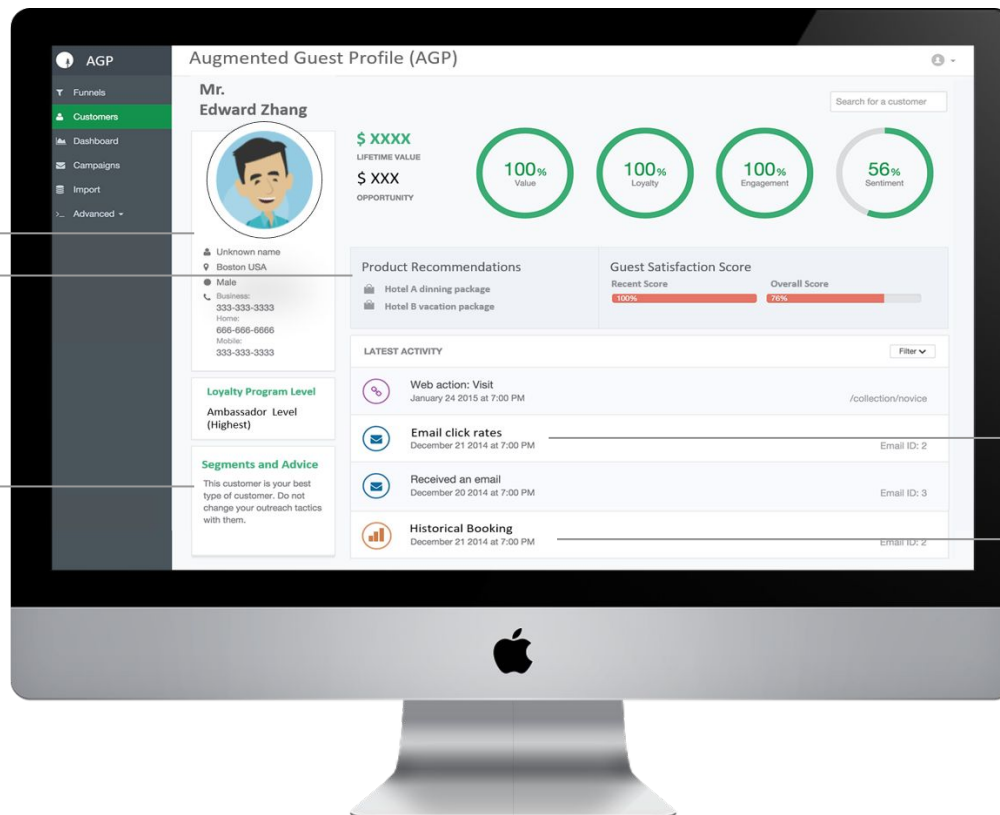Engagement Data (i.e. email open rates, transaction history)

Personalized Pricing

Desktop Solution - Augmented Guest Profile (AGP)

Demographic Details

Targeted Promotions

Segmented Customer Base

AGP
- Funnels
- Customers
- Dashboard
- Campaigns
- Import
- Advanced

Augmented Guest Profile (AGP)

Mr.
Edward Zhang

Search for a customer

$ XXXX
LIFETIME VALUE
$ XXX
OPPORTUNITY

100% Value
100% Loyalty
100% Engagement
56% Sentiment

- Unknown name
- Boston USA
- Male
- Business: 333-333-3333
  Home: 666-666-6666
  Mobile: 333-333-3333

Product Recommendations
- Hotel A dinning package
- Hotel B vacation package

Guest Satisfaction Score
Recent Score 100%
Overall Score 76%

Loyalty Program Level
Ambassador Level (Highest)

Segments and Advice
This customer is your best type of customer. Do not change your outreach tactics with them.

LATEST ACTIVITY   Filter

Web action: Visit
January 24 2015 at 7:00 PM   /collection/novice

Email click rates
December 21 2014 at 7:00 PM   Email ID: 2

Received an email
December 20 2014 at 7:00 PM   Email ID: 3

Historical Booking
December 21 2014 at 7:00 PM   Email ID: 2

Engagement Data
-email open rates
- transaction history
- preferred mode of communication

Booking History

Meet Mr. and Mrs. Zhang

Imagine this scenario:

Top level loyalty guests, Mr. and Mrs. Zhang, are looking to make a reservation for a week-long vacation with their children in a resort hotel.

Using GEP, the hotel manager can plan ahead and make the Zhangs' stay a perfect one. GEP ensures this through four key steps:

Video link:

https://drive.google.com/file/d/126bOLsWqGvcuQBbS10gHxSTdhywQ3Ojd/view

Important Considerations

Data Privacy

To prevent issues of guest data privacy, hotels must offer guests the option to opt-out.

Sharing of Loyalty Memberships

To discourage cross-use of loyalty membership cards and the muddying of customer data, hotels must verify member identity upon check-in.
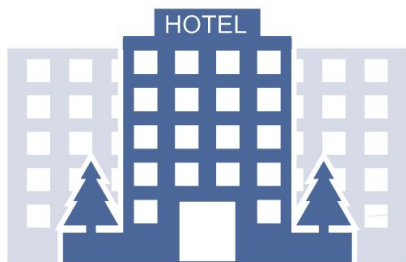
Upfront Implementation Costs

To ensure financial viability, hotels will need to select the level of granularity of the service provided based on projected revenue.

Law of Small Numbers

Data of unusually high-end guests should not be used in aggregations of guest clusters.

Conclusion

In hotels where the GEP platform has been piloted

Average **guest satisfaction score** ↑ **12 points** from 70 (on a scale of 100)

Average **revenue per guest account** ↑ **86 USD** per year.

Average **total revenue for each hotel** has ↑ **5%** per year.

Including personalized services and pricing for loyal guests, the GEP platform provides the ABC Hotel Group with the building blocks needed to begin forecasting market demands, offering promotions and campaigns at scale, and providing scheduled reports and service recommendations to hotel operation team.

Dear guests of ABC Hotel

Thank you for staying with us!

Sincerely,

Charlene Chen
Joanna Huang
Jennifer Podracky