



Talon.One

Loyalty in the travel and hospitality industry

Introduction: Loyalty proves its resilience for business

In the midst of the Covid-19 pandemic, loyalty programs have helped the travel and hospitality sector to navigate the storm in various ways in generating liquidity. Airlines and hotels have fully understood that it is their loyal customers that can support them when crises arise, with research strongly indicating that ancillary services as loyalty rewards are highly effective especially when they are personalized.

51% of travelers

say great deals and discounts are what prompts them to make a travel booking. (AIG)

Some 56.2% of room nights

at the major hotel chains in the USA were booked by loyalty members (Kalibri Labs)

Less than 10%

of independent hotels have a loyalty membership program. (HospitalityNet)

It's abundantly clear that the pandemic has had a major impact on the travel and hospitality industry. Numbers released by the World Tourism Organization vividly indicate that enterprises working in the whole spectrum of the tourism industry have witnessed an unprecedented decline in revenue over the past two years. According to UNWTO, export revenues from international tourism (international tourism receipts + passenger transport) have plummeted from \$1.7trillion in 2019 to \$700-800 billion in 2021. As a result of the pandemic, the global tourism and travel market lost some 62 million jobs in 2020.

If we acknowledge that loyalty is a major factor in the travel and mobility industry, how do we build a successful program? And how do we ensure it meets business needs?

We need a holistic approach for our loyalty strategy.

But this also poses some follow-up questions. What should a holistic approach to nurturing our customers look like? What aspects of the customer journey should be included in our loyalty program? Can legacy platforms meet our expectations? What are the alternatives to legacy monolithic systems?

What is a holistic loyalty approach?

A holistic loyalty program should encompass all aspects of our customer journey. It's not only about selling flight tickets or booking hotel rooms; a comprehensive loyalty scheme should include all ancillary services — because they are post-pandemic keys to profitability.

Recent research by Forrester shows that successful customization of ancillaries leads not only to increased revenue but also higher customer satisfaction and improved overall business performance. Linking ancillary services to your loyalty program can lead to more customer satisfaction and drive more revenue.

Hyper-personalization of customer experience

The Forrester research shows that ancillary services as loyalty rewards are especially effective when they are personalized. There is a growing demand for personalization among customers with 71 percent of them expecting brands to deliver personalized experiences.

A Google survey found that 36% of travelers would likely pay more for services if a travel brand tailored its information and trip experiences to personal preferences or past behavior.

Personalization focuses on the basic information about a customer such as name, gender, location and other demographics to tailor marketing messages that interact directly to the customer as an individual.

Hyper-personalization is when we decide to go beyond basics, pulling from real-time and behavioral data to deliver highly relevant, individualized messages.

Hyper-personalization:

- ↘ Leverages AI, NLP and automation to create highly relevant and customized experiences.
- ↘ Tracks clickstream data (clicks, add to carts, etc.) in real-time to create relevant product/service recommendations.
- ↘ Increases marketing ROI and reduces marketing costs in the long run.

According to Deloitte, hyper-personalization is the most advanced way brands can tailor their marketing to individual customers. It's done by creating custom and targeted experiences through the use of data, analytics, AI, and automation. Through hyper-personalization, companies can send highly contextualized communications to specific customers at the right place and time, and through the right channel.

Since hyper-personalization is increasingly normal across customer touchpoints in ecommerce, retail, online groceries and food delivery, travel and hospitality firms need the appropriate mindset, channel and architecture to meet our customers' expectations. The aim should be to give as frictionless a personalization experience as customers can receive at home.

The right mindset

Reaching the potential of hyper-personalization requires, first of all, a startup mindset, one which prioritizes innovation, speed and constant development. A startup mindset, according to Forbes, keeps goals held loosely, knowing that things will most likely change. The key differentiator of the start-up mindset is that when things do change, the only thing you'll look back at is what you did — not what you didn't do because you were afraid of change.

For enterprise brands that don't have the startup DNA, you can still work to acquire the startup mindset. Thanks to 'disruptive' companies like Airbnb and Uber, established incumbents can be sure that not having a startup mentality is much more expensive than updating legacy systems or mindsets.



The right channel

Now that you've decided to create an all-inclusive journey for your customer, what is the right channel to interact with them? Your customers' expectations are certainly so diverse that you won't be able to find the single right channel. However, when you're selling, you don't want to send your customers mixed messages in different channels that you have at your disposal. This will only confuse and distract them. So, what's the solution?

The solution is paying attention to omnichannel marketing. Omnichannel marketing prioritizes consistency in messaging, design, user experience, etc., across many different channels in unison. This includes advertising channels, communications channels, different website versions, apps, etc. The ultimate objective is to offer users a consistent experience, no matter which channel they use to interact with your brand.

In the context of loyalty programs, an omnichannel approach allows businesses to set up promotional campaigns that work seamlessly across many different end points. This might include a booking platform with desktop, mobile and app versions, as well as POS units in a number of different locations. In other words, you're always there for your customers, no matter how they wish to interact with you.

The right architecture

An omnichannel promotion strategy requires your digital systems to be flexible and scalable. Often when dealing with legacy, monolithic architecture, it's complex scalability that is the real impediment to change. With these 'all-in-one' behemoths, there can be a slow pace of development preventing you from getting to your desired outcome.

We're increasingly seeing a shift towards headless, composable microservices, which are flexible enough to adapt to any use case. By combining a number of 'best-in-class' services you have access to a comprehensive suite of tools to provide fantastic customer experience across multiple channels.

Top three tips

“The creation of the world”, Samuel Beckett says, “did not take place once and for all time, but takes place every day.”

The same is true when in customer loyalty. Here are some tips to create and retain our loyal customers.

Make journeys meaningful

Travelers’ expectations have drastically changed. Millennials, who now make up around 25% of the global population, have a very different definition of a perfect trip compared to previous generations.

What is clear - and exciting for the travel industry - is that they do travel more. An Expedia survey shows that US Millennials travel 35 days per year, compared to 26 days for Generation X; 27 days for Baby Boomers; and 29 days for Generation Z. But what kind of trip do they prefer? And what does it mean for the travel sector?

Millennials tend to travel more for experience than luxury. They seek authentic travel experiences and shareable adventures.

Experiential travel, which was already on a rising trend, has even found more popularity due to Covid-19 restrictions because it’s exactly what millennials want: exploring rather than relaxing, immersing in the local culture, food, nature rather than in the luxury of a hotel.

The travel industry shouldn’t squander this unique opportunity created by the shift in travel attitude. The services we provide for our customers should make their journey more meaningful in terms of what they explore and experience. When considering your loyalty perks, consider partnering with local tour-guides, artisan craftspeople or historians to offer ‘authentic’ experiences to your customers.



A tiered loyalty program

encourages customers to access different benefits depending upon how much they use your services. Each loyalty tier comes with its own unique rewards and benefits, with better rewards in higher tiers to encourage participation.

Make points meaningful

How can companies move beyond a traditional redemption strategy? How can we turn loyalty into something more than coupons, points and gifts?

International Airlines Group (IAG) asked its customers to donate the points they had collected to the NHS so that health workers could take some time off after the pandemic. The campaign was super-successful, leading to incredibly high engagement rates.

Hotels can also play a major role in fostering sustainable habits. For instance, a medium-sized hotel that implements a towel and linen reuse program can reduce its water usage by over 51,000 gallons per year. Hotels can encourage their guests to welcome this initiative and collect points.

Outside of the travel and hospitality industry, we have clients that offer to donate to causes that members can select directly from their brand's loyalty dashboard, as well mobility clients that allow you to offset your carbon footprint or give bonus miles when cars or scooters are returned charged.

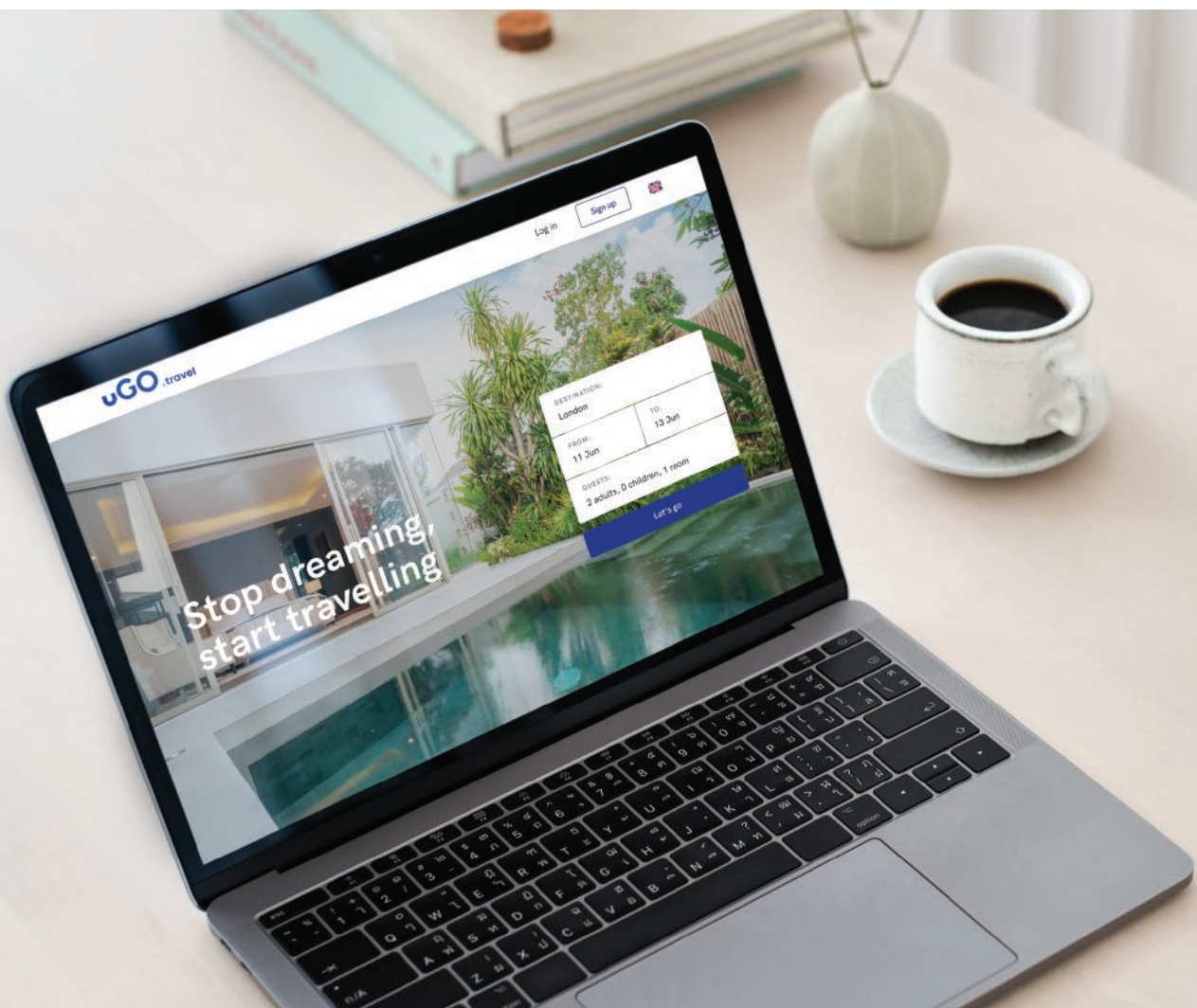
You can think of many ideas to incentivize sustainable behavior in your organization. What matters is that loyalty points should carry some value beyond merely monetary.

Make commitments meaningful

Companies across the travel spectrum can make customers feel exclusive by delivering on their promises, especially when and where it means a great deal to the customers.

For instance, allocating discounted flight seats or hotel rooms to loyal customers in high season (Christmas Eve, Easter, etc.) would suggest that you value loyalty no matter what.

This is also an opportunity for you to encourage your customers to increase their loyalty and receive premium offers. A tiered loyalty program would be very helpful.



Why uGo.travel?

Ugo by Bidroom is a ready-to-use travel platform giving your members instant rewards and provides a ready-to-use travel solution for brands. It offers your customers, members or employees with a unique travel experience in your own environment. You can connect to our Partner API or get your own branded booking platform.

uGO makes ancillary sales more efficient in order to increase your members engagement, loyalty, conversions, average booking value and generates additional revenue for your business.

Deliver added value and grow engagement of your loyal users
Higher ancillary revenue potential by up to 4.6 times
Savings for your customers or employees
The right benefits drive employee loyalty by 73%

We offer transparent and best deals guaranteed compared to public platforms including Booking.com Genius or Expedia member rate. More than 3,000,000 hotel rooms are available for your closed user group including independent properties and over 800 chains worldwide.

- Eco-certified properties
- 80% of hotels are 3-5 star and Premium
- 50% of properties offer a discount between 10-15% and overall up to 30% discount
- Unique value with extra perks including:
Room upgrade, Spa/Restaurant credits, Bike rental, Early check-in, Late check-out etc.
- From 4/5 average customer reviews only

Ugo offers exclusive ancillaries, enhancing the experience and increasing loyalty. Users can explore discounts and free upgrades on partner services from car rental, tours and activities, and beyond. Explore how you can increase loyalty engagement at Ugo.

Why Talon.One?

Personalization is a top priority for businesses looking to connect and build lasting relationships with their customers. The modern consumer values personalization at every step of their buying journey, whether it's personalized customer support, personalized products or personalized loyalty rewards. Increasingly, it's something they've come to expect – 75% of customers say they favor companies that personalize their rewards.

In the realm of promotions, personalization is only limited by your imagination. Personalized promotions allow marketers to capitalize on any moment in the customer journey. These could be conversion moments and opportunities to upsell, drop-off moments and opportunities to recapture your customers' attention, or loyalty moments that solidify your relationship with your customer in the long run. However, to take advantage of the available first-party data, marketers need the right software.

Many platforms for promotions fall short of the customization and flexibility needed to achieve deep personalization. Talon.One's API-first Promotion Engine integrates easily with a host of other business software platforms, offering the extended functionality you need to personalize every aspect of your customer journey. We help our customers build promotions around any meaningful event, moment, or interaction – with an unrivaled selection of product features and capabilities.

The key concept behind Talon.One is to offer Promotions-as-a-Service, ending the need for constant development and giving marketers the creative flexibility they need to create modern, scalable promotions that foster customer loyalty. We aim to grow with you as your business grows.

As promotion expectations increase, you won't have to do anything extra for a new feature to be available for your users. One of the most common crossroads that all companies face is to buy or build. When you have to make decisions on how to technically execute promotions you are taking away time and attention from your consumers.

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