teaching note

Innovations of Loyalty Programs in the Hotel Industry

Summary of the Case

Loyalty programs seem a definite offering for customer loyalty enhancement in the hotel industry. Practices about loyalty programs are numerous and ubiquitous. However, the effects of such programs are greatly varied from high engagement and great loyalty to low engagement and poor loyalty of the hotel guests. Therefore, innovations are suggested to enhance the efficiency and effectiveness of the loyalty programs with the aid of social media and technological innovations as well as partnership with important stakeholders inside and outside the organizations. Business cases of innovative loyalty programs in some hotels are presented and analyzed. The roles of employees, customers, social media, technology, and the implementation of eWOM are described in the case study.

Teaching Objectives

With the prevalent adoption of loyalty programs in the hotel industry, it is necessary to identify the critical components of the programs and discuss the relations with multiple stakeholders of the hotels/brands. Illustrations and analysis of innovative loyalty programs in some hotels/brands provide vivid explanations and inspirations for students to gain an insight of the essence of a successful loyalty program. Specifically, the students will achieve the following teaching objectives:

- Understand the important role of loyalty programs in enhancing customer loyalty.
- Articulate the critical factors that impact an engaging loyalty programs to the customers.
- Analyze the current loyalty programs in the hotel industry.
- Apply the learned knowledge about loyalty programs to establish a successful loyalty program for one hotel/brand.

Target Audience

This case study can be adopted to both undergraduates and master students as a managerial business case discussion under the hospitality curriculum. Given the fact that the topic of the case study is about loyalty programs, this case study could be applied in the business curriculum as well. Undergraduate level teaching can focus on the fact knowledge of the subject, however, for a graduate level course, the instructor can extend the topic to an in-depth probe into the strategic management of multiple departments in a hotel entity from the innovative implementation of loyalty programs for customers.

Teaching Approach and Strategy

In-class group discussion and group presentations about the discussion results can be one option to let students understand the subject in a deeper level. Face-to-face lectures can be a way to educate students about the fact knowledge of loyalty programs and the related theoretical understanding. Students should be required to read the case study before class to familiarize themselves with the topic and background. PowerPoints and white board notes can be the facilitation for the teaching process. Instructors are advised to serve as a facilitator instead of a speaker in the class so that students can learn the subject through discussion and presentation.

Students can be instructed to lead discussions within the groups and exchange the discussion results with other groups to further discuss the pros and cons about customer loyalty programs. Students are also instructed to explore their creativity by suggesting new customer loyalty programs based on the case illustrations. Additionally, students should summarize the key points for failures and success of customer loyalty initiatives in their presentations.

Addutional Readings

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