Guest Loyalty Programs of Chain Hotels: The Case of Turkey

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Abstract

The increasing competition among companies has forced them to adopt new marketing methods and develop new strategies to retain customers. One such strategy is the use of loyalty program cards, which were initially used as a benefits program but have now become a popular marketing strategy used by many hotel chains in Turkey. Loyalty programs are designed to encourage customers to continue using a company's services or products by offering rewards, discounts, and other privileged services. This study aims to conduct a content analysis of the websites of 10 hotels in Turkey to explore the facilities these hotels offer through their loyalty programs. The content analysis focuses on the services offered by these hotels, which are designed to retain customer loyalty. The data was collected by visiting the websites of the selected hotels and analyzing the content using the content analysis method. The findings were presented descriptively, highlighting the similarities and differences between the services offered by the hotels under the name of the loyalty program. The study found that the loyalty programs offered by hotel chains in Turkey have both common and different characteristics. Overall, this study provides valuable insights into the loyalty programs offered by international hotel chains in Turkey. By analyzing the content of the websites, the study highlights the key facilities offered by these hotels to retain customer loyalty. The findings of this study could be useful to hotel managers and marketers in designing effective loyalty programs that meet the needs and expectations of their customers.

Keywords: Loyalty Programs, Marketing Strategy, Business Strategy, Hotel Industry, Turkey

SCSTI: 71.35.13
JEL Code: L83, M11, M31

Financial support: The study was not sponsored.
1. INTRODUCTION

Identifying client needs and preferences, researching market trends, and formulating a plan for distributing goods or services to the target market are all steps in the development of a marketing strategy. Although marketing methods vary, they are generally customer-centric. Companies believe there should be a typical interaction with the customer to determine better their marketing methods (Sayman and Bayram, 2019). Although there are many products available to customers today, they tend to choose the product that satisfies their emotional and cognitive aspects of the customer. Companies are in closer contact with customers to achieve emotional and mental satisfaction. Businesses aim to sustain their connections with their clients not just during the point of sale but also over an extended period of time (Ayyıldız & Dinler, 2020). Loyalty programs are a system that ensures that people who regularly purchase companies’ products are financially and morally rewarded for their purchases (Özer, 2015). The key goal of loyalty programs is not only the search and attraction of new customers but also the establishment of long-term relationships with existing customers (García Gómez, 2006)

Businesses may keep one step ahead of the competition and maintain their success over the long term with the aid of a well-developed business strategy. The role of customer loyalty in the strategy of businesses is widely accepted and it is thought that there is a positive relationship between customer loyalty and profitability (Hofman, 2016). How competently the loyalty program is used and how carefully the program itself is worked out directly depends on the degree of commitment of hotel customers and, consequently, the enterprise's competitiveness.

It is not easy to provide customer satisfaction for businesses in limited competition. As Deniz (2016) mentioned, in high season, businesses can achieve success. In such a season, increasing competition and changing demands of consumers will make it difficult to achieve customer satisfaction. Therefore, businesses should diversify their products and services to avoid falling into this situation. Moreover, they should create excellent service and loyal customers. In this way, businesses will be able to attract customers not only during the high season but also during the low season.

The customer becomes loyal to a business only to the extent that the business offers the most appropriate values and finds these values satisfactory. At this point, loyalty can be seen as the customer’s repetition of the purchase or as a psychological concept such as emotional closeness, habit, harmony and emotional connection between the business and the customer. The formation of this dimension may also be related to the understanding and behavior of the business in the relationship and communication with the customer, apart from the quality of the product (Çakır & Eğinli, 2010). The loyalty program allows consumers to earn rewards when making recurring purchases in the company. Such programs encourage consumers to contact the company regularly and aim for long-term engagement with consumers rather than once. In the first stage, the client earns bonus points when registering for the program (Nastasoiu & Vandenbosch, 2019). It provides economic benefits after sufficient points have been accumulated and exchanged for any equivalent. Studies have shown that earning and spending points have a significant psychological impact on the customer. As a result of the bonuses earned and the reward points spent, customers get a positive impression of the hotel itself. A positive perception or anticipation of reward and spending increases the likelihood of the consumer returning to the hotel. Receiving an award for accumulated points becomes an incentive to continue relations with the hotel (Deniz, 2016).

Customer loyalty has become more crucial than ever for chain hotels in the fiercely competitive hospitality industry. Hotels have put in place several initiatives and techniques to accomplish this goal and keep guests coming back. The guest loyalty program is one such tactic, which rewards repeat customers and encourages them to stick with the same chain in the future. As in many service sectors, the most important thing in the tourism sector is the quality of the
services to its customers. For this reason, hotels should understand customer preferences very well and provide services that can satisfy guests. The services offered by the hotels are also aimed at gaining the loyalty of customers. In terms of the tourism sector, using loyalty programs to create loyal customers and closely monitor their preferences is one of the important ways to build brand loyalty. Hotels use loyalty programs to gain loyal customers and offer this to their guests as a privilege. Many hotel chains in Turkey implement the loyalty program and this study examines the loyalty programs of the top 10 hotels in Turkey and aims to investigate the facilities offered under the loyalty program.

2. LITERATURE REVIEW

The basis of subjects such as customer satisfaction and customer loyalty in businesses is the expectation and confirmation theory. Expectation confirmation theory is a cognitive explanation for how people's expectations shape their perceptions and evaluations of events or experiences. This theory suggests that individuals create expectations about a product or service before buying it, and their level of satisfaction with the product or service is based on how well the experience meets their expectations. If the post-purchase experience exceeds their expectations, they feel content and will likely purchase again. However, if the post-purchase experience fails to meet their expectations, they feel disappointed and may not buy again (Shigetani, 2021). This satisfaction or repurchase is related to customer loyalty. Researchers have taken a strong interest in the concept of loyalty in recent decades in an attempt to define it precisely. Hence, customer loyalty is presented in many different dimensions in the literature. Customer loyalty can be briefly defined as the frequency of customers choosing the same service and their desire to continue their relationship with the business they receive assistance from. In other words, it can be defined as a customer's repurchase of the goods and services that they prefer continuously and their dedication to being the customer of that business again (Çoban, 2005). Maintaining customer satisfaction is crucial for survival amid intense competition in the hotel industry. Tourists frequently evaluate a hotel's services compared to other hotels they have stayed in, and their level of satisfaction is often based on their expectations. Customers who receive personalized services that meet or exceed their expectations tend to become loyal to the hotel. Kotler (2009) discovered convincing proof of a connection between customer satisfaction and customer loyalty, while Denizci and Li (2009) affirmed that business expansion relies on customer satisfaction. Dick and Basu (1994) explain customer loyalty as a relationship defined by customers' attitudes towards the company and purchase repetition. They revealed that the strength of this relationship depends on social norms and situational factors. Bayuk and Küçük (2007), on the other hand, explained customer loyalty with the principle of retaining the business's existing customers. Still, they emphasized that potential customers should not be ignored either. According to another point of view, the quality of the service provided creates an emotional bond with the customers and makes the customers loyal to the business. It is the quality of the product or service that is important to create a loyal customer (Kandampully, 1998). Zeithaml et al. (1996) define customer loyalty as customers who hold positive attitudes towards a company are dedicated to purchasing its services again, and recommend them to others. Tourism companies should focus on improving their products and services to enhance customer satisfaction and loyalty. The American Marketing Association defines loyalty programs as “continuous incentive programs used by a retailer to reward customers and engage in repeat business with the business” (Dorotic et al., 2012).

The satisfaction, gratitude, and engagement customers feel when they participate in a loyalty program are referred to as the emotional advantages of loyalty programs. Several emotional benefits include a Feeling of community: Customers who participate in a loyalty program may experience a sense of community with others who share their interests and values. Recognition: Customers who participate in loyalty programs may receive special benefits, personalized offers,
early access to promotions, and other forms of appreciation. Personalized experiences: Experiences that are customized based on a customer’s preferences and purchasing history are another benefit of loyalty programs. These experiences help customers feel valued and appreciated (Kim et al., 2013; Khan, 2014).

The tangible prizes or savings customers can obtain when they sign up for a loyalty program are referred to as the financial benefits of loyalty programs. These benefits can be: Discounts and promotions: Loyalty programs frequently provide members discounts or promotions so they can save money on purchases. Points and rewards: Gaining points through purchases and redeeming them for prizes like free goods, gift cards, or special experiences are two standard features of loyalty programs. Cashback: Some loyalty programs provide consumers with cashback benefits for purchases, allowing them to receive a portion of their expenditures in the form of cash (Kumar et al., 2012). These experiences help customers feel valued and appreciated. Although the researches indicate that loyalty programs make customers happy financially, studies conducted in recent years mention the importance of emotional benefits as well as the financial benefits of loyalty programs (Khairawati, 2019; Zaelani & Ariyanti, 2019). Emotional benefits make customers feel special and offer customers a high status (Arbore & Estes, 2013). There are many research findings in the literature regarding the benefits of loyalty programs to customers (Kang et al., 2015). Although many of the studies carried out are expressed with different concepts, it is significant that the benefits of loyalty programs to customers take place in two dimensions “emotional benefits” and “financial benefits”. It is noteworthy that loyalty programs can benefit customers financially and emotionally, fostering brand loyalty and engagement while offering practical benefits like cost savings and tangible prizes (Terblanche, 2015; Acatrinei & Puiu, 2012).

3. METHODOLOGY

This study utilizes a quantitative research design and employs content analysis as the research method. The study aims to analyze the content of the websites of the top 10 hotels (determined by Horwath HTL 1 European Hotels & Chains Report 2019) operating in Turkey to identify the types of services and amenities they offer under loyalty programs.

In recent years, marketing and management practices that will bring businesses to the forefront compared to their competitors in the increasing competition conditions and enable them to take one step ahead of their competitors are gaining importance daily. In this context, loyalty programmes can also help businesses in the marketing field to get ahead of the competition and gain an advantage. This study will contribute to the related literature by examining the practices of businesses for loyalty programmes.

The sample for this study consists of the top 10 chain hotels operating in Turkey, which were selected using purposive sampling. The selection criteria of the hotels were determined as the top 10 chain hotels (Table 1 shows the list of hotels included in the study) operating in Turkey.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Chain Group</th>
<th>Number of Hotel</th>
<th>Number of room</th>
<th>Headquarter</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wyndham</td>
<td>75</td>
<td>10,953</td>
<td>USA</td>
<td><a href="http://www.wyndhamhotels.com">www.wyndhamhotels.com</a></td>
</tr>
<tr>
<td>2</td>
<td>Hilton</td>
<td>63</td>
<td>12,674</td>
<td>USA</td>
<td><a href="http://www.hilton.com">www.hilton.com</a></td>
</tr>
<tr>
<td>3</td>
<td>Accor</td>
<td>42</td>
<td>7,453</td>
<td>France</td>
<td><a href="http://www.all.accor.com">www.all.accor.com</a></td>
</tr>
<tr>
<td>4</td>
<td>Marriott</td>
<td>30</td>
<td>5,686</td>
<td>USA</td>
<td><a href="http://www.marriott.com">www.marriott.com</a></td>
</tr>
<tr>
<td>5</td>
<td>IHG</td>
<td>27</td>
<td>5,026</td>
<td>UK</td>
<td><a href="http://www.ihg.com">www.ihg.com</a></td>
</tr>
<tr>
<td>6</td>
<td>Rixos</td>
<td>26</td>
<td>8,721</td>
<td>Turkey</td>
<td><a href="http://www.rixos.com">www.rixos.com</a></td>
</tr>
<tr>
<td>7</td>
<td>Anemon</td>
<td>18</td>
<td>2,210</td>
<td>Turkey</td>
<td><a href="http://www.anemonhotels.com">www.anemonhotels.com</a></td>
</tr>
</tbody>
</table>
In order to provide diversity in the sample, not only local hotels but also international hotels were included in the study. The services offered by the hotels under the loyalty program specified on their websites were examined and classified between 10-25 January 2022. The data was collected by visiting the websites of the selected hotels and analyzing the content using the content analysis method. The analysis was conducted by identifying the presence or absence of specific elements on the websites and categorizing them accordingly.

To ensure the validity and reliability of the data, several measures were taken. First, the sample was selected using purposive sampling to ensure that the hotels represent the population of hotels operating in Turkey. Second, the coding sheet used for data collection was developed based on the research objectives to ensure that all relevant data is collected. Third, the analysis was conducted by three independent researchers to ensure inter-coder reliability.

The research does not involve individuals; the information gathered from the hotels' websites is accessible to the public. Nonetheless, the study considered ethical factors, such as ensuring that the analysis does not misrepresent the hotels and using the data solely for research purposes.

### 4. FINDINGS

The results of the frequency analysis performed on the data obtained in the study are presented in Table 2. The table has been created according to the available and not available services offered by the hotels. The table compares several membership categories that service providers offer, each with a unique set of services. The services offered by the top 10 hotels operating in Turkey under the name of loyalty programs were tried to be determined in this study. The services offered by the providers are listed in the first column, including free internet, special member prices, mobile check-in and mobile key, cash points, food and beverage discounts, room upgrades, welcome gifts, lounge access, early check-in and check-out, 48 hours warranty, collaborative programs, award overnights, and rollover nights. The second column lists membership categories: Member, Silver, Gold and Diamond. The table shows the number of service providers offering each service in each membership category.

After analysing the data presented in Table 2, it is clear that the loyalty programs of the ten studied hotels have several similar characteristics and distinctive features. First, these loyalty programs are multi-tiered by the type of privileges for the guests. The essence of multi-tiered loyalty programs is that the number of points and privileges received by guests is directly proportional to the amount of money they spend in the hotel. Consequently, the higher the degree of customer loyalty, the higher the status of the hotel they have.

In Table 2, the services offered by hotel businesses within the scope of loyalty programs are given.

<table>
<thead>
<tr>
<th>Services offered</th>
<th>Membership type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Member</td>
</tr>
<tr>
<td>Free internet</td>
<td>8 2 80</td>
</tr>
</tbody>
</table>

Note: compiled by authors by HTL (2019)
Mobile check-in and mobile key services are self-service technologies for hotels that allow hotel guests to complete the check-in process on their mobile devices. Guests can use an app to select their rooms and complete the check-in process before arriving at the hotel, and mobile key services allow hotel guests to enter their rooms with a digital key via smartphone. While Mobile Check-in and mobile key services are offered to gold and diamond members at a rate of 70% and 80%, respectively, the rate of receiving this service for member and silver memberships is around 50%.

The cash points service is a system that offers hotel guests the flexibility to mix points and cash while making online reservations. In this way, hotel guests have the opportunity to make discounted reservations. When the cash point service of the hotels is examined, it is seen that 60% of the hotels provide this service to their members, 70% of the hotels to their silver members, and 80% of the hotels to their silver and gold members.

When the food and beverage discounts offered by the hotels are examined, it is observed that 50% of the hotels offer discounts to their guests with member and silver memberships. This rate increases for guests with gold and diamond memberships. While 70% of the hotels provide this opportunity to their gold members, 80% offer it to their diamond memberships.

Hotels have different categories of rooms, from essential types to presidential suites, and the class varies for each hotel. An upgrade would be in the case when you check in. You can ask the hotel if they have a suite available. The hotel might charge an extra amount for this based on availability. In loyalty programmes, some hotels offer it free of charge. If you are a specific tier member, you might be automatically given an upgrade based on availability. When we look at room upgrade opportunities, 10% of the hotels offer this service to their members and silver members, while 70% provide room upgrade service to gold members and 80% to silver members.

Considering the welcome gift status of the hotels, the number of hotels that offer this opportunity to members and silver members is 10%. As can be seen, only 1 out of 10 hotels give
welcome gifts to their guests, and the rate of hotels offering this service to gold and diamond members is 70%.

Some hotels offer free lounge access for the top tier members. In this lounge, members may have complimentary snacks and drinks available at certain times. The number of hotels offering lounge access facilities to their members and silver members must be improved because only 10% of the hotels provide this opportunity to their guests. The rate of hotels that offer this opportunity to their gold members is 60%, and the rate of hotels that provide this opportunity to their diamond members is 80%.

Early check-in is a service that allows guests to check into the hotel and their room before the usual check-in time. Late check-out will enable guests to check out later than the hotel's standard check-out time. While the rate of hotels that offer early check-in and check-out service to members and silver members is 30%, the rate of hotels that provide this service for gold and diamond members is 80%.

Some hotels guarantee a room for any paid stay if you are a loyal guest. Guests can make a reservation 48 hours before arrival. This is called a 48-hour warranty. When we focus on this service of hotels, it is seen that the rate of hotels that offer this service to members and silver members is around 10%. This rate increases for gold and diamond members, and it has been determined that 60% of the hotels offer this opportunity to their guests.

Some hotels offer collaborative programs to their guests in addition to the facilities provided by their hotels. In this way, guests can find the opportunity to spend the points they have accumulated in another place other than the hotel. When we look at the opportunities offered by the hotels, only 10% of the hotels provide this service to their customers at the member level, 20% of the hotels provide this service of silver and gold memberships, and 80% of them offer this service for diamond membership.

Some hotel loyalty programs offer more than just points and valuable card benefits. Some help make the trip memorable for guests by extending their journey with a free night on the anniversary of the card account. This is called award overnight. When we look at the award overnight service offered by the hotels, we see that a member at the member level cannot use this service in any hotel. 60% of the hotels provide this opportunity for guests with silver memberships, while guests with gold and diamond memberships can use this opportunity only in 80% of these hotels.

Rollover nights are a way for hotel guests to earn elite status fast. With rollover nights, elite guests can accumulate points, get free nights and can roll over unused nights to count toward qualifying for status in the following years. When we look at the rollover nights offered by the hotels, 30% of the hotels offer this opportunity for member and silver memberships, while 60% of the hotels offer this service for gold and diamond memberships.

5. CONCLUSIONS

The hotel industry is a highly competitive market, and to stay ahead, hotel companies need to innovate and improve their offers continuously. This study focuses on the loyalty programs offered by chain hotels in Turkey and provides valuable insights into how these programs are designed to build customer loyalty. The study analyzed the loyalty programs of 10 chain hotels, evaluating them based on several criteria, such as membership benefits and membership tiers.

The study results indicate that loyalty programs are crucial in building customer loyalty in the hotel industry. The loyalty programs analyzed in the study were found to be focused on providing benefits to their members, including discounts on food and beverage, free internet, room upgrades, welcome gifts, lounge access, early check-in and check-out, cash points, and award overnights. These benefits were offered at different membership levels, with Diamond members...
receiving the highest honours for most of the services listed. Additionally, some services, such as award overnights and rollover nights, were only available to members at the higher levels.

The study's scientific contribution lies in its analysis of loyalty programs in the hotel industry in Turkey. The study findings provide valuable insights for hotel companies designing and implementing effective loyalty programs. By understanding the benefits customers value and offering them at different membership levels, hotel companies can build stronger relationships with their customers and improve their competitiveness in the market. This approach is fundamental in the hotel industry, where high competition forces each lodging facility to offer products of perceived value to customers, providing the service efficiently and better than competitors. One effective way to achieve this is through loyalty programs, which provide customers with rewards, discounts, and privileged services (Xie & Kwok, 2017; Filho & Bogadão, 2022). By offering good quality performance, hotels can increase customer satisfaction and retain customers to stay in the hotel, which can lead to customer loyalty (Flores et al., 2020).

The study also highlights the importance of incentivizing members to strive for higher levels of membership, as this can lead to increased customer loyalty in business.

In conclusion, the study provides important insights into the design and effectiveness of loyalty programs in the hotel industry in Turkey. The findings of the study can help hotel companies improve their loyalty programs, leading to increased customer satisfaction and loyalty, which ultimately contributes to the success of the hotel industry as a whole.

6. LIMITATIONS

This study was conducted on a limited number of chain hotels in Turkey. As a result, the findings may not be representative of the entire population of chain hotels in Turkey. In addition, the study only focused on guest loyalty programs in chain hotels in Turkey. It did not explore other types of accommodation such as independent hotels or boutique hotels. Therefore, the results may not be applicable to other types of hotels. Moreover, the research was conducted within a limited time frame, which may have prevented a more comprehensive investigation into the topic. In general, the study offers useful perspectives on the loyalty programs for guests in chain hotels located in Turkey. However, it is important to consider the limitations when interpreting the outcomes. Further investigations are required to verify the results and explore the issue in more detail.

References


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