

**Kyiv National University of Trade and Economics**  
**Hotel and Restaurant Business Department**

**FINAL QUALIFYING PAPER**  
**on the topic:**

**«CORPORATE LOYALTY PROGRAMS OF HOTEL OPERATOR  
“RADISSON”»**

Student of the 2<sup>nd</sup> year, group 9a,  
Specialty 241 «Hotel and Restaurant  
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Kyiv National University of Trade and Economics  
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Specialty 241 «Hotel and Restaurant»  
Specialization 241 «International Hotel Business»

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on \_\_\_\_\_, \_\_\_\_\_ 2018

**Task**  
**for a final qualifying paper**  
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**1. Topic of a final qualifying paper:**

Corporate loyalty programs of hotel operator “Radisson”.

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*Purpose of research* is to study methodological and theoretical bases of this issue, study and practical application of methods of evaluating the effectiveness of hospital loyalty programs, guidelines and proposals of improvements in existing loyalty programs based on the study of new conceptual frameworks and methodological approaches to improve the development of the hotel business enterprise.

*The object of research* is a set of theoretical, methodological and practical basis of development of corporate loyalty programme of hotel operator.

*The subject of research* is the process of development of corporate loyalty programme of hotel operator.

**4. Illustrative material, Figures:** Figure 1.1 Aspects of loyalty, Table 1.1 Classification criteria of loyalty programmes, Table 1.2 Metrics to calculate efficiency of loyalty programmes, Table 2.7 SWOT analysis of loyalty programme Radisson rewards, Table 3.1 Proposition of implementing Diamond level to Radisson Rewards.

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## 6. Time schedule of the paper:

№	Stages of the final qualifying paper	Terms of the final qualifying paper	
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8	Writing and defines of the 3 <sup>rd</sup> part of the final qualifying paper in scientific adviser	11.09.2019 - 28.10.2019	28.10.2019
9	Registration of the final qualifying work and abstract for preliminary protection in commissions	29.10.2019 - 31.10.2019	31.10.2019
10	Presentation of final qualifying paper and abstract on the department	16.11.2019	16.11.2019
11	Presentation of the final qualification work to the Dean's Office for receiving a referral for an external review	16.11.2019 - 18.11.2019	18.11.2019
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13	Defending of the final qualifying paper in the Examination Board	According to the schedule	

7. Date of receiving the task: 28.12.2018

8. Scientific adviser  
of the final qualifying paper \_\_\_\_\_

Margarita H. Boyko

9. Manager of the educational program \_\_\_\_\_ Margarita H. Boyko

10. The task received by the student \_\_\_\_\_ Anastasiia V. Kyrylenko

### **11. Resume of a scientific adviser of a final qualifying paper**

Student Kyrylenko Anastasiia completed the final qualification work in full on time according to the work schedule.

The content, structure and design of the final qualification work meet the requirements of the university, have practical value and academic novelty, the relevant direction of research. The final qualification work contains an introduction, the main text (3 parts), conclusions, references and appendices.

The first part defines the theoretical and methodical basis of the consumer loyalty formation, classification of loyalty programmes, and methods for assessing the effectiveness of loyalty programmes.

The second part analyses the current loyalty programme of the Radisson hotel chain Radisson Rewards.

The third part identifies the main consumer needs with regards to the Radisson Rewards and proposes specific actions to improve this loyalty program.

The final qualification work may be admitted to define in the examination committee and deserves a positive estimation.

Scientific adviser of a final qualifying paper \_\_\_\_\_ Margarita H. Boyko

### **12. Resume about a final qualifying paper research**

A final qualifying paper (project) of the student \_\_\_\_\_ Anastasiia Kyrylenko  
(last name, initials)  
can be admitted to defence in the Examination Board.

Manager of the educational program \_\_\_\_\_ Margarita H. Boyko

Head of the Department \_\_\_\_\_ Margarita H. Boyko  
\_\_\_\_\_, \_\_\_\_\_, 2019

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## INTRODUCTION

**Relevance of the topic.** The relevance of this study is predetermined by changes in the rapid pace of development of the hotel business, as well as the need to study issues related to the promotion and stimulation of regular customers, which form a good basis for the economic stability of each hotel.

To construct a positive relationship with customers, it is crucial for businesses to manage marketing strategies effectively as a means to satisfy customer needs and build customer loyalty. While customer retention is a fundamental element to enhance the firms' profitability, loyalty is highlighted with the aim of establishing a lifetime relationship between the firms and their customers.

Customer loyalty is one of the most significant contemporary strategies, helping to ensure not only the company's business success and its loyal customer's benefits, but also long-term customers and company relations, maintaining and enhancing customer loyalty, aimed to benefit both parties. It is cheaper to maintain and service the company's loyal customers than to attract new ones. Loyal customers feel a lower risk, are confident in the company and have more satisfaction of products purchased. A long-term relationship with the company gives loyal customers a feeling of exclusivity. It is true, that having enough number of loyal customers means a financial stability for company as it receives higher profits, growing sales and is superior to the competition. Loyal buyers are resistant to various proposals offered by competitors and carry out more of repeated purchases.

**Purpose of research** is to study methodical and theoretical bases of this issue, study and practical application of methods of evaluating the effectiveness of hospital loyalty programs, guidelines and proposals of improvements in existing loyalty programs based on the study of new conceptual frameworks and methodical approaches to improve the development of the hotel business enterprise.

**Objectives of the study.** To achieve this goal, it is necessary to solve the following scientific and practical problems:

- analyse scientific literature on topic;
- explore concept of loyalty and loyalty programmes;
- explore the essence of methodical bases for measuring the effectiveness of loyalty programs;
- analyse the existing hotel chain loyalty program and identify strengths and weaknesses;
- explore new trends in customer retention in international hotel business;
- propose ways to retain customers by implementing enhancements to the loyalty program;

**The object of research** is a set of theoretical, methodical and practical basis of development of corporate loyalty programme of hotel operator.

**The subject of research** is the process of development of corporate loyalty programme of hotel operator.

**Methods of research.** The theoretical basis of the study were the foreign and domestic fundamental scientific works on international marketing and strategic marketing in the field of study, analysis and formation of methods of implementation, development and improvement of corporate loyalty programs on the example of object of research. In order to achieve a particular purpose we used different scientific methods: qualitative method of knowledge to analyse data, dialectical and system method of knowledge in order to research works of leading scientists about the nature of loyalty and loyalty programmes, the method of economic analysis, quantitative research method to analyse statistically and thematically information about trends and patterns of dynamics of the revenue management concerning loyalty programme implementation and development.

**Scientific innovation** is summary of theoretical and methodological positions and practical aspects of loyalty and corporate loyalty programmes in hospitality applied to hospitality industry, particularly in hostel business.



**Publications.** The main theoretical position of the master diploma elucidation in the scientific article «Theoretical aspects of customer loyalty», published in a collection of articles KNTEU (Appendix A).

Work structure. Master diploma paper consists of an introduction, three chapters, conclusions, and references in items, conclusions and appendices. The main text of 50 pages is representing the 10 tables and 13 figures.

## PART 1

### THEORETICAL BASE OF LOYALTY IN HOSPITALITY BUSINESS

#### 1.1. Analytic literature review of loyalty programmes concept

The key goal of the relationship marketing concept is to achieve and strengthen customer loyalty. Researchers note that the presence of a large number of loyal and solvent customers in relation to a hotel company can provide it with a number of significant advantages, both in the short and long term [14].

The term "loyalty" comes from the English word "loyal" that means faithful. Analysis of scientific sources shows that there are several approaches to the concept of "loyalty". Loyalty is usually viewed in the context of two aspects: transaction and attitude (Figure 1.1).

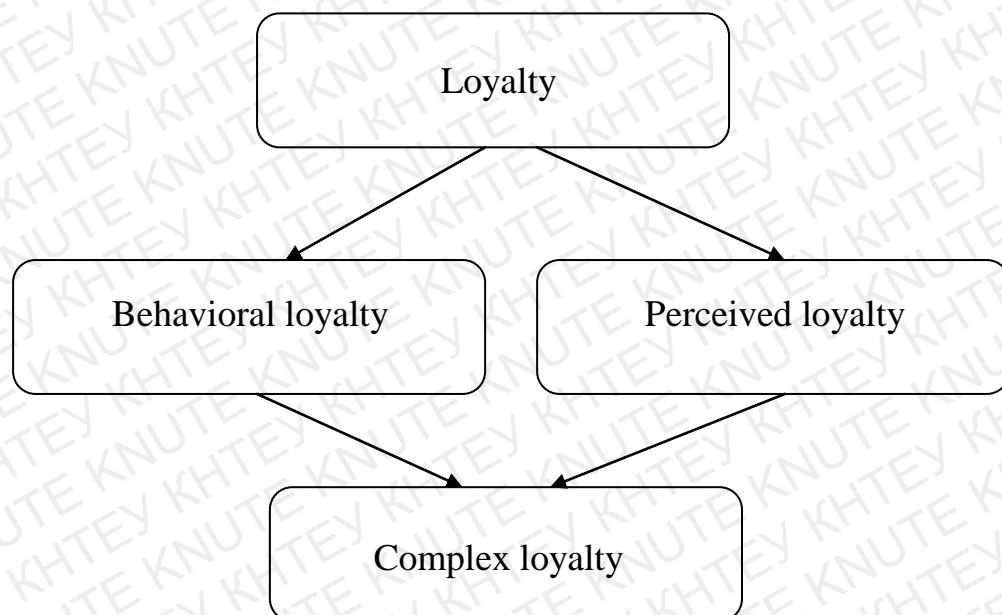


Figure 1.1. Aspects of loyalty [2, 22 ]

Transactional or behavioural loyalty reflects the characteristics of the buyer's behaviour. This is the most widespread understanding of loyalty because

it is easily measurable and directly related to the company's economic performance. This approach only takes into account actual consumer behaviour, such as repeat purchases and average check size. The reasons why the consumer opts for a given product or company are not considered.

Perceptual or perceived loyalty - reflects the thoughts and preferences of customers. This type of loyalty is formed as a result of the client's feelings, emotions and evaluations. Emotional loyalty was also taken into account by R. Oliver[21], who believes that loyalty is "a deep conviction in the future of constant acquisition of goods, regardless of situational conditions and marketing campaigns to promote brands of the same category." Characterizing emotional loyalty, it is not always possible to clearly determine the influence of such subjective characteristics on the actual behaviour of the buyer. In other words, loyalty is not always a high level of loyalty followed by repeat purchases. However, perceived loyalty is considered a more stable characteristic of loyalty than behavioural, which can be the result of a certain coincidence of circumstances under the influence of which the consumer makes purchases in the company. In addition, the characteristics of perceived loyalty contain information of a diagnostic and predictive nature. This information provides answers to the following questions: what causes loyalty, how to build loyalty, how will the demand for our products change in the future. Complex loyalty is a combination of behavioural and perceived loyalty.

Jacobi and Chestnut [13], as well as Tucker [34], advocate a behavioural view of loyalty, saying that loyalty is a behavioural loyalty approach that is measured by repeat purchases, duration of relationships with a supplier, profit from a particular buyer (or customer segment). This view was widespread in the 1950s and 1960s, but it still has enough supporters, such as Sharp [5] and Neal [17]. Byron Sharp stated the main argument of the supporters of this view: "... It is the behaviour of the consumer that determines sales and profitability. Behaviour is the variable that researchers should focus on. From a practical point of view, it is the most loyal behaviour, and only the behaviour, to be studied.

From a scientific point of view, it is difficult to find arguments for another approach."

Uncles [35] believes that brand loyalty is "when the product is attractive to consumers to a degree that is sufficient to repurchase."

Rossiter and Percy [28] define loyalty "as the regular acquisition of a product of this brand, based on a long acquaintance with her and favourable to her attitude."

A number of other authors define loyalty by such two traits as "state of mind, set of relationships, ideas and desires" and "behavioural mood". The first set of attributes can be called emotional component of devotion, and the second - rational. In the first case, the consumer, through emotional attachment, buys the product even when the product "does not fully meet the objective criteria of their usefulness". In addition, the consumer may be betrayed by several competing companies.

Aaker [1] defines loyalty as "a measure of brand consumer commitment". In his view, loyalty shows the degree to which a consumer is likely to switch to another brand, especially when it changes under price or any other metrics. As loyalty increases, consumers 'propensity to take on competitors' actions is reduced.

Foxol [10] speaks of loyal behaviour as "the superiority of one brand in every purchase of a product." He notes that "the consumer is following a re-purchase model because it is this brand that sufficiently satisfies his needs, or because he has a personal affinity for the brand." In addition, "this brand provides all the expected benefits, corresponds to the lifestyle of the consumer, or its character (image) coincides with the character of the consumer." Supporters of loyalty as behaviour are also many developers and users of CRM systems - customer relationship management systems.

A well-known loyalty researcher like F. Reichheld [27] considers loyalty as a commitment to one's own source of value. A loyal buyer does not change the source of values, that is, he or she buys a product or service from time to time

and recommends it to his or her environment.

Loyalty programs, extremely popular in Ukraine recently, are also based on the logic of loyalty as behaviour. Regular Buyers Cards, Discount Cards, including Accumulation Cards, various draws and prizes that are issued when buying a certain number of products are aimed at "rewarding" the consumer for their loyal behaviour, that is, constant purchases.

Gradually, the attitudinal loyalty approach has become more and more popular, which, without neglecting the importance of the behavioural aspect of loyalty, places a much greater emphasis on the consumer in the product/firm. Particularly, Newman [19], as well as Dick [7] stand for this view.

Modern economic theory has come up with several approaches to understanding how to develop a program that would help retain consumers and increase their loyalty.

Initially, all loyalty programs can be divided into price and non-price. Some authors understand the pricing of programs that underlie the influence of rational behaviour. Non-price programs are programs that primarily affect emotions. In particular, R. Plis [23] refers discounts, bonus programs to price programs, and to non-price - loyal customer clubs, which are based on providing its members with some benefits and benefits inaccessible to the bulk of customers, including the provision of certain price benefits.

An analysis of existing loyalty programs allows us to identify certain criteria by which they can be classified (Table 1.1). Programs that differ in the number of partners. Loyalty programs can be coalition, specialized (monobranding) and co-branding. Coalition programs are divided into coalitions with an independent operator - programs implemented on the basis of a "prize model" to maximize the profit of the program operator, and programs with the anchor partner that is the program operator. Specialized programs are created by the company solely for its own use. Co-branding programs are implemented on the basis of the international payment system; It consists of two members: a company with a well-known trademark and a financial institution.

Programs that differ in terms of entry. By this criterion, all loyalty programs can be divided into two types - closed and open. The advantage of one type or another depends on the objectives of the program, the target audience selected and the particular features. The organizers of closed loyalty programs require clients to make membership dues and fill in entry forms, thereby seeking to allocate clients to specific target groups. Often, in order to be eligible for the loyalty program, the client must meet certain criteria. This allows you to focus more carefully on the main target group and avoid getting involved in the amateur program to earn a living at someone else's expense.

Table 1.1

**Classification of loyalty programmes [3, 4]**

<b>Classification criteria</b>	<b>Type</b>
<i>By the number of partners</i>	coalition
	specialized (monobranding)
	co-branding
<i>By difference in terms of entry</i>	closed
	open
<i>By impact goals</i>	engagement programs
	retention programs
	buying behaviour change programs
<i>By audience orientation</i>	designed for end-users (B2C programs)
	designed for entrepreneurs (B2B programs)
	designed for distributors (B2D programs)
<i>By geography</i>	international
	national
	regional
<i>By identifier</i>	without ID (identifying) elements
	visual ID elements
	embossed information
	magnetic strip recording
	bar code
	smart technologies

	visual cards
	RFID and NFC technologies
	biometric technologies
<i>By the type of reward / incentive mechanism</i>	material
	psychological

Open loyalty programs do not require the satisfaction of any conditions, but as a result they often involve many non-profit customers. Creating such programs is ideal if the intended target audiences are too large or potential and competitors' clients are also included in the main target groups. At the same time, the absence of any conditions for participation in the program makes it more attractive and convenient for many clients.

Programs that differ in impact goals. There are three types of programs here: engagement programs, retention programs, buying behaviour change programs. This typology can be considered rather conditional, since the loyalty program in terms of influencing the audience of the company always pursues several goals, since the loyalty marketing itself is more focused on customer retention.

Audience-oriented programs. Depending on the nature of the target groups and focus, there are programs designed for end-users (B2C programs), entrepreneurs (B2B programs) and distributors (B2D programs).

Considering loyalty programs in terms of audience specificity, there are three conditional groups of programs: luxury programs, mid-range and discounted and discounted consumer programs.

Programs that differ in geography. Any loyalty systems are divided into international, national, regional names. The signs of being in the appropriate category are obvious and stem from the name. The international loyalty program operates in several countries, the national system - in the territory of one country in two or more regions, regional - in the territory of only one region, local - in one area, city or smaller territorial entity.

Programs with and without identifier are different by technology platform

type. By this criterion, all programs can be divided into the following: without ID (identifying) elements; visual ID elements; embossed information; magnetic strip recording; bar code; smart technologies, visual cards, RFID and NFC technologies, and biometric technologies.

Programs that differ in the type of reward / incentive mechanism. Classification of loyalty programs can also be based on remuneration, and according to this criterion all programs are divided into material and psychological. The tangible are based on price instruments (discounts, gifts, coupons), and the intangible are a combination of both emotional and material benefits.

Thus, loyalty programs can be classified, on the one hand, according to the standard criteria for most marketing tools, and on the other - the features of creating and implementing programs and a number of specific features to their distribution.

## **1.2. Methodical approaches of calculating loyalty programmes effectiveness in hospitality**

Customer loyalty plays a fundamental role in a business's success. It can be measured in many ways depending on the business model. It is worth to say that due to the lack of a unified approach to understanding loyalty, all interpretations are, at first, one or less limited; and secondly, they complement each other well. In other words, the simultaneous use of several methods of loyalty assessment helps to overcome the limitations of each of them and to reveal the problem more fully. Overall customer loyalty refers to customer retention, such as the number of customers that do repeat business / purchases.

Table 1.2 represents the most common metrics to calculate loyalty programme efficiency used in hospitality business.

*Table 1.2*

**Indicators to calculate efficiency of loyalty programmes [8, 12, 6]**



<b>Indicators</b>	<b>Algorithm of calculation</b>
<i>Customer lifetime value</i>	customer value*average lifespan
<i>Redemption rate</i>	number of redeemed points/number of issued points
<i>Active engagement rate</i>	number of engaged customers/ total number of customers
<i>NPS</i>	d% - p%
<i>Repurchase ratio</i>	repeat customers/ total paying customers
<i>Upselling ratio</i>	multi-item purchase customers/ single-item purchase customers

The first metric to measure is called Customer lifetime value. CLV measures the value each customer will bring to the hotel over their entire life. Therefore, CLV is a great way to assess hotels' overall health and project future success.

As we can see from the equation in table 1.2, customer lifetime value is impacted heavily by how often a customer stays in the hotel and how long they remain a customer. This makes it a great measure of customer loyalty because it can show us if customers are becoming more loyal over time.

Redemption rate is the percentage of points that you issue that are actually redeemed for rewards.

An effective rewards program drives customer loyalty by establishing a strong relationship between the positive emotions customers feels when receiving a reward and the points they used to get that reward. Therefore, a high redemption rate can reveal just how loyal your program members are.

If members are earning points but never spending them, they may not actually be classified as a loyal customer. A redemption rate under 20% is usually an indicator that your rewards program isn't performing well, so keeping an eye on it is key to your program's long-term success.

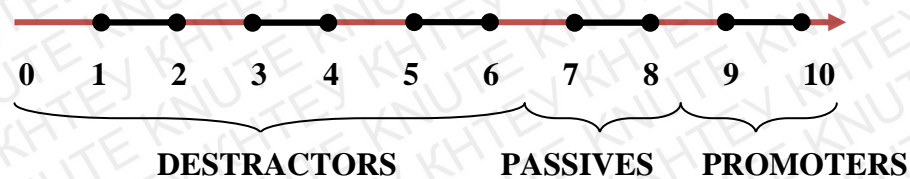
Active engagement rate gives a better idea of which percentage of customers who are engaging with loyalty program on a regular basis.

Engagement is measured by any customer who earns or spends points in a determined time period. Active engagement rate is an effective way to get a more granular look at how well loyalty program is performing.

The Net Promoter Score or NPS is an indicator of how likely, or unlikely, a customer is to refer you to his or her friends, family or others [18].

It's an important one for two reasons: first, it's a simple metric to measure; and second, when a customer recommends a product, they're putting their own reputation on the line – not just yours.

The way it works is a customer rates company from 1 – 10; the lower the score, the less likely they are to recommend your product or service. The scores fall into 3 categories: detractors, passives and promoters. This is illustrated on Figure 1.2



*Figure 1.2 Consumer loyalty levels*

Detractors – have a score of 0-6, and are usually unhappy with your brand and can cause problems by posting negative comments on social media or word of mouth.

Passives – have a score of 7-8, and may or may not recommend your product or service to others. They're not negative towards your brand, but they're not jumping up and down, either.

Promoters – have a score of 9-10, and are extremely likely to recommend and promote your product/service. They are your repeat customers, and use various means to let others know just how happy they are.

By using these scores, we'll get a glimpse of how company is doing. By the same token, it can show what may need to be improved, or if something is really wrong, how it can be fixed. It helps build relationships, because not only

reaching out to customers is important, but also listening to their concerns. Finally, it can also help employees get motivated, because they're seeing actual feedback on the job they're doing.

To calculate Net Promoter Score, we should subtract the percentage of Detractors from the percentage of Promoters.

Another way to measure customers' loyalty to the company is the repurchase ratio metric, which measures the ratio of repeat purchases against a one-time purchase. This can be one of the top indicators of customer loyalty and company growth. It's a way to measure the amount an existing customer spends and how much that amount can increase or decrease based on additional purchases – either within or across your product offerings.

To calculate this, we should divide the number of customers who bought twice and more in a 365-day period, by the total number of paying customers. This gives us the repeat purchase ratio (repurchase ratio).

Upselling ratio is a measure of customers who were “upsold” and added unrelated products to their orders, against the number of customers who bought only one product. The formula is the number of customers who made multi-item purchases divided by the number of customers who made single-item purchases.

Customer Loyalty Index provides more information than the Net Promoter Score (NPS), but incorporates information from the NPS along with the repurchasing and upselling ratios. It uses a questionnaire with a six-point scale, where 1 is “definitely yes” and 6 is “definitely no.”

The Customer Loyalty Index is the average score of the responses. Some argue that this approach asks for the customer's actual intention, rather than measuring their actual buying behaviours. But it does utilize all the loyalty values that you've collected, and you're able to track changes over time.

Customer Engagement Numbers is considered the most effective predictor of customer loyalty, according to Curtis Bingham. He claims it's an effective indicator of loyalty and profitability. Bingham states that loyalty is a result of a customer having positive interactions and experiences with a product or service –

emotions that can't be damaged by competition.

Customer engagement helps to encourage repurchasing, promote referrals to the customers' friends and family and lowers any sensitivity to pricing. It's an important area to monitor.

This isn't an exhaustive list of retention metrics. While every metric is illuminating for one reason or another, we focus on the retention metrics that are most directly tied to customer loyalty.

## **PART 2**

### **PRACTICAL ASPECTS OF IMPLEMENTING LOYALTY PROGRAMME OF “RADISSON” HOTEL CHAIN**

#### **2.1. Organizational assessment of “Radisson” hotel chain**

Radisson Hotel Group [36] is a leading hospitality company serving as a true host and best partner to guests, owners, business partners and talent. Radisson Hospitality, Inc., trading as Radisson Hotel Group, is an American multi-national hospitality group (Table 2.1).

The company started as a division of Carlson Companies, which owned Radisson Hotels, Country Inns & Suites and other brands. The first hotel to become the founder of the Radisson chain, opened in Minneapolis (USA) in 1909. The hotel received its name in honour of Pierre-Esprey Radisson, a French explorer.

More than half a century after its opening, the hotel acquired Kurt Carlson, making it part of its Carlson Companies. From this moment, the hotel chain begins to rapidly develop and expand, carefully preserving traditions and keeping pace with the times.

In 1994, Carlson signed a franchise agreement with SAS International Hotels (SIH), which SIH started to use the brand Radisson SAS in the Europe, Middle East and Africa markets.

In 2005, Carlson acquired 25% shares of SIH, at that time known as Rezidor SAS Hospitality. In 2010, Rezidor Hotel Group (former Rezidor SAS) became a subsidiary of Carlson. Since then, the enlarged hotel group had a new trading name Carlson Rezidor Hotel Group, which was one of the top hotel corporations in 2013. In 2016, Carlson Companies sold Carlson–Rezidor to Chinese conglomerate HNA Group. However, in 2018, HNA Group re-sold Carlson–Rezidor to Jin Jiang International Holdings.

In the fourth quarter of 2017, Carlson Hotels, Inc., the holding company of the group, was renamed to Radisson Hospitality, Inc., while the listed subsidiary Rezidor Hotel Group AB, was renamed to Radisson Hospitality AB.

Table 2.1

### General information about Radisson Hotel Group

<b>Type of information</b>	<b>Data</b>
<i>Trade name</i>	Radisson Hotel Group
<i>Formerly</i>	Carlson Hotels, Inc. Carlson Rezidor Hotel Group
<i>Type</i>	private (owns a listed subsidiary)
<i>Industry</i>	hospitality
<i>Founded</i>	1962 (Carlson's first hotel acquisition) 2012 (merger of Carlson & Rezidor hotel groups)
<i>Founder</i>	Carlson Companies
<i>Headquarters</i>	701 Carlson Parkway, Minnetonka, Minnesota, United States
<i>Number of locations</i>	115 countries and territories(2018)
<i>Area served</i>	Worldwide
<i>Key people</i>	Federico J. González Tejera John Kidd
<i>Brands</i>	Country Inn & Suites Radisson Radisson Blu Radisson Collection Radisson Red Park Inn by Radisson Park Plaza Radisson Jass
<i>Owner</i>	Jin Jiang and others
<i>Number of employees</i>	more than 14,000 (2018)
<i>Subsidiaries</i>	Radisson Hospitality AB Radisson Hospitality Inc. and others
<i>Website</i>	<a href="http://www.radissonhotelgroup.com">www.radissonhotelgroup.com</a>

Radisson Hotel Group is one of the largest hotel companies, whose portfolio includes eight different brands and more than 1,400 operating and under construction hotels in 114 countries of the world; one of the largest players in the hotel business (Figure 2.1).

## A GLOBAL PRESENCE



*Figure 2.1 A global presence of Radisson hotel chain worldwide*

The Radisson Hotel Group portfolio includes the brands Radisson Collection, Radisson Blu, Radisson, Radisson RED, Park Plaza, Park Inn by Radisson, Country Inn and Suites by Radisson. Division and gradation of brand properties within the hotel chain is illustrated on Figure 2.2.

This group of companies also manages the Radisson Rewards [37] loyalty program and the Radisson Meetings program for organizing and conducting events and meetings. In 2016, Rezidor (currently Radisson Hospitality AB) also acquired a 49% stake in the German prizeotel chain.

The first important feature of the Radisson hotels is the iconic buildings that are attractive in appearance and distinguished not only by their individual interiors,

but also by their impressive atmosphere. These buildings were specially designed in order to not only be comfortable for guests, but also to provide hotel services, and at the most modern level.

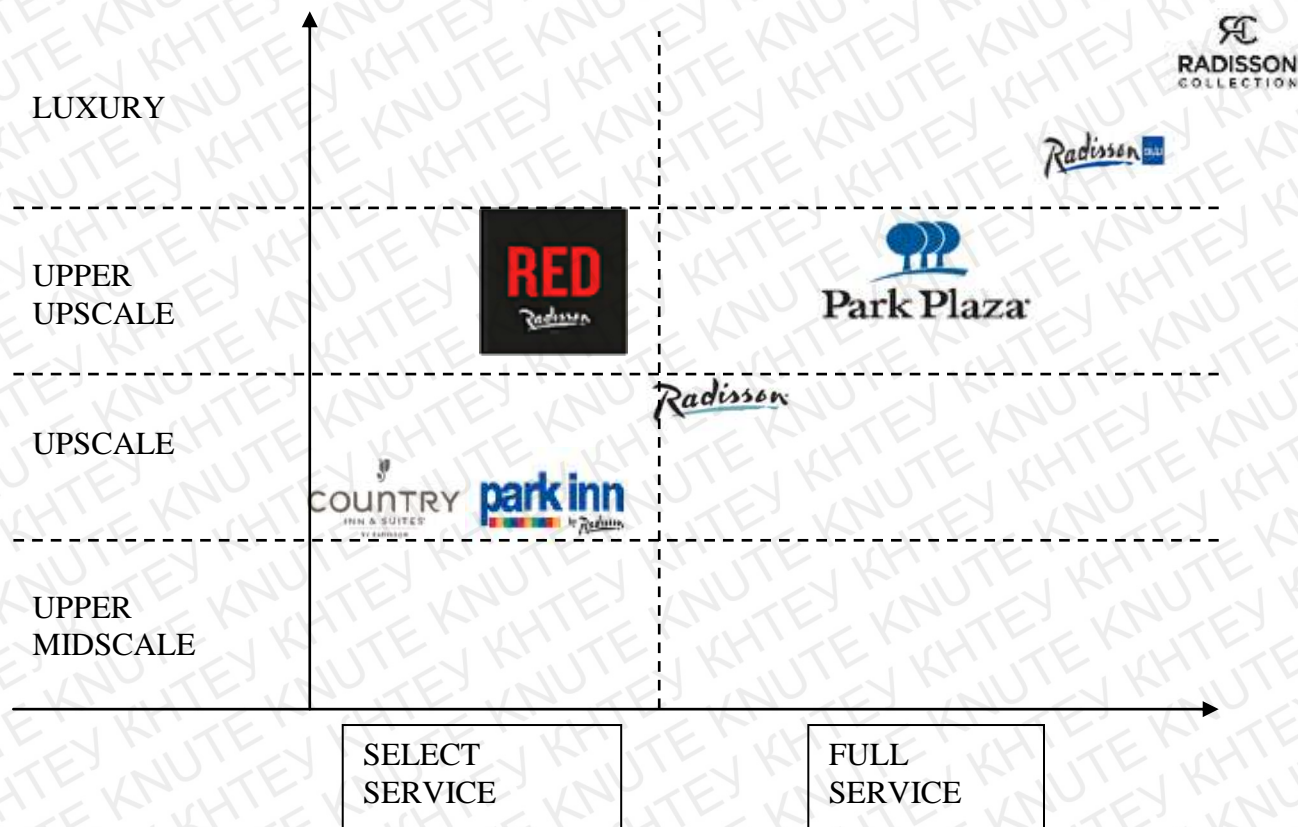


Figure 2.2 The Radisson Hotel Group Portfolio

The second distinctive feature of the chain's hotels is its location in the most prestigious places - in the central parts of large cities, at airports, in resort areas, on coastlines and in popular holiday destinations literally around the world.

All Radisson hotels have first class full service. The hotel staff is subject to high requirements - employees are required to strictly follow the standards of hotel service. Among the requirements are friendliness and courtesy. Owners of the network confidently declare that the guests are guaranteed one hundred per cent satisfaction with the service and the level of comfort.

The vast majority of hotels in the chain, namely, 359, are located in the United States. In the same place, in Minneapolis, Minnesota, the headquarters of the company is located, being part-time headquarters of the parent company,



Carlson Companies. Outside the USA, Radisson brand is used by 158 hotels located in Europe, Asia and Africa.

In Ukraine, the group is represented by three Radisson Blu brand hotels and the Park Inn by Radisson hotel (Table 2.2).

Table 2.2

**Representation of the Radisson Hotel Group in Ukraine**

<b>Hotel</b>	<b>Address</b>	<b>Number of rooms</b>	<b>Participation in Radisson Awards loyalty programme</b>	<b>Category of hotel according to Radisson Awards loyalty programme</b>
<b><i>Radisson Blu</i></b>	Yaroslaviv Val Street 22, Kyiv1034, Ukraine	254	+	6
<b><i>Radisson Blu, Podil</i></b>	17-19 Bratskaya Street, Podil, Kyiv4070, Ukraine	164	+	5
<b><i>Park Inn by Radisson Troyitska</i></b>	55, Velyka Vasylykivska Str., Kyiv3150, Ukraine	196	+	5
<b><i>Radisson Blu Resort</i></b>	220 Schivki Street, Yaremche, Ivano-Frankivs'ka oblast, Bukovel76019, Ukraine	252	+	5

All four hotels in Ukraine received the Green Key environmental certificate for environmental protection activities. In all of Ukraine, only seven hotels are Green Key certified, and four of them are Radisson Hotel Group hotels. When guests choose a hotel that is certified with Green Key, they guarantee themselves an environmentally friendly environment.

Radisson Blu Hotel, Kyiv - advantageously located in the centre of Kiev, near the Golden Gate metro station. The hotel has recently been completely renovated, the conference area has been reconstructed, and there is also an Italian restaurant, a sauna, a steam room and a gym. The hotel is ideal for business travellers and for an unforgettable weekend. Tourists, walking, can quickly reach the historical and cultural attractions of the city.

Radisson Blu Hotel, Kyiv Podil - the hotel is located in the heart of the vibrant and progressive Kiev district - Podil, providing easy access to attractions and transport interchanges. A modern conference area, a cozy cafe, stylish design, a gym, free high-speed Internet access (wired and Wi-Fi) - this hotel has all the amenities for a business or leisure trip.

Park Inn by Radisson Kyiv Troyitska is a new hotel located in the centre of Kiev, just a few steps from the NSC Olimpiysky. It offers stylish colourful rooms with free Wi-Fi, plasma TVs and unforgettable city views, meeting rooms and meeting rooms for fruitful meetings, as well as a restaurant, bar, gym, beauty salon and underground parking. The wide possibilities of the new venue on the 20th floor are ideal for banquets.

Radisson Blu Resort, Bukovel is a hotel in the most popular ski resort of Ukraine, among the breath-taking landscapes of the Carpathians. The hotel with 252 Alpine-style rooms is located on Descent No. 7. Two children's play centres, two restaurants, four bars, a cigar lounge, a night club, a large wellness area with two pools, saunas and a gym, as well as a spa centre with treatment rooms allow guests to completely relax in body and soul without leaving the hotel. A 1,400 square meters equipped for conferences make the hotel an ideal place also for business events.

## **2.2. Evaluation of “Radisson” hotel chain loyalty programme**

In order to retain customers and create a broad base of existing loyal customers, Radisson Hotel Group is implementing a single program of loyalty rewards called Radisson Rewards in all its establishments.

Radisson Rewards, formerly Club Carlson, is the loyalty program of Radisson Hotel Group. With over 200,000 rooms in more than 1,100 hotels around the world, the Radisson Rewards program can help you unlock hotel awards primarily in the U.S., Europe, the Middle East and Africa.

Radisson Rewards was created by the merger of Radisson Hospitality Inc. (formerly Carlson Hotels Inc.) and Europe's Rezidor Hotel Group. On March 5, 2018, the two hotel companies relaunched as Radisson Hotel Group, bringing Club Carlson into Radisson Rewards.

Today, the Radisson loyalty program offers rewards points to travellers staying at their seven brands:

1. **Country Inn & Suites by Radisson:** An upper-midscale hotel brand featuring free Wi-Fi, complimentary hot breakfast and a Read It & Return lending library.
2. **Park Inn by Radisson:** A contemporary upper-midscale hotel with a colourful modern design.
3. **Park Plaza:** An upper-upscale hotel that targets business and leisure travellers with designs that aligns with the locations.
4. **Radisson Red:** An upscale brand focused on travellers searching for a different hotel experience — informal services and bold design are the hallmarks of this brand.
5. **Radisson:** The flagship brand of the collection, Radisson hotels provide an upscale stay that blends Scandinavian hospitality with modern design.
6. **Radisson Blu:** The upper-upscale brand of Radisson, Radisson Blu features luxury accommodations with personalized service.
7. **Radisson Collection:** The premium brand of Radisson, the Radisson Collection is a small group of unique, luxury hotels.

Each employee of the Radisson Hotel Group, and in particular the Radisson Blu Hotel Kiev, receives a collection of terms and conditions associated with this loyalty program.

The collection consists of thirteen sections and includes information on customer service. Namely, the guide covered topics such as enrolment of new loyalty programme members, conditions of earning and redeeming points, membership benefits and so on (Appendix C).

It's a well-known fact that today's travellers want their points and perks—and will often go to great lengths to get them. Hotel reward programs have proven effective at increasing visit frequency, increasing the amount spent annually and retaining customers.

Retaining best customers is even more important than ever. Following are some powerful facts that demonstrate the importance of the Radisson Rewards program.

Loyalty enables:

- hotels to generate more value (+24% folio spend vs. non-member),
- members to have a better experience (+14% NPS vs. non-member)
- and drives revenue (every dollar invested by the hotels returns over \$18 in revenue)

Radisson Rewards offers guests four different loyalty status levels, based on which credit card they hold or how often they stay every year (Appendix F).

**Radisson Rewards Club.** Radisson Rewards Club is the base level for new members. Travellers earn 20 points per \$1 spent on eligible hotel nights, along with meals and beverages charged to the room. When booking hotels, Radisson Rewards Club members are eligible for the members-only rate, which can mean savings up to 10% when booking on the Radisson website or mobile app. Members also get a 5% discount on food and drink at participating hotel restaurants and two complimentary bottles of water in their room with every stay.

**Radisson Rewards Silver.** After accruing six stays or nine nights, or getting the Radisson Rewards™ Visa Signature® Card, members jump to Radisson

Rewards Silver status. At this level, guests earn 22 points per \$1 spent on eligible hotel nights plus meals and beverages charged to their room. In addition to all of the Radisson Rewards Club level benefits, Silver members can request an early check-in or late checkout on eligible stays, qualify for complimentary room upgrades and roll over eligible nights toward elite status in the next year. As a guest, they receive a 10% discount at participating hotel restaurants.

**Radisson Rewards Gold.** Members get Radisson Rewards Gold status after 20 stays, staying 30 nights or getting the Radisson Rewards™ Premier Visa Signature® Card. Gold members earn 25 points per \$1 spent on eligible stays and food and drink purchases charged to their room, as well as a 15% discount at participating hotel restaurants. On top of the Radisson Rewards Silver status benefits, Gold members receive two additional benefits: an in-room welcome gift during eligible stays and a 72-hour room guarantee when booking through the Elite Members Services line.

**Radisson Rewards Platinum.** At the highest end is Radisson Rewards Platinum status, earned after 30 stays or 60 nights. On top of all of the benefits from the other loyalty tiers, members get free breakfast at participating hotel restaurants and access to a dedicated Platinum Member Services Line. When reserving rooms using the exclusive member services phone line, room availability is guaranteed up to 48 hours before booking. Platinum members earn 35 points per every \$1 spent at hotels and a 20% discount on food and drinks at participating hotels.

To determine the value of Radisson Rewards points, we analysed prices in U.S. dollars and Radisson Rewards points at Radisson-affiliated hotels from November 2018 to April 2019 in the 10 largest media markets. We collected the average prices in cash and points to find the average value of points in cents. The world's busiest cities for tourism as defined by the 2018 MasterCard Destination City Index [16] were analysed to determine the average price in cash, points and an average value of points in cents. The cities are listed below, in the Table 2.3.

The average value of 0.3 cent per point was determined from the mean value of all rewards across all surveyed cities. Individual city average values range from 0.2 cent to 0.7 cent per point. A night's stay in low-category hotels anywhere costs an average of 27,632 points, meaning customer would have to spend an average of \$5,526 to earn a free night.

*Table 2.3*

**Top Destination Cities According MasterCard Destination City Index**  
[16]

<b>Cities</b>	<b>Number of tourists, millions per year</b>
Bangkok	22.78
Paris	19.10
London	19.09
Dubai	15.93
Singapore	14.67
Kuala Lumpur	13.79
New York	13.60
Istanbul	13.40
Tokyo	12.93
Antalya	12.41

Unlike other programs, Radisson Rewards doesn't offer lifetime status for continued elite status across multiple years. Instead, members must requalify for loyalty status every year. The only assured way to earn status every year is to hold the Radisson Rewards™ Visa Signature® Card or the Radisson Rewards™ Premier Visa Signature® Card, which grant Silver and Gold status respectively upon activation as a card benefit.

While staying at Radisson hotels is the primary way to earn points, members can also do so through other offers. From holding a co-branded credit card to using partner offers, there is no shortage of ways to pick up more points.

Members earn Radisson Rewards points based on their elite status. Rewards Club members earn 20 points per dollar spent on eligible rates, Silver members earn 22 points per dollar spent on eligible rates, Gold members earn 25 points per dollar spent on eligible rates and Platinum members earn 35 points per dollar on eligible rates.

“Eligible rates” are defined as “a rate identified in Radisson’s Hotels reservation system as eligible for points,” which excludes employee rates, friends and family rates, complimentary or barter rooms not booked on points, rates booked through an online travel agency and those booked through group or tour operator accounts.

On an eligible rate of \$100 per night, according to level of loyalty membership customer can earn:

- **Club:** 2,000 Radisson Rewards points.
- **Silver:** 2,200 Radisson Rewards points.
- **Gold:** 2,500 Radisson Rewards points.
- **Platinum:** 3,500 Radisson Rewards points.

Like most hotel rewards programs, Radisson Rewards offers members different ways to earn extra points — most of which don’t involve staying at a hotel at all. Customer can earn bonus points through the following partner offers:

**Car rental rewards:** Radisson Rewards partnered with six car rental companies, including Avis, Budget, Enterprise and Sixt Car Rental, to offer extra points with each rental. Bonuses range from 300 Radisson Rewards points per car rental day to a flat 700 points per rental, with extras ranging from discounts to car upgrades.

**Extras partners:** When using the partners in the “Extras” tab in the app, members can earn bonus points for restaurant reservations, buying tickets online and everyday shopping. Bonus offers include 200 points per seated reservation using Resy, 10 points per dollar spent at SeatGeek and Groupon, and 6 points per dollar shopping online at eBay, Jet.com and iTunes.

**Hotel promotions:** Radisson Rewards also offers members the opportunity to earn extra points by booking promotional offers. Offers can range from earning bonus

points on the first stay booked through the Radisson Rewards smartphone app, to double points on eligible rates at participating hotels.

**Vinasse Wines:** You can even earn bonus Radisson Rewards points for joining a wine club. New Vinasse Wines subscribers can earn up to 12,500 Radisson Rewards points when joining: 5,000 points with the first wine club shipment, 7,500 points with the second shipment and also 10 points for every \$1 spent on wine or wine accessories on all future wine club shipments and orders.

Radisson Rewards also offers four credit cards that earn points with every dollar spent — three consumer credit cards and one business credit card. All four allow cardholders to earn one free night e-certificate for \$10,000 in spending, up to three e-certificates, every year they renew their card (Table 2.4).

*Table 2.4*

**Benefits for the consumer in obtaining a Radisson Rewards credit card**

<b>Type of credit card</b>	<b>Benefits that it gives to customer</b>
<b><i>Radisson Rewards™ Visa® Card</i></b>	The entry-level card. With no annual fee, this card offers the lowest new cardmember bonus and lowest points return for spending. New members can earn 30,000 Radisson Rewards points after spending \$1,000 for purchases within 90 days after the account was opened. Guest can earn 3 points per \$1 spent at participating Radisson hotels and 1 point per \$1 spent everywhere else. This card doesn't come with elite status.
<b><i>Radisson Rewards™ Premier Visa Signature® Card</i></b>	Offers the highest points per dollar spent, as well as the highest new cardmember bonus. New account holders can earn 50,000 points after their first purchase with the card, along with an additional one-time bonus of 35,000 points after spending at least \$2,500 within 90 days after the card was opened. Cardholders earn 10 points per \$1 spent at participating Radisson Hotels and 5 points per \$1 spent everywhere else. The card also comes with immediate Radisson Rewards Gold status upon activation and has a \$75 annual fee.
<b><i>Radisson Rewards™ Visa Signature® Card</i></b>	Comes with a lower annual fee, but it also has fewer benefits and earning potential. New cardholders can earn up to 60,000 bonus points — 50,000 points with their



	first purchase on the card and an additional 10,000 one-time bonus after spending \$1,500 on the card within 90 days after the account was opened. Cardholders earn 6 points per \$1 spent at participating Radisson hotels and 3 points per \$1 spent everywhere else. With a \$50 annual fee, the card comes with Radisson Rewards Silver status immediately upon activation.
<b>Radisson Rewards™ Business Visa® Card</b>	Perfect for small businesses, with identical benefits to the Radisson Rewards™ Premier Visa Signature® Card. However, the annual fee on the business card is \$60, which is \$15 less than the consumer version of the credit card.

What makes Radisson Rewards a well-rounded program are the multiple ways travellers can use their points. While redeeming points for hotel rooms is the primary method to use points, they can also be converted to airline miles, a Priority Pass membership, or donated to the American Red Cross.

Searching for award nights falls under two categories: award night stays and Points + Cash awards. If traveller would rather use Radisson Rewards points for other travel benefits, the program has him covered. Points can be transferred to airline partners, used in hotels like cash or donated to charity etc. (Figure 2.3).

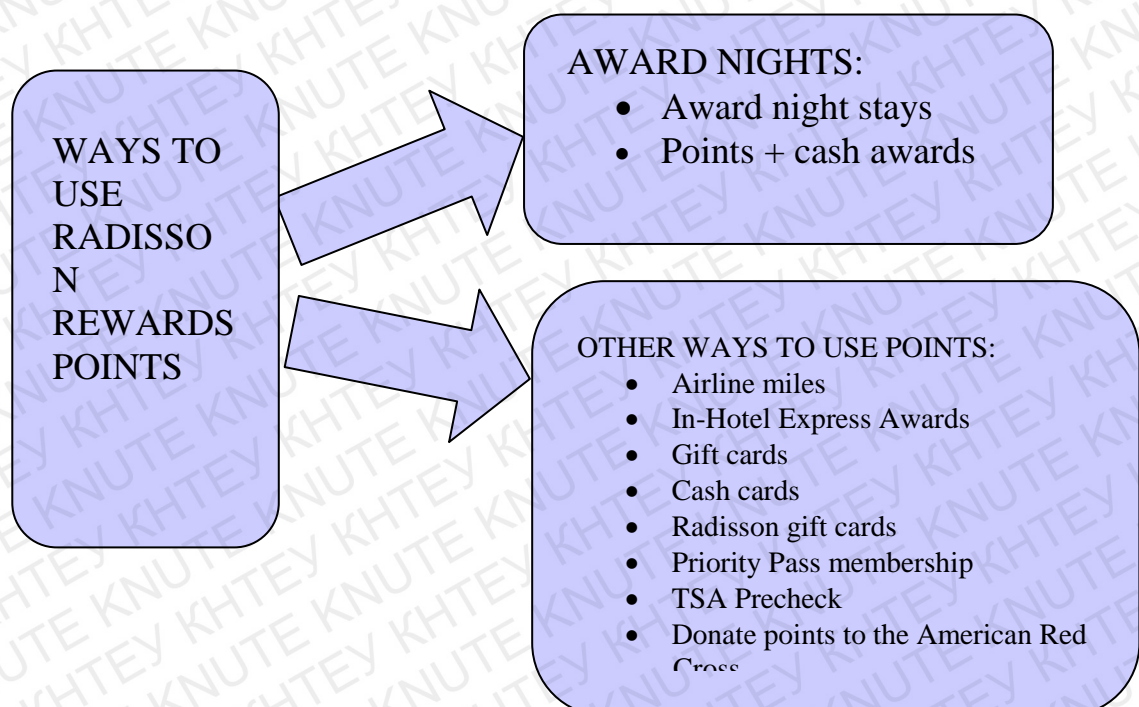


Figure 2.3 Ways to use Radisson Rewards points

Standard award nights are available across seven categories, with Category 1 being the cheapest hotels and Category 7 being the most luxurious and in-demand locations. Their award chart ranges from 9,000 points for a standard Category 1 room, up to 70,000 points for a standard Category 7 room. This is shown in the Table 2.5: When using points for a hotel room the return is about 0.3 cent per point.

If guest doesn't have enough points for an award night, he can also reduce his overall cost for a night with a Points + Cash award. Using a Points + Cash award night, you pay a flat rate of points combined with a cash requirement determined at the time of reservation. How many points you pay is based on the category your hotel is in. Rates for premium nights on large chains usually change once a year. This is standard practice and is usually done in the form of shuffling hotels into categories. Rates are regulated depending on demand expressed in money tariffs and other factors.

*Table 2.5*

**Points needed for an Award night**

<b>Hotel category</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>	<b>Category 4</b>	<b>Category 5</b>	<b>Category 6</b>	<b>Category 7</b>
<b>Points Needed for an Award night (Standard Room)</b>	9000	15000	28000	38000	44000	50000	70000
<b>Points Needed for an Award night (Premium Room)</b>	13500	22500	42000	57000	66000	75000	105000

The other ways to use points also include:

- **Airline miles:** Radisson Rewards points can be transferred to over 20 airline partners, including Air Canada Aeroplan, American Airlines AAdvantage, British Airways Avios, Delta Air Lines SkyMiles and United Airlines MileagePlus. Members have three transfer options: 2,000 Radisson Rewards points for 200 miles, 50,000 Radisson Rewards points for 5,000 miles, or 100,000 Radisson Rewards points for 10,000 miles.
- **In-Hotel Express Awards:** Radisson Rewards can also be used like cash for hotel extras at check-in or during your stay. Points can be used for food and beverages at participating hotel restaurants, an in-room movie, parking charges or spa services.
- **Gift cards:** All hotel rewards programs offer gift cards as a redemption option and Radisson Rewards is no exception. Select gift cards in \$10 increments are 7,000 points, \$25 cards cost 18,000 points and \$50 gift cards cost 34,000 points.
- **Cash cards:** Radisson Rewards also allows guests to exchange points for prepaid Visa cards, redeemable anywhere Visa is accepted. A \$25 prepaid Visa card costs 20,000 points, a \$50 prepaid Visa costs 35,000 points, and a \$100 prepaid Visa costs 67,000 points.
- **Radisson gift cards:** For European travellers, Radisson Rewards points can also be turned into gift cards redeemable at hotels. The gift cards are available in British pounds and euros but are only accepted at hotels in certain nations. Check if your hotel will accept gift cards before redeeming points.
- **Priority Pass membership:** If someone doesn't want a premium credit card but still wants to access airport lounges, Priority Pass is available through Radisson Rewards. Customer can spend 125,000 points to receive a unique invitation code that will cover the cost of Priority Pass membership for one applicant for one year.

- **TSA Precheck:** Radisson Rewards are good for another premium credit card benefit: TSA Precheck membership. Customer can use 65,000 points to get a code to pay for a TSA Precheck authorization code, which will cover \$85 fee.
- **Donate points to the American Red Cross:** The American Red Cross also accepts donations of Radisson Rewards points, which are then converted to cash. Members can donate a minimum of 3,000 points, with no limit on the number of points that can be given. Radisson Rewards will donate \$1.60 for every 1,000 points given.

Analysing all the ways to exchange points for rewards becomes clear that Radisson Rewards gives their members opportunity to use a lot of redemption options. However they are not equal in bringing satisfaction to consumers. Let's consider which rewards are more beneficial to the consumer and which are in doubt (Table 2.6).

*Table 2.6*

**Comparison of the redeeming propositions**

<b>Proposition</b>	<b>Favourable conditions of redeeming points</b>	<b>Unfavourable conditions of redeeming points</b>
<b>Hotel room awards</b>	The best way to use Radisson Rewards points. When using points toward hotels, points are worth an average of 0.3 cent each. The most valuable use of points is to stay in major cities during peak travel seasons, where points can be worth as much as 0.7 cent each.	-
<b>Points + Cash awards</b>	Because Radisson charges a flat rate in points for hotel rooms on Points + Cash awards, some hybrid awards can be a good use of Radisson Rewards. If loyalty programme member can get more than 0.3	-

	cent per point of value from a Points + Cash award, then it's a good deal.	
<b>Gift cards</b>	-	Gift cards and cash cards don't give a very good return. When exchanging points for gift cards, effective exchange rate is about 0.14 cent per point, which is nearly half of the 0.3 cent per point average on hotel rewards.
<b>TSA Precheck</b>	TSA Precheck costs \$85 and it's good for five years. When paying for it with Radisson Rewards, points are worth 0.13 cent each. Before using points to pay for TSA Precheck, it's important for customer to check if he has a credit card that offers this as a one-time benefit. American Express cards, the Capital One® Venture® Rewards Credit Card and the Chase Sapphire Preferred® Card, offer TSA Precheck fee waivers as a benefit.	-

<p><b>Priority Pass membership</b></p>	<p>-</p>	<p>ones who hold a premium travel credit card, like the Chase Sapphire Reserve® or The Platinum Card® from American Express understand the benefits and value of Priority Pass. But paying for it with Radisson Rewards points is a really bad deal. First, the \$299 membership costs 125,000 points, for a value of 0.24 cent per point — just under the average value of 0.3 cent per point. In addition, the points buy a Standard Plus membership, which gives members 10 free visits. All guests and visits after the first 10 cost \$32 each. If lounge access is important to you, consider getting a premium travel card instead.</p>
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Obviously, different ways to spend points have different consumer value, and the only undisputed leader on this list is using points to pay for the hotel room.

In addition, we can formulate an opinion on the Radisson Rewards loyalty programme by conducting SWOT analysis, identifying its strengths, weaknesses, threats and opportunities (Table 2.7).

*Table 2.7*

**SWOT analysis of loyalty programme Radisson rewards**

<p><b>Strengths</b></p>	<p><b>Weaknesses</b></p>
<ul style="list-style-type: none"> <li>• A proven loyalty program that guarantees a return on your investment</li> <li>• Large number of clients involved</li> <li>• Availability of various means of communication with the consumer</li> </ul>	<ul style="list-style-type: none"> <li>• A small number of points is earned per dollar spent</li> <li>• It is a long time to wait for the credits to be credited</li> <li>• Some offers are not available in some</li> </ul>

<ul style="list-style-type: none"> <li>• Staff are familiar with the terms and conditions of the loyalty program</li> <li>• Consumer ability to choose the type of remuneration</li> </ul>	<ul style="list-style-type: none"> <li>countries</li> <li>• The points collection process is time consuming</li> <li>• There are many additional terms in the program rules that are not always available to the consumer</li> <li>• Incomplete mobile application</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Tourism development, in particular business tourism in Ukraine</li> <li>• Increasing numbers of Generation Z and Millennials among consumers</li> <li>• Development of computer technologies, which leads to easier access of consumers to the program</li> </ul>	<ul style="list-style-type: none"> <li>• A large number of competitors with profitable loyalty programs</li> <li>• Rapid changes in consumer needs and desires</li> </ul>

For the infrequent traveller who wants to earn hotel stays for everyday spending or are planning a vacation for a family, Radisson Rewards is worth consideration. With a good rate of return for staying at hotels and spending on the Radisson Rewards™ Premier Visa Signature® Card, travellers who are more concerned about budget than luxury can potentially find great deals through Radisson Rewards.

On the other side, those who are primarily looking for luxury over convenience and discounts won't be best served by Radisson Rewards.

## **PART 3**

### **DIRECTIONS OF IMPROVEMENT OF LOYALTY PROGRAMME OF “RADISSON” HOTEL CHAIN**

#### **3.1 Trends in sphere of loyalty**

Customer loyalty has become a major source of competitive advantage for many businesses.

According to Forrester [9], genuine brand loyalty is not possible if the client does not have emotional affection for him. Over 60% of shoppers call gifts and surprises the main way to build affection. At the same time, customers are waiting for gifts for no reason. Every second customer is attached to brands that constantly improve their customer experience and make the buying process more convenient. A third of customers note that gratitude for participating in a loyalty program, albeit symbolic, affects customers more than any other personalized communication.

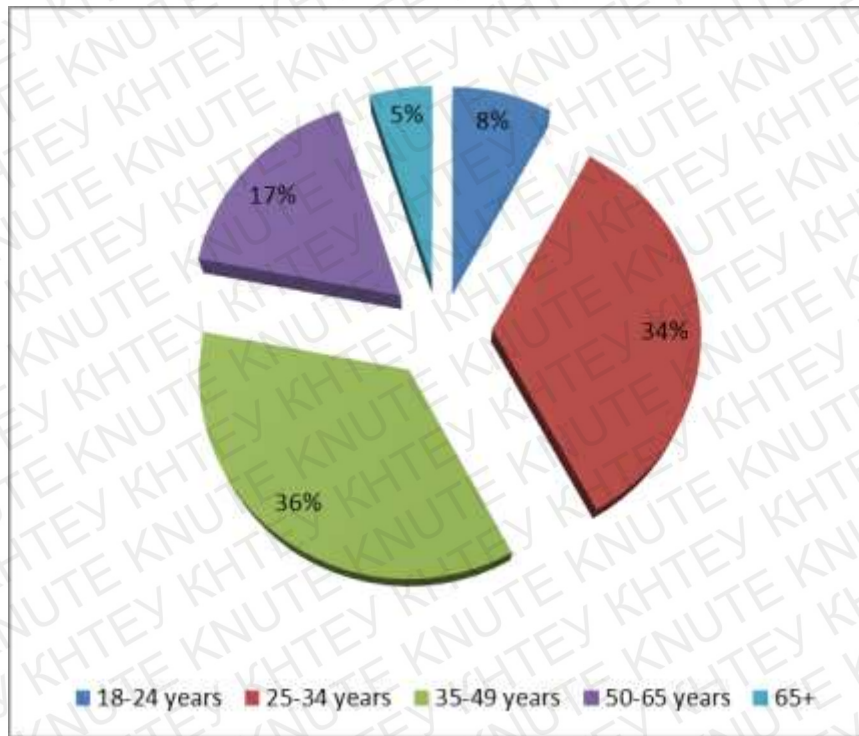
Based on the “Radisson Blue, Kyiv” hotel, a survey was conducted to determine the target audience for engaging in the loyalty program, trends and forecasts for the coming year, as well as to take into account customers' wishes for improving the loyalty program.

Customer loyalty within the hotel industry is of higher importance rather than customer satisfaction. Building customer loyalty is directly related to exceeding customer expectations. Knowing how to satisfy a guest in the hospitality industry helps hoteliers accelerate growth.

Under the study, 115 guests of “Radisson Blu, Kyiv” between the ages of 18 and 65 were asked about their expectations from the loyalty programs of the hotel chain “Radisson” (Appendix G).

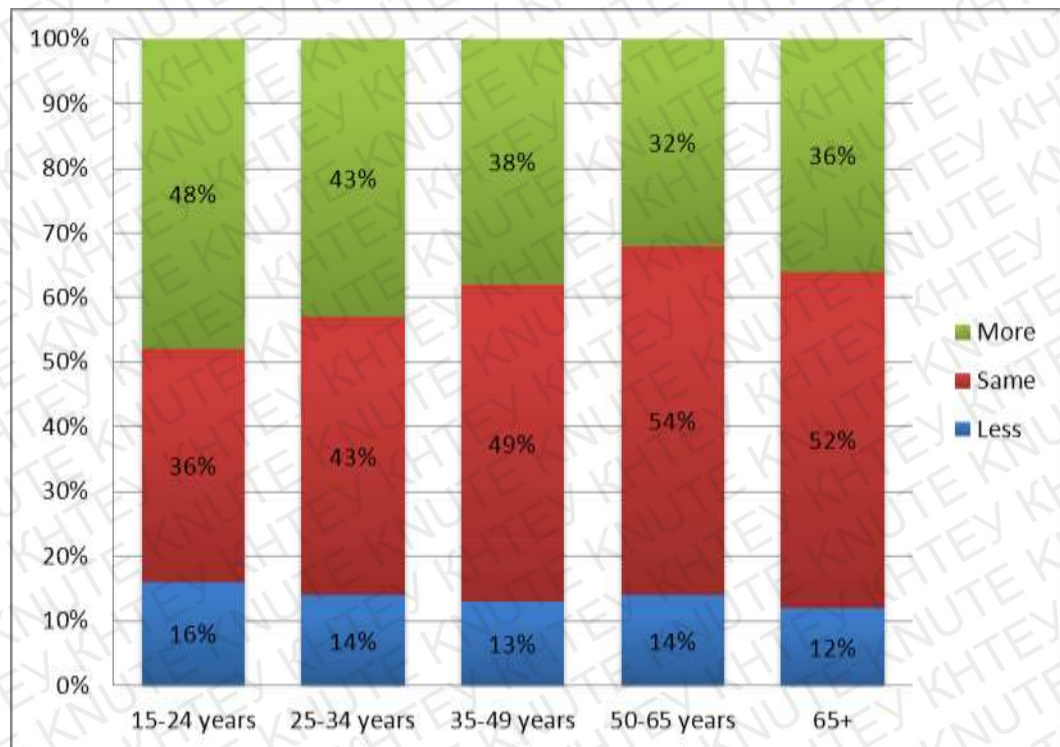
During the period of 6 weeks 48 women and 67 men were surveyed, resulting in some trends in loyalty programs, hospitality costs, and guest expectations for Radisson rewards (Figure 3.1).





*Figure 3.1 Division of survey participants by age*

Patterns were immediately discovered regarding plans for next year. For example, as shown on figure 3.2, the majority of respondents do not plan to increase living expenses yet, younger buyers found a tendency to increase travel expenses and, in particular, hotel services.



*Figure 3.2 Intentions to spend on hospitality in 2020*

All of the participants of survey are members of “Radisson rewards” on different levels. However, Millennials and Generations Z found significantly less enthusiasm for participating in the loyalty program than representatives of the older age category (Figure 3.3).

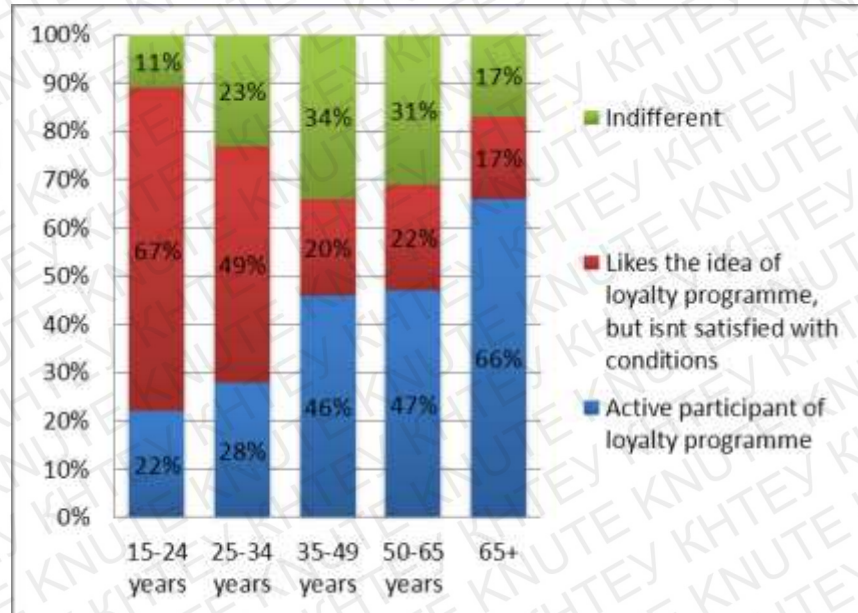


Figure 3.3 Attitude to loyalty programme by age

Despite the fact that younger generation are more indifferent to the loyalty program, the surveyed customers as a whole were satisfied with the loyalty programme and are eager to receive rewards for participating in it (Figure 3.4).

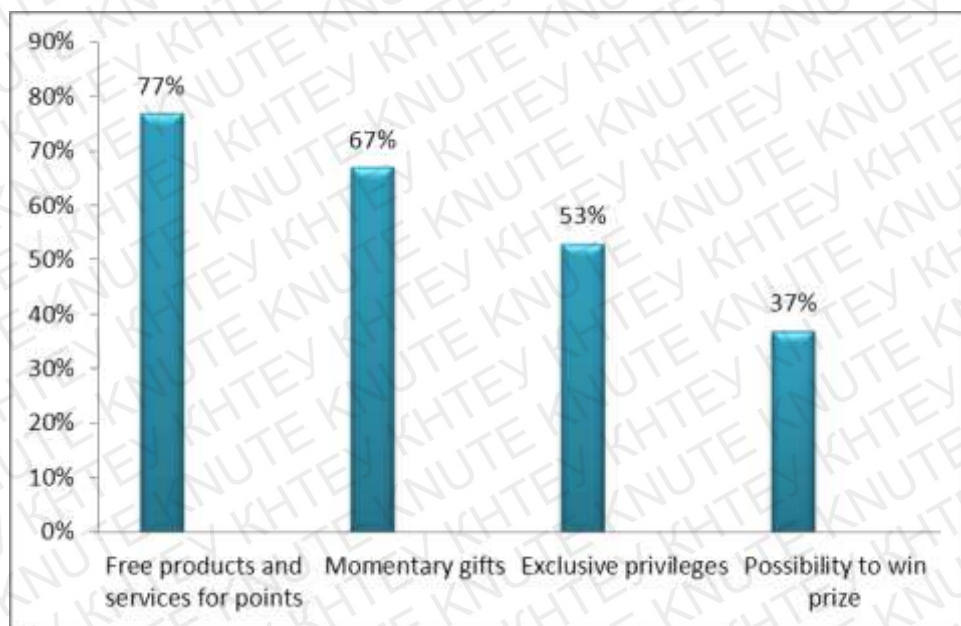


Figure 3.4 Desired rewards

77% would still like to receive points and exchange them for products and services from Radisson Group and partners.

The survey tended to gradually shift its focus from long point collecting to receiving the "here and now" award. Millennials, like Generation C, give preference to bonuses and gifts that should not be expected.

67% expressed a desire to receive bonuses not only for purchases, but also for certain transactions conducted as a member of the loyalty program. There are many reasons for a gift: registration in the loyalty program, first purchase, subscribing to an email newsletter, issuing a loyalty card on a smartphone.

53% value, above all, the sense of exclusivity involved in a prestigious loyalty program.

37% want to be able to participate in exclusive rewards for loyalty program members.

Emotional connection and feedback is very important. Members who feel recognized stay with us considerably more often than those who don't, and they contribute materially more revenue to the hotel. That translates to 39% more stays and 35% more revenue [38]. Buyers identified a need to express the value of their participation in the loyalty program for a hotel (Figure 3.5).

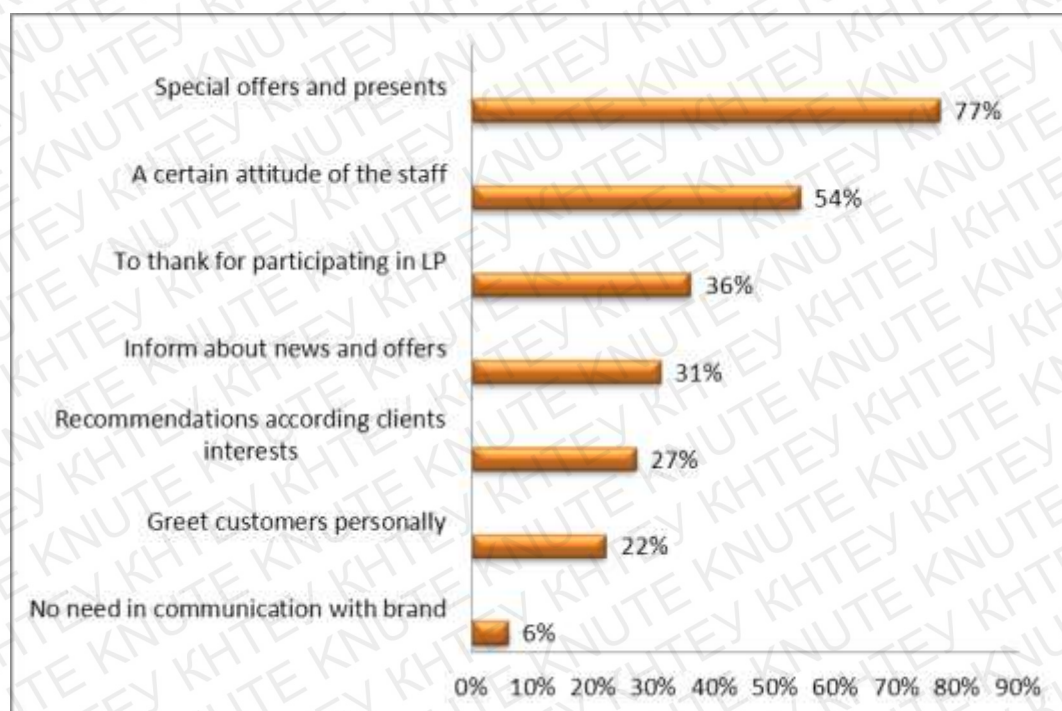


Figure 3.5 Ways to thank the customer for participating in the loyalty programme

The vast majority (77%) of respondents prefer material expression; there is a tendency to increase the proportion of those who need an emotional response.

54% identified the need to receive gratitude for participating in the loyalty program

36% of clients want to receive some recommendations according to their interests

31% would like to receive a personalized greeting upon checking into a hotel.

27% want to be able to receive information about news and hotel promotions.

22% expect from participation in the loyalty program also a certain attitude of the staff, a quick response to their requests.

However, not everyone wants bilateral relations with the hotel. 6% of respondents would gladly refuse to communicate with the hotel.

During the survey it turned out that not all participants in the loyalty program are satisfied with the conditions for their participation in it (Figure 3.6).

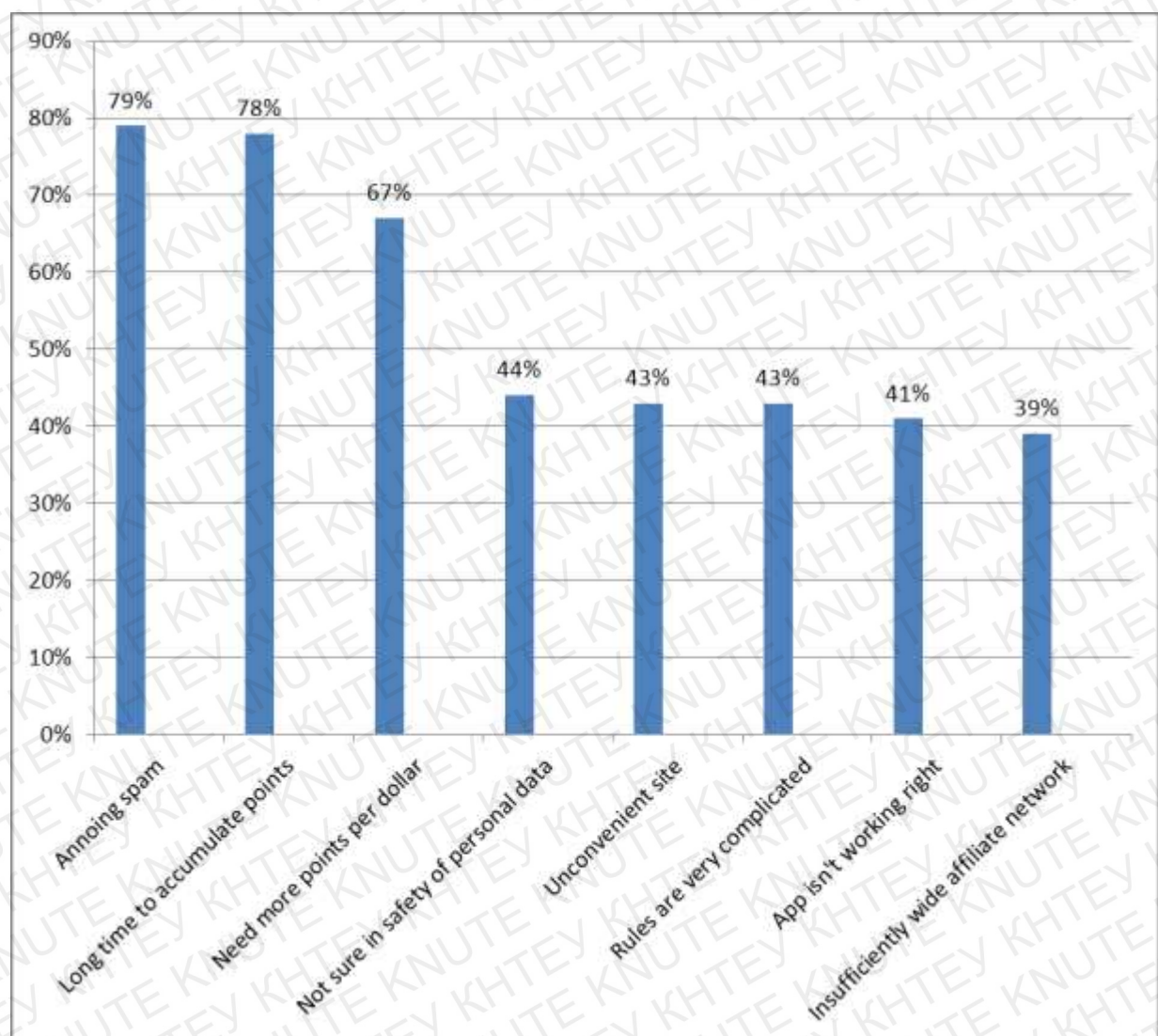


Figure 3.6 Reasons of dissatisfaction in loyalty programme

Nowadays, when the pace of life is accelerating every day, more and more young people prefer loyalty programs that provide benefits here and now and the results of participation are felt immediately after the purchase, and are unhappy when you need to wait a long time.

A frequent complaint (78%) in relation to the Radisson Rewards is that it is just a long period of time that passes between the transaction itself and the calculation of points.

Often, customers complain about the complex rules of loyalty programs: “bonuses have to be accumulated for a long time”, “points quickly burn out, and I do not have time to use them”, “getting bonuses is not easy”.

67% would like to get more points for every dollar spent.

43% want to see changes in the design of the online page of the loyalty program, so that it becomes more convenient for searching

43% have wishes to simplify the rules of the loyalty program, since in their opinion they are too complicated.

79% are unhappy about the amount of spam that arrives in the mail after the enrolment.

39% would like to have more opportunities to spend the received points not in the hotel. Unfortunately, now the situation is such that certain options of Radisson Rewards are available only in certain countries.

41 % have a claim to the mobile application. This is confirmed if we analyse sites with reviews about the application, and also coincides with the reviews left by users directly in the application.

Since an enrolment in a loyalty program requires the provision of certain personal information, there is also a question about the security of the confidentiality of that information. Especially in the context of the data breach situation that had place in 2018 [25].

Respectively, 44% aren't sure in the safety of personal data, and doesn't want to give personal information without serious reason.

### **3.2 Propositions for improvement of “Radisson” hotel chain loyalty programme**

The Radisson Rewards loyalty program annually brings \$ 18 of revenue for every dollar spent on it. This means that the profit from the loyalty program is an important part of the total profit of the “Radisson Blue, Kyiv” hotel.

It is known that maintaining customers requires 5 times less cost than attracting a new one, which means that you need to constantly improve and improve the conditions of the loyalty program for customers in order to keep them loyal for as long as possible.

My suggestions for improving the conditions of the loyalty program stem from the main questions on which customers found certain dissatisfaction.

The first thing needed to do in order to improve Radisson Rewards is to increase loyalty program membership. There are several ways to deal with it. For example, Radisson can offer new customers an incentive at enrolment as a reward for joining up.

Explain why you are asking about children and animals. Upon learning that the information will help you generate personal promotions and discounts, buyers are more likely to answer the questionnaire. Buyers are concerned about the security of their personal information: they want to understand how the brand uses the data. Ask only for information that will help improve the customer’s purchasing experience - and explain why you are collecting data.

Omni-channel advertising is important. the word about Radisson rewards loyalty program should be spread any way wider. But it should be mare very carefully, because spamming remains one of the main reasons for dissatisfaction with the loyalty program. I suggest reducing the amount of spam by developing an algorithm whereby a client receives ads and information according to their interests and purchase history.

As it has been repeatedly mentioned, the modern young generation (Millennials, Z’s) do not want to wait. In today busy life, they don’t have time to

collect points for months to wait until the next trip, to use only the earned. Therefore, it is necessary to simplify the process of accruing points for the program as much as possible.

Now this procedure takes up to 5 days, since all data is entered manually by employees and it takes a lot of time. I suggest optimizing this process by automating the accrual of points when making a purchase. When the buyer sees the result of his purchase immediately, he will get more satisfaction from the consumption of a hotel product. After starting the simple bonus mechanics, it is important to regularly remind customers about the benefits of the privilege program.

Another way to increase the value of the loyalty program for consumers is to let customers choose their own rewards. Upon check-in, the guest may be offered a reward depending on the brand: bonus points, breakfast or service.

Buyers are interested in modern technology [32]. Mobile applications account for 90% of the time that users spend on the Internet from smartphones, and 77% from tablets. Modern buyers use gadgets in everyday life, including during shopping. They expect loyalty program information to also be available on smartphones (Figure 3.7).

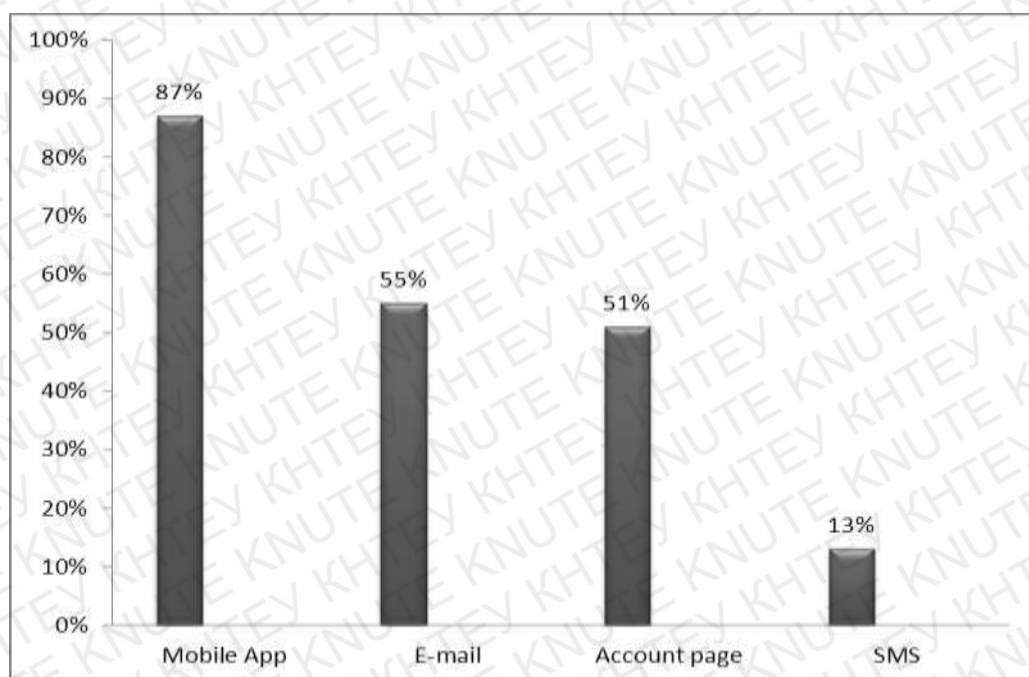


Figure 3.7 Ways how customers want to login the system of loyalty programme

We can use them to make the purchase process more convenient: connect the chatbot on the website, check-in and check-out using our applications or even use your phone as a room key. Finally, I would like to propose to introduce a new level of customer loyalty program - Diamond, which will take into account all the comments and wishes of customers.

To introduce a new level of consumer loyalty, I have developed a new loyalty card design. Radisson wanted groups, as a hotel network participating in nature conservation programs, had in practice already abandoned the use of plastic cards, but the image of the card is used on the site, in the application and in the personal account of the loyalty program participant. (Figure 3.8)



*Figure 3.8 Logo of new Radisson Rewards level*

The new level of loyalty program will include all the benefits that the consumer received at the previous, platinum level. However, some conditions will be changed for the better and new benefits will be added that will entice new customers to join the loyalty program and retain existing participants with new loyalty opportunities. All the costs associated with the implementation of this level will offset the profits from attracting new customers and retaining existing loyal customers by increasing their status in the programme.



Table 3.1

### Proposition of implementing Diamond level to Radisson Rewards

When accessing a new level of loyalty, consumers will also have a number of advantages, unlike the previous three levels, such as the ability to use the

<b>Conditions of loyalty level</b>	<b>Detailed information</b>
<i>Conditions to enter Diamond level</i>	75 nights / 35 stays
<i>Members Only Rate +</i>	Members save up to 20% more when booking directly on our website or mobile app.
<i>Points for hotel stays</i>	40/\$1
<i>Discounts on food and beverage</i>	25%
<i>Points for meetings and events</i>	Earn 10 points per US dollar spent on meetings and events with the Radisson Rewards for Business program or
<i>Early check-in and late check-out</i>	Check-in or check-out are available 24h
<i>Welcome gift</i>	Customer can choose one immediately during check-in
<i>Diamond Member Services line</i>	Anytime and anywhere you will receive individual assistance for your stay.
<i>Free internet connection</i>	+
<i>Widen partner redemption offers</i>	+
<i>Use mobile registration</i>	Make check-in and check-out with app.
<i>QR-Key</i>	Use your phone as a room key.
<i>Points for feedback</i>	+
<i>The right to participate in exclusive promotions</i>	+

personal manager's services around the clock, as well as technological advantages, such as being able to use their smartphone for remote check-in and check-out, as well as use QR code for access to the room, as well as for calculations in other units of the hotel.

## CONCLUSION

Consumer loyalty is very important for business entities, especially for international hotel chains, for which regular loyal customers are a major contributor to the company's revenue.

Customer loyalty is already catching up in the seventies of the 20th century. Loyalty has been identified with repeated purchases, later this provision began to look more broadly. In recent years, changes in the definition of loyalty, and the debate is growing about the attachment to the mark of the importance of loyalty, are significant not only the act but also the psychological reason behind this action. Depending on the type of loyalty inherent in consumers, the right management decisions can be made to develop perceptual or transactional customer loyalty or maintain their integrated loyalty.

There are some methods that allow you to calculate the effectiveness of a loyalty program at a hotel business.

In order for the loyalty program to be valuable for the consumer and to bring profit to the enterprise it must be formed taking into account the needs and desires of consumers, as well as to follow economic, social - psychological and technological changes in society, and to modernize the program in accordance with the requirements of the modern world.

Today's buyers are interested in loyalty programs based on four major trends: discounts, simple rules, gifts and technology.

More and more buyers are opting not to rely on algorithms and choose their own rewards based on their own brand experience.

Customers understand the "reward for action" format. They are interested in getting bonuses for buying, signing up for an email, or posting on social networks with a brand hash tag.

But there are also changes in customer preferences: brand surprises have become more interesting to them than loyalty programs built on simple points collection.

Worth to note that 60% of customers do not have intention to spend a lot of time and energy on accumulating bonuses. After starting the simple mechanics of

bonuses, it is important to remind clients regularly about the benefits of the benefits program.

The biggest pain point of loyalty is impatience. 54% of respondents said that it takes too long to get rewards, which gives brands ample opportunity to change the structure of their loyalty programs to satisfy consumers' desire for instant gratification and continued gratitude.

Consumers want rewards for classes that do not exceed purchases. Although consumers rate "points for purchases," 75% want to be rewarded for things like watching a brand video or conducting a survey.

While the "spend and earn" programs continue to reign supreme, the younger generation appreciates a good surprise. 64% of all consumers said traditional pay-per-view programs remain attractive, but younger consumers such as Millennials and Gen-X enjoy when brands offer creative and unexpected rewards, whether in social media or in stores.

Brands can win over consumers by rewarding them only for being customers. 61% of all respondents said that the most important way to engage with a brand is to surprise them and reward them with offers just because they are a good customer.

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### 38.Measuring the Value of Guest Loyalty: Radisson Hotel Group

<https://www.reviewpro.com/blog/guest-loyalty-radisson-hotel-group/>



## *Appendices*