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**DEVELOPING LOYALTY PROGRAMS IN THE HOSPITALITY INDUSTRY: THE
DETERMINANTS OF CUSTOMER LOYALTY AND THE KEY TO OPTIMIZING
THE GUEST EXPERIENCE OF HOSPITALITY LOYALTY PROGRAM MEMBERS.**

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Abstract

Loyalty Programs are a common standard within all kinds of independent hotels and chains, serving as a way to increase sales and build connections with guests. With the intent of designing and rebranding Happitality, Room Mate Hotels' loyalty program, the author had to immerse herself into this world, finding how can they live up to their name to create a truly loyal base and how to optimize the guest experience of the members.

Keywords

Loyalty Programs; Hospitality Industry; Room Mate Hotels; Happitality; Customer Loyalty; Affective Commitment; Customer Satisfaction; Rewards; Personalization.

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1. Introduction

In the Hospitality industry, Loyalty Programs play a crucial role in retaining customers and fostering relationships. This paper delves into the complex world of these programs, with a focus on the fieldwork experience with Room Mate Hotels. The author's journey into this topic began with a Corporate Challenge alongside two colleagues, which was aimed at expanding Happitality, Room Mate Hotel's Loyalty Program. While the system currently serves 5,000 members, there is an ambitious plan to increase this number to 1 million. A goal that is central to the research, which focuses on three main objectives:

- Increasing the membership of Happitality, considering both costs and the needs of the existing customer base.
- Enhancing the guest experience through digital solutions, while preserving a personal touch.
- Encouraging guest retention and engagement by offering personalized and innovative experiences.

After completing the project, the findings were incorporated into a detailed study structured into three parts. The first offers an overview of the programs, discussing their evolution, typologies, and benefits as described in existing Literature. The second part focuses on customer loyalty drivers and the key to optimizing the experience of Hospitality Loyalty Program members, where the author develops an introduction, literature review, and methodology, followed by a discussion of survey results, which collected 176 responses, providing insightful viewpoints, and finishing with the reached conclusions.

The third part introduces the Happitality proposal for Room Mate Hotels (RM), outlining the project's structure and the technological advancements used to enhance customer and staff interactions. In conclusion, this paper aims to provide a comprehensive analysis of hotel loyalty programs, by summarizing the insights from collective and individual research efforts, along

with the findings from the survey. Happitality will be taken as a foundation to delve into innovative methods and possible future trends in this field.

2. Loyalty Programs

2.1 The History of Loyalty Programs

By definition, a Loyalty Program (LP) derives from a marketing strategy built upon a reward scheme to establish loyalty across companies' customer base, with special emphasis on the most valuable individuals, which can translate into higher revenues through the phenomenon of re-purchasing. (Yi and Jeon, 230).

Despite the recent extreme popularity that these programs have gained, they have been around for quite some time even if in a different and simpler form. Although controversial, some believe that their essence goes all the way back to Ancient Egypt. As there was no money, workers were given 'wooden tokens', the most common in the shape of bread and beer, that could be later redeemed into those goods, being the amount received and the variety of commodities accessible dependent on the hierarchical situation. (Shelper 2020; Kemp 2006, 176). Even though it is not believed that this reward was intended to generate loyalty, the process of exchange is very similar to the base of many contemporary Loyalty Programs that, instead of hierarchies and tokens, use tiers and points systems that can be redeemed into recompenses (Kemp 2005, 177). It is estimated that in the 18th century, a U.S merchant followed with 'cooper tokens' that could be traded in following merchandise purchases with the intent of generating re-visits in the near future – a strategy of customer attraction and retention that results in the core behavioral purpose of a LP (Nagle 1971). An idea that was rapidly spread by other retailers until the mid-19th century when the firm Babbitt's Best Soap replaced tokens with collectible cut-out 'trademarks' from product packaging that gave customers the right to claim free premiums. Similarly, in the 1860s, Great Atlantic & Pacific Tea Co. opted for 'checks' (red coupons). Later The Grand Union Tea Company was giving out 'tickets' that evolved into a coalition-based 'stamps' program run by Stop & Save Trading Corporation, and Hunsicker & Warmkessell Photographers was one of many implementing 'punch cards'. (Shelper 2020). The

following milestone in the history of LP was the creation of AAdvantage in 1981 with which American Airlines (AA) marked the birth of Frequent Flyer programs. Even though in 1979 Texas International Airlines launched a loyalty scheme, the disruptive approach of AAdvantage membership cards was so large that it became the one recognized as the first true Frequent Flyer program. (Crandall 2012). Until here the premise of these initiatives was to trade collectibles by premiums only, and there was no real system in place to collect or analyze customer data, all projects were based on the hope that people would return to secure the free offerings (Reach n.d.). However, AA aspired to present passengers with innovative experiences on board while collecting customer data and monitoring their travels behind the scenes (Ta-Yao 2018) through their new currency ‘miles’, corresponding to the number of miles flown by each individual (Shelper 2020). The expansion that followed happened across both business-to-consumer (B2C) and business-to-business (B2B) markets, sometimes in a more exclusive proposition, like the case of Costco and their business membership program to which individuals needed to apply in order to become a member and annually pay a fee to maintain the privileges (Ta-Yao 2018). Nonetheless, at the time, adherent companies started to be able not only to get a deeper knowledge of their clients but also to improve and adapt their offerings, accordingly, generating higher levels of satisfaction and taking more control over customer returns. Over time and with the development of technology, we have reached the current most common loyalty program format, profiles in the digital realm (e.g., in brands’ apps and websites), which were accompanied by more efficient data collection and analysis tools (Appendix 1).

2.2 Types of Loyalty Programs

Despite all Loyalty Programs sharing two primary objectives - to increase sales revenues and to build a closer bond and loyalty between the brand and current customers (Uncles, Dowling, and Hammond 2003) - the distinctive approaches to accomplish the mentioned purposes or the

additional goals attributed to the programs allows for the identification of different types of LPs.

Barry Berman (2006) defined 4 types of Loyalty Programs that are presented in Figure 1, each one having different characteristics, especially regarding Marketing approaches, namely the communication and consequent benefit.

Figure 1 – A Typology of Loyalty Program Types

Program Type	Characteristics of Program	Example
Type 1: Members receive additional discount at register	<ul style="list-style-type: none"> • Membership open to all customers • Clerk will swipe discount card if member forgets or does not have card • Each member receives the same discount regardless of purchase history • Firm has no information base on customer name, demographics, or purchase history • There is no targeted communications directed at members 	Supermarket programs
Type 2: Members receive 1 free when they purchase n units	<ul style="list-style-type: none"> • Membership open to all customers • Firm does not maintain a customer database linking purchases to specific customers 	Local car wash, nail salon, SuperCuts, Airport FastPark, PETCO
Type 3: Members receive rebates or points based on cumulative purchases	<ul style="list-style-type: none"> • Seeks to get members to spend enough to receive qualifying discount 	Airlines, hotels, credit card programs, Staples, Office Depot
Type 4: Members receive targeted offers and mailings	<ul style="list-style-type: none"> • Members are divided into segments based on their purchase history • Requires a comprehensive customer database of customer demographics and purchase history 	Tesco, Dorothy Lane Markets, Wakefern's ShopRite, Giant Eagle Supermarkets, Harris Teeter, Winn-Dixie, Harrah's, Hallmark

Source: Berman 2006

According to Chouffani (2022), a different segmentation is proposed. In this case, there can be tiered, subscription-, value- and points-based programs. The Tiered Loyalty Program, of which an example is Marriott Bonvoy (Sobhi 2022), makes a distinction between the different levels by giving better rewards to those who rank higher. This motivates customers to spend more to reach the superior tier and respective recompenses (Chouffani 2022). In the case of subscription-based Loyalty Programs, for which Chouffani (2022) refers to Amazon Prime as an example, customers pay a fee upfront or at a defined frequency that guarantees them access

to “free” and premium content, such as shipping. The value-based Loyalty Program is the most distinctive as it focuses on incorporating customers’ values into the company mission instead of explicitly rewarding the first group. Body Shop’s program offers the option to customers to donate the attributed rewards to charity (Lawrowski 2023). Lastly, in the points-based Loyalty Program, customers get points for each purchase and are able to posteriorly redeem them for a product or a discount. Chipotle’s LP is an example of this model. Bisma Hanif (2023) presents yet another typology of LP focused on community involvement. In this case, the aim is to incentivize and keep members by building a sense of community around the company but also help like-minded people to connect and engage. Sephora’s loyalty program, *Beauty Insider*, for instance, develops this sense of community by incorporating a feature that provides the members with a place to share tips and recommend products to each other.

2.3 Benefits of Loyalty Programs

In the current dynamic market landscape, it is crucial for organizations to develop robust relationships with their customers. Through this approach, businesses can create and refine services that align with customers’ preferences, based on the information collected and processed (Tabaku and Zerellari 2015).

Studies reveal that companies achieving long-term success are those investing resources in cultivating brand loyalty. This trust serves as an important competitive advantage, establishing entry barriers for potential competitors (Tabaku and Zerellari 2015). Emotional loyalty is challenging to replicate, and customers appear to be more flexible, less price sensitive, and less costly to retain compared to acquiring new ones (Palmer, McMahon-Beattie, and Beggs 2000). Furthermore, existing literature shows that a well-known organization symbolizes quality, influencing the demand among trusty consumers who repeatedly choose the same brand and recommend it to others (Tabaku and Zerellari 2015).

Collecting data and establishing consumer databases are essential for delivering more personalized services while strengthening loyalty to the brand (Reichheld and Schefter 2000). Loyalty programs are designed to collect and process clients' data, creating typologies that effectively align their necessities while building enduring connections with a more profitable market segmentation. Once all the data is securely stored, a competitive advantage can be reached (Tabaku and Zerellari 2015). This advantage is achieved not only through the fostering of client relationships but also by broadening the range of products sourced from suppliers, resulting in a boost in sales (Uncles, Dowling, and Hammond 2003). Techniques such as upselling and cross-selling have been proven to be effective strategies in business expansion (Berman 2006). Conversely, in the case of companies with limited product offerings, fidelity programs reassure consumers when making choices, giving trust in the quality-to-price ratio they previously experienced (Tabaku and Zerellari 2015).

Customers want to be recognized as individuals, with their unique tastes and preferences, expecting brands to engage with them according to their inclinations. Companies that understand this mitigate the risk of failure and meet customer expectations (Deloitte 2016). Nonetheless, a question remains as to whether the financial outcomes of Loyalty Programs surpass the initial investment. While tangible and intangible costs have been acknowledged (Shanshan, Wilco, and Shum 2011), it's worth noting that there is the possibility of experiencing "polygamous loyalty". Customers might engage in multiple programs, raising questions about the depth of their commitment to any single brand (Berman 2016).

Economic and functional benefits are certainly significant, but they represent only a part of the advantages offered. For instance, the psychological aspect also plays a significant role: loyalty programs not only provide consumers with a status but also foster a sense of belonging (Shin et al. 2021).

3. The Determinants of Customer Loyalty and the Key to Optimizing the Guest Experience of Hospitality Loyalty Program Members

3.1 Introduction

The designation “Loyalty Program” can be misleading in many cases. The truth is that time and time again it’s been proven that since the beginning of time, as demonstrated previously in the chapter on “The History of Loyalty Programs”, these initiatives revolve mostly around rewarding customers. Despite the recompenses’ capability of attracting and even incentivizing re-purchases, in many cases, the empirical evidence that reward systems earn the actual impenetrable true loyalty of the customer and contribute to the company’s performance on its own is minimal (McCall and Voorhees 2010, 36). Moreover, the potential contribution that they could in fact have, is many times further diminished by the mismanagement of these programs that are not aligned with sustainable loyalty strategies (O’Brien and Jones 1995), and the Hospitality industry is not an exception to this inefficiency.

Generally, the investment made in LP englobes, among others, costs with technology, human capital, marketing, and offered benefits (Kecsmar 2023), which can amount to a great expense that should be surpassed by customers’ lifetime value. Despite the extra purposes attributed to the firm, the only way it can survive is by generating profit, and the implemented actions should follow that direction. However, only in the U.S., companies spend annually around \$50 billion on LP and only some can get 20% of that in return. An analysis made in this same country by McKinsey assessed that those with LP had their sales increase short of those without it, which only emphasizes the failure, this time in the financial aspect. (Shaukat and Auerbach 2011).

It is a known fact that loyal customers result in higher and more exponential profits (O’Brien and Jones 1995) providing more security to the business and opportunities to grow as they are more prone to purchase additional services and advocate for the brand with non-clients. Besides, loyalty growth implies by default a fall in customer turnover, equally reflected in the

lessening of costs with losing a customer and attracting a new one (Asgarpour et al. 2013, 110; Reichheld and Sasser Jr 1990). With the reduction of this financial effort, the company also might be capable of rewarding their workers better, making it able to retain talent and continue the great performance.

In this sense, it has been shown to be crucial to understand what the actual drivers of customer loyalty are and how can these programs be optimized to enhance the customer experience of its members specifically in an industry like the one from Hospitality. This extensive marketplace presents itself as one of the fastest-growing business lines in the world (Stahl 2022) but also as one very competitive industry, making the retention of customers and cultivation of their loyalty one of the indispensable goals of any successful strategy (Marso and Gunawan 2019, 573).

3.2. Literature Review

3.2.1 Defining Customer Loyalty

Despite being an abstract concept that has evolved over time, and therefore no definition possesses universal approval (Blut et al. 2007, 726), Loyalty can be generically interpreted as a physical and emotional connection felt by the customer as a result of having its needs met continuously (Stone, Woodcock, and Machtynger 2000, 102). It's a dynamic state (Khan 2013, 170) from which its outcomes can be seen through two optics: behavior and attitude (Blut et al. 2007, 726). Behavioral loyalty can be interpreted as the repurchase frequency (Saini and Singh 2020, 206), it is focused on the customer's past and/or probable future actions toward a specific brand (Marshall 2010, 71). This type of loyalty alone usually allows for what can be referred to as divided loyalty to a few brands or polygamy (Uncles, Dowling, and Hammond 2003, 303). Attitudinal loyalty is responsible for stimulating an individual's reaction towards objects, other humans, and episodes of life. This means that this component directs the link and attachment that an individual feels towards tangible (e.g., product) or intangible (e.g., service, the

organization itself) parts of the business. (Khan 2013, 170). In short, it refers to psychological loyalty (Marshall 2010, 71), usually the cause of monogamy or single-brand loyalty (Uncles, Dowling, and Hammond 2003, 303).

The study of both behavioral and attitudinal loyalty is of extreme importance as neither of these components alone is capable of describing true/premium loyalty. On the one hand, since the motive behind the behavior is not considered, a behaviorally loyal customer only may represent spurious loyalty, meaning that their reasoning behind repurchasing is the lack of a current better option in the market and not a result of a winning assessment of the business. (Appiah, Ozuem, and Howell 2016, 111; Tanford, Raab, and Kim 2011, 303; Ganiyu, Uche, and Elizabeth 2012, 17). On the other hand, if the customer's emotional link does not translate into purchases, then it does not generate any customer lifetime value and therefore does not contribute positively to the business (Wijaya 2005, 25) (Appendix 2).

Richard L. Oliver further suggests that loyalty is constituted of four sublevels – cognitive, affective, conative, and active loyalty – and it is with this base, that the author establishes a four-stage loyalty model (Appendix 3) to justify that the different facets of loyalty are constructed consecutively over time. When in the Cognitive Loyalty stage, customer loyalty is a result of the information the individual gathered about the functionalities, benefits, and costs of the good or service that is offered (e.g., price, quality). As it is only influenced by the offering and not the business itself, it can be considered the most fragile type of loyalty. Therefore, if the client finds a competitor with a product that is perceived to be better in terms of cost-benefit ratio, they will most likely switch to the superior option. Affective Loyalty, however, is the preference for a specific business result of pleasant conformance with expectations and consequence satisfaction. It requires the consumption or experience of the offering to be built and implies the formation of feelings and preferences. At this phase, the risk of loyalty loss relates to the level of attraction felt toward a competitor and their offering that might grow with

the exposure to their marketing strategies. Conative Loyalty is the portion that already incorporates the intention to act. Although a stronger force than Affective Loyalty, frequent failures of product/service delivery on the part of the company can result in the break of this loyalty as they have not developed a sense of evasion towards replacements. Lastly, Action Loyalty is a reflex of the recurrent purchase pattern of that brand only, as the individual has formed resistance to trying a competitor. (Blut et al. 2007, 726-727; Marso and Gunawan 2019, 574-575; Marshall 2010, 72).

3.2.2 Defining a Loyal Customer

A loyal customer can be described as one who: purchases regularly; acquires products and services from different lines; advocates for the brand to other individuals; appears motionless in the face of competition's attempts to attract them; believes that the company's products/services are superior, not seeking alternatives actively; gives the firm time to correct mistakes and does not end the relationship immediately after encountering a problem (Stone, Woodcock, and Machtynger 2000, 102; Ganiyu, Uche, and Elizabeth 2012, 15).

Similar to Richard Oliver, Jill Griffin (1995 cited in Altfeld n.d.) believes that a genuine loyal customer is cultivated with time. His theory base is, however, a different one, with the premise that a truly loyal customer evolves across seven stages (Appendix 4). The first one, the Suspects, englobes anyone whom the company suspects might want to buy from them but with no certain. From those a qualification process is carried out, and in the second stage stay the Prospects, the ones who need the product/service that the firm offers and have the capacity to go ahead with the purchase as they have knowledge about this opportunity (they have not completed any acquisition, but they may have heard, read, or been recommended this specific company). First-time Customers have fulfilled their primary purchase, but they can be customers of diverse competing businesses. Those become Repeat Customers from the moment they realize a second

purchase. However, only when a strong relationship is formed to the point of immunity towards competition pull, due to constant return to the same business to satisfy all its needs (which the company is able to fulfill) is a Client born. Ultimately, when the 7th stage is reached, it is expected to have Advocates of the brand who incentivize the purchase of others by marketing in the place of the firm.

3.2.3 Motivations Behind Loyalty Program Implementation & adherence

The implementation of a Loyalty Program has become a common practice in the Hospitality industry (Yan and Cui 2016, 184), with the most typical goal being increasing customer loyalty and share of wallet, through the encouragement of repurchasing and cross-buying (Leenheer et al. 2007 and Verhoef 2003 cited in Bijmolt and Verhoef 2017, 144). Research shows that the decision to initiate these programs is dependent on the internal marketing culture, customer characteristics, and the market environment (Leenheer and Bijmolt 2008 cited in Bijmolt and Verhoef 2017, 144). Referencing various authors, Bijmolt and Verhoef (2017, 144-145) state that the most likely to develop these systems are customer-oriented businesses, firms in fields of high purchasing frequency or profit heterogeneity among clients, and those trying to respond to competitors' initiatives.

Nevertheless, in a more and more commoditized Hotel industry, the narrowly distinguishable Loyalty Programs, that generically offer similar hard benefits (or tangible, e.g., pricing incentives, free stays, gifts, prices) and soft benefits (or intangible, e.g., special and personalized treatment, exclusive privileges and priority), have not been effective in winning long-term and strong loyalty. In truth, following one of their surveys, J. D. Power and Associates found that of the 13,335 responders, only a third revealed strong loyalty to a specific hotel brand. (Mattila 2006, 175).

The popular illusive excitement of LP is not restricted to the providers' side. Actually, these strategies have been very welcomed by the public. Up to 2009, it was estimated that, only in hotel frequent-guest programs, there were 92 million members, a number growing at 12% per year (DeKay, Toh, and Raven 2009, 371). However, a study by Wulf et al. (2003, 80) found that a big portion of LP participation follows opportunistic and self-interested principles, as they often sign up for the compelling benefits. In that article, researchers suggest that customers hope to maximize their output (defined as program benefits, number of program providers, and program duration) all while minimizing their input contribution (which encompasses personal data release, participation cost, purchase frequency, participation exclusivity, and efforts), demonstrating no intention in nurturing a loyalty connection to the brand. Indeed, in parallel, Uncles, Dowling, and Hammond (2003, 304) affirm that the attractiveness of a program can also be its downfall, as the relationship that outcomes are between the customer and the program and not the customer and the brand, which is much more vulnerable when in the face of high competition as it is easier to be replicated.

All and all, the non-innocent intentions of the guests already set a poor start to develop exclusive loyalty, yet the lack of intention to mark a difference from the accommodation providers aggravates the development of this process. Most of the time customers have shown to be polygamous (loyal to a portfolio of brands that offer a product or service from the same category) since companies cannot give them reasons to discard the competition, being few monogamous (completely loyal to a single brand) despite few being promiscuous (zero loyalty for any brand). (Uncles, Dowling, and Hammond 2003, 297).

3.2.4 Loyalty Drivers

Some research has been conducted on the drivers of customer loyalty, which has shown that this concept is a complex occurrence (Mattila 2006, 179) with very heterogeneous antecedents

(Qi et al. 2022, 1603). A qualitative comparative analysis conducted by Latif (2021, 1906) exhibited that only one antecedent is not fully capable of producing high customer loyalty and that goal can be achieved through different combinations of determinants. With this, the author cited Ragin and its definition of Equifinality – a particular outcome achieved through varied configurations of input factors. Years later Qi et al. (2022, 1613) further validated this statement, affirming that the effects of each driving force may vary consonant each tourist (e.g., because of demographics) or the characteristics of the environment in which they are placed (e.g., because of their involving culture). Nevertheless, some notions seem to prevail more times than not, namely: customer satisfaction, affective commitment, and rewards.

Customer Satisfaction

This notion comes from a positive and delightful assessment of the experience compared to individual expectations (Armstrong and Kotler 1996 cited in Ganiyu, Uche, and Elizabeth 2012, 17). It is a mental association of the service to quality, in the sense that it positively fulfills the consumer's wants and/or needs. Despite the relationship between the two functions not being linear, satisfaction seems to be the common base for loyalty, as experience with the product or service is the closest touchpoint used by clients to characterize the brand in their conscience. (Elumaro, Esther, and Okoli 2018, 182; Jones et al. 1995 cited in Ganiyu, Uche, and Elizabeth 2012, 15; Tanford, Raab, and Kim 2011, 283). Furthermore, it is considered a middle point that constructs both loyalty components – attitude and behavior (Garbarino and Johnson, 1999; Gustafsson et al., 2005 cited in Pimpão et al. 2018, 478). Appiah, Ozuem, and Howell (2016, 109) share, while referring to Dimitriadis, that it is broadly agreed that satisfied customers appear to have lower price sensitivity, to be affected by competition efforts to a lower extent, and to stay loyal for longer periods of time.

Some critics, however, argue that in a competitive environment, satisfaction reflects a passive customer condition and loyalty is a (pro-)active relationship with the brand so there is no possibility of being directly correlated.

Affective Commitment

Commitment can be defined as the reason to maintain a relationship with the business and can be deconstructed in two dimensions depending on the volunteer level of that link: continuance (or obliged) commitment and affective (or emotional) commitment (Mattila 2006, 175; Tanford, Raab, and Kim 2011, 280).

On one hand, the former is felt as an actual or perceived imprisonment, lack of choice and obligation, either because of the cost of leaving, despite those being economical or not (e.g., loss of time, effort, near-future rewards), or the unavailability of better alternatives. (Tanford, Raab, and Kim 2011, 280-281; Marshall 2010, 76). Relationships built on top of this kind of negative sensations tend to be fleeting, as soon as the “trapping” element disappears there is no justification to stay, leading to no type of loyalty (Marshall 2010, 76).

Affective commitment, on the other hand, is the emotional attachment to a company, reflecting a sense of belonging, personal identification with service, and trust (Tanford, Raab, and Kim 2011, 280). Individually, all three have shown in previous research to positively affect loyalty (Elumaro, Esther, and Okoli 2018, 182; Pimpão et al. 2018, 478-479). Even so, together, materialized and further potentiated by additional emotional aspects, it leads to even higher behavioral and attitudinal loyalty, mirrored in the nomination of a brand as first choice, promotion to third parties while mentioning memorable past experiences, larger share-of-wallet, higher resistance to alternatives, fewer sensitivity before financial alterations (both price and discounts) (Tanford, Raab, and Yen-Soon 2012, 321; Mattila 2006, 179; Tanford, Raab, and Kim 2011, 280, 285; Marshall 2010, 76).

Rewards

Lastly, it is crucial to refer to the benefits offered to loyal members (both through official and non-official programs). Of those are examples financial discounts, free stays, and special services, among others, and they are believed by some to build customer loyalty (O'Brien and Jones 1995). It is a fact that guests often search for the most generous deal (being that the best price or finest prizes) (Mattila 2006, 175), in reality, pricing alone has been affecting purchasing decisions, including in the Hospitality and Tourism industry (Tanford, Raab, and Kim 2011, 279) creating a group of “chronic switchers”, as called by O'Brien and Jones (1995). Despite that, if offering an appealing and meaningful conglomerate of rewards that add value to the customer and/or allow aspirational redemption it has been shown that these benefits can at least generate behavioral loyalty (Mattila 2006, 179; O'Brien and Jones 1995; Tanford, Raab, and Kim 2011, 303), even if more price sensitive and not necessarily exclusive (Tanford, Raab, and Kim 2011, 303; O'Brien and Jones 1995).

3.2.5 The Key to Loyalty Program Optimization

To date, Hospitality Loyalty Programs have been proven to not have a significant impact on the increase of true or premium customer loyalty, as previously mentioned (McCall and Voorhees 2010, 36). They have been causing the creation of multi-program spurious loyal members that seek quick reward redemptions with no emotional connection and therefore very vulnerable (Wijaya 2005, 26). In this sense, it's crucial to re-construct their core architecture in order to optimize the programs – create true loyalty, and reap the benefits of this valuable asset.

It's also been established that there is no miracle formula to attain collective loyalty from the guest, what is known is that it results from a combination of drivers, but even the coefficients of those can vary from individual to individual. In truth, Joe Pine and Jim Gilmore (HBS Working Knowledge 1999) stated that, in this new experience economy, businesses need to

understand that customers want to be presented with precisely what they want, and not with options. It is in this reality that personalization and individualization of service surges as the key component for optimizing Loyalty Programs and enhancing the overall guest experience. Personalization has become a trending topic following the increasing attentiveness given to one-on-one marketing in the past years (Peppers and Rogers 1993 cited in Ball, Coelho, and Vilares 2006, 8) and a rising realization of this utmost form of differentiation as a significant source of sustainable competitive advantage (Coelho & Henseler 2012, 331-332). This concept can be defined as any adaptation to a business component in the interest of accommodating customer's wants and needs. It is important to emphasize that every element of the marketing mix (product/service, distribution channel, price, and promotion) can be a target of this process, and any kind of individualization should signal, to the customer, the service provider's care for their contentment and consequently increase their trust in the brand that has their wellbeing as top priority.

Additionally, individualization requires a great amount of data collection and analysis, to get to know each consumer deeply and act according to this information to provide superior and more fitting service, which increases customer satisfaction. In fact, a study from Bond (2019) determined that, when well accomplished, personalization can lift satisfaction 6.4 times more. This process further leads to the two parts getting closer in a relationship and establishing an emotional connection that raises mental barriers to switching providers. (Ball, Coelho, and Vilares 2006, 23; Coelho and Henseler 2012, 335-336).

Regarding rewards, those too can be positively impacted by individual customization. In truth, travelers have distinctive orientations regarding purchases and relationships with brands that should be treated as such. This implies being motivated differently according to their perception of the value of each type of reward (e.g., economic, functional, informational, hedonistic-entertainment, social-relational). The process of personalization is then capable of demolishing

the lack of guest-reward fit that does not guide added value by awarding correspondingly to customer motivational preferences, allowing for a more effective resource allocation. Besides, while creating singular recompenses, it becomes more difficult for competitors to replicate the company's successful initiatives, a second issue that stops benefits from achieving their maximum potential as loyalty contributors. (Meyer-Waarden 2013, 192)

In conclusion, personalization is a source of competitive advantage that generates synergies capable of affecting all the main loyalty drivers, hence being an effective engine for the optimization of Loyalty Programs and enhancement of the guest experience of its members.

3.3 Research Question and Hypothesis

Following the main topic of this paper “Developing Loyalty Programs in the Hospitality Industry” and a work project developed alongside Room Mate S.A where the challenge was to design from scratch a Loyalty Program for this global Hospitality brand, it surged the necessity of developing a deeper knowledge on the concept of loyalty and how it can be worked on through Loyalty Programs in order to achieve better results. To this effect, the present portion of the dissertation has as its primary purpose to understand what the determinants of customer loyalty in contemporary Loyalty Programs are, and how can these programs be optimized to enhance the overall guest experience in the Hotel industry. With this base and from the knowledge collected through the literature review, three hypotheses will be tested.

H1: The majority of current Loyalty Programs are not actually capable of generating loyalty, customers belong to the programs because of its cost-free advantages.
H2: True loyalty is driven by a combination of satisfaction, affective commitment, and value-added rewards.
H3: Personalization of the service is key in contemporary Loyalty Programs to enhance the experience of its members and boost loyalty.

3.4 Methodology

To evaluate the reality of the previous statements a series of real data collection was conducted through an online survey that received 176 responses. The targets of the survey were first presented with a section on their demographic information (gender, age, nationality) as well as on their main reason for traveling (work, leisure, visiting friends or family, or others). From which was gathered the following:

Table 1 – Sample demographics and motive behind most trips

Factor	Results
<u>Gender</u>	78% Female 22% Male
<u>Age</u>	2% ≤ 18 years old 34% between 19 and 29 years old 21% between 30 and 49 years old 39% between 50 and 65 years old 4% ≥ 66 years old
<u>Nationality</u>	85% Portuguese 6% American 4% Italian 1% Canadian 4% Others (Brazilian, Argentine, French, Kuwaiti, Spanish, Swedish, Prefer not to share)
<u>Most common motive behind traveling</u>	74% Leisure 14% Work 10% Visit family or friends 2% Others (Health, Sports, Religion)

Source: The Author

After, their loyalty was put to the test as they were questioned about the existence of a connection with any brand/business and what that relation translated into. Next, depending on their LP membership status, they could be either directed to a section to further describe their current or past experiences with Loyalty Programs (industry of the organization in question, reasoning behind registration, correlation between the sense of loyalty and the loyalty program),

or to a section where they were asked the motive behind their position as a non-member and if they felt capable of developing a feeling of loyalty in the future nonetheless their current poster. All were later asked to evaluate a set of characteristics on the ability to earn their personal loyalty within the Hotel industry. Finishing with a questionnaire division regarding individualization in that specific branch of Hospitality and Tourism providers.

3.5 Results and Discussion

From the referenced inquiry the data in Appendix 5 was gathered and carefully analyzed. 72.73% of the responders said being loyal to a business or brand. Of those 50.78% affirmed that this loyalty has resulted in continuous purchases and a feeling of attachment towards the business/brand (attitude and behavior, true loyalty), however, 46.09% affirm that it only translated in continuous purchases (behavior, spurious loyalty), leaving solely 3.13% with a feeling of attachment towards the business/brand alone (attitude, latent loyalty). These results show that the behavioral component of loyalty is much more prominent and easier to conjure than the attitudinal one, coincident with the literature that emphasizes the employment of extra resources to effectively trigger emotion.

The sample encompassed 105 loyalty program members, sensibly 60%, that mainly had experience with these initiatives in the Retail industry (84.76%), Hospitality industry (54.29%), and some other markets (9.52%) (some individuals have experience in multiple industries, reason the percentages do not sum up to 100%, exceeding it). The most referred motive behind the adherence to the studied systems was the benefits that those provide (mention rate: general benefits 77.14%; financial benefits 26.67%). Nevertheless, quality measurements were raised by 20% of the members, emotional attributes (like trust, treatment and relationship with the staff, along with connection to the brand) by 8.57%, the ease of adherence by 3.81%, high frequency of purchase and prevision of continuing this trend by 2.86%, and third-party

suggestions by 1.90%. From the sample portion of LP members, 72 (68.57%) declare being actually loyal to the program providers, yet just 34 (32.38% of the members) believe that the loyalty they feel was a result of the program, and mere 15 (14.29% of the members) describe true loyalty, emphasizing the incapacity of the major part of these systems in sparking the feeling.

When it came to the driving power of the 3 expected determinants of loyalty, on average all ranked “somewhat important” with a small preferable tendency for customer satisfaction (3.30), followed by rewards (3.11), and finishing with affective commitment (2.95). However, when individually evaluated, the characteristic that performed worse were the other benefits (2.65), and the one better classified was the sense of security and trust, with an average classification of 3.60, leading to a standard deviation for the affective commitment group of 0.85, the larger of the trio. When analyzing the same parameters but referring only to those who have developed attitudinal loyalty, it is clear the special appreciation given to affective commitment attributes (3.33) compared to satisfaction (3.30) and rewards (3.13), compatible with the definition of the attitudinal element. Surprisingly, the sense of security shares the first placement with staff competence and knowledge (3.75), while room commodities and amenities, the hotel’s sustainable practices, and other rewards occupy the last place (3.00). Regarding spurious loyalists, the order stays the same as the average but with different coefficients associated. They attribute even less significance to affective commitment (2.77) and satisfaction (3.23), in return for rewards (3.17). In this case, the emotional connection to the brand scores the least (2.44) and financial benefits the most (3.68). When filtering replies to explore utterly the ones currently truly loyal, the conclusion did not diverge much from the total mean. Nonetheless, the importance given to affective commitment got very close to the one attributed to rewards (satisfaction – 3.33; rewards – 3.12; affective commitment – 3.10). Other benefits (2.72) and trust (3.65) maintained their worst and best individual position, respectively. Finally, those who

at the present do not sense loyalty, on average, believe that satisfaction (3.33) would be the most probable driver of the 3, followed by rewards (3.03) and only then affective commitment (2.94), with trust as the number one (3.58) individual promotor, and other rewards (2.50) at last too.

From this data, 1 phenomenon occurred that is important to note. When first questioned about their loyalty to a company or brand, 3 individuals affirmed not feeling any, however as they were members of some loyalty program, they were redirected to the correspondent section. There they were asked about their loyalty to their program provider to which they affirmatively answered that the sentiment was successfully generated by the same system. This situation represents the ones where the attractiveness of the LP outcomes in loyalty towards the program and not the brand, a non-ideal case mentioned previously in the literature.

Individualization of service showed to be important to loyalty-building overall. Having, on average, the responders agreed to want from a LP the different forms of personalization, especially: to have their stay customized according to their personal preferences; to be remembered from previous stays and have future ones adapted accordingly, even in different hotels of the group; and to feel known and cared for.

To conclude, for those who believe in not being capable of loyalty, the most common reason behind the statement was the fear of losing freedom of choice and becoming dependent.

3.6 Conclusion

Generating loyalty across the customer base is a complex but crucial task that hotels must successfully accomplish in the current highly competitive industry that can be fulfilled with the resort to Loyalty Programs. Although, a prominent tool it must promote active behavior in addition to an emotional attachment towards the business to achieve true loyalty while being inimitable and taking into consideration the individuality of each guest.

The lack of understanding of these conceptions or the incapacity to translate them into practice has led to an inefficient promotion of true business loyalty and opportunistic adherences, with most members hoping to collect rewards. This statement, reflected in hypothesis 1 was verified by the data collected for the purpose. Hypothesis 2, which referred to a model of multi-antecedents of loyalty, was proven too with the retrieved sample that on average attributed a close classification of high connections between loyalty and all three determinants (customer satisfaction, affective commitment, and valuable rewards). Additionally, for the purpose of optimizing these systems, individualization was constantly referred to in literature to fill the different gaps in contemporary strategies. Declaration sustained by the present study, that successfully correlated it with loyalty and assessed the interest of travelers in receiving these special attentions during their customer journey (confirming hypothesis 3).

To conclude, the presented findings must be interpreted with caution as the assembled data presents some limitations. The small size of the sample compared to the statistical population of travelers, composed of a large majority of native Portuguese may have been a barrier to grasp the real multi-cultural world and respective viewpoints. The single-time-data collection did not allow to confirm if the combination of expected drivers actually resulted in the intended finale, for those who are yet to experience true loyalty. Additionally, previously unsatisfactory exposure to Loyalty Programs as well as the lack of knowledge of these systems could easily infect the repliers' actual perspective of those mechanisms and the loyalty concept.

4. Designing Happitality

4.1 Room Mate Hotels

It was in 2005, that an innovative concept of boutique hotels was created as the answer to “Why not? Why not do more than hotels”. With its heart in Madrid, Room Mate Hotels is an international chain that is committed to offering hotels with original and impartial decoration, reasonable prices, and unique personalities that enhance the personal and home-like feeling when in the accommodation establishments, as if guests were staying at a friend’s home. The mission of the Spanish chain is to welcome everyone in differentiated and stylish spaces with the surprise of unparalleled treatment. (Room Mate Hotels n.d.)

Today, Room Mate presents its customers with 22 boutique hotels in the center of 13 European capitals and main cities, across 5 countries, all looking to provide unique, magical, and ideal experiences. Their day-to-day is always led by the values of respect, equality, openness, connection, honesty, diversity, innovation, and an enormous desire to exceed expectations. (Room Mate Hotels n.d.)

4.2 Methodology

Diverse sources of information were gathered to support the next two sections of the present thesis that exhibit the developed project for the Corporate Challenge. An initial desk research was conducted to provide an overview of loyalty programs, enriching the understanding of this topic. The findings suggest that the company’s success is intricately linked to investments in cultivating loyalty. This involves collecting customer data and creating databases, which are crucial for offering personalized services and strengthening brand loyalty. It emerges that customers not only desire recognition of their unique tastes and preferences but also expect brands to actively engage with them accordingly.

This initial research led to a competitive analysis supported by responses from the survey of 176 participants. The questionnaire analyzed factors that promote customer trust, identified key elements of success, and explored potential future innovations. The results reveal a correlation between individualization and loyalty, with customers showing interest in receiving special attention while traveling. A need for personal recognition that significantly contributes to creating a feeling of belonging among consumers. Furthermore, a crucial aspect that has been noted is the impact of technology, suggesting that even modest digital improvements can enhance current offerings to members.

Additionally, the author and her two colleagues had the opportunity to immerse in the Room Mate Hotels world from the perspective of the organization, accompanying the work of the different teams in the headquarters and operating hotels of Madrid, as well as experiencing it as a guest. A process crucial to understand Room Mate's philosophy and vision to properly propose a fitting and realistic project.

4.3 Proposal

4.3.1 Goals

To effectively respond to the Corporate Challenge, the author and her group found it to be of extreme importance to first define some principal goals that guided the whole procedure. Accordantly, and taking into consideration the three-dimensional nature of the challenge that was presented to them, the next objectives were defined:

- Create an engaging community of 1 million Happitality members;
- Reduce by 2/3 the time loss with auxiliary tasks that can be automated;
- Preparing Room Mate for the future with 8 innovations valued by the guest.

4.3.2 Defining Happitality

Happitality is the innovative concept of the Loyalty Program being developed by Room Mate Hotels. Having had the chance to immerse themselves in the firm's activities, the group gained a thorough understanding of the brand's essence and vision. As a result, the project was shaped around five fundamental guiding principles:

- *Personalization*, recognizing the singularity of each guest and adapting the services to individual preferences;
- *Surprise and delight*, surpassing expectations with memorable experiences;
- *Benefits*, offering added value through complimentary offerings and exclusive access;
- *Building connections*, developing a sense of community within Happitality;
- *Unique experiences*, ensuring that stays are accompanied by innovation.

To implement the previously mentioned points and achieve Room Mate's goals, an app has been designed to transform Happitality into a lively community. Despite having an existing website, the integration of an application marks a significant advancement in guest engagement. The app serves as a tool for facilitating effective two-way communication between the hotel and its members, offering a streamlined, user-friendly interface that simplifies interaction. This not only elevates the level of service provided but also nurtures a more intimate connection with the guests (Hantuli 2016). Additionally, it creates new sources of data collection that will fuel the program.

Main features

The group's proposal for Happitality was to make it easily accessible to anyone (guests and non-guests) at any time of their member journey. Bearing this in mind, firstly there is a collective 'Discover' main page (Appendix 6), that can be accessed at any point of the customer journey, no booking required. It greets each user by name and incentivizes the discovery of this

world either at the individual's location or at another in which Room Mate offers a place to stay. These suggestions compel inside tips and hints from the Roomies (Room Mate's employees), exclusive community events, and just regular experiences in the area, independent of the firm, and can be further filtered to help find the ideal plan. This feature is also accompanied by an AI-enabled chat box to further assist the members 24/7.

The starting screen can then be adapted to the member journey stage when the individual books a room in one of the properties. It will then include a special welcome from the hotel's personality so that the guest can get to know their "roomie" for the stay, a countdown until the actual visit, along a "Can't forget to pack" checklist to help the trip preparation (Appendix 7). Moreover, to help improve the posterior stay, this page will not only request some pre-arrival information, such as the estimated time of arrival and special requests but also give useful information upon their location reach, including the best way to get to the hotel and a direct contact line to the accommodation space.

During the member's stay, the Happitality landing page (Appendix 8) will suffer daily updates as new tailor-made suggestions are provided, which is possible thanks to a partnership with a personalized-plan making software company, with a positive impact on Happitality members that will be explained later in the report. This setting is complemented with a "Get to know the Roomies" division, that gathers a brief description of themselves and also their city favorites. It allows for the approximation of the staff and the visitors, as they can more easily connect through shared preferences. Two extra-personalized concepts based on Sephora's loyalty program, which focus on "what customers love and want more of" and the fact that "research has found that almost 75% of what drives customer engagement and loyalty are emotional perks" (Forbes 2020).

Ultimately, the menu of Happitality is where users can: edit and insert their standard information (e.g., name, pronouns, nickname, allergies, billing information); be redirected to

the “Let’s be mate” quizzes, an interactive data gathering tool detailed in the “Data Collection” chapter; easily access the default discover page; change their privacy settings and application language.

Biometric technology

Biometric technology automatically acknowledges the individual’s identity based on their biometric characteristics from which a distinctive and repetitive pattern can be extracted. There are several types of Biometrics, some psychological – that turn to personal physical, structural, and fairly unchanging attributes, which is the case of fingerprints, iris patterns, face contours, or geometry of the hand veins – and some behavioral – proving recognition on account of movements, gestures plus motor skills, as an action or a sequence of them is carried out, being the way of walking or typing in a keyboard example of it (Biometrics Institute n.d.).

The indicated mechanisms are already being used within the Hospitality industry, for both employee and customer management, with a special emphasis on facial recognition as a magnificent tool to create unique and personalized guest experiences (Oracle 2017), one of the core principles of the present Loyalty Program. In addition, to deepen the “we know you” motto, main characteristic of the program, Biometric recognition has surged as a precious ally for quicker and more seamless guest identification leading to more efficient processes (e.g., payment) and with the added perk of extra security (Oracle 2017), especially when it comes to the access to different divisions of the property or services.

Apart from the clear gains that this kind of evolution is bringing and will continue to bring to hoteliers, it is an addition being very well welcomed by the traveling community. In fact, the Hotel 2025 Report from Oracle Hospitality (2017) references a market study that reveals that 62% of visitors believe that automated recognition empowered by biometrics and facial

recognition would improve their experience, and the percentage of guests that would visit more often if offered those services reaches 41%.

Given such forecast, the group's vision for biometrics is to implement it across varied spaces of the hotels – entrances, elevators, bedrooms, breakfast rooms, and other eventual F&B outlets, like the pool bar in Room Mate Macarena and Room Mate Oscar (two of the accommodations in Madrid) – and have this innovation impact the customer as well as the employees journey at multiple touchpoints as demonstrated next. Every morning front desk Roomies would have access to a list of profiles of the newcomers that will be connected to the location tracking system incorporated in the Happitality app, updating the order of arrival according to guests' ge positioning (in case of the non-acceptance of location tracking or no-installation of the app, a notification or email should be sent to request the estimated time of arrival in prior days). Empowered by this resource, this staff should study the expected members following the priority list and identify key details that could help individually customize the first contact. Later, when the customer reaches the hotel, he or she is faced with a doorbell-shaped device – enhancing the feeling of arriving at a friend's home – equipped with finger or facial recognition that identifies the guests. In parallel, this system sends an immediate alert to the front office with the names of those entering and a summary of the profile to help the employees recall what was already analyzed. Follows the meeting between the personnel and the guests, who are received in the lobby, instead of having the latter go to the front desk, and immediately greeted by name and directed to the sofa for an informal check-in with the use of a tablet or PC for flexibility and ID/passport readers for speed and efficiency. Plus, the increase of automation employed in this process makes room for a personalized talk using the information learned. In the following stage, guests are capable of unlocking the elevators and their room doors through the same biometric technology, meaning no more card holding and the costs that come with it. A feature that is further enhanced by additional personalized greetings and small messages from

an AI roomie to carry on the customer engagement. Lastly, this technology would be integrated into the tables of the F&B outlets, to be clocked by each group when seated. On the staff side, there would exist a monitor displayed in the kitchen informing them about everyone currently in the space. The interactive screen gives access to those profiles and an alert area (e.g., to draw attention to non-inclusive breakfast, special requests, allergies, opportunities for a surprise, etc.) making possible to greet guests by name, provide special and attentive service, creation of personal conversations, as well as surprises.

Program rewards

While on the property, Happitality members will be further gifted special attention, some to give them extra comfort during the stay, others to guarantee they enjoy the destination to the fullest, always with personalization as a concern when offering these treats.

In the hotels of the chain, there are 3 B's that are felt to be the base for excellent service – bed, bathroom, and breakfast. It is clear the priority given to providing a comfortable room, so we idealize welcoming each member with Their Room, personalized to the fullest to create a sense of home away from home. The essentials should be a minibar stocked with guests' favorite snacks, adequate temperature, the right number of towels and pillows in the bed, extra sleeping accessories if enjoyed, as well as a supply of their preferred bathroom amenities. The idea behind this is to provide more than just the best night of sleep, making guests take advantage of the room to the maximum possible. In regard to the third B of the equation, Room Mate already has their breakfast rooms open till midday so that everyone can rest and still wake in time for the most important meal of the day. Nevertheless, the group further intends to accommodate the early birds that cannot take the time to sit and enjoy their food before their return home. Thanks to the traveling info, the Roomies will offer a takeaway breakfast box for those occasions. Lastly, an additional comfort provided will be a free laundry service for those

staying for at least a week. More and more, travelers are incentivized to pack lighter but there is always the fear of needing an extra piece of clothing, especially in longer stays, and hopefully this initiative takes away most of that worry.

Concerning the privileges offered by the app, members would have available to them, firstly, 24/7 assistance. Integrated into the application there will exist an artificial intelligence-enabled chat capable of answering most requests with some level of personalization. However, if needed a staff member should be responsible for attending to more complex demands. Individual to-do suggestions are going to be a constant for Happitality members too, who are going to be capable of exploiting destination offers outside the hotels according to their preferences. From restaurants to activities to the best places to shop, all can be suggested within their desires with the help of Room Mate's recommendation software partner that analyses customer data and generates fitting proposals. Those can be even more customized to the current mood of the visitor. Despite being adventurous by nature, for example, the guest may need a relaxing day, and through the daily mood tracker feature in the application, that spirit can be sensed via response to pop-up notifications. This real-time feedback will then allow for the creation of extra spontaneous suggestions according to the current humor. Even so, in case they want a more structured itinerary or to get closer to the Roomies, members will have access to full-day plans based on the favorites of Kike (President and Founder of the Room Mate Group) or one of the workers from the hotel in which they are staying.

Post-stay engagement

Assuming the guest journey as cyclical and leading to recurrent purchases, as the group is ideally managing the experience of active loyalty program members, the post-stay stage can be seen as the end of a cycle and the beginning of a new one (Hu and Olivieri 2020, 1769). Despite the big importance given to the experience of the customer while on the property, the

engagement of the individuals outside of it should not be discredited as it has shown to be just as crucial to maintain a proper long-lasting relationship with them instead of a sporadic one, increase the return rate and build a loyal base (Mayfield 2023). For the purpose of maintaining the cycle, 4 strategies were proposed across different platforms to accommodate the company's requests and the heterogeneous preferences it is hoped to connect in Happitality. Namely, those are email marketing, engaging content on social media, app notifications, and interactive widgets.

Despite being a less innovative approach, email marketing is still a relevant tool to make use of. Regardless of the emerging communication platforms developed alongside technological evolution, statistics show that email remains a very used tool and a sizeable part of online daily life (Ceci 2023). Aside from allowing companies to reach a larger segment of travelers (Patoli 2022), these emails can become a powerful communication line and connection mechanism through segmentation and personalization of content (Yang and Garza-Baker 2022, 405). For this purpose, Room Mate has decided to work with the leading email marketing software that has as its main properties: automation, predictive segmentation, generative AI tools¹ as well as data analysis and reports generation. With the support of this platform, the group suggests sending emails not only to request reviews of the stay or to promote the hotels of the chain, but go beyond that, and create motives for re-visits or just checking on our roommates (guests) (Appendix 9).

Of the average daily time spent on smartphones, approximately half is devoted to social media (Kemp 2023a). Content-sharing communities, like YouTube and Instagram, are already extremely used by travelers to share their adventures around the globe, but they are equally maneuvered by hotel operators to form relationships with their current and potential guests.

¹ Generative AI tools analyze existing data and generate new one (Leite, 2023). Examples are ChatGPT, Bing Chat and DALL-E

These platforms are influential engaging instruments, as the encouragement of social interaction through these means has been proven to positively impact customer engagement and booking intentions. (Yoong and Lian 2019, 63-64). Accordantly, for the social media plan for an engaged Happitality community, the group's expectation is that somewhat exclusive content is created for these members, in the sense that it would be visible to anyone but only those affiliated would be able to interact for lack of experience of the rest with belonging to the program and feeling its benefits. Illustrations of these initiatives, which will be mostly promoted on Instagram and TikTok, as they are two of the content-sharing platforms in which the time spent using them is increasing more are: the hashtag #HappyHappitalityMembers and the "Share a time a Roomie made your trip" in the sharing ideas sticker from Instagram stories; to share positive experiences resultant from the program; along with poles, challenges, responses and reposts to mentions (Appendix 10).

On average, an individual spends 4h48min actively using a smartphone (Kemp 2022). Before this fairly large connection, the last two strategies aspire to capitalize on the Happitality app access to the device as a whole and consequently to the members' time. Contrary to the previously mentioned recommendations, app notifications and widgets are available to be personalized to each guest, increasing the probability of a successful connection. The app notifications would primarily be an extension of the check-up, motive-creation, and review-incentivization emails on a more regular basis, but it should be further broadened to englobe openings to revive memories, encourage personal preference sharing or just send sweet messages to put the Room Mate name on their minds (Appendix 11). Ultimately, the widgets would be a more permanent visual reminder of the brand with the added capability of following and adapting to the guest's journey. Particularly, for the pre-stay, there would be an option to display on the main page a countdown till the next booked visit or a "to pack list", during the stay there would be daily facts about the destination and a map with must-visit locations in the

surrounding area, and for the post-stay photographic memories in a loop or a “still to be discovered map” (Appendix 12).

4.3.3 Implementing Happitality

Members attraction

As previously mentioned, the vision is to not only have guests joining the Happitality community but also people intrigued by what the location has to offer. Therefore, the enrolment incentive will be carried out through different mechanisms. For anyone accessing the Room Mate’s website, there is a dedicated area, with a small description, “learn more” and a sign-up button (Appendix 13). When directly booking, non-members will be targeted after payment and requested to answer three questions (nickname, must-visit city, and 3 personality traits) that set up the base profile in the Happitality software. Guests who do not book on RM’s website are asked upon check-in about their desire to join the community. Despite the eventual negative answer, at any moment, they can enroll on the web page or through the tablets presented in each hotel room. To further increase the possibility of reaching curious individuals without reservation, social media campaigns are going to be carried out. Nonetheless, this segment can be further targeted with proximity marketing, using Near Field Communication (NFC) (Wang, Park, and Fesenmaier 2012). Through this technology, when individuals are close to a Room Mate property, Happitality notifications will pop up on their mobile, inviting them to join and discover.

Process Automation

Automation is a tool to augment human efficiency, not just to replace manual work. McKinsey’s research (2020) underscores the following key success factors for a business: designate automation as a strategic priority, balance employees with technology, and resort to operational models that improve scalability and growth. With these insights, three strategies are proposed

for Room Mate Hotels, such as automating processes, streamlining operations and in-property services, and enhancing communication with guests. The proposal will improve both customers' and staff's experiences by empowering employees with the right automation tools (McKinsey 2020). For Room Mate, the adoption of Happitality's app and NFC technology extends beyond merely automating routine tasks, aiming to enrich guest experiences with personalized services. For instance, guests can enjoy the convenience of online check-in/out and payments bypassing queues at the reception, while front office workers, free from excessive bureaucracy, can finally dedicate more time to greeting guests and fostering relationships.

The Happitality app is also designed to improve the operational efficiency of the housekeeping department. Using NFC technology and a tracking system, it allows guests to communicate their expected arrival time to the hotel. This feature allows one to strategically plan the cleaning of the rooms, thus optimizing the organization of the job.

Additionally, the app empowers guests to request room services and housekeeping staff to promptly notify them once the room is clean and ready. A crucial functionality is its capability to gather and store customers' preferences. This data empowers the housekeeping team to tailor each room and to meet individual needs, such as arranging a preferred number of pillows or stocking the minibar with specific items. These touches significantly enrich the guest experience, embodying Room Mate's commitment to care and attention.

Another feature offered by Happitality is the early morning breakfast box for those who leave early. Utilizing the NFC capabilities, guests can easily communicate with the breakfast department. This interaction allows them to specify details such as the desired pickup time and any dietary restrictions. The staff can access the guests' profiles, including their food preferences, ensuring a tailored breakfast for early departures.

Ultimately, the integration of the chatbot exemplifies the streamlined collection of the data. This advancement allows staff to shift their attention towards customer relationships, benefiting from the increased human interaction.

Indeed, automation processes are also crafted to enhance employees' efficiency (McKinsey 2020). This strategy aims to integrate staff insights in designing automation tools, ensuring that technology acts as a complement to, rather than a replacement for, human effort. This leads to increased autonomy and a deeper sense of ownership within the organization. Such engagement is not only a strong predictor of performance but also crucial in maintaining high organizational standards, especially in challenging times such as in high season (Gallup 2023).

Furthermore, employee engagement represents a significant strategic edge, reflecting positively on the brand of the employment environment. On the contrary, outdated and inefficient technologies can extend task durations, resulting in frustration and decreased productivity (Deloitte 2016).

Therefore, the Happitality app would not only streamline tasks but also enable a more interconnected approach within the hotel industry's ecosystem. Employee engagement and customer engagement are crucial in generating positive word-of-mouth. Studies indicate that companies that successfully foster both can achieve a competitive advantage over their competitors (Kumar and Pansari 2016; Rich et al. 2010).

The advantage expected with the implementation of automation processes in Room Mate hotels is more efficient employee performance, which in turn is likely to improve customers' perceptions of value.

Data collection

Being one of the main pillars of the Happitality individual customization, the process of finding the best fit for each customer (in terms of suggestions for plans, communication channels, or

other business aspects and offerings susceptible to being personalized) must be one of the main priorities of the firm. Nonetheless, that process may only be successful if Room Mate is capable of getting deep knowledge of their needs, wants, and preferences, as customer data is the fuel of any personalized program (Covello 2021).

In this sense, the hotel chain has at its disposal several manners to collect this information. Starting with the examination of previous stays' invoices to understand in what they've spent more money on in the past and hopefully assemble a basket of preferable hotel goods and services. Analysis of online activity can be a beneficial tool as well, with the help of website cookies and/or permission to follow other apps' activity, they are able to access the daily electronic footprint of each guest and collect more knowledge on their routines and their favorites. Ideally, connecting the Happitality profiles with the correspondent social media account would allow for the collection and analysis of their interactions with Room Mate in that realm, enabling the reward of the most engaged members. Besides, Roomies' expertise will make them qualified to assemble some extra particular information on the guests, either through informal conversations or scan of the body language, that otherwise might not be grasped, and can be later manually added to the profile. The data collection sources end with an app feature – “Let's be Mates!” quizzes – a fun, quick, informal, and independent way of gathering data from the guests (Appendix 14). The members will be encouraged to engage in interactive moments weekly through push-up notifications (e.g., snack time – “It's never a bad time for a snack!”, at night – “The best night of sleep!”, during a weekend afternoon – “Are you a romcom kind of roommate or thriller?”). However, it's not mandatory to respond to the call immediately as the quizzes will be available to be filled out at any time.

Data storage and analysis

The amount of data encompassed in this program is unaccountable, demanding a data storage system of great capacity, and extreme sensibility, as the importance given to data protection and privacy is high (Hallinan, Friedewald, and McCarthy 2012, 271) making trust a large portion of the base for a successful personalized data-driven Loyalty Program. Oracle Autonomous Warehouse, aside from providing an easier connection to the property management system of Room Mate, as both are provided by the same technological corporation (Oracle), showed to be a great solution for the particular data storage necessities. As the first and only optimized autonomous database, it performs faster than most while incurring lower operational costs. Incorporates a unified database security control center, capable of recognizing sensitive data and masking it, alerts for risky users or configurations, executes audits to critical database activities, and identifies suspicious attempts to data access, all contributing to compose a high-secured system. Additional benefits are the higher efficiency resulting from the automation process, the acceptance of different kinds of workloads, the possibility to scale storage capacity at any time with no impact on availability or performance, simplified deployment and migration from 3rd party platforms, and no need to configure or manage any hardware, neither install any kind of software. Lastly, this self-driving, self-securing, and self-repairing structure, is further enhanced by the Autonomous Database Data Studio appendix that has as its main features data loading, transformation, analysis, insights, governance and sharing, granting easier data access and management (Oracle n.d.).

Key Performance Indicators

To evaluate and keep track of the outcomes of the present proposal, specific Key Performance Indicators (KPIs) were defined. Those presented in Appendix 15, will ensure that the

investment in the program is being translated into tangible benefits for both the hotel and its customers and further dictate future strategic directions.

Profit & Loss Statement (P&L)

At the moment, even though Happitality is active, it only represents a very basic and standard version of the Room Mate's ideal vision. This particularity challenged the three colleagues to rethink how its evolution would impact the firm financially. Nonetheless, to achieve the most accurate information, the presented Profit & Loss statement was developed together with the Room Mate team.

There are already 5,000 people currently enrolled as Happitality members, and a database of 200,000 users that are not current members, but present potential leading to Room Mate's hopes of becoming one in the future. Considering this, the target number of customers for Happitality in 2024 starts at 150,000, a number that is expected to reach the 1 million mark, completing one of the set goals, by 2028 due to an increase in the number of attraction campaigns.

Despite assuming a linear rise in members, thanks to campaigns and communication at the hotels, it is predicted a grow by 254,000 each year as there will always be a difference between the customer database and actual Happitality members. This is because not all guests and people who give their data to Room Mate will want to become active members.

Regarding the campaigns that Room Mate wants to do, as time goes by, the number will increase from 25 in the first year to 71 in 2028 and the trend is to decrease the size of the campaigns' target segment, making them more personalized, a process empowered by data collected on the members' preferences regarding marketing tactics that will be applied to potential new members with similar characteristics.

In terms of revenue, it will always be positive and equivalent to the Return per Mailing. For 2026, for example, we are assuming a Return per Mailing of more than 1 million Euros, as we

are assuming an Average basket per Mail, which is what is expected guests to spend on Room Mate. This value is calculated by having the Average Daily Rate (ADR) and the length of stay. For this year, it is also assumed that the clickthrough rate (CTR), the percentage of people that click on the ads, will be 15% and the conversion rate of those clicks will be 3%. The Return per Mailing will therefore be calculated by multiplying the number of Happitality members by the average basket per mail, CTR, and conversion.

Regarding costs, those mainly include the development of the app and webpage redesign, data collection and storage tools, paid media and email marketing tools, and chatbot, in addition to a contract with a personalized plans company. The actual names of each item will not be disclosed to protect the business privacy as it is already specific to Room Mate and Happitality program, however, the values can be analyzed in Appendix 16. Nonetheless, overall, 2024 will have the highest expenses, as it will be the year that the investment and “rebranding” of Happitality will occur. The costs of the following years will be related to any updates that the features might require, and potential new investments the company may want to make.

Despite the large investment that the chain will make next year, the new Happitality will still be a profitable decision, considering a constantly positive margin, exceeding the 7 million Euro mark by the end of 2028.

4.3.4 Happitality in the Future

Even though the changes in Happitality are projected to happen in 2024, the group was also challenged to reflect on the future of the industry and how could Happitality be prepared and thrive in that reality while maintaining the RM reputation as an innovative chain.

For starters, Artificial Intelligence, as a tool that “automates the aggregation and consolidation of data from multiple sources” (Buhalis and Leung 2018, 45), becomes a useful tool as a booking assistant. Through chatbots, AI can become an ally to the chain, which aside from

being available 24/7, can also compare prices among the different websites where the hotels are promoted, offering the best deal to members. This added value together with the knowledge that the database already has from the guest, will allow Room Mate to make a personal and personalized contact and even improve the user experience.

The World Health Organization, in 2022, published that 1 in every 8 people lives with a mental disorder, and Posner et. al (2018, 9), conducted a survey with 243 responders who had experienced poor mental health in adult life and concluded that 228 believed that mental health can affect travel behavior, 179 negatively, 1 positively, the rest being unsure. Bearing this in mind and with the arisen of awareness of Mental Health, the group believes that this will be a crucial part of the future and Room Mate should be an active voice regarding this matter, especially considering that the chain promotes itself as the “the friend in the city”. The proposal is then that Happitality members, with the help of the mood tracker and Roomies expertise, can be a target of daily check-ups, and appropriate help could be provided. To note that this initiative is especially important for solo travelers, as this lifestyle can be the most susceptible to negatively impacting mental health by increasing the feeling of loneliness.

Another topic already in today’s agenda is Sustainability, and this should become a concern for the chain as, according to Booking.com (2022) 78% of global travelers intend to stay in a sustainable property at least once in the coming year. The group then suggested that Room Mate focus on acquiring products locally, for breakfast especially but also room amenities; be carbon neutral, focusing on, at least, compensating the Happitality members’ emissions; eliminate unnecessary papers, with the acquisition of tablets to do all administrative tasks and process automation; and get certifications in this field.

To fulfill the statement made by Buhalis and Leung (2018, 45) regarding operators using “historical data from hotel systems to adjust the ambient environment” those may turn to smart rooms to provide this to guests. As Leonidis et. al (2013, 3) explain, those can be described as

a room that “observes its surroundings and adapts its behavior in real-time, to deliver “intelligent” and personalized services without compromising the privacy of its guests”. Considering this, thanks to the stored data, Happitality members should have their room settings, such as lighting and air conditioning, personalized as they last left their rooms in a previous stay, showing that Room Mate truly remembers their visitors. Conditions that can be changed during the stay with the use of the tablets present in each room or the voice assistant, another future strategy that will be presented further on.

In the 2023 Sustainable Travel Report developed by Booking.com, 75% of the travelers inquired, “seek authentic experiences that are representative of the local culture” and yet, 40% “don’t know how or where to find tours and activities that will ensure they give back to the local community”. Once again, as Room Mate aims to be the “friend in the city”, they know everything that is happening and are also the best ones in the field to provide a unique local-based experience in the hotel, exclusive to members. To get this, the hotel would invite their “friends”, which are companies specialized in creating these events and that can do shows of typical dances, for example, or provide cooking workshops in the hotel’s specific city.

According to 3DPrinting.com (n.d.), “3D printing or additive manufacturing is a process of making three-dimensional objects from a digital file.” The group considered that this feature could be important for members as it can be a way to achieve customer surprise and eventually create a new source of income in case of more complex requests.

The difference between AI chatbots, already mentioned in the paper, and voice assistants, according to Mélanie Pereira from HiJiffy (2023), “is that a voice bot will be able to understand and answer customer questions sent via a voice memo”, being an “AI-based technology that offers help to hotel guests without them having to speak to reception staff”. The voice assistant can therefore become a useful tool for Room Mate, as it can automate request answering and save time for Roomies to focus on non-standardized processes. This technology becomes even

more important as it helps to collect data from the guests' questions and later personalize their experience. AI's analytical tool will become crucial to provide this tailored service, as it will have to analyze the data already stored and answer according to that.

McKinsey & Company (2022) defined metaverse as "the emerging 3-D-enabled digital space that uses virtual reality, augmented reality, and other advanced internet and semiconductor technology to allow people to have lifelike personal and business experiences online." Specifically, for Happitality members, this could work as an exclusive attribute through which they can experience their room beforehand and explore all the different facilities. Nonetheless, as Events in some of Room Mate's hotels are an important revenue source, in parallel, this technology can be used to boost and promote the hotel as a venue, as clients can emerge in the space and feel the hotel's environment and more accurately idealize their ceremony, without having to dislocate there in person.

5. Conclusion

While examining Loyalty Programs in theory and practice within the Hospitality industry, the three colleagues identified loyalty drivers, key success factors, and essential future adaptations to design an international hotel chain's LP. It was revealed that, despite the diversity in the sets of true loyalty drivers, developing services tailored to individual preferences significantly strengthens the predominant forces: customer satisfaction, affective commitment, and valuable rewards. This finding has been incorporated into the proposal detailing how Happitality members receive suggestions, discover hotel facilities, and are guided in their journey. In terms of success boosters, apart from tailored experiences, personal recognition and a sense of community were mentioned and have been integrated into the reward systems, events, and social media strategies. While tangible gifts are less emphasized, a clear preference emerges for user-friendly digital platforms, a pillar of the Happitality app with its adaptable and straightforward main page. The study further identified emerging technologies like the Metaverse and Voice Activation/Recognition as increasingly influential in the hotel industry and a must in the future. Rather than replacing human roles, they are valuable for handling routine tasks and enhancing operational efficiency. A critical aspect of adopting new systems is the strategic use of data sharing and maintaining transparency. These concerns, crucial for ensuring effectiveness and trust, are addressed even in the simplest system adoptions. The dual focus on operational efficiency and attentive customer service enables the hotel to offer its distinctive “visiting a friend in town” experience, a signature of Room Mate Hotels since 2013. An approach that will allow the group to meet its initial objectives: building an engaging community of 1 million members; cutting time spent on automatable auxiliary tasks; and preparing Room Mate for the future with eight guest-valued innovations.

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7. Appendix

Appendix 1

Illustration of the Loyalty Programs across time



Appendix 2

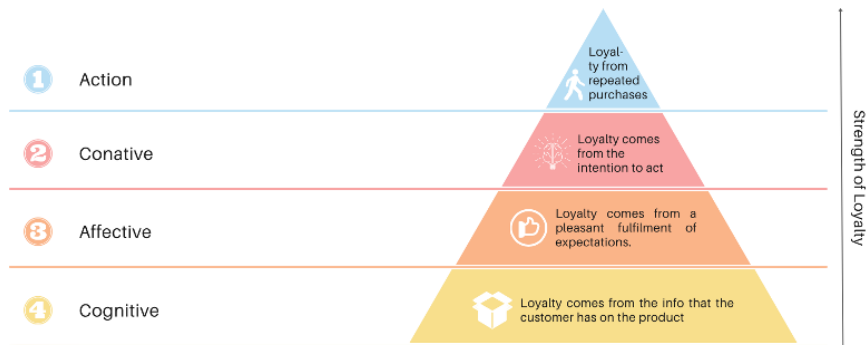
Loyalty Typology Based on Attitude and Behavior

	Low	Attitude	High
High	Spurious/ Inertia Loyalty		Premium/ True Loyalty
Degree of repurchase			
Low	No/Low Loyalty		Latent Loyalty

Source: Backman & Crompton 1991, cited in Wijaya 2005, 25

Appendix 3

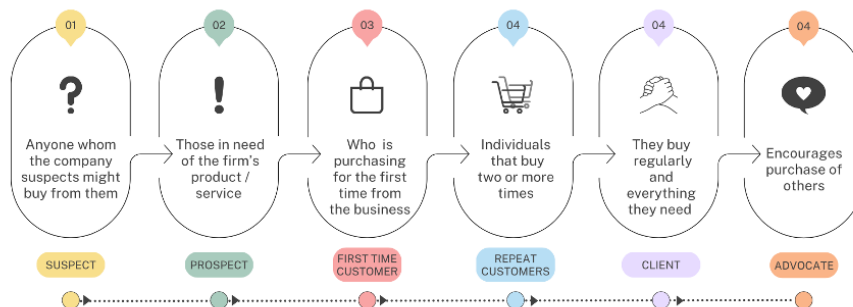
Four-Stage Loyalty Model



Source: The Author, based on Blut et al. 2007, 726-727, and Marso and Gunawan 2019, 575

Appendix 4

Seven Stages to Grow a Loyal Customer



Source: The Author, based on Jill Griffin 1995, cited in Altfeld n.d.

Appendix 5

Online survey results

A – Group of respondents that showed attitudinal loyalty

B – Group of respondents that showed behavioral loyalty

AB – Group of respondents that showed true loyalty

NL – Group of respondents that showed no loyalty

Response	Total	A	B	AB	NL
General section (176 responses)					
Do you consider yourself loyal to any business/brand?					
Yes	128	4	59	65	-
No	48	-	-	-	48
Are you member of a Loyalty Program?					
Yes	105	2	35	48	20
No	71	2	24	17	28
Loyalty Program Members Section (105 responses)					
From which industry are those companies?					
Hospitality	57	1	18	28	10
Retail	89	2	30	41	16
Others	10	-	4	4	2
What made you sign up for it?					
General Benefits	81	2	28	33	18
Financial Benefits	28	-	13	6	9
Quality	21	-	6	14	1
Emotional Elements	9	-	4	5	-
Ease of adherence	4	1	2	1	-
High Purchase Frequency	3	-	-	2	1
Third Party Suggestions	2	-	-	1	1
Are you actually loyal to any of the brands from which Loyalty Program you are a member?					
Yes	72	1	25	42	4
No	33	1	10	6	16
Were the characteristics of the loyalty program that drove this loyalty?					
The loyalty program successfully generated the feeling of loyalty I have for the brand.	34	1	15	15	3
The feeling of loyalty I have for the brand is not related to the loyalty program.	38	0	10	27	1
Loyalty Program Non-Members Section (71 responses)					
Why are you not a member of a Loyalty Program?					
Have not felt the need	16	-	5	1	10
Do not want to lose freedom of choice	14	-	4	3	7
Have no knowledge on them / Has not found a compelling one	10	-	3	4	3
Associated costs (financial, time, ...)	2	-	1	1	-
Age restrictions	1	-	-	-	1
Have no trust in those systems	1	-	-	1	-
Prefer not to respond	27	2	11	7	7

Response	Total	A	B	AB	NL	
Do you believe that you could ever be truly loyal to a business?						
Yes	30	1	10	5	14	
No	9	-	2	1	6	
Maybe	11	-	2	4	5	
Prefer not to respond	21	1	10	7	3	
Loyalty Drivers in the Hospitality Industry Section (176 responses)						
Evaluate the upcoming characteristics for their ability to earn your loyalty²						
Customer satisfaction	Average	3.30	3.30	3.23	3.33	3.33
	Std. Dev.	0.75	0.56	0.76	0.72	0.75
Room amenities & commodities (quality & variety)	Average	3.48	3.00	3.56	3.46	3.44
	Std. Dev.	0.71	0.71	0.64	0.77	0.70
Infrastructures (quality & appearance)	Average	3.42	3.5	3.37	3.45	3.44
	Std. Dev.	0.69	0.5	0.71	0.66	0.70
Ambience	Average	3.36	3.25	3.29	3.43	3.38
	Std. Dev.	0.69	0.43	0.74	0.63	0.73
Competence / Knowledge of the staff	Average	3.40	3.75	3.29	3.42	3.48
	Std. Dev.	0.75	0.43	0.80	0.72	0.74
Sustainability practices	Average	2.82	3.00	2.66	2.89	2.92
	Std. Dev.	0.87	0.71	0.91	0.83	0.86
Rewards	Average	3.11	3.13	3.17	3.12	3.03
	Std. Dev.	0.76	0.83	0.73	0.75	0.77
Financial benefits	Average	3.57	3.25	3.68	3.51	3.56
	Std. Dev.	0.66	0.43	0.87	0.66	0.70
Other benefits (e.g. small gifts)	Average	2.65	3.00	2.66	2.72	2.50
	Std. Dev.	0.86	1.22	0.84	0.85	0.84
Affective commitment	Average	2.95	3.33	2.77	3.09	2.94
	Std. Dev.	0.85	0.63	0.82	0.80	0.90
Sense of community	Average	2.78	3.25	2.68	2.85	2.77
	Std. Dev.	0.91	0.83	0.87	0.95	0.90
Relationship with staff	Average	2.91	3.25	2.78	2.95	2.98
	Std. Dev.	0.85	0.43	0.82	0.79	0.97
Emotional connection to the brands	Average	2.75	3.25	2.44	3.08	2.65
	Std. Dev.	0.91	0.83	0.87	0.83	0.92
Interaction pre and post stay	Average	2.78	3.25	2.53	3.05	2.69
	Std. Dev.	0.89	0.83	0.83	0.81	0.94
Personal identification with hotel's values	Average	2.86	3.25	2.63	2.97	2.96
	Std. Dev.	0.89	0.43	0.88	0.88	0.89
Sense of security/trust	Average	3.60	3.75	3.54	3.65	3.58
	Std. Dev.	0.65	0.43	0.67	0.54	0.79

2

²The values in question are averages. 1 – Not important; 2 – Somewhat not important; 3 – Somewhat important; 4 – Very important

Response	Total	A	B	AB	NL	
Individualization in Hospitality Loyalty Programs Section (176 responses)						
Evaluate the upcoming characteristic on their ability to earn your loyalty ²						
Individualization of the service	Average	2.89	2.68	3.56	3.02	2.90
	Std. Dev.	0.90	0.85	0.64	0.87	0.96
Demonstrate your level of agreement with the following statements ³ If I sign up for a hotel loyalty program, I would hope ...						
That they remember me from previous stays and adapt future ones accordantly even in different hotels of the group	Average	3.36	3.25	3.36	3.40	3.31
	Std. Dev.	0.78	0.83	0.66	0.76	0.92
That they are able to customize my stay according to my personal preferences	Average	3.39	3.75	3.46	3.43	3.23
	Std. Dev.	0.78	0.43	0.70	0.76	0.90
To feel that they know and care about me	Average	3.31	3.50	3.31	3.43	3.15
	Std. Dev.	0.87	0.50	0.79	0.76	1.06
To create a connection with the staff	Average	2.89	3.25	2.86	2.97	2.77
	Std. Dev.	0.92	0.83	0.81	0.94	1.00
To be able to completely trust the chain	Average	3.46	3.25	3.59	3.49	3.27
	Std. Dev.	0.71	0.83	0.52	0.66	0.91
To receive personalized recommendations	Average	3.16	3.50	3.17	3.31	2.94
	Std. Dev.	0.83	0.87	0.67	0.74	1.03
To be continuously engaged with the chain	Average	2.44	3.00	2.34	2.43	2.52
	Std. Dev.	0.86	1.22	0.82	0.83	0.91
To have constant support during my travelling journey	Average	3.09	3.50	2.93	3.14	3.17
	Std. Dev.	0.89	0.50	0.84	0.86	0.99
To have the service adapted to the reasoning behind my trip	Average	3.13	3.50	3.19	3.17	2.98
	Std. Dev.	0.84	0.50	0.77	0.81	0.95

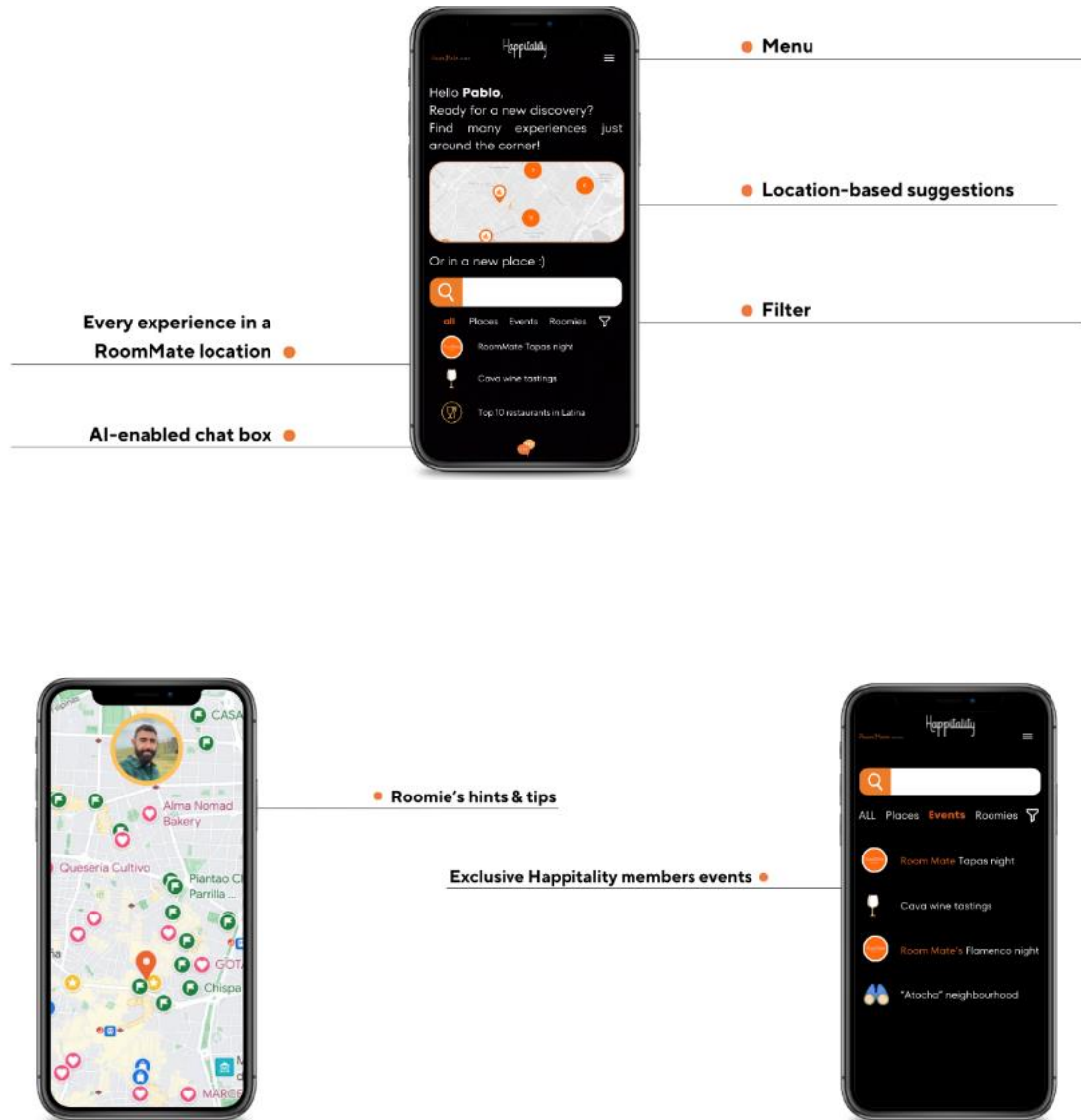
3

Source: The author

³ The values in question are averages. 1 – Completely disagree; 2 – Disagree; 3 – Agree; 4 – Completely agree

Appendix 6

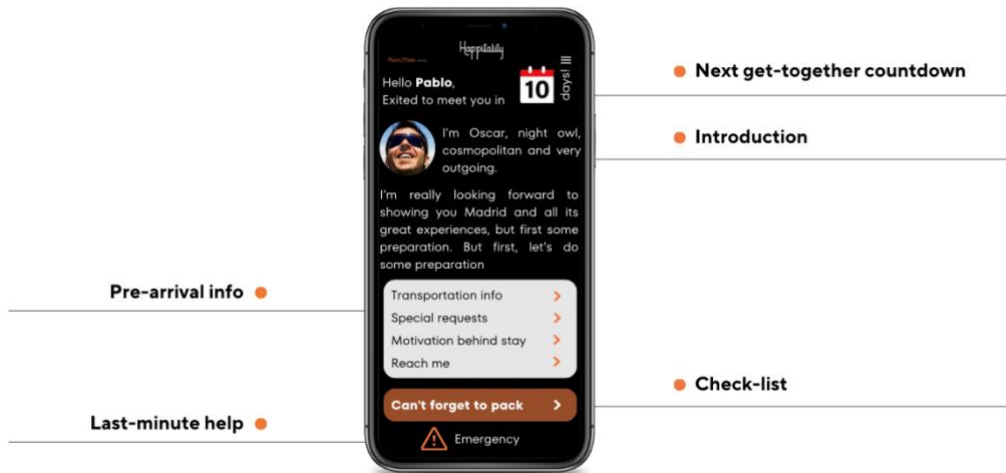
Happitality's Discover page



Source: The author in collaboration with her group colleagues

Appendix 7

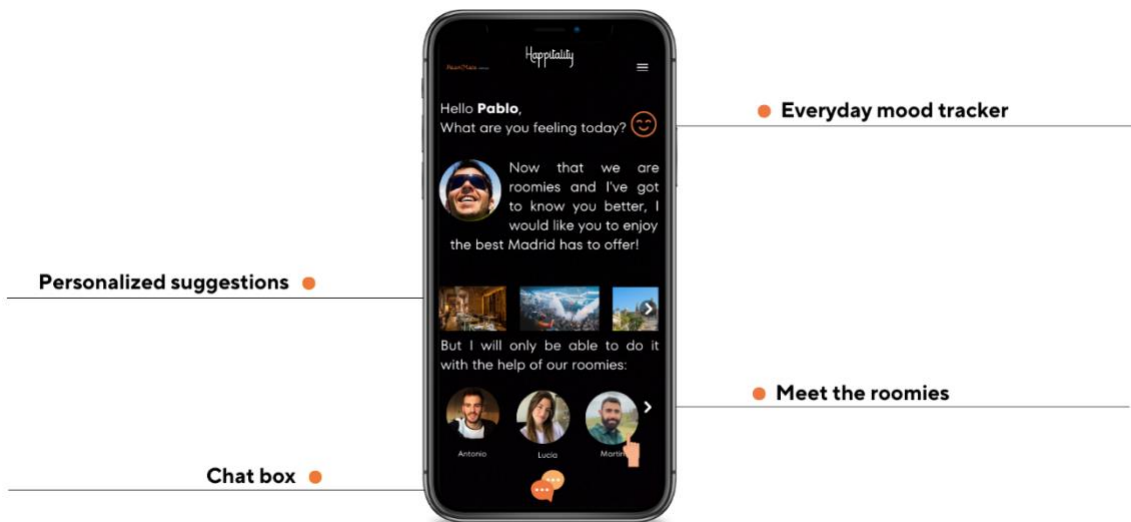
Happitality's landing page pre-arrival



Source: The group

Appendix 8

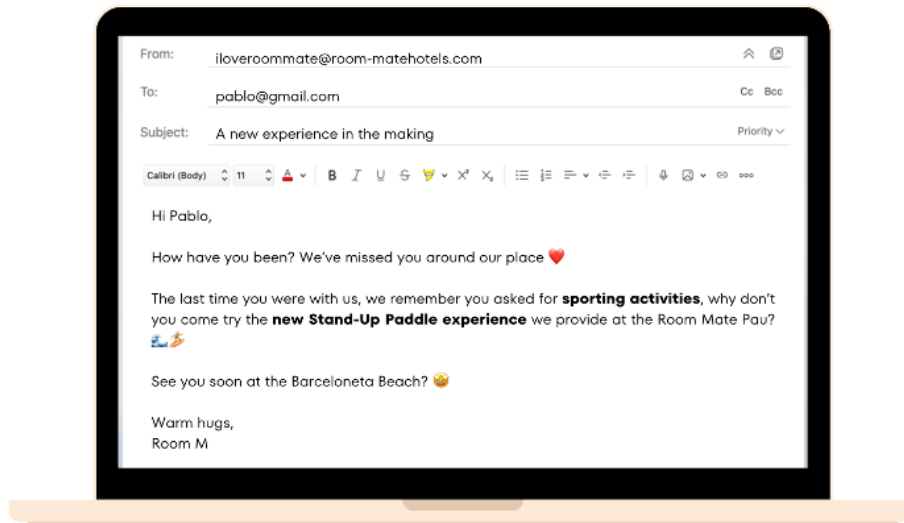
Happitality's landing page during the stay



Source: The group

Appendix 9

Example of content for email marketing



Source: The group

Appendix 10

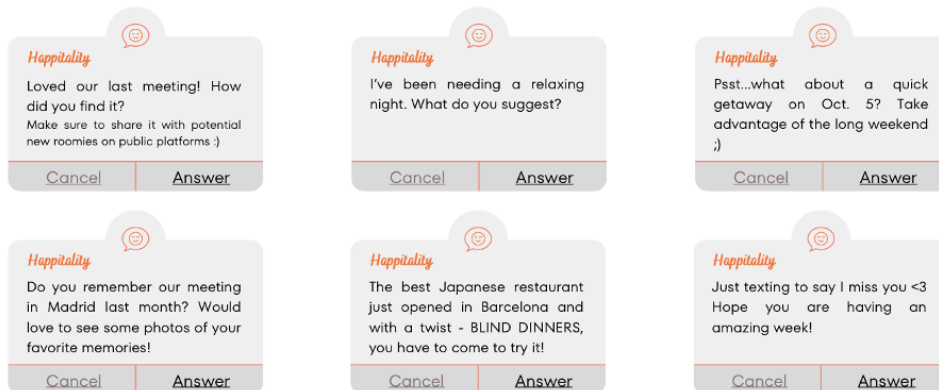
Example of social media engaging content



Source: The group

Appendix 11

Example of App notifications



Source: The group

Appendix 12

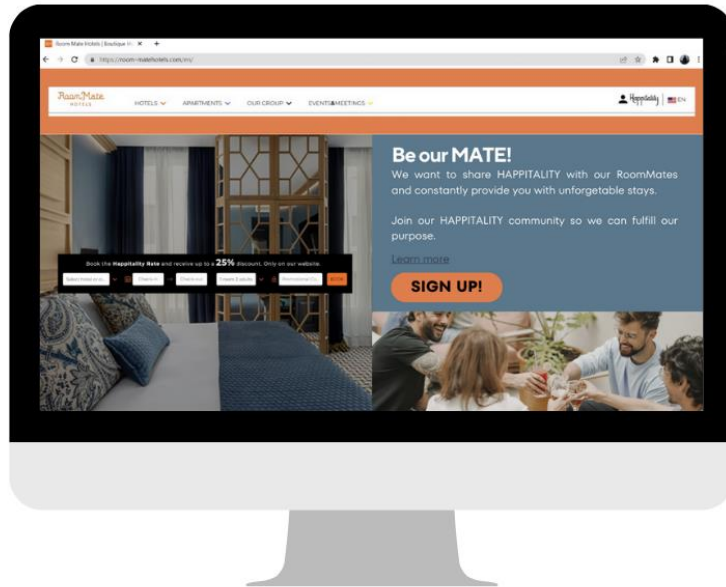
Example of widgets



Source: The group

Appendix 13

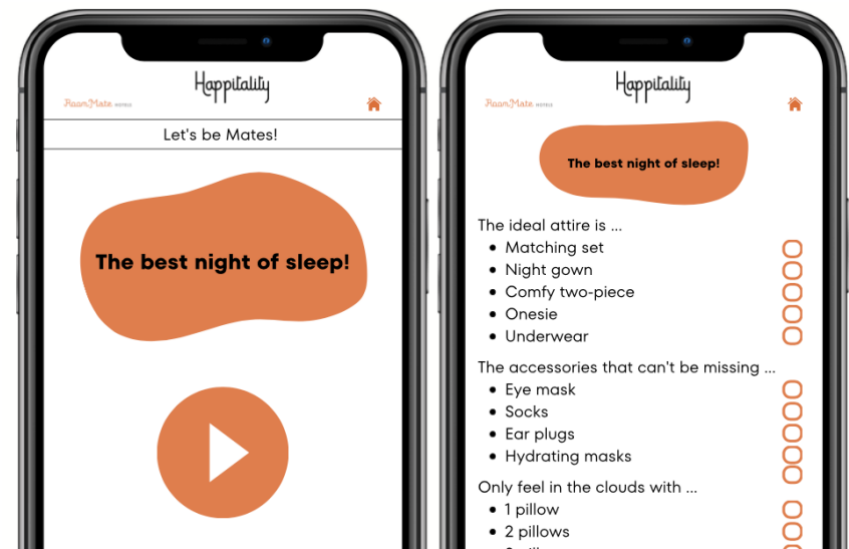
Room Mate's website landing page



Source: The group

Appendix 14

“Let's Be Mates” Quizzes Example



Source: The group

Appendix 15

Happitality KPI's

- *Members Conversion Rate*, proportion of guests who become Happitality members. A higher rate is preferable, indicating successful member recruitment;
- *App Downloads*, percentage of members downloading the application. A higher percentage is desirable, showing member engagement with the app;
- *Average Filled Quizzes*, average percentage of quizzes completed per guest. A higher percentage is better, as it reflects active member participation
- *App Abandonment Rate*, percentage of members who uninstall the app. A lower rate is preferable, indicating sustained interest and engagement.
- *Daily Personalized Contacts*, number of interactions impacted by stored customer information per day. A higher number suggests effective use of data to enhance service;
- *Time Spent on Repetitive Tasks*, average time spent on auxiliary repetitive activities that can be automated. A lower number is better, indicating that automation is effectively reducing staff workload;
- *Post-stay interactions*, number of successful contacts with members through one of the post-stay engagement initiatives. A higher number is ideal, showing effective ongoing engagement with guests;
- *Staff Naming*, percentage of online reviews that mention staff members by name. A higher frequency indicates a positive impact of staff on guests, reflecting well on both engagement and satisfaction.

Appendix 16

Happitality's P&L

	2024	2025	2026	2027	2028
Total Revenue Hapitality (M€)	180 000 €	556 200 €	1 717 200 €	3 353 600 €	7 279 200 €
Target Customer Hapitality	150 000	300 000	600 000	800 000	1 000 000
Customer database	300 000	554 000	808 000	1 062 000	1 316 000
New leads to the database	254 000	254 000	254 000	254 000	254 000
#Campaigns	25	33	42	55	71
CTR	10%	12%	15%	16%	18%
Conversion	2,00%	2,5%	3,0%	4,0%	6,0%
Return per mailing (€)	180 000,00 €	556 200,00 €	1 717 200,00 €	3 353 600,00 €	7 279 200,00 €
Average Basket per Mail	600 €	618 €	636 €	655 €	674 €
Costs					
App	30 000 €	2 000 €	2 000 €	2 000 €	2 000 €
Web	45 000 €	5 000 €	5 000 €	5 000 €	5 000 €
Paid Media	12 000 €	18 000 €	20 000 €	20 000 €	20 000 €
Chabot	24 000 €	24 000 €	24 000 €	24 000 €	24 000 €
Personalize Plans	18 000 €	18 000 €	18 000 €	18 000 €	18 000 €
Data Base Storage	18 000 €	25 000 €	30 000 €	40 000 €	45 000 €
Email Mk Tool	12 000 €	14 400 €	16 800 €	21 600 €	26 400 €
Total Costs	159 000 €	106 400 €	115 800 €	130 600 €	140 400 €
Margin	21 000 €	449 800 €	1 601 400 €	3 223 000 €	7 138 800 €

Source: The group, based on information provided by Room Mate