



Point of View

Loyalty on the Go: A Look at Travel Loyalty Programs in the Digital Space



Note: includes leisure and unmanaged business travel sales booked via any device Source: eMarketer, July 2015

www.eMarketer.com

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"Travel is the only thing you can buy that makes you richer." As a (relatively) young woman in my 20s with a love for traveling and adventures, this quote has always been near and dear to me. Usually, I'm barely through with one trip before I am planning my next adventure. Needless to say, a large portion of my disposable income and time off are spent on travel, and I always book my travel - flights, hotels, rental cars - online. According to a recent eMarketer study, there are plenty of other consumers with the same passion for travel as me along with the same preference to make their arrangements online. "Worldwide digital travel sales are expected to rise 13.1% in 2015 to \$481.04 billion."

In a landscape where there are countless other options to book your trips, it is important for brands in the travel and tourism industry to find effective ways to build and foster loyalty with their consumers. An online loyalty program is a great way to do this, and it is particularly important to this industry that your loyalty program use email proactively and be accessible via a mobile app. There are plenty of brands out there doing this well, and there are some trends that make such programs successful, as well as differences that make them unique. An analysis of some of the programs in this space – that of an online travel portal, an airline, and a hotel group – will provide an overview of the landscape and applicable learnings for those in this industry.

Online Travel Portal Loyalty Programs – Orbitz Rewards

Orbitz is a great example of an online travel portal that provides a lot of value to the travel customer and has found its niche in this crowded space. Orbitz's loyalty program, Orbitz Rewards, offers very tangible and easy-to-earn rewards primarily in the form of cash discounts that convert quickly.



ORBITZ REWARDS



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"Orbucks" can be earned from just one purchase and immediately applied to the next purchase. You'll even be reminded by email that you have cash to use, further reinforcing the amazing value the user is offered as an Orbitz Rewards member. Orbitz uses email heavily and sends out updates on discounts for saved trips, notifications about special offers, and opportunities to earn bonus Orbucks.

In addition to email, Orbitz also heavily promotes use of its mobile app. There are specific discounts offered exclusively for in-app purchases, such as \$25 off your first booking. This encourages users who are already active members of the Orbitz program to become even more active and engaged on their tablet or smartphone. Some other in-app benefits include additonal Orbitz rewards for in-app purchases, ability to check flight status from the app, \$25 Orbucks reimbursement for checked bags through its "Zap that bag free" program, and many more. Orbitz does a great job of offering a seamless experience to the user via its desktop site, email communications, and mobile app.



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Key Learnings:

- Rewards points can be used for immediate rewards; no long, slow accumulation required before seeing the benefits of program membership.
- Easy-to-use mobile app that rewards customers with bonus reward points for using it.



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Airline Loyalty Programs – Delta SkyMiles

As an Atlanta native, I have always had a particular loyalty and affinity for Delta. I will admit that when my guest for value has taken me to another airline, I always feel like I am cheating. This is something that Delta knows and capitalizes on. They have the busiest airport in the world as their hometown and have built a program that is not necessarily focused on value but rather loyalty and community. Delta's SkyMiles program is more elite, with a focus on reaching the next "Medallion" status. Every flight purchased earns you miles, but it could take years to be able to cash in on these rewards. The good news is they don't expire, and you can purchase or be gifted more to supplement what you have. I had a conversation with a friend recently, and we were discussing the feeling we had when we were able to book our first flight "for free" with Delta, booked solely on our own miles accumulated from our respective travels. It was like a badge of honor we had made it and were finally in the "in crowd." This complements Delta's hometown hub being Atlanta, a frequent go-to for business travelers who can always find a flight at the drop of a hat, and these travelers are the most likely to be able to cash in on the loyalty program and upgrade their Medallion status.

Other benefits of Delta SkyMiles membership include premium perks with special appeal to global business travelers like Sky Club membership (often attainable only for these business class passengers) and in-flight Wi-Fi. Delta also has a mobile app with features such as an easy-to-use interface, in-app boarding pass, easy payment options, bag tracking, and push notifications for trip updates.





Overall, Delta SkyMiles offers a seamless and high-quality experience for its members. Although it is not focused on providing value like discounts for using the app or cash back, it does offer plenty of benefits that cannot be found with many (less premium) competitors.

Key Learnings:

- Points accumulation and redemption is slow, but points never expire and eventual rewards are valuable
- Fostering feeling of "elite" membership promotes business and other high-value customers to participate in the program





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Hotel groups are another area in the travel space with an abundance of competition and a need to capture and retain the loyalty of their customers. IHG has done a great job of finding its place here, with a focus on diversity as its core point of value. IHG offers a wide variety of hotels that range from luxury to budget-friendly, as well as a number of resort options around the world. IHG has found a way to consistently speak to its most loval customers with regular email and direct mail communications, offering lots of opportunities to level up and earn extra rewards while highlighting the diversity of IHG's offerings.

The fundamentals of IHG Reward Club are what you would expect: receive points for nights stayed at an IHG member property. What may be the strongest feature of IHG Reward Club, however, may be that points can be earned at any IHG brand and then used at any other IHG brand. This means the points you build up staying at a Holiday Inn Express for work can then be used at an IHG resort for your next family vacation. IHG Reward Club membership also carries a number of other benefits that increase as you gain points and move up in member level, starting with extended check-out and free internet and progressing up to include priority check-in, complimentary room upgrades, and guaranteed room availability.





IHG mobile app does a great job of managing your upcoming reservations and helping you track your points. However, email is the lynchpin in IHG Reward Club's opportunities to earn bonus points and get discounts at various IHG properties. IHG Reward Club's frequent emails offer a continual stream of new deals at hotels and resorts around the world, crosspromotional offers with other brands and services, and the opportunity to earn bonus points through contests and filling out online surveys. Finally, IHG supplements its regular email communication with direct mail pieces highlighting major offers and updates to your member status.

Key Learnings:

- Focus on brand diversity and allowing earned points to be used for any brand promotes program membership and participation
- Strong use of email encourages customers to earn bonus reward points and take advantage of exclusive offers

Conclusion:

Loyalty programs are an effective way for travel brands to deepen their relationships with their customers, rewarding their continued business while encouraging them to do even more business with the brand. Travelers are on the go by their very definition, so maintaining that relationship while on the go is crucial to a travel loyalty program's success. The brands highlighted



Authors



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Julia works in the Client Solutions department managing a variety of clients, such as IPSOS Interactive Services, Floor & Decor, and T. Marzetti Company. She leads various teams in executing a wide variety of campaigns, from email marketing to customer acquisition to providing social strategy and executing implementation. Julia also leads up many business development efforts and enjoys fostering and building new client connections into long-term relationships. In her agency roles prior to Response Media, Julia has managed major clients such as Verizon Wireless, leading her team on multi-million dollar media plans and creative executions and overseeing major site redesigns.



Quentin Blasingame

Quentin's work at Response Media includes managing email marketing programs as well as front-end development for both emails and landing pages. He also manages Response Media's content marketing efforts and administrates the agency web site. Prior to joining Response Media, Quentin was part of a major publisher's digital ad operations team and has been part of web development teams for various corporations, universities, and government agencies in both the United States and Canada.



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