The Challenge:
The client wanted to increase loyalty participation among business travelers. However, only 18% of business travelers within the market were enrolled in their program. Furthermore, of that same universe, only 2% of the market was “seriously loyal” to their program.

The Solution:
Leveraging our unique approach to understand decisioning insights, Merkle studied the business traveler population in order to deeply understand the drivers associated with business travelers’ hotel brand choices among the competitive landscape. The approach included proprietary research coupled with advanced analytics to quantify the business travelers’ decision-making process when selecting their loyalty program choice.

The output allowed the client to understand the strengths of the competition, thereby enabling a thoughtful approach to strategic positioning in light of a very competitive and saturated market.

Results:
The loyalty program of the hotel chain influenced 97% of respondents’ hotel brand choice. Respondents indicated a very high importance score (3.87 out of 5) associated with having status when determining hotel choice for business travel.

Only 4% of respondents joined a loyalty program based on promotional marketing offerings. Respondents in this category indicated they began perusing status in a particular hotel’s loyalty program when offered an incentive to join the program, such as matching their status at a competing brand or offering increased rewards over a period of time.

Circumstantial
Fall into the loyalty program based on frequent travel to a client location.

Purposeful
Sought our brand based on a preferred brand, number of locations, better perception of loyalty program.

Mix
Based decision on the hotel preferred brand and proximity to client due.

Promotional
Offered extra rewards/status upon enrolling in the loyalty program.
Based on our research, we found five key decision chains (or decision processes) when selecting a brand. The ability to secure and retain customers will be primarily based on a brand’s ability to execute well on the most important decision chains. The overall hotel performance score is a weighted average by the importance of the chain. See below for brand performance scores among the key decision chains:

### Performance Score by Brand

<table>
<thead>
<tr>
<th>#</th>
<th>Decision Chain Description</th>
<th>Importance Score</th>
<th>Hilton</th>
<th>Marriott</th>
<th>SPG Preferred Guest</th>
<th>Wyndham Worldwide</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Good Amenities: Having a Balanced Life - Relax</td>
<td>1.54</td>
<td>3.44</td>
<td>3.53</td>
<td>3.64</td>
<td>3.09</td>
</tr>
<tr>
<td>3</td>
<td>Consistent Positive Experience - Being Productive - Peace of Mind</td>
<td>2.75</td>
<td>3.67</td>
<td>3.69</td>
<td>3.71</td>
<td>3.11</td>
</tr>
<tr>
<td>4</td>
<td>Having Status - Special Treatment - Feeling Valued - Self Esteem</td>
<td>1.95</td>
<td>3.46</td>
<td>3.66</td>
<td>3.61</td>
<td>2.93</td>
</tr>
<tr>
<td>5</td>
<td>Accruing Rewards - Vacations - Special Experiences - Good Life Family Love</td>
<td>3.41</td>
<td>3.37</td>
<td>3.75</td>
<td>3.66</td>
<td>3.00</td>
</tr>
</tbody>
</table>

The **top three brands**, Hilton, Marriott, and SPG, are not greatly differentiated in the market and opportunity exists for them to break away.

Marriott and Starwood are best positioned given their slight advantage on perceived strengths, especially with strong reward benefits, where as Wyndham is disadvantaged across all major chains compared to industry competitors with the biggest weakness in lacking a lucrative rewards program.

Marriott needs to promote its strength with the best rewards program coupled with their scale (number of locations relative to Starwood), especially in an area where Starwood cannot compete with Marriott given the 3-to-1 size differential between the two chains. Also, Marriott needs to continue to innovate its program to further differentiate perceived-value rewards.
Starwood, although disadvantaged in size, may be able to appeal to a more specific audience given their strength in chain #1, as they have a perceived strength in having the best amenities. Perhaps they can couple this strength and position themselves as the brand with the most rewarding program with the best actual properties (in terms of amenities).

Hilton must improve the perception of its loyalty program’s reward benefits, as it is slightly disadvantaged to Marriott and SPG. One possible option is to highlight the fact that more locations enable more point accumulation, yielding better rewards. By creating differentiation in consistent positive experiences, Hilton should break away from Marriott and Starwood; this may be as simple as highlighting that messaging in its brand positioning.

Wyndham is behind the other brands in all key decision chains; however, with almost double the size of Hilton, they are significantly larger in terms of locations. Wyndham has the opportunity to take business traveler market share with a stronger, more unified value proposition across mid-level brands. However, they must also seek to know the customer and provide a consistent positive experience across all mid-level Wyndham brands.

Business travelers indicated there are unmet needs with syncing customer data across the enterprise. They would like to not only be recognizing rewards across all sub-brands, but feel a sense of recognition from the hotel staff about their level upon check-in, regardless of what hotel they check into. In tandem, guests desire the hotel’s booking system to automatically inform the staff about preferences at check-in with the benefit of customized accommodations. Guests are not only looking for tangible benefits, but also more personalized communication with offers pertaining to their status. Respondents who owned a vacation time-share and had status at the hotel voiced concern that the brand was not recognizing their actual status as a loyal customer.