

## **HOTELS Exclusive: Preferred's hard currency loyalty program**

By Jeff Weinstein on 7/3/2013

On August 15, Preferred Hotel Group will launch an enhanced iPrefer loyalty program, which will allow its independent hotel members to access the benefits of a points-based system with hard currency rewards for its guests. Preferred believes the

program will reduce the cost of customer acquisition, encourage repeat business and drive incremental spend. An enhanced consumer-facing iPrefer website will launch in November.



In an exclusive HOTELS interview, Preferred President Lindsey Ueberroth stressed this program is a relaunch of an existing loyalty program with 1.3 million existing members, who will now earn one point per dollar spent on rooms. Hotels can elect to award points on resort fees, food and beverage, spa and other areas of guest spend.

Points can be redeemed for reward certificates with a hard currency value that can be used toward expenditures anywhere in a Preferred hotel, even if members are not staying at the hotel. Rewards certificates will be available in U.S. dollars, euros and British pounds in denominations of 50, 100, 250 and 500. Reward certificates are only valid for one transaction.

“It is more transparent, and it doesn’t act to drag down the room rate,” Ueberroth said. “It also gives member hotels another reason to communicate with existing and new guests.”

There are no fees for members, and the program has a tiered status with thresholds for silver, gold and platinum members. For example, all iPrefer members receive complimentary Wi-Fi, early check-in and late checkout; Gold members get a complimentary welcome amenity; and Platinum members can accrue points faster.

Ueberroth said, not surprisingly, that Preferred is aiming for 100% participation among its member hotels, and is launching the enhanced program with 500 hotels —about 85% of its system. At the same time, she said she would like to see iPrefer membership double in the first year of this new program.

Participating hotels will pay an additional commission for reservations made with an iPrefer number, and the rate of commission varies by booking channel. For a price comparison, Preferred said the commissions charged for iPrefer bookings are significantly less expensive than a booking that would come from an OTA.

When a guest redeems a reward certificate, hotels enter that reward certificate number into the iPrefer system and are then reimbursed for that certificate in the form of cash value back from Preferred.

Ueberroth expects the program to lower and control the cost of customer acquisition, as guests will want to avoid using OTAs, where no points are rewarded. "Hotels have been asking for this for a long time," Ueberroth said. "It is a low-cost model, and Preferred is investing a lot of money on the technology and marketing. This year we will spend about US\$1 million on the technology, and on an ongoing basis, a lot will go toward marketing the program. We are the first independent group to do this, which positions us as a leader in the space."

Ueberroth also expects the program to drive substantial incremental income to member hotels and wants to see a 10% lift in the first year. "Corporate RFP season is coming, and we see more and more customers making this a key item," she added.

The new program is also expected to drive unit growth, as Ueberroth said having a points-based loyalty program helped convince four branded owners to switch flags to Preferred. "More owners are considering us as they see loyalty programs as cornerstones to business," she said.