

A photograph of three business professionals in a meeting. On the left, a man in a grey suit jacket and blue shirt is smiling and looking towards the center. In the center, a woman with her back to the camera, wearing a light blue button-down shirt, is also smiling. On the right, a woman in a dark blue blazer and light blue shirt is smiling broadly and looking towards the other two. They appear to be in a modern office or hotel lobby setting. The photo is partially framed by a large, dark, circular graphic element on the right side of the page.

***A BESPOKE LOYALTY
PROGRAM WITHOUT
THE BIG BUILD***

*How Loyalty-as-a-Service Solutions Give
Hotels the Custom Capabilities They Need*



AN ALL-IN-ONE LOYALTY PLATFORM THAT OFFERS CONFIGURABILITY, SCALABILITY, AND ADAPTABILITY CAN MEET HOTELS' UNIQUE NEEDS WITHOUT REQUIRING A CUSTOM BUILD.

Loyalty programs are critical to hotels' customer retention and engagement strategies. More than that, though, they're also integral to revenue generation. For a major hotel chain, loyalty program members are often the engine of occupancy and on-property spending. Take IHG, which states in its [2022 annual report](#) that members of its IHG One Rewards program account for more than half of all room nights globally and typically spend 20% more in hotels than non-members.

IHG isn't the only hotel chain that derives a significant portion of its revenue from loyalty members. Booking data from our own platform shows that across brands, hotel loyalty program members consistently and increasingly have higher average booking value (ABV) than non-members.

Over the last five years, rewards program members booking through the iSeatZ platform have spent [2.8% more](#) in ABV when ancillary products are included. ABV is up by 6.8% in the last two years alone, and according to the latest end-of-year 2023 estimates, ABV was +15%.

Given the impact of loyalty programs on a hotel's performance, it's unsurprising that hospitality brands want the best program designed to meet their needs. However, how those loyalty programs—and specifically the technology platforms on which they're built—are developed can vary significantly depending on the organization, its goals, and how it views the program as an extension of its brand.

LOYALTY-AS-A-SERVICE (LAAS)

simplifies the loyalty program creation for hotels and hospitality brands, offering bespoke solutions without the need for internal build-out.

Building a loyalty program platform from scratch using internal resources can be a daunting process, let alone one that can deliver the revenue and retention impacts of programs like IHG One Rewards or Wyndham Rewards.

Fortunately, the rise of Loyalty-as-a-Service (LaaS), an extension of the software-as-a-service approach to technology deployment, allows hotels to implement a bespoke travel loyalty program without having to engage in a time and resource-intensive internal build-out process or a lengthy (and expensive) custom third-party development window.

The right LaaS platform can help hotels launch or upgrade a loyalty program with advanced booking capabilities, a robust portfolio of earning and redemption options, the ability to personalize the member experience, numerous cross and up-selling opportunities, and data integration to fuel customer insights. These are all critical advantages for hotels seeking to differentiate themselves in a crowded and competitive landscape.



THE CHALLENGE OF CREATING A GO-TO BOOKING PLATFORM

How those advantages accrue to hotels largely depends on how engaged members are with their loyalty program, which hinges upon how useful and valuable members find their loyalty program experience. This is why the chief goal for hospitality loyalty managers should be creating a go-to booking platform for members that captures a greater share of their total travel spending and keeps their program top-of-mind during the travel planning process.

This can be a real challenge for hotel brands. According to 2023 survey data underpinning the [iSeatz Tipping Point Report Series](#), significant percentages of hotel loyalty program professionals cited booking-oriented struggles as their programs' top travel-related challenge.

For example, 33% of hospitality respondents said an outdated user experience on the rewards site was a top challenge, compared to just 25% of loyalty program professionals in other industries. Half of hospitality program professionals (50%) identified their programs' inability to offer travel recommendations as a challenge versus a 43% survey average.

These challenges may stem from the fact that most hotels tend to “go it alone” when building their loyalty programs. The same survey found that about a third (33%) of hospitality companies reported developing their own loyalty platform using internal resources—the number one response. Only 26% indicated that their organization contracted with a loyalty platform provider, compared to 53% of financial services companies that did so.

Adopting a LaaS approach could help hotels access the features and advanced booking experience that can keep their members engaged and keep their programs top-of-mind—and do so cost-effectively. But will LaaS offer the same degree of control and customization that a global head of loyalty might enjoy with a dedicated in-house build?

33%

**OF HOSPITALITY
RESPONDENTS SAID AN
OUTDATED USER EXPERIENCE
ON THE REWARDS SITE WAS
A TOP CHALLENGE**

THE BUILD VERSUS BUY DILEMMA

This “control vs. cost” dichotomy is at the heart of the build-or-buy dilemma and is not exclusive to the hospitality industry. But it’s also somewhat of a false choice in an era of highly flexible, configurable LaaS platforms and solutions.

Historically, hotels have had limited technological resources, often allocating them to support their core products and services. Hotel IT tends to focus on managing, pricing, and distributing room inventory, managing the physical property, and coordinating the guest experience. Think central reservation systems, revenue management systems, customer-facing websites, and property management systems. Loyalty platforms may not be an afterthought, but they’re lower on the priority list than these systems that are more integral to hotel operations.

THE RESULT IS THAT WHEN A HOTEL BUILDS ITS OWN LOYALTY PROGRAM PLATFORM, IT OFTEN CAN’T SUPPORT THE TYPE OF CUSTOMIZATIONS AND INTEGRATIONS THAT ITS LOYALTY MEMBERS CRAVE.

Hospitality loyalty professionals recognize this, as reflected by their assessment of the technical challenges associated with their programs.

So instead of gaining the control they crave, hotels often wind up with a loyalty program that re-directs members to other websites for specific booking options, lacks attractive earning and redemption opportunities, or otherwise fails to provide the feature-rich experience travelers expect.

However, LaaS solutions (as well as related, more travel-specific Travel-as-a-Service (TaaS) solutions) from a third-party vendor with deep, integrated relationships with multiple travel and lifestyle suppliers can enable hotels with limited resources to offer more memorable experiences for guests. With a highly-configurable UIX and reward portfolio, plus seamless integration with existing hotel systems, hotels can still have the control to mold their loyalty platform to their specific needs without requiring the investment of time, money, and expertise that a custom build might otherwise entail.



THE FOUR KEY CAPABILITIES OF A HOSPITALITY LOYALTY PLATFORM

The LaaS approach to hotel loyalty platform development is clearly cost-effective. But what are the hallmarks of an effective LaaS platform? What are the key capabilities hotel loyalty program managers look for when assessing LaaS solutions, and which qualities will get them closest to the feature-rich, bespoke program they need to positively impact revenue and retention?

FLEXIBILITY AND CONFIGURABILITY

At the risk of sounding obvious, the first and most important capability of a highly customizable LaaS platform is configurability. A configurable, flexible travel loyalty platform allows for the quick and agile expansion of reward or booking options, integration of new travel inventory suppliers, and creation of tailored user experiences across channels.

With configurability tools and business rules, a LaaS platform can dynamically present contextually relevant content to individual members or member segments, boosting engagement and increasing the potential for both incremental spending and booking frequency.

The good news is that hospitality loyalty professionals already prioritize configurability in their loyalty platforms. In the [iSeatz Tipping Point Survey](#), 39% of hospitality respondents said they plan to invest in configurability tools in the next 6-12 months, trailing only AI and machine learning (41%) and outpacing the survey average (31%). LaaS platforms offer a way for these hotels to gain the configurability they need to stay ahead of the competition.



39%

**OF HOSPITALITY
RESPONDENTS SAID
THEY PLAN TO INVEST IN
CONFIGURABILITY TOOLS IN
THE NEXT 6-12 MONTHS.**

2 EXPANSIVE (AND EXPANDABLE) REWARDS PORTFOLIO

Rewards are the most visible feature of any loyalty program for program members. The relative attractiveness of those rewards contributes significantly to a hotel's performance. According to [CBRE](#), the total value of loyalty point redemptions and "other" revenues increased to \$982 million in 2022, up 36% from 2019's previous record of \$721 million. A LaaS or TaaS platform with the right degree of flexibility and configurability can facilitate the inclusion of new, integrated, complementary rewards that lead to greater redemptions and, ultimately, more revenue.

TOTAL VALUE OF LOYALTY POINT REDEMPTIONS AND "OTHER" REVENUES INCREASED TO \$982 MILLION IN 2022, UP 36% FROM 2019'S PREVIOUS RECORD OF \$721 MILLION

Giving members the ability to redeem points for tours and activities, or spa services in addition to the standard air-hotel-car redemption options ensures that the hotel's loyalty program is useful and utilized, boosting program engagement and creating a more cohesive experience for the guest.

A robust reward portfolio is the key to delivering value, and this is a top priority for travelers: 61% of loyalty members surveyed in the [iSeatz Tipping Point Report](#) said they are loyal to their loyalty programs because they help them save money and get more value from their travel experiences. Getting the value equation right is important.

3 SCALABILITY AND SEAMLESS INTEGRATION WITH HOTEL SYSTEMS

A loyalty platform is typically just one component of a complex hotel operating, distribution, and commerce network. Therefore, an effective LaaS platform will integrate with these secondary systems and streamline operations and data flow for loyalty program managers, members, and guests.



61%

OF LOYALTY MEMBERS SURVEYED SAID THEY ARE LOYAL TO THEIR LOYALTY PROGRAMS BECAUSE THEIR LOYALTY PROGRAMS ARE HELPING THEM SAVE MONEY.

The best LaaS platforms are designed precisely to integrate existing systems easily. Utilizing API-first architecture and microservices instead of a static, omnibus platform, a future-proof LaaS solution should interface not only with a hotel's core systems but also with suppliers, third-party apps, and supplementary aspects of a hotel's technology stack. Plug-and-play integration fuels swift implementation, contributing to the LaaS approach's cost-effectiveness.

4 ADAPTIVE, INTUITIVE AND PERSONALIZED USER EXPERIENCE

Personalization has been a key goal for hospitality loyalty strategies for years (indeed, for loyalty strategies across industries). Still, it's arguably never been a more important capability than it is today.

Hotel loyalty program members expect personalization and derive real value from it: 75% of consumers surveyed by iSeatz in 2023 believe that receiving more personalized offers would help them save money, and 50% feel that receiving personalized offers is "extremely" or "very" important to their loyalty program experience.

Hotels could use some help in this area. According to the same survey, **43% of hospitality brands said that personalization capability was the aspect of their loyalty program that could improve most, compared to just 39% of all respondents.** The ability to create immersive, engaging experiences through customized content and communications—including variable display recommendations, dynamic content, advanced retargeting, and multi-channel marketing—would go a long way toward helping hospitality brands achieve their personalization goals. And these are precisely the capabilities the right LaaS platform can deliver.

Personalized rewards and interactions contribute to higher retention rates as members find their engagements more meaningful and rewards more valuable because they're calibrated to their specific needs or preferences. Providing personalized and rewarding experiences throughout each stage of the customer journey creates a virtuous cycle and can drive true brand loyalty.



50%

OF LOYALTY MEMBERS FEEL THAT RECEIVING PERSONALIZED OFFERS IS "EXTREMELY" OR "VERY" IMPORTANT TO THEIR LOYALTY PROGRAM EXPERIENCE.

THE RIGHT PARTNER FOR THE RIGHT LAAS PLATFORM

THE RIGHT LAAS PARTNER SHOULD FEATURE:

- API-first approach
- Microservices technological framework
- Flexibility and scalability
- Adaptability to evolving market challenges
- Meeting shifting demands of members and guests

Once a hotel or hospitality brand recognizes that a LaaS or TaaS approach will enable its loyalty program to become members' go-to booking option, boost occupancy and member engagement, drive incremental spending and revenue, and help it meet its retention goals—and achieve all of this more cost-effectively than an in-house build—then it only remains to identify the right partner to deliver that solution.

The right LaaS or TaaS partner should feature an API-first, microservices-based technological framework, enabling its platform to be flexible, scalable, and future-proof enough to allow hotels to keep pace with evolving market challenges and meet the shifting demands of their members and guests. It should have extensive supplier relationships to facilitate a large, expandable, and complementary portfolio of rewards that can create connected, cohesive guest experiences and offer multiple loyalty program engagement opportunities.

The right partner should also have the industry-specific knowledge and experience that hotels need to implement and maintain a relevant, high-performing loyalty program. A track record of working with some of the largest and best-recognized global hospitality brands is a plus.

iSeatz is a B2B-first, client-centric Travel-as-a-Service company servicing some of the largest travel, financial services, and hospitality brands such as American Express, IHG Hotels & Resorts, and Wyndham Hotels & Resorts with more than \$9.1B in annual gross booking value, iSeatz offers both the industry expertise and the forward-thinking technological capability to help hotels boost brand engagement, increase customer lifetime value, and drive revenue growth.

CONTACT US TO LEARN MORE ABOUT LAAS, TAAS, AND HOW ISEATZ'S SOLUTIONS CAN HELP YOUR HOTEL ACHIEVE ITS LOYALTY PROGRAM AND CUSTOMER ENGAGEMENT GOALS.

iSeatz®

marketing@iseatz.com

(504) 586-1234

643 Magazine St, Ste 100

New Orleans, LA 70130

ABOUT iSEATZ

iSeatz drives enduring brand loyalty through exceptional, connected experiences. Our digital commerce and loyalty tech solutions enable travel and lifestyle bookings that drive engagement and customer lifetime value. Our clients represent the best in travel, hospitality, and financial services, including American Express, IHG Hotels & Resorts, and Wyndham Hotels & Resorts. Backed by proven deliverability, reliable advanced analytics, and travel lifecycle expertise, iSeatz sets the bar for a superb journey from the very first search.

[Learn more at iSeatz.com.](http://iSeatz.com)