



## The Big Welcome

### How Hyatt's bold moves pay dividends in the recession economy

By Josh Milner and Ed McKinley

In April 2009, Hyatt Hotels launched its "The Big Welcome" competition, which gave three grand prizes in each of three different global regions—each grand prize awarded 365 nights and one million frequent-flyer miles—in addition to individual prizes totaling 30,000 free nights. To enter, contestants had only to describe in essay, video, audio or pictorial form how they would use the grand prize. The North American winner, Bill Jolly, pulled out all the stops with a hard-driving rock 'n roll video that included an original song and lyrics, money shots of Hyatt properties around the world, and even puppets.

The contest, designed to drive interest and enrollment in Hyatt's redesigned Gold Passport program, deserved plaudits for its sheer size, scope and audacity. Hence The Big Welcome, which became a rallying point for the entire Hyatt brand to put customer-centricity first. The message Hyatt conveyed to its customers through that promotion was clear: Hyatt values your loyalty more than any other hotel brand, and they'll prove it by putting their money where their mouth is.

Internally, the Hyatt philosophy is summed up by a simple mantra that sums up what customers expect from hotel brands: "Know me, take care of me and thank me." This mantra employs the classic elements of loyalty marketing: Learn customer preferences and needs, act on that insight, and recognize and celebrate the business from your best customers. To execute these fundamentals, the 22-year-old Gold Passport program features three membership tiers based on member activity, with each tier earning a combination of points, perks and free nights. Members begin at Gold status and achieve the middle Platinum tier after 5 eligible stays or 15 eligible nights, whereupon they earn such additional perks as expedited check-in, free internet access, and a 15% point bonus for each stay.

While that structure certainly doesn't stake out a radically different vision for hotel loyalty programs, Gold Passport VP Jeff Zidell and his team understand that supplying those basic rewards has become merely table stakes in the hotel game. What makes the difference—what supplies the bold statement—are the ways in which you use the levers of loyalty marketing to transform the customer experience. It's not the melody or the lyrics of a rock 'n roll song that get you moving—it's the backbeat. Zidell believes that the energy, the commitment to innovation and the sheer sense of fun creates loyalty for Hyatt, not the points and the data-crunching behind them.

"Marketers sometimes make a mistake by being too academic about this discipline," says Zidell. "We've all hired statisticians and Ph.Ds to crunch numbers because we know the value in doing so. But sometimes we forget about the emotional connection that should be what marketing is all about. Consider how you develop an emotive relationship that goes beyond just the transactional piece."

Thus The Big Welcome promotion was consciously designed to turn traditional loyalty-marketing tactics on their ear. Instead of the traditional program structure, which requires new members to commit to the brand before earning a free night, Hyatt used the promotion to replicate the

redemption experience for those contest winners who got to experience the pleasure of earning a free night before they had accumulated any points in their Gold Passport accounts.

"Relying too much on the earn side of the equation—and here we're talking about programs that stress earning points—can be a mistake," says Zidell. "Statistics show that someone who redeems is much more engaged than someone who's simply earning. Instead, The Big Welcome concentrated on bringing surprise and delight to the burn side. It's not about 'Buy one night, get a free night.' It's about 'Here's a free night, and we hope you buy more nights after experiencing the hospitality of our brand.'"

During the first weeks of The Big Welcome contest, Gold Passport enrollments shot up the charts. And given that Hyatt had membership numbers to track the post-contest behavior of both new and existing Gold Passport members, Zidell's team was able to compare the behavior of new members who won a free night to the behavior of those who hadn't. They found that the behavior of winning members resembled that of typical program redeemers, who provide increased frequency and more revenue than non-redeemers. In other words, when a new member won a free night in the contest, that surprise-and-delight element jump-started the relationship.

"We really just wanted to do something interesting that gets our name out there, in a generous, sincere, authentic way," Zidell says. "What better way than to create something we call 'the world's most generous welcome'?"

The Big Welcome was more than a contest—it was a launch platform for enhancements to the Gold Passport program. Along each element of the Hyatt mantra, the company is evolving its loyalty strategy to be more proactive, responsive and generous:

**Know me.** Behavioral and preference data drive Hyatt's ability to deliver relevant communications to their customers—a critical necessity in the global travel arena. Zidell's team must determine what relevance means to a Hong Kong Grand Hyatt customer versus a Dallas Grand Hyatt customer. What level of loyalty are they exhibiting? Are they loyal to just that property, to just that brand, or to the entire portfolio? Sophisticated analytics help Hyatt understand such behavior in order to uncover the most profitable deciles within segments and program tiers.

**Take care of me.** Zidell claims that Gold Passport is evolving from a reward program into a true enterprise-level program that transforms the customer experience. For example, Hyatt encourages improvisation at the property level with its Random Acts of Generosity (RAOG) initiative, which sees a portion of the corporate marketing budget diverted to individual properties so associates can treat customers to a room upgrade, complimentary laundry service, or a round on the house. The specific gestures are at the individual property's discretion, with just one restriction: the acts must indeed be random, and not used for service failure recovery, or as part of a promotion.

**Thank me.** Earlier this year, Zidell and his team identified 2,000 of the biggest revenue-generating new and existing customers who continued to stay with Hyatt through the financial meltdown of late 2008 and into early 2009. Those customers were sent complimentary Hyatt pillows. "It was a creative way to surprise and delight customers beyond just giving them points," says Zidell. "It's not about the transaction, it's about the emotional connection."

The excitement that Hyatt has instilled in their customer strategy through initiatives like RAOG has catalyzed not only Hyatt customers, but also Hyatt employees. "This program has been enormously exciting and energizing for both our staff and the guests," says Zidell. "Our employees were thrilled to have the power to delight guests and reinforce our commitment to service, And internal marketing allowed us to increase the importance of our customers in the eyes of our front-line staff."

Such invigoration is critical when programs and brand compete not just for share of wallet but also for share of mind, says Zidell.

"The hotel business is no different from any other," says Zidell. "All customer email boxes and direct mailboxes are full of different offers. Everyone is wooing them. Most of those offers don't mean much, because customer loyalty can't be bought. It must be earned. Loyalty marketing is bigger than just a loyalty program, and, in fact it's not really a program at all. Loyalty must be in the lifeblood of everything you do as a company."

To illustrate this point—and to sum up the Hyatt philosophy—classic rock fan Jeff Zidell likes to crib a quote from Jerry Garcia of The Grateful Dead: "You do not merely want to be considered just the best of the best. You want to be considered the only ones who do what you do."

*Josh Milner is web editor of COLLOQUY and Ed McKinley is a COLLOQUY contributing writer. Neither considered it appropriate to point out what rock stars typically do to hotel rooms.*

**Copyright COLLOQUY**