Plastic loyalty – Investigating loyalty card programs for a Finnish hotel chain

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ABSTRACT

Few studies of hotel loyalty programs, particularly field studies, examine basic questions such as the need for loyalty programs or their effects on hotel choice. Other gaps in loyalty program research include business versus leisure travelers, travel frequency and multiple loyalty program memberships. This case study extends loyalty program research by asking business and leisure customers of a Finnish hotel chain, without a loyalty program, what hotel attributes and loyalty program features appeal to them. Examining the 1315 responses highlighted significant differences between leisure and business travelers as well as the importance of travel frequency. The results suggest that the chain should consider intangible and symbolic benefits (e.g. upgrades and late check-outs), which would cost less than discounts or other tangible benefits. The chain might also consider developing a customer community offering emotional benefits and an interactive forum for targeted marketing and customer involvement in service development.

1. Introduction

Businesses seeking competitive advantages often develop management and marketing strategies aimed at engaging existing customers and increasing customer loyalty. Loyal customers commit to a business, buy frequently, offer high profitability, pay more and spread positive word-of-mouth (Kandampully, Zhang, & Bilgihan, 2015). Despite the prevalence of loyalty programs, limited evidence shows "the long-term effects of such programs, and their effectiveness" (Liu, 2007, p. 19). A comprehensive review of customer loyalty – practitioner, service, marketing, hospitality and tourism – literature notes loyalty programs as only one of thirteen customer loyalty antecedents (Kandampully et al., 2015). Nonetheless, many hotels consider these programs critical for customer loyalty and invest resources in them (McCall & Voorhees, 2010). Questions abound on the effectiveness of loyalty program effectiveness and their importance in enhancing customer loyalty (Liu, 2007; McCall & McMahon, 2016).

Loyalty programs, for example, may fail to understand customer types, customer expectations or customer behaviors (Gómez, Arranz, & Cillán, 2012; Watson, Beck, Henderson, & Palmatier, 2015; Xie & Chen, 2013). Behaviors vary, such as deal-seekers chasing loyalty program bargains, inactive customers joining a program but making a one-off purchase, switchers are low-retention and repeat customers are ideal (Xie & Chen, 2013). Similarly, a casino study that clustered 1108 reward program members based on program benefits and perceived fairness yielded three customer types– Faithful, Justice seekers, and Money-oriented. These clusters differed significantly across demographics, loyalty and gambling behaviors (Tanford, Hwang, & Baloglu, 2018) and illustrate how different tourist types seek different loyalty programs.

Businesses also question how consumer loyalty can be unique to a product or brand versus polygamous loyalty across products, brands, stores, products and loyalty programs (Gómez et al., 2012; Liu, 2007; Pimpão, Correia, Duque, & Carlos Zorrinho, 2014; Zhang, Gangwar, & Seetharaman, 2017). Two hospitality studies call for additional research of multiple loyalty program memberships. One study found significant differences in perceived loyalty program benefits based on multiple program memberships (Xiong, King, & Hu, 2014); the other study noted polygamous loyalty as a growing issue (Xie & Chen, 2013).

Although studies support that loyalty programs increase purchasing (Gómez et al., 2012; Watson et al., 2015), to the authors' knowledge only two studies included reward programs as a factor affecting hotel choice (Tanford, Raab, & Kim, 2012; Tsai, Yeung, & Yim, 2011). Both studies suggested that service and value for money were more important hotel choice factors than the brand or reward programs.

Hotel choice factors, like loyalty programs, can relate to customer types or trip purpose. Consumer hotel choice is highly context-dependent; the trip purpose (e.g. leisure or business) and other contextual

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circumstances (e.g. the travel company) can influence preferred hotel attributes (Kim & Park, 2017; King, 2017). For example, business re-imbursement of travel expenses might affect the preferred hotel star level, price or expected services (Mathies, Gudergan, & Wang, 2013) for business travelers. As well, company policy can limit hotel choice freedom (Noone & McGuire, 2016).

Leisure versus business traveler differences in hotel choice, or in attitudes towards loyalty programs, however, have received scant research. Most studies of hotel choice focus on leisure or business travelers; few studies investigate differences or similarities between these two segments. Two such studies found business and leisure traveler similarities in hotel choice based on the perceived importance of hotel attributes (Chu & Choi, 2000) and green attributes (Millar, Mager, & Baloglu, 2012).

Assuming that business travelers travel more frequently than leisure travelers do, they should regard loyalty programs as more important when choosing their hotel than leisure travelers. Research, however, seems to have neglected how travel frequency relates to hotel choice. Most travel frequency studies focus on segments that travel frequently, although frequent travelers differ from infrequent travelers in socio-demographics, psychographics and online use (Litvin, 2000; Woodside, Cook, & Mindak, 1987). Loyalty programs should address different customer types' needs and account for factors that affect customer behavior, including travel frequency.

Finally, and importantly, are loyalty programs a hospitality industry must? As few studies examine perceived loyalty program benefits (Terblanche, 2015), and how these programs and their benefits affect hotel choice and brand loyalty, for business and leisure travelers, re-main open questions. Noting that most research of hospitality loyalty programs is experimental scenarios, McCall and Voorhees (2010) call for externally valid field research through industry and academic col-laboration.

This study helps address these gaps and challenges, examining hotel loyalty programs through the perceptions of business and leisure tra-velers in a small, private Finnish hotel chain. As part of its growth strategy, the chain investigated what kind of customer loyalty program to launch, if any, to attract new customer groups in new locations. As effective loyalty programs embed the main drivers in the program structure, reward structure and consumer fit (McCall & Voorhees, 2010), the next section first reviews loyalty programs followed by loyalty program/reward structures and consumer fit.

2. Literature review

2.1. Loyalty programs

Loyalty programs seek to enhance customer commitment to the loyalty program and to related brands. Commitment, a key customer loyalty concept, is a long-term desire to maintain a relationship. Commitment can be *affective* or *calculative/continuance* (Mattila, 2006; Tanford, Raab, & Kim, 2011). Calculative commitment is an actual or perceived obligation to maintain the relationship. This "locked in" and negative feeling can oblige travelers to choose a certain hotel or brand due to contractual relationships between their employer and the brand.

Affective commitment reflects consumers' emotional attachment to the service provider. Hospitality research concurs that attitudinal loy-alty based on emotional commitment is a key antecedent of hotel or program loyalty (Mattila, 2006; McCall & Voorhees, 2010; Tanford, 2013; Xiong et al., 2014). Points or free stays cannot buy an emotional bond (Mattila, 2006).

Although program loyalty can lead to brand or hotel loyalty (Hu, Huang, & Chen, 2010), loyalty programs have several drawbacks (Liu, 2007). First, emotional attachment and service provider attitudes may not always drive customer loyalty. As an example, a customer could be a loyalty program member yet choose a hotel based on location or price, hence a deal-seeker rather than a loyal customer (Xie & Chen,

2013). Second, a study of polygamous hotel loyalty suggests that al-though members emphasized purchasing from loyalty program hotels, these same members may not pay price premiums – even elite members (Xiong et al., 2014). Program benefits must add value and reduce the temptation for customers with spurious loyalty or in multiple programs to switch. Third, although loyal customers may pay more or give po-sitive recommendations, customers have come to expect rewards for their patronage (McCall & McMahon, 2016).

Customers who tend to be members of multiple loyalty programs, or purchase based on price, often exploit loyalty programs (Xie & Chen, 2013). Hence, an unfavorable customer base structure may lower loy-alty program profitability. Additionally, a casino study found no sig-nificant difference in member and nonmember loyalty intentions (Shi, Prentice, & He, 2014). Based on their results, the authors caution managers on interpreting loyalty program effects on customer loyalty. Critical loyalty program effects are behavioral loyalties – buying or intending to buy, and spreading positive word of mouth (Kandampully et al., 2015; Tanford et al., 2011; Xiong et al., 2014).

2.2. Loyalty program/reward structures

The program structure and rewards are crucial for both service providers and customers. Businesses must understand what customer types prefer what reward types and structure. Reward research has focused on a particular reward's utility and direct versus indirect re-wards, finding that reward magnitude and frequency influence con-sumer attitudes towards, and participation in, a loyalty program (McCall & Voorhees, 2010).

Member benefits may be industry-specific such as airlines or hotels (Terblanche, 2015) and use different categorizations such as monetary versus special treatment benefits (Furinto, Pawitra, & Balqiah, 2009). The former benefits are utilitarian (Terblanche, 2015) or tangible (McCall & Voorhees, 2010); the latter are hedonic and symbolic (Terblanche, 2015) or intangible benefits (McCall & Voorhees, 2010). A tangible reward could be an immediate discount and intangibles could be privileged website access websites or members-only newsletters. Research suggests that intangible benefits generate higher attitudinal loyalty and better customer relationship profitability than utilitarian benefits (Mattila, 2006; Tideswell & Fredline, 2004). As well, con-sumers prefer direct rewards, meaning benefits specific to the service provider (McCall & Voorhees, 2010).

Lastly, frequency programs focusing on monetary rewards differ from loyalty programs with personalized amenities (Shoemaker & Lewis, 1999). Several authors (e.g., Tanford, 2013) note that programs based only on purchase frequency may face profitability problems. For example, business travelers who stay in hotels often may have pre-ne-gotiated low room rates. Shoemaker and Lewis (1999) also argue that frequency programs fail to build loyalty; most guests focus on collecting points rather than on the offering quality.

2.3. Consumer fit

For a loyalty program to succeed, consumers must both see and identify with the membership benefits (McCall & Voorhees, 2010). Hotel loyalty programs often use three tiers representing regular, middle and elite levels (Tanford, 2013). Ample research suggests that consumers prefer tiered loyalty programs and favor enduring rewards over one-off rewards. In particular, high tier members enjoy the status of being one of the elite few (Tanford, 2013; McCall & Voorhees, 2010).

As most loyalty programs reward usage, travel frequency could af-fect a potential loyalty program's attractiveness. Yet studies in-vestigating hotel loyalty programs and including frequency of stay in their questionnaires found no relationships (Hu et al., 2010; Tanford et al., 2012). Additionally, business travel reimbursements may affect loyalty program preferences (Mathies et al., 2013). Finally, studies have reported no differences between business and leisure traveler

preferences regarding loyalty program benefits (e.g. Xiong et al., 2014).

As the reward magnitude and frequency preferences vary depending on the situation (McCall & Voorhees, 2010), consumer characteristics have a major influence on evaluating loyalty programs. Consumer involvement and perceptions of status or loyalty programs may differ dramatically among segments (McCall & Voorhees, 2010). For example, customers of limited-service hotel brands commit primarily based on reward program benefits, whereas guests of full-service brands also commit emotionally (Tanford et al., 2012). For international businesses, individualism-collectivism differences may necessitate customizing loyalty programs based on cultural orientation (Hwang & Mattila, 2017).

Finally, a loyalty program with a good fit with consumer needs and requirements may create a sense of a member community, and community benefits to interact and enjoy the membership privileges (McCall & Voorhees, 2010). Yet many members focus on loyalty program benefits rather than contributing to the community (Xiong et al., 2014). Thus, loyalty programs reward members based on their purchase value, linking the program to customer profitability and a forward-looking customer lifetime value utilizing customer data to satisfy customers' individual needs (Xiong et al., 2014). That the program offers the 'best' incentives to the 'best' customers is essential (McCall & Voorhees, 2010), but as at least one hotel chain asks, are loyalty programs even necessary?

3. The case study

The research method was an intrinsic case study, as the objective was in-depth understanding of a hotel chain's managerial challenge regarding loyalty programs. Thus, the case is interesting by itself and the findings can add value to a wide audience (Stake, 2005). As Connel and Page (2019) note, a case study method offers a pragmatic approach in which the problem and the findings are in focus, instead of developing theoretical advancements. The case study drew on a survey, discussed in the next section.

This case is a private family hotel chain with 14 hotels in Finnish Lapland, most in ski resorts and serving a leisure clientele. Above the Arctic Circle in northern Finland, remote Lapland is remote about a ten-hour drive from Helsinki. Roughly half the clientele are domestic ski and nature-based tourists; most foreign guests come via tour operators. Due to its clientele structure, the chain has had no loyalty program with rewards, tiers or membership cards. Still, the chain has been strengthening its relationship marketing by establishing a customer community, the Lapland Club, with over 20,000 domestic customers. Anyone can join the club by submitting their contact information. The club sends members special hotel offers, press releases, advertisements, and an electronic magazine a few times annually.

In 2015, the owner decided to extend the hotel chain to two cities in southern Finland, which meant adding business travel to their traditional leisure travel segment. Management forecast that at least half of the new city hotel guests would be business travelers, mostly domestic. These new hotels change the chain's competitive environment; important competitors in the new locations are hotel chains with existing business customer agreements and loyalty programs. In most Lapland resorts, the chain's competitors are small private actors. Hotel chains are competitors at only two Lapland resorts.

This new competitive situation necessitated investigating whether a reward program would be necessary, and if so, what kind of customer benefits the program should provide. Given the Finnish focus, the study examined relevant Finnish loyalty programs for hotels, and in general.

Sokos-hotels, Finland's biggest hospitality player with more than 60 hotels, is part of the S Group. This Finnish retail cooperative comprises twenty regional cooperatives operating in groceries, consumer durables, service stations, agricultural supplies, car sales, and in hotels and restaurants. S Group also operates in the hospitality field in Estonia and Russia. S Group, and other players in Finland's hotel field offer loyalty cards.

Over two million co-op members hold an S-Etukortti card, an S Group membership card earning a 1–5% bonus on all purchases, and additional discounts. This card may influence hotel choice, particularly leisure travel, as the Sokos-hotel chain is well present in Finland, even in small cities. Additionally, S-group has launched a loyalty program for business travelers. For an annual S-card fee of 25€, members earn personal benefits towards business travel overnights.

Another major Finnish group, K-Group, offers the K-Plussa customer loyalty program with benefits in more than 3000 outlets. About 3.8 million Finns, comprising 2.2 million households, carry a K-Plussa card and earn benefits at more than 40 business and leisure travel hotels across three Finnish chains. Other relevant Finnish hotel loyalty programs are those of HBC, IHG and Scandic. Hilton and Clarion have hotels only in the Helsinki region.

4. Data collection

A survey seemed suitable for investigating Lapland Hotel clientele preferences for hotel attributes and potential loyalty program options. A questionnaire with two main parts – business and leisure travel – went to some 23,000 domestic customers with e-mail addresses in the chain's database. Respondents who had trips, leisure or business, in paid accommodation during the past year answered the leisure travel or business travel questions. If a person had travelled during the past year for both business and leisure purposes, they filled in the whole questionnaire. To measure travel frequency, the respondents estimated how many times during the past year they went on Finnish holidays, and business trips, that required at least one night's paid accommodation.

Respondents rated ten hotel attributes' importance when selecting a hotel for either a business or a leisure trip (Kim & Perdue, 2013; Sohrabi, Vanani, Tahmasebipur, & Fazli, 2012; Tanford et al., 2012; Tsai et al., 2011; Yavas & Babakus, 2005). Next, the respondents rated the importance of thirteen loyalty program benefits (Tanford et al., 2011; Terblanche, 2015). Respondents also rated three loyalty program benefits – immediate, enduring and applicable – outside Lapland Hotels. Respondents also noted how much they agreed with the statement, "I would choose this hotel chain even if it did not have any loyalty program, as long as the hotel was otherwise suitable in price, quality and location" in order to gauge the loyalty program's potential importance. Respondents rated all importance and agreement questions on a one to five scale, from not important at all/strongly disagree to very important/strongly agree.

To investigate polygamous loyalty, one question listed five Finnish hotel loyalty programs and four Finnish retail programs with hospitality services. The respondents noted how often they used each card at Finnish hotels, responding with: 0 - I am not a member; 1- I am a member but utilize it very rarely or not at all; 2- I am a member and utilize it regularly; and 3- I am a member and utilize it whenever possible. Respondents also noted their membership, and activity, in Lapland Hotel's customer community program.

5. Results

5.1. Sample profile

The survey, in Finnish, to 23,518 e-mail addresses in the chain's customer database during spring 2015 yielded 1673 responses or a 7.1% response rate. Data cleaning was removing cases with over 50% missing values, demonstrated response style effects (Dolnicar & Grün, 2007), and travel frequency outliers within a 99% confidence interval. This cleaning excluded 358 cases, resulting in 1315 usable cases. Given the ordinal importance ratings and the case study's exploratory nature, a two-tailed Spearman's rho was the correlation test statistic and the comparisons used a two-tailed Kruskal-Wallis test.

The sample profile in Table 1 shows more female respondents than male, a mean age of 54 years and a median age of 55. Around one third

Table 1
Sample profile (n = 1315).

Mean age	54.52 (*SD* 10.71)
Median age	55
Gender	
Male	546 (41.5%)
Female	769 (58.5%)
Gross annual income	
Less than €25,000	234 (23.9%)
€25,000–€59,999	617 (63.1%)
€60 000 or more	127 (13.0%)
Annual domestic business trips (n = 398, Mean = 6.44, SD = 6.54, Median = 4)	
1	49 (12.1%)
2–3	120 (29.6%)
4–5	99 (24.4%)
At least 6	138 (34.0%)
Annual domestic leisure trips (n = 1051, Mean = 4.46, SD = 2.8, Median = 4)	
1	59 (5.5%)
2–3	433 (40.3%)
4–5	321 (29.9%)
At least 6	261 (24.3%)
Number of active, use regularly or whenever possible, hotel loyalty cards (n = 1082, Mean = 1.79, SD = 1.23, Median = 2)	
0	133 (12.3%)
1	332 (30.7%)
2	367 (33.9%)
3	173 (16.0%)
4	54 (5.0%)
5	13 (1.2%)
6	5 (0.5%)
7	0 (0.0%)
8	2 (0.2%)
9	3 (0.2%)

of the respondents took at least six business trips in Finland a year and 40% of the leisure travelers took two or three annual leisure trips in Finland. A statistically significant correlation of annual business trips with leisure trips (r = 0.305, p < 0.001), suggests that the more a person travels for one purpose the more they travel for another. Finally, the respondents had from zero to nine active loyalty cards, with the mean of 1.79 and median of two.

Table 2 depicts how respondents had, and used, different bonus cards in Finland. Over three out of four respondents (77.1%) used the S-bonus card – the most used and second most popular card – regularly or whenever possible, followed by K-plussakortti (56.3%), PINS/Ykkös-bonus (19.1%) and Scandic Friends (15%). The other cards had under an eight per cent active user base.

5.2. Hotel attributes

The respondents rated how important ten hotel attributes were for a business or leisure trip. The attributes differed slightly, with "Location favorable for the business trip requirements" for business travelers and

"Hotel is child-friendly" for leisure travelers. The results in Table 3 show basic amenities were the top hotel attribute for both trip segments. Other attributes with a median of at least four were value, reputation, service and high-quality restaurants. Albeit weak, trip frequency correlated significantly with earning bonuses and in-room amenities for both business and leisure travel. Basic amenities showed a significant correlation with leisure travel frequency. Business travel frequency showed two significant negative correlations, with customer reviews and location near recreational attractions.

5.3. Hotel loyalty program benefits

Investigating the 13 hotel loyalty program benefits began by separating three travel groups – business, leisure, and both business and leisure travelers. As the medians in Table 4 show, late check-outs and available upgrades were the most important benefits. Comparing the mean ranks used the Kruskal-Wallis H test for all three groups, which differed significantly across five loyalty program benefits: quick check-ins, late check-outs, upgrades, customized services, and links to frequent flyer programs. Leisure travelers rated these five benefits less important than those traveling for business, or business and leisure, did. Business travelers rated quick check-ins and frequent flyer links higher than the other two groups. Business and leisure travelers gave the highest ratings to late check-outs, available upgrades and customized service.

Correlating program benefits with the more a person travels – business or leisure – showed that frequent leisure trips correlated significantly with available upgrades, newsletters and earning free stays through the program or for overnights. Frequent business trips also correlated significantly with free stays through the program as well as staff recognition by name.

5.4. Loyalty program expectations

The next analysis was of possible Lapland Hotel loyalty program benefits. The respondents gave all four benefits the same median rating, important (4), on a five-point scale from not very important to very important. As the results in Table 5 show, leisure, business, and business and leisure travelers reported no significant differences in three of the four options: leisure trips in Lapland, using points in other places, and choosing the hotel without any loyalty program. The traveler groups differed significantly on one benefit, immediate benefits rather than points; leisure travelers liked this option the most and business travelers the least.

Correlating travel frequency with possible benefits showed a significant negative correlation between business travel frequency and immediate benefits rather than collecting points. Leisure travel frequency showed a significant positive correlation with long-lasting benefits for leisure trips in Lapland.

Table 2
Percentage of how respondents used each card.

Item	Not a member (%)	Utilize it very rarely or not at all (%)	Utilize it regularly (%)	Utilize it whenever possible (%)
K-plussakortti (n = 1275)	4.5	39.1	34.4	21.9
S-bonus card (n = 1282)	5.9	17.0	40.8	36.3
PINS/Ykkösbonus (n = 1215)	36.8	44.1	13.1	6.0
Scandic Friends (n = 1173)	74.9	10.1	9.8	5.2
S-card (n = 1156)	87.9	4.2	4.4	3.5
Club Carlson (n = 1158)	88.2	7.4	3.0	1.4
HBC PINS (n = 1149)	92.5	4.4	1.6	1.5
Scandic + Rica (n = 1146)	94.3	2.9	1.6	1.2
IHG Rewards Club (n = 1154)	95.1	3.1	1.3	0.5

Table 3

Hotel attribute importance correlated with annual domestic business (n = 398) | Leisure (n = 1051) trips.

Item	Business | Leisure median	Business | Leisure correlation	Business | Leisure significance
Good basic amenities (room, bed, bathroom, atmosphere, staff)	5 | 5	.006 | **.077**	.912 | **.013**
Value for money	4 | 5	-.002 | .042	.961 | .173
Good in-room amenities	4 | 4	**.106** | **.142**	**.035** | **< .001**
Good reputation	4 | 4	-.041 | .012	.416 | .692
Good service	4 | 4	.024 | .048	.629 | .120
High-quality restaurants	4 | 4	.008 | −.013	.869 | .683
Location near recreational attractions	3 | 4	**-.157** | −.002	**.002** | .955
Recommended in customer reviews	3 | 4	**-.105** | 0.07	**.037** | .821
Bonuses towards overnight stay	3 | 3	**.143** | **.084**	**.004** | **.007**
Good fitness amenities	3 | 3	.071 | .029	.161 | .351
Favorable business location (business) Child-friendly (leisure)	4 | 2	-.063 | −.005	.210 | .863

Table 4

Loyalty program benefit importance compared (K-W mean rank test) and correlated (Spearman's rho) with annual domestic business | leisure trips.

Item	Median	Leisure (n = 699)	Business (n = 44)	Business and leisure (n = 352)	Business trip correlation (n = 398)	Leisure trip correlation (n = 1051)
Check in quick	3	**527.20**[a]	**588.52**[a]	**576.34**[a]	.068	.054
Check in early	3	531.47	566.10	570.82	.007	.028
Check out late	4	**518.85**[b]	**570.30**[b]	**590.85**[b]	-.001	.025
Upgrades when available	4	**514.34**[b]	**527.80**[b]	**607.78**[b]	.082	**.096**[b]
Request a specific room	3	545.01	494.82	552.82	-.048	.029
Help with other reservations	3	547.76	500.95	537.34	-.054	-.046
Occasional gifts	3	541.62	471.14	559.42	-.045	-.008
Staff recognize me by name	2	536.24	538.65	556.83	**.137**[b]	.010
Customized services based on prior stays	3	**525.38**[a]	**550.28**[a]	**583.46**[a]	.067	.058
Newsletters	3	549.36	486.32	532.85	-.064	**.078**[a]
Program can earn free stays	3	539.00	492.28	557.27	**.109**[a]	**.066**[a]
Booked nights can earn free stays	3	532.47	557.02	565.29	.066	**.119**[b]
Frequent flyer program links	2	**527.14**[a]	**602.16**[a]	**569.95**[a]	.070	.040

[a] p < 0.05.
[b] p < 0.001.

5.5. Polygamous loyalty

The correlations among each loyalty card and travel frequency, in Table 6, suggest that the more a person travels for business or leisure, the more likely that they held HBC PINS, Scandic Friends, Scandic + Rica and S-card loyalty cards. Business travel frequency, rather than leisure, seemed better at explaining having these four cards as the correlations were consistently stronger. In addition, leisure travel frequency correlated significantly with the PINS/Ykkösbonus card. Both business and leisure travelers reported significant correlations with various cards and travel frequency.

The last analysis explored loyalty card use via a new variable. Active loyalty cards comprised respondents using a loyalty card regularly or constantly, and categorizing from four to nine cards together (please see Table 1 earlier). Active loyalty cards was the dependent variable in generalized linear model analysis, appropriate when the dependent

Table 6

Loyalty card correlated with travel frequency.

Loyalty card	Business travel (n = 398)	Leisure travel (n = 1051)
K-plussakortti	0.016	0.023
PINS/Ykkösbonus	0.072	**0.082**[a]
S-bonus card	− 0.0.95	0.051
HBC PINS	**0.207**[b]	**0.092**[b]
IHG Rewards Club	**0.138**[b]	0.057
Scandic Friends	**0.234**[b]	**0.193**[b]
Scandic + Rica	**0.139**[b]	**0.079**[a]
S-card	**0.329**[b]	**0.109**[a]
Club Carlson	0.039	0.060

[a] p < 0.05.
[b] p < 0.001.

Table 5

Loyalty program benefits for the hotel chain compared (K-W mean rank test) and correlated (Spearman's rho) with annual domestic business | leisure trips.

Item	Leisure trips (n = 699)	Business trips (n = 44)	Business and leisure trips (n = 352)	Business trip correlation (n = 398)	Leisure trip correlation (n = 1038)
Immediate benefits rather than points	**565.47**[b]	**474.20**[b]	**502.48**[b]	**-.255**[b]	-.051
Long-lasting benefits for leisure trips in Lapland	528.88	521.97	568.87	.029	**.096**[a]
Use points in places other than hotel chain	540.26	573.94	527.45	-.058	-.022
Choose the hotel chain without any loyalty program, if price, quality and location were otherwise suitable	550.30	499.86	529.35	-.091	-.039

[a] p < 0.05.
[b] p < 0.001.

variable is not normally distributed (Coxe, West, & Aiken, 2013). Testing various models examined which independent factors explained why people use many different cards.

Only three factors in all the tested models consistently and significantly (p < 0.05) explained the number of loyalty cards. A person was a government or public organization employee, for example a university; thought frequent flyer program links important, and; travelled often for business. Thus, the more a person travels for business, values links to frequent flyer programs, or works for a public organization, the more likely they have several loyalty cards. In all the tested models, the number of business trips was the most powerful variable explaining the number of active loyalty cards.

6. Discussion

Rather than business or leisure travel segments, or frequent travelers, this study investigates business versus leisure travelers and travel frequency. The weak correlations in Table 3 reinforce that reward program benefits are a minor hotel choice attribute for frequent business and leisure travel, extending and supporting prior studies (Tanford et al., 2012; Tsai et al., 2011). As in prior studies (e.g., Dolnicar & Otter, 2003), in-room amenities and value for money are top hotel choice attributes. Basic amenities, insignificant for business travelers yet significant for leisure travelers, could suggest that Finnish business travelers today expect basic amenities. Lastly, business travelers may give little credence to customer reviews or nearby recreational attractions given the significant negative relationships.

Regarding program benefits, Table 4 medians show that business and leisure travelers tended to appreciate intangible and symbolic benefits, late check-outs and available upgrades. Travel frequency added frequent business and leisure traveler insights, albeit weak correlations. Business and leisure travel frequency both showed a significant positive correlation with loyalty programs earning free stays. Frequent leisure travel showed a significant positive correlation with three more benefits: available upgrades, booked nights earning free stays, and newsletters. Just one other benefit was significant for frequent business travel, hotel staff recognizing them by name, an inexpensive, personal and symbolic benefit. In summary, tangible benefits seemed more important to frequent leisure travelers and intangible benefits more important to frequent business travelers.

Symbolic benefits create affective hotel commitment and attitudinal loyalty (Mattila, 2006; Tanford, 2013; Tideswell & Fredline, 2004). As Kim and Perdue (2013) note, affective attributes significantly influence customers' hotel choices. When comparing hotel loyalty programs in this study, monetary benefits seem insufficient to attract frequent business travelers but may attract frequent leisure travelers. Symbolic benefits, however, attract both business and leisure travelers.

As for the possible Lapland Hotel loyalty program benefits in Table 5, respondents rated three benefits similarly and differed significantly on immediate benefits versus points. Leisure travelers preferred immediate benefits whereas business travelers preferred points. Business travelers showed a negative correlation with their travel frequency; the more a person travelled for business the more they wanted points instead of immediate benefits. A small but statistically significant correlation for leisure trips and benefits for leisure trips in Lapland suggests a segment among leisure travelers that often travel to Lapland and want long-lasting benefits for their leisure trips in Lapland. These differences have direct implications for planning loyalty programs and demonstrate how business travelers and leisure travelers preferences differ, underscoring the importance of consumer insights in designing loyalty programs. These results also support research on the nature of the rewards (McCall & Voorhees, 2010).

Regarding polygamous loyalty, the results in Table 6 show that both business and leisure travelers reported significant correlations with specific cards and travel frequency. Although studies argue a preference for enduring rewards over one-off rewards (McCall & Voorhees, 2010;

Tanford, 2013), these studies omitted travel frequency as an explanatory variable. The study results demonstrate that travel frequency is a significant variable to explain why people join various loyalty programs. People who travelled more, for business or for leisure, were more often be members in these programs. S-card performed well among business travelers, with higher correlations than other cards.

The study's strong correlations between travel frequency and other factors offer new insights. Frequent business travelers want a loyalty program, as the importance of bonuses increases significantly the more a person travels for business. The correlation is almost twice as large as for leisure travel. A significant negative correlation between business travel frequency and preferring an immediate benefit rather than collecting points or bonuses also supports frequent business travelers wanting a loyalty program. The more a person travels for business, the more important a loyalty program with bonuses and points becomes. The same notion is less solid for leisure travelers.

The polygamous loyalty results in Table 6 reflect a Finnish viewpoint. Ownership and active usage of general loyalty cards with wide-ranging acceptance—S-Group and K-Group—was common; specific loyalty cards were popular only with frequent travel. For occasional travel, specific cards may be beneficial. In this study, however, such cards had little or no relationship with choosing a hotel. Utility-seeking members often join a loyalty program to lower costs rather than contribute to the program by paying price premiums or recommending the program (Xiong et al., 2014). Too low a reward threshold may diminish reward attractiveness, while perceptions of exclusivity or status likely drive future loyalty (McCall & Voorhees, 2010; Xiong et al., 2014).

The generalized linear model results propose insights into, and reasons for, polygamous loyalty. Helsinki, with the widest selection of hotel chains in Finland, also receives the most business travelers from other parts of Finland. Many hotel-chain programs links to frequent flyer programs. Travelers preferring flyer points are more likely to become members in such programs when given the opportunity. The results also show that government officials and other public sector employees tend to have more hotel loyalty cards than others do. One reason could be that as the capital, Helsinki is the central point for many public institutions and thus a popular business trip destination for public sector employees.

7. Conclusions, future research and managerial implications

Two limitations of this study relate to location, Finland, and the chain's hotels. As noted in the polygamous loyalty section, general loyalty cards are common in Finland. Secondly, the hotel chain's major clientele is leisure travel, and most of its destinations are far from the source markets. Their customers' travel may be low, just one or two holidays a year. Thus, respondents may have had little interest in frequency benefits. Still, many customers may be loyal customers. Although they visit a Lapland Hotel only once or twice a year, they return year after year. Finally, many correlations were weak but significant due to the large sample size.

Addressing these limitations opens several promising future research streams. Qualitative research would help address the 'why' of these findings. For example, why did business travelers show a significant negative correlation with customer reviews or a location near recreational facilities? Extending this research to other countries could help confirm or question this study's findings. Finally, future quantitative and qualitative research could further investigate the role of polygamous loyalty.

Limitations aside, the study findings question how frequent is frequent travel, and are frequent hotel stays the only loyalty sign or measure? Most hotel loyalty programs emphasize accumulating points and benefits based on the number of overnight stays.

Lapland Hotels should consider loyalty benefits other than frequency-based benefits. Intangible and symbolic benefits (e.g. upgrades and late check-outs), preferred by the customers, would be less vulnerable to profitability compared to discounts and other frequency

benefits. Particularly for business travelers, recognizing returning guests by name is a significant symbolic benefit. Hotel chains offering their services, especially for leisure travel, should create emotionally engaged interactive customer communities that enable customers to participate and co-create value with the service provider (Kandampully, Zhang, & Bilgihanm 2015). Hence, customers would develop as loyal brand ambassadors with an emotional engagement, spreading positive word of mouth about the brand.

Hotel marketing studies rarely examine travel frequency, although travel frequency is a significant factor in explaining traveler behaviors and choices (Litvin, 2000; Woodside et al., 1987). Questionnaires have included travel frequency (e.g. Tanford, 2013) and loyalty program concepts, but few studies have examined travel frequency's relationship with loyalty programs or hotel attributes. One of the first studies to examine this connection, the results show that as a person travels more for either business or leisure, different things become more important. Leisure and business travelers diverge in which hotel attributes they appreciate, supporting and extending the findings of Yavas and Babakus (2005).

Studies of hotel reward members (Tanford, 2013; Tanford et al., 2012; Tideswell & Fredline, 2004) evaluate existing hotel loyalty programs. This study is of a hotel chain with no loyalty program, a blank sheet of paper and an open approach. The findings suggest that instead of traditional utilitarian benefits, the chain might work to construct a customer community offering emotional benefits and resemble an interactive forum for targeted marketing and customer involvement in service development.

The ultimate goal of a hotel loyalty program is to increase revenues, yet literature criticizes loyalty programs because of their inefficiency to do just that (Xie & Chen, 2013). Loyalty programs should affect the customer behavior so that the customer chooses the hotel when possible. As hotel loyalty programs are expensive to implement and maintain, analyzing the effects a loyalty program has on customers and thus on hotel revenue is critical. Loyalty programs should induce loyalty, increase visits and particularly customer lifetime value in order to benefit the hotel or hotel chain.

This study reviewed hotel loyalty program attributes. Competitors can imitate the loyalty program benefits discussed in the literature, yet as Table 4 shows, these benefits may not help a hotel gain competitive advantage. Both the literature and hotel management should consider creating competitive advantages through unique, difficult to copy loyalty programs. One such option is to not focus on loyalty programs as a source of income but as a way to collect a customer database, which is something that competitors cannot copy.

Declaration of interest

None.

Authors contributions

Professors Komppula and Pesonen worked with Lapland Hotels in crafting the study, developing the questionnaire, analyzing the results and writing up the manuscript. Professor Murphy reviewed the analysis and suggested additional analysis, revised and reorganized the manuscript, and coordinated myriad edits, revisions and online submissions with the co-authors.

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