

### The hotel chain tests whether loyal customers are also influencers

IHG is considered the world's largest hotel company by number of hotel rooms, with nearly 600,000 rooms in 60 countries and more than 160 million stays each year. Its Priority Club Rewards program members have recorded more 115 million nights at its properties since 2004 and have redeemed more than 50 billion points, worth more than \$340 million.

In April the company decided to gain even more insight behind those Brobdingnagian numbers, and decided to test the potential advocacy among some of its more loyal customers. To that end, it introduced a viral marketing promotion designed to drive incremental revenue to its hotels aimed at its exclusive Priority Club Rewards community. Specifically, 130 of its most active, and 20 of its least active, members.

Ken Bott, IHG's director, global consumer marketing, says the idea was to have a representative sample across not only the elite levels but also some of the less-active members to get a good representation of the people who patronize its seven brands (ranging from the luxury InterContinental and Hotel Indigo brands to Holiday Inn Express). The pool of 150 was admittedly small -- Bott says total membership stands at about 40 million -- but IHG felt the offer was targeted enough to garner key insights.

The 150 members received email offers, explaining that they were "exclusive" customers and offering triple points for each three-night stay in any IHG Hotel worldwide between May 1 and June 15, 2008, with as many stays as they would like during that time period. Each member was given a redemption code for themselves to use, as well as three more codes to pass along to friends and family.

"We understand that our customers can be a great resource for us, and we were looking for a way to leverage that beyond just reservations," says Cassandra Imfeld Jeyaram, social marketing manager at IHG.

She explains that the idea was to see if its most active members were also influencers within the overall travel community. (The least active members, predictably, had a low level of response, she says.)

"There was definitely a 'social currency' aspect to it," Bott says. "Who doesn't want to be the neighbor at the local pool party who can tell his friends about what a great value he found, plus he can share it? We've all seen the marketplace change, where every grocery store and pet store has a loyalty program. We wanted to find something within the travel world that would be appealing to these folks -- something that would encourage them to tell stories, share their experiences, and ultimately to feel good by their participation."

Apparently quite a few felt good. Bott reports that for every person who received the promotion, he or she forwarded it to an average of 17 other people. The end result was the booking of 4,200 room nights, with members earning 7.2 million points in total. The campaign quickly spread to more than 30 countries -- including Saudi Arabia, Singapore, Lithuania, and Malaysia -- and drove \$250,000 in incremental revenue during the six weeks.

"We were very surprised by those numbers," Jeyaram says. "We're ecstatic."

No follow-up with these customers was executed beyond a generic "thank you for staying with us," which leaves opportunity to create even more engagement. However, Bott says there are plans to introduce a similar campaign to an even larger control group, though he declines to say just when that might happen.

"Part of the attractiveness of something like this is to surprise and delight our customers," he says. "It's like everybody knows you wait until the end of the month to buy a car. We don't want to dilute the effect."

