

A woman in a hotel room looking out a window with a suitcase. The scene is dimly lit, with the woman's silhouette and the window view being the primary focus. She is holding a hat and has her arms raised. A suitcase is visible on the floor next to her. The room features a bed with a white sheet and a rolled-up towel on the left. The window has curtains and a view of trees outside.

Guests of Honor

How Hotels Can Harness Ancillaries to Maximize Loyalty, Boost Revenue, and Drive Long-Term Growth

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Plusgrade 



The Power of Loyalty Programs

Plusgrade's survey of 3,927 travelers across multiple regions shows how engaged loyalty members are hoteliers most valuable customers.

Over the past few years, the world's biggest hotel companies have invested heavily into their loyalty programs. Marriott [leads all hotels](#) with 192 million loyalty program members, for a growth rate of 60% from 2018 to 2023. Hilton, with 173 million members, boasts the industry's fastest-growing loyalty program, for a growth rate of 110% during that same period.

So what's behind this growth? As the travel industry becomes more competitive, hotels are recognizing that loyalty program members are their most valuable customers. And in order to gain an advantage, they're capitalizing on new platforms and solutions geared at helping hotel companies drive ancillary revenue and maximize the value of their loyalty programs.

At [Plusgrade](#), we're passionate about helping our partners create new revenue streams through incredible customer experiences. As part of this mission, we're always looking to better understand trends in the travel industry, including the rise of hotel loyalty programs and their ability to drive long-term revenue growth for hotel companies.

A Note on Methodology

The data in this report is based on a survey of 3,927 travelers across the United States, United Kingdom, Europe, Australia, Japan, South Korea, and United Arab Emirates. The survey targeted individuals who had taken at least one leisure or personal trip in the past two years. The sample was split evenly between women and men, with 65% of respondents reporting as current loyalty program members.



Key Takeaways at a Glance



Loyalty programs are booming

Major hotel chains like Marriott and Hilton are seeing massive growth in their loyalty programs, with memberships increasing by 60% and 110% respectively since 2018.



Travel habits reveal value

Hotel loyalty program members are 41% more likely than non-members to have traveled recently and up to 90% more likely to opt for luxury resorts and branded hotels.



Ancillaries are in high demand

83% of active loyalty program members have purchased ancillary products recently, with 88% expressing willingness to do so again, underscoring the growing market for these extras.



Loyalty members are ideal ancillary customers

71% of loyalty members prioritize convenient and efficient travel, and 65% seek out comfort and luxury, showing they're ready to invest in superior experiences.



Many travelers prefer points

Over half of travelers are willing to pay for upgrades or add-on services using points instead of cash, with two-thirds of loyalty program members favoring points for comfort-related ancillaries.



Upgrades drive repeat business

Experiencing an upgrade boosts the likelihood of future purchases, with 88% of loyalty members who've enjoyed a room upgrade willing to use points for a future upgrade.



Personalized experiences lead to long-term value

Timely and relevant offers that meet the unique needs and preferences of loyalty program members can significantly boost satisfaction and loyalty, generating happy long-term customers.

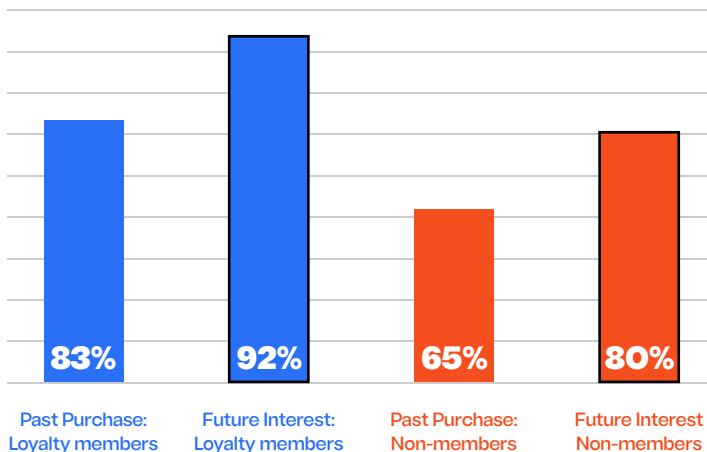


Capitalizing on the Rise of Ancillaries

As hotel loyalty programs have evolved and grown, a separate-but-related trend contributing to this growth is the increasing demand for ancillaries such as room upgrades, early and late checkouts, pre-reserved dinners, spa sessions, and more.

More than three-quarters of travelers have purchased an ancillary or add-on product in the past. This figure rises to 83% among active loyalty program members, with 92% of members saying they are willing to purchase an ancillary in the future.

Past Purchase vs Future Interest in Ancillaries



Percentage of respondents who have previously paid for at least one type of (listed) ancillaries/add-on services

Percentage of respondents who are willing to pay for at least one type of (listed) ancillaries/add-on services in the future

Hotel loyalty program members are ideal customers for ancillary products. They are avid travelers, with nearly 4 out of 5 considering travel an essential part of their life and making it a priority to travel regularly. They see hotels not just as a place to stay, but a core part of their overall travel experience. For that reason, **71% prioritize convenience and efficiency when choosing a hotel, and 65% prioritize comfort and luxury, even if it means paying a premium.**

As savvy and engaged members who understand the value of their loyalty programs, it's no surprise that hotel loyalty program members are more likely to have redeemed reward points for hotel rooms at full or partial cost. They're also more likely to have used points for flight and hotel upgrades and add-on services, plus a range of other goods and services.

Given hotel loyalty program members' tendency to prioritize convenience and luxury, combined with their willingness to spend on ancillaries, these customers present an incredible opportunity for revenue growth. By making it easy for loyalty program members to use points on high-value ancillaries that improve their comfort and overall experience, you'll build loyalty with these valuable customers and ultimately drive more revenue.





Leveraging Loyalty Currency

Similar to the rise of ancillaries, in recent years we've seen a growing preference among travelers for using points instead of cash, including when it comes to paying for ancillary products and services. This is especially true of hotel loyalty program members, who as savvy travelers are always looking for ways to maximize the value of their points.

Our research shows that over half of travelers are willing to pay for upgrades or add-on services using points instead of cash. Specifically, loyalty program members show a strong preference for using points to enhance their travel experience, with around 2 out of every 3 members saying they would rather use their points to pay for comfort-related amenities.



2/3 members
would rather use points to pay
for comfort-related amenities

Of the hotel loyalty program members surveyed for this report, 69% say they are willing to redeem points to cover the cost of a hotel room upgrade, while 63% would redeem points for hotel add-on services.

Given that flexibility for using points is the number-one factor for travelers when choosing a loyalty program, **offering guests more ways to use their loyalty currency is a great way for hotel companies to gain a competitive advantage.** This applies not only to the range of ancillary products offered – room upgrades, early and late checkouts, special pre-booking amenities, and so on – but also the ways in which members can earn and redeem points.

Specifically, offering guests the ability to pay for add-ons and upgrades using a mix of cash and points is a great way to offer more flexibility. The same goes for allowing loyalty program members to bid on ancillary products using points or a mix of cash and points.

The key with any successful loyalty program is finding ways to keep members engaged. Loyalty points are a proven way of letting members personalize their travel experience, and creating satisfied, loyal hotel guests who will drive more business over the long term.

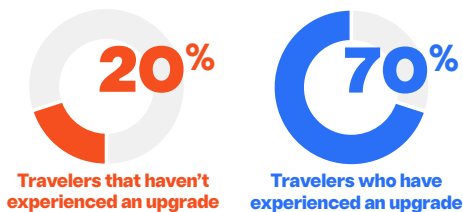


Upgrades Drive Repeat Purchases

One of the most powerful cases for ancillary products is their impact on repeat purchases.

To borrow an example from the airline industry, consider that among travelers who have never experienced a seat upgrade before, only around 20% say they would pay for such an upgrade in the future. However, this willingness jumps to nearly 70% among travelers who have previously enjoyed a seat upgrade.

Traveler Willingness to Purchase Seat Upgrades



Percentage of travelers willing to pay for a seat upgrade in the future.

A similar case study comes from the cruise industry, where one cruise line operator found that 23% of customers who had previously received an upgrade using the Plusgrade platform opted to bid on an even higher cabin level for their next cruise, while 18% actually booked the exact cabin level they had been upgraded to before.

From these examples, we can assume that if loyalty program members see and appreciate the value of upgrades during flights and cruises, they are just as likely to appreciate the value of room upgrades and other perks when it comes to improving their stay at a hotel.

Similarly, our data shows that hotel loyalty program members are more likely to use loyalty points for premium ancillaries they've experienced before. While only **41% and 48% of first-time users are willing to redeem points for hotel add-ons and upgrades, respectively, these figures soar to 85% and 88% among guests who have enjoyed such services in the past.**

The pattern is clear: once a loyalty program member experiences an upgrade – whether through status or by using cash or points – they are more inclined to repeat that experience. This holds true even for top-tier members who might sometimes receive such upgrades for free; they are still willing to pay in other circumstances because they recognize the service's value and have learned to prioritize it when they travel.



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Tying It All Together

As loyalty programs evolve and the market for ancillaries expands, the world's most successful hotel companies are learning that engaging their loyalty program members with timely and relevant offers is the key to driving long-term revenue growth.

From offering personalized experiences and a range of ancillary services tailored to guests' preferences, to using loyalty currency to provide flexibility and help guests maximize the value of their points, to recognizing the power of upgrades when it comes to driving repeat purchases, hotel companies have many tools at their disposal when it comes to strengthening customer loyalty and generating revenue.

At Plusgrade, we're committed to helping hotels unlock new revenue streams with incredible guest experiences. **With a portfolio of leading ancillary revenue products used by more than 200 of the largest airlines, hotels, rail lines, cruise lines, and financial institutions worldwide**, our comprehensive solution is built to elevate guest satisfaction, drive revenue, and seamlessly digitize and automate your operations.

For more information on how Plusgrade's platform can boost your hotel's loyalty program and drive ancillary revenue, visit our website at plusgrade.com. Together, let's elevate the travel experience and bring happiness to hotel guests around the world.

Timely and relevant offers that meet the unique needs of loyalty program members significantly boosts satisfaction and loyalty, generating happy long-term customers.



About Plusgrade

Plusgrade powers the global travel industry with its portfolio of leading ancillary revenue solutions, trusted by over 200 airline, hospitality, cruise, passenger rail, and financial services companies. Plusgrade's platform creates new, meaningful revenue streams through incredible customer experiences. By integrating loyalty solutions into the broader ancillary revenue framework, they enable travel companies to leverage ancillaries as fundamental drivers of their business.

For more information, visit plusgrade.com.

