

HYB25

Annual Edition

Navigating New Dynamics in the
New Year



The Hotel Yearbook

Foresight and innovation in the global hotel industry

HY8



Why guest retention is the #1 priority for hoteliers in 2025?

Loyalty

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To begin with, revenge travel is over. STR and Tourism Economics final 2025 forecast reflects a downgrade in growth rates because of concerns over rising costs of living. It's simple math: higher cost of living means less disposable income which means less travel.

Add to the above the rising costs of new customer acquisition and guest retention clearly emerges as your property's priority for 2025.

Today it is 15-20 times more expensive to acquire a new customer than retain past customers. Unlike potential guests, past guests already know your property, your product and location, all you need to convince them is that your property's value proposition hasn't changed.

Guest Retention is the final fifth phase of the Digital Customer Journey, which also includes the Dreaming, Planning, Booking and Experiencing Phases. Because of ignoring this important engagement step, only 10%-15% of guests at independent hotels on any given night are repeat guests vs nearly 60% at the major hotel chains.

In 2025, success in bringing repeat business will likely make or break any property. How do you increase your repeat business?

By implementing CRM technology and Guest Appreciation Program. Naturally, in addition to providing impeccable service, above and beyond customer expectations.

Only a meaningful CRM technology application – as part of your hotel tech stack – can ensure deep engagement with your past guests. CRM tech provides automated post-stay communications, guest satisfaction surveys, guest retention marketing automation and drip marketing campaigns, guest recognition program management and loyalty marketing.

These fully automated CRM initiatives keep “*the conversation going*” with your past guests, keeps them engaged and steer them in the right direction: to book your hotel when they visit your destination again.

Why people like buying known things or from known brands? Because of the known value proposition, whether this is Apple products or a hotel. Not many repeat visitors to any destination would like to experiment with a new hotel. If your property has done a good job with your guests, if you keep them engaged after they have left, then they will come back.

Very few hoteliers have strategies to target repeat business. For many years, by implementing CRM and Guest Appreciation/Loyalty Program, at my company Next Guest, now merged with Cendyn, we have tripled and quadrupled repeat business at our hotel clients. Unfortunately, if you ask today independent hoteliers “*On average, what % of your guests are repeat guests*”, 90% would not know the correct answer. No wonder less than 10% of independents have CRM technology and program in place.

What is stopping an independent hotel to increase its repeat guests? Let's say from 10% to 20%,30% or more? Main reasons are the lack of CRM technology and Guest Recognition Program plus lack of appreciation how precious repeat guests are.

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