impact of the Persian Gulf War (and economic recession) on travel and tourism marketing. Some of the impacts are reflected in reduced travel on the one hand, and more aggressive attempts of touristic organizations (e.g., airlines, travel agencies) to lure reluctant travelers on the other hand. Other impacts included shorter vacations and more vacations at home in the United States; tightened security at airports and hotels; the increased use of video conferencing as a safer and more efficient alternative to long-distance travel to meetings; travel agents’ greater use of champagne and cheese parties to market travel; development of advertising campaigns with patriotic themes; and offering airline and hotel discounts to soldiers who fought in the War.

Frequent-Stayer Programs: The Demographic, Behavioral, and Attitudinal Characteristics of Hotel Steady Sleepers

MARY JEAN RIVERS, REX S. TOH, AND MEHDI ALAOUI

This study, based on the results of a survey of hotel guests, describes the extent and operational nature of frequent-stayer programs and examines the statistical profile of hotel guests. Differential demographic, behavioral, and attitudinal characteristics of steady sleepers are provided, and some marketing implications for the hotel industry are identified.

Inspired by the success of the airlines’ frequent-flier programs, which have an estimated 18 million participants (Toh and Hu 1988), hotels have started their own frequent-stayer programs. With no enrollment fee (except for the Sheraton, which charges $25.00) and sometimes with bonus points just for enrolling (notably given by Hilton, Marriott, and Westin), the hotels entice guests to join frequent-stay programs. This is done in the hope that “steady sleepers” will repeatedly patronize the same hotel chain to earn points through room credits, in-house purchases, and airline, car rental, and credit card tie-ins. When the minimum award levels have been achieved, repeat hotel guests are rewarded for their loyalty with free stays, room upgrades, merchandise, package tours, car rentals, and even cash.

Like the frequent-flier programs of the airlines, many hotel frequent-stayer programs are self-contained arrangements, without affiliation and with credits redeemable only at hotels. This practice contrasts with the credit-card and devoted-driver programs that allow customers to earn points to be cashed in only with affiliated airlines or hotels. Naturally, the biggest hotel chains have the largest membership, since they are the most attractive to guests, given the fact that it pays to stay in the same hotel wherever a traveler is. In order of size of program membership, the following hotel chains lead the way, roughly in order of the size of the hotel chain: Marriott (more than 3 million), Holiday Inn (2.80 million), Hyatt (1.30 million), Hilton (more than 1 million), Ramada Inn (.90 million), Sheraton (.50 million), Westin (.42 million), and Best Western (.25 million). The smaller hotel chains have smaller programs: Souffler (165,000) and Red Lion (30,000).

THE STUDY

This study was undertaken partly to examine the demographic characteristics of what we will call hotel steady sleepers (members of frequent-stayer programs). In particular, we need to find out their age, income categories, and gender. Also, we want a profile of their behavioral characteristics with respect to whether they are predominantly business travelers or tourists, their frequency and length of travel, and the manner in which travel arrangements are made. Finally, we wish to analyze the differential attitudes of steady sleepers in regard to frequent-stayer programs and the factors that affect their choice of hotels.

A survey was conducted by six students in the spring and summer of 1989. Personal interviews were conducted at Sea-Tac International Airport (to get respondents from many different hotels), Crown Plaza Hotel in Seattle (to survey the upscale market), and the Holiday Inn in Bellevue, Washington (to capture the average lodger). Only travelers who were hotel guests were interviewed. Care was taken to ensure that the interviewers went to their designated locations on different days of the week and at different times of the day to get a representative cross-section of the market. Also, on the advice of the executive from the Crown Plaza Hotel, the survey was stretched over almost six months to help capture the seasonal variation in types of hotel clientele, since summer was an atypical season with a preponderance of tourists.

Respondents were asked to fill out a four-page questionnaire consisting of 29 questions, some containing multiple parts. These self-administered questionnaires took about 15 minutes to complete. Almost 100 hours of personal interviews yielded 426 usable responses, resulting in approximately 20,000 data points stored on SPSSX. Numerous parametric and nonparametric tests were conducted; only the more pertinent results are reported here.

HYPOTHESES

Multiple discriminant analysis revealed frequent fliers to be mostly older men with higher incomes (Toh and Hu 1990). We suspected that steady sleepers are no different. Therefore, the first hypothesis was as follows:
**H 1:** Frequent stayers are demographically similar to frequent fliers in that they tend to be older males with higher incomes.

Frequent fliers tend to be businessmen who travel more frequently, therefore making their own travel arrangements, but who travel shorter distances (Toh and Hu 1988). We postulated that steady sleepers are alike, giving rise to the second hypothesis:

**H 2:** Behaviorally, steady sleepers tend to be business travelers who make more out-of-town trips, spend more time in hotels, travel short distances, and stay longer than nonmembers. They are also more likely to make their own travel arrangements.

The literature suggests that frequent fliers are selfishly motivated by bonuses and possess unethical attitudes towards travel issues (Stephenson and Fox 1987). Again, we surmised that steady sleepers would have similar attitudinal characteristics, resulting in the third hypothesis:

**H 3:** Frequent stayers have self-gratifying attitudes toward frequent-stay programs, are motivated only when travel benefits accrue to themselves, and are unethical in their attitude towards travel issues. In particular, they are predisposed to allowing frequent-stay programs to dictate their choice of a hotel.

The above three hypotheses were tested by analyzing the results of our study.

### DEMOGRAPHIC PROFILE OF A STEADY SLEEPER

The vast majority (87%) of the 120 frequent-stayer program members surveyed were male, with a corresponding figure of 74% for nonmembers. A Chi-square test revealed that, at $\alpha = 2\%$, membership status and sex are not statistically independent of one another. Members had a higher average annual income of $60,000, compared to $50,000 for nonmembers ($p = 0$). Members who had higher incomes tended to belong to more programs, and members were, on the average, also slightly older than nonmembers (42 years versus 40 years, $\alpha = 8\%$). Thus hypothesis 1 is completely valid.

### BEHAVIORAL CHARACTERISTICS OF A STEADY SLEEPER

Frequent stayers are predominantly business travelers. A very high percentage (93%) of the members considered themselves business travelers, compared to 63% of the nonmembers. This is in contrast to the fact that the percentage of frequent fliers who are business travelers is only 60% (Toh and Hu 1988). Also, 70% of the members had their rooms paid for by their companies, as compared to only 57% of the nonmembers. Members tend to be business travelers and are more likely to have stayed at company expense ($\alpha = 0.1\%$ and $\alpha = 3\%$, respectively). Business travelers belong to more frequent-stayer programs compared to pleasure travelers. A one-way ANOVA F test rejected the null hypothesis of equal program membership for both types of travelers at $\alpha = 1\%$.

Frequent-stayer members, who are mostly businessmen, on the average make more out-of-town trips a year (27) compared to nonmembers (14). Members also reported that they spent more time in hotels (39 nights) than nonmembers (22 nights) the previous year. Any notion that membership status is not affected by the number of out-of-town trips and the number of nights spent in hotels can be dismissed ($p = 0$). Members are also more inclined to choose the hotels themselves compared to nonmembers (45% versus 31%). In fact, members who make more out-of-town trips, spend more nights in hotels, and choose their hotels themselves also tend to belong to more frequent-stayer programs. However, there is an insignificant difference in the average number of nights stayed in hotels by members and nonmembers on each trip.

An interesting and unexpected finding is that on the average, members of frequent-stayer programs travel longer distances (1,077 miles) compared to nonmembers (850 miles) ($\alpha = 2\%$). The gravity model postulates that there are more interactions among cities that are in closer proximity, so businessmen (who comprise the majority of steady sleepers) are more likely to make shorter trips than longer ones. This is in fact the case with frequent flier members who, on the average, travel shorter distances (1,190 miles) compared to nonmembers (1,818 miles) as shown in an airline study (Toh and Hu 1988).

Overall, steady sleepers tend to be businessmen who make more out-of-town trips, spend more time in hotels, and are more likely to make their own travel arrangements. However, they do not travel shorter distances and they do not stay longer on each trip. Hypothesis 2 is therefore only partly confirmed.

### DIFFERENTIAL ATTITUDES OF A STEADY SLEEPER

When asked to assume that frequent-stayer bonuses are free employee benefits, members considered frequent-stayer programs significantly more important in choosing a hotel, compared to nonmembers ($p = 0$). However, when asked to assume that the bonuses belong to the company, the importance of the programs in choosing hotels was almost identical for members and nonmembers ($\alpha = 99.9\%$).

When a company does not control frequent-stayer bonuses, members tend to belong to more programs. Also, when bonuses are considered employee-owned, a positive correlation results between the importance placed on frequent-stayer programs and the number of programs in which members are enrolled ($p = 0.003$). Not surprisingly, this relationship is not significant when the bonuses are considered company property; in fact, the correlation was negative.

Furthermore, a disproportionate number of members belong to companies that allow employees to arrange their business travel around frequent-stayer programs to earn bonuses and that do not actively manage the bonuses. Membership status is related to company policy ($p = 0$).

With respect to the taxation of benefits, nearly half (49%) of the steady sleepers indicated that they would report their frequent-stayer bonuses on their income tax returns if required to do so by the Internal Revenue Service; compared to nonmembers, members would be slightly more inclined to report their hotel bonuses.

The respondents were asked to rate eight factors for their importance in the selection of a hotel on a scale from 1 (very important) to 5 (not at all important), and the mean responses are as shown in Table 1. Note that locational convenience (mean score = 1.42), overall service (mean score = 1.68), and room readiness (mean score = 1.98) are considered to
be the most important factors among both members and nonmembers. Low prices (mean score = 2.65) and the quality of meals (mean score = 2.73) are considered moderately important. Frequent-stayer programs (mean score = 3.02) and the recommendations of the corporate travel planner (mean score = 3.39) and travel agent (mean score = 3.51) are considered the least important factors in choosing a hotel.

Compared to nonmembers, members considered frequent-stayer programs and overall service more important (p = 0) and α = 4% respectively. In fact, when the eight different factors were treated as independent variables regressed against the importance (to members) of the free hotel bonuses, the partial regression coefficient for frequent-stayer programs was very significant (p = 0%) and was significant (α = 3%) for overall service.

When respondents were asked to evaluate five statements connected with frequent-stayer programs, giving a rating of 1 to indicate strong agreement and a rating of 5 to indicate strong disagreement, the mean responses were as shown in Table 2. Compared to nonmembers, members were very significantly more in agreement with the notion that membership in a program influences the choice of a hotel and that concentrating on one program yields the best prizes (p = 0 in both cases). Also, members were more inclined to agree that it is wisest to belong to all the programs for flexibility in choosing hotels, but this difference was significant only at α = 18%.

Compared to members, nonmembers were more in agreement with the statement that they were afraid of program termination before the benefits could be collected (α = 7%). However, this does not imply that members are unconcerned with program termination. The difference in the importance placed on frequent-stayer programs (by members) when the bonuses are considered free employee benefits and when they would revert to the company was then treated as a dependent variable. This was regressed against the degrees of agreement with the five statements. The partial regression coefficient for members' fear of program termination was positive and significant at α = 2%, indicating that members who feared program termination the most registered the biggest difference for the importance of frequent-stayer programs under the two ownership scenarios. Hence, members who cared the most about owning the bonuses were also the most concerned about program termination.

Members and nonmembers had almost identical attitudes toward the taxation of hotel bonuses. In fact, for members, taxation had an insignificant impact on the differential importance of frequent-stayer programs under the two ownership scenarios. This result is consistent with the results of a previous study (Hu, Toh, and Strand 1988) which found that, among the frequent fliers surveyed, a statistically insignificant correlation exists between the perceived importance of frequent-flier awards and the potential impact of their taxation.

Finally, there is some correlation between the agreement that program membership influences hotel choice and the strategy of concentrating on one program (r = 0.36) and the wisdom of belonging to all the programs (r = 0.35).

Steady sleepers do appear to have self-gratifying attitudes toward frequent-stayer programs, considering them as important only when the benefits accrue to themselves instead of to their corporations, and tend to belong to multiple programs while concentrating on one to maximize their own

**TABLE 1**

**DIFFERENTIAL ATTITUDES TOWARDS CHOICE OF A HOTEL**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean Scores</th>
<th>Diff.</th>
<th>Level of Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Members</td>
<td>Nonmembers</td>
<td></td>
</tr>
<tr>
<td>Convenience of location</td>
<td>1.42</td>
<td>1.47</td>
<td>-.05</td>
</tr>
<tr>
<td>Overall service</td>
<td>1.68</td>
<td>1.86</td>
<td>-.18</td>
</tr>
<tr>
<td>Readiness of rooms</td>
<td>1.98</td>
<td>1.85</td>
<td>+.13</td>
</tr>
<tr>
<td>Low or discount prices</td>
<td>2.65</td>
<td>2.82</td>
<td>-.17</td>
</tr>
<tr>
<td>Food and beverage quality</td>
<td>2.73</td>
<td>2.66</td>
<td>+.07</td>
</tr>
<tr>
<td>Frequent-stay programs</td>
<td>3.02</td>
<td>3.83</td>
<td>-.81</td>
</tr>
<tr>
<td>Corporation's recommendations</td>
<td>3.39</td>
<td>3.15</td>
<td>+.24</td>
</tr>
<tr>
<td>Travel agent's recommendations</td>
<td>3.51</td>
<td>3.29</td>
<td>+.22</td>
</tr>
</tbody>
</table>

**TABLE 2**

**DIFFERENTIAL ATTITUDES TOWARDS FREQUENT-STAYER PROGRAMS**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean Scores</th>
<th>Diff.</th>
<th>Level of Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Members</td>
<td>Nonmembers</td>
<td></td>
</tr>
<tr>
<td>Concentrating on one frequent-stayer program</td>
<td>2.22</td>
<td>2.78</td>
<td>-.57</td>
</tr>
<tr>
<td>program yields the best prizes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership in a frequent-stayer program</td>
<td>2.48</td>
<td>3.21</td>
<td>-.73</td>
</tr>
<tr>
<td>often influences my choice of hotel.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is wisest to belong to all the programs</td>
<td>2.81</td>
<td>2.97</td>
<td>-.16</td>
</tr>
<tr>
<td>to have maximum hotel flexibility.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>If I had known my bonus prize might be taxed,</td>
<td>2.89</td>
<td>2.88</td>
<td>-.01</td>
</tr>
<tr>
<td>I would not have joined the program.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am afraid that the program I am enrolled in</td>
<td>3.30</td>
<td>3.09</td>
<td>-.21</td>
</tr>
<tr>
<td>will be terminated before I can cash in my</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>benefits.</td>
<td></td>
<td></td>
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</tbody>
</table>
bonuses. However, steady sleepers do not place much importance on the effect of their membership on the choice of a hotel. Instead, they consider locational convenience, overall service, room readiness, and, to a lesser degree, price to be the most important factors in lodging preference. Thus, while steady sleepers are astute in the ways they maximize their own benefits, an ethical problem does not seem to occur with respect to abuse of frequent-stayer programs in the choice of hotels to the detriment of corporations that pay the bill. Thus, hypothesis 3 is only partly valid.

**MARKETING IMPLICATIONS FOR THE HOTEL INDUSTRY**

The most important finding of our study may be that frequent-stayer programs do not greatly affect the choice of a hotel. Given a list of eight factors that affect lodging choice, steady sleepers rank hotel bonus programs as only sixth in importance. Therefore, membership does not seem to affect the choice of hotels significantly. Our findings further indicate that half (exactly 50%) of the steady sleepers were not collecting points during their current stay. They were lodging in hotels with no bonus programs or in hotels to which they did not belong because their hotels were not readily available. Perhaps this is because they belonged to an average of only 2.25 programs and, as noted by Randy Peterson, editor of *Frequent* magazine, “few hotel chains are always near where I need to stay.” But more probably, frequent-stayer benefits are simply not attractive enough to generate brand loyalty.

According to *Consumer Reports Travel Letter* (May 1988), “Hotels are stingier with free rooms than an airline is with free seats.” It computes that among award programs, the discount value is between 5% and 10%, compared to the airlines which offer values as high as 20% to 25%. Thus, only 28% of all the 426 respondents reported themselves as members of frequent-stayer programs — much less than the 53% who declared themselves members of frequent-flier programs.

Citing a lack of interest, Radisson Hotels planned to be the third major hotel chain in 1990 to abolish its program, after Inter-Continental Group and Omni Hotels. Other chains have started to scale back their plans and analysts believe that this is just the beginning. Notable exceptions to the general lack of success of frequent-stayer programs are those run by Sheraton, Holiday Inn, and Marriott.

One obvious method of enhancing a hotel’s bonus program is to link up with an airline. In fact, our study indicates that 53% of the steady sleepers are also frequent fliers, and 69% of those interviewed at hotels (those interviewed at the airport were intentionally excluded) arrived by plane. This fact has not been lost on Marriott Hotels and Resorts, which has joined American Airlines’ frequent-flier program to create the biggest frequent-traveler program in the hospitality trade, partly to compete with Sheraton, which had joined up with United Airlines earlier. Many other hotels collaborated with other airlines so that their guests can earn the more popular frequent-flier programs.

As a case in point, after January 1, 1991, frequent-flier members belonging to Northwest’s WorldPerks Program began earning 500 bonus points when traveling on Northwest for stays at participating Holiday Inn hotels worldwide. This has helped to increase bookings at Holiday Inn. Also, Hertz promotes its car rental business by crediting its customers with bonus miles to be redeemed from Northwest, thus acting as a nonliability partner with an airline.

For hotels, especially those with only stand-alone programs, the awards must be sufficiently attractive to be successful. On an annual average basis for a steady sleeper, our study shows that 78 coupons are used for upgrades, .42 for free accommodation, and only .04 are used for other purposes such as the improbable purchase of lawn mowers and luggage offered by hotels such as Holiday Inn. Our recommendation is to abandon the unpopular merchandise gimmicks (Sheraton has offered a Porsche 911 Carrera roadster for an equivalent of a stay in a $95 room every night for the next 18 years!) and concentrate on providing what businessmen traveling on company expense want: a free upgrade for their comfort and enjoyment.

Also, because business travelers, who make up the bulk of steady sleepers, value convenience above anything else, hotels should give special treatment to their members. For instance, Holiday Inn’s Priority Club members receive express service when making reservations. Radisson plans to recognize a limited number of frequent stayers and grant them such conveniences as express check-ins and free newspapers.

Hotel promotions obviously should be directed towards middle-aged businessmen in the higher income classes. These steady sleepers who spend more than 10% of their nights in hotels and travel frequently enough to choose their own hotels personally can be reached directly by mass advertising or through upscale publications such as *Consumer Reports’ Travel Letter, Business Flyer, and Frequent.* On the other hand, given the fact that the recommendations of the corporate planner and travel agent are the least important factors in the choice of a hotel, hotels, compared to airlines, should not put as much emphasis on sales promotion towards the trade.

In targeting for steady sleepers, the hotel chains have an overwhelming advantage. The size of the chain is important because steady sleepers, while they may belong to many bonus programs, believe that concentrating on one program yields the best results. In the case of frequent-stayer programs, the chain with the biggest network of hotels would therefore be the most attractive.

Frequent stayers have indicated a strong attachment to their benefits. Any attempt by corporations to confiscate their benefits for corporate use will result in a loss of interest in the bonus program and whatever brand loyalty there is. Hotels should follow the marketing strategy adopted by the domestic airlines: simply do not allow corporations to join the bonus programs.

Although steady sleepers have not indicated a great aversion to the taxation of bonuses, taxation of awards would make them even less attractive. However, the tax issue appears to be moot at least for the present.

Finally, so that the awards are attractive to the travel-weary businessman, hotel bonuses should be freely transferable to family members and friends since, in contrast to the airline coupon market, there are no well organized coupon brokers for hotel bonuses. With the implied consent of corporations who pay hotel bills about 70% of the time, this might be considered partial compensation for steady sleepers who, on the average, make 27 trips and spend 39 nights a year away from home.
The Social, Economic, and Environmental Costs of Tourism to a Gaming Community as Perceived By Its Residents

LOWELL CANEDAY AND JEFFREY ZEIGER

Residents’ and entrepreneurs’ attitudes were studied in Deadwood, South Dakota, with respect to the impact of tourism on the economy, social structure, employment opportunities, lifestyle, and environment of the community. The value of tourism is recognized, and the impact of re-introduction of gambling is acknowledged by both groups.

Tourism has been identified frequently as the saving financial base for sagging local and state economies. Yet the blessing of tourism includes the potential for blight (Young 1973). The 1980s saw an increasing interest in the possible down side of the tourism business, a side which must be addressed early in the development of tourism policy (Murphy 1985; Edington and Edington 1986; Gunn 1988; McIntosh and Goeldner 1986; Caneday et al. 1990).

During the 1970s, Young (1973), Butler (1974) and others developed theories addressing the social, psychological, and economic effects of tourism on a resident population. Pizam (1978) applied these theories to the Cape Cod region and illustrated social costs to a destination community as perceived by its residents. Chow (1980) demonstrated that tourism required integrated planning to be a positive influence in a rural setting.

Cooke (1982) went further with the advancement of guidelines for socially appropriate tourism development in rural areas. Further studies, resulting from the Colorado Rural Recreation Development Project, addressed tourism in rural areas and residents’ perceptions of tourism development (Long, Perdue, and Allen 1990; Allen, Long, Perdue, and Kieselbach 1988; Perdue, Long, and Allen 1987). These studies indicated decreased desirability of tourism development as perceived impacts increased.

Pizam and Pokela (1985) identified perceived impacts of casino gambling on two communities in Massachusetts prior to the decision to introduce gaming into those communities. An overall attitude index was developed from an assessment of political, economic, and social impacts. Residents showed little agreement on those items perceived as positive impacts of gambling, with much greater agreement on perceived negative impacts. The major factor identified for predicting residents’ attitudes toward legalization of gambling was concern for the character of the hometown.

Three conclusions drawn by William Eadington (1986) concerning the study by Pizam and Pokela produced the basis for this study on impacts of gambling in Deadwood, South Dakota:

1. Economic benefits, social problems, and a changed image of the community within its region and state undeniably will alter both the character and reputation of the community.
2. One’s attitudes toward gaming will depend largely on whether those changes are going to improve or deteriorate one’s present quality of life in that community.
3. When gambling is legalized, economic activity tends to be concentrated in the geographic vicinity of the casino, while net effects on the surrounding area are considerably lower.

Unfortunately, policy is not always developed with full knowledge of social impacts, especially in situations where economic benefits appear attractive. The state of South Dakota approved the re-establishment of gambling rights, with certain statutory limitations on wagers, in the historic town of Deadwood (Bennett 1935; Deadwood-Lead Centennial, Inc. 1976; Parker 1981). Visitors are attracted by the scenic beauty of the Black Hills, the proximity to Mt. Rushmore, and the opportunity to recreate, during their leisure, the deadman’s hand of Wild Bill Hickok. The establishment of gambling in a conservative western South Dakota town combined with the increased flow of tourist traffic and all its required support services has the potential to change the very personality of Deadwood and its residents.

Limited gaming returned to Deadwood in November 1989 after an absence of almost 100 years. For blackjack and poker a $5.00 limit exists on bets; slot machines accept nickels, quarters, and dollars. The South Dakota Gaming Commission limits individual licenses to a combined total of 30 games and machines (South Dakota Gaming Commission).

Actual economic impact studies of Deadwood were preliminary at the time of this study, as the city and surrounding area continue to develop to meet demand. Social impact studies were possible and necessary to address residents’ perceptions of changes in tourism policy and the development of social attitudes as a result of tourism and gambling and its impacts. Since this study was conducted, the Gaming

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