

RESEARCH ARTICLE

The Impact of Digital Loyalty Programs on Consumer Experience in the Saudi Hotel Industry

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ABSTRACT

Digital transformation has significantly reshaped the hospitality industry, positioning digital loyalty programs as a key mechanism for enhancing consumer experience and strengthening brand relationships. In the Saudi hotel sector, where consumer expectations are increasingly shaped by personalization and value-driven services, evaluating the effectiveness of these programs has become essential. This study examines the impact of digital loyalty programs on consumer experience, focusing on awareness, engagement, and perceived value. The findings reveal a fragmented awareness landscape, with a considerable proportion of consumers demonstrating either moderate or no knowledge of such programs, pointing to a clear gap in communication strategies rather than a lack of interest. Although consumers actively seek added value, their engagement with loyalty programs remains inconsistent and underdeveloped. The results further indicate a positive but moderate relationship between the use of digital loyalty programs and consumer loyalty. Loyalty is no longer purely behavioral; rather, it is shaped by perceived value, user experience, and emotional connection. However, nearly half of the respondents reported no noticeable impact on their actual hotel experience, highlighting a disconnect between the conceptual promise of loyalty programs and their practical implementation. The study identifies key limitations, including weak integration of loyalty benefits into service delivery, inconsistent execution, and limited personalization. Consequently, programs are often perceived as transactional rather than experiential. Overall, digital loyalty programs in the Saudi hotel sector remain in a transitional stage, requiring better alignment between technology, communication, and customer experience to achieve sustainable consumer loyalty.

Keywords: Digital Loyalty Programs, Consumer Experience, Saudi Hotel Industry.

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1.0 INTRODUCTION

Loyalty programs have become one of the most important strategic tools in modern marketing communication. They are designed to build long-term relationships with customers by offering a range of incentives and benefits, such as redeemable points, instant discounts, and exclusive services. These features contribute to enhancing customer satisfaction and strengthening their connection to the brand. Over time, these programs have gained increasing importance across service sectors, particularly in hospitality, where they play a critical role in maintaining continuous relationships between service providers and customers and encouraging repeat engagement. As a result, they have evolved into a strategic mechanism for customer relationship management and loyalty enhancement (Hassan, 2014).

With the rapid developments associated with big data and digital communication technologies, traditional loyalty program models are no longer sufficient. Organizations are now required to adopt advanced digital tools capable of analyzing customer behavior, understanding individual preferences, and delivering personalized offers that meet evolving expectations. This shift has transformed loyalty programs from conventional formats into interactive digital systems based on online platforms and smart applications. These developments enhance perceived value and create richer, more personalized customer experiences (Mohamed & Saeed, 2012). Moreover, the transition from traditional communication to interactive digital communication has compelled organizations to invest in digital environments to design more effective loyalty programs that strengthen customer-brand relationships and support sustainable competitive advantage (Hassan, 2014).

Within this context, loyalty programs play a significant role in shaping the customer experience. They contribute to improving service quality, activating communication channels, offering personalized promotions, responding effectively to complaints, and supporting continuous innovation in service delivery. These elements collectively enhance customers' perception of brand value and strengthen both satisfaction and loyalty (Tanford et al., 2016). Consequently, loyalty programs are no longer short-term promotional tools; instead, they have become an integral part of Customer Experience Management, reflecting a broader shift from transaction-focused marketing to relationship- and experience-driven strategies.

At the local level, the Saudi hotel sector is experiencing rapid growth driven by Vision 2030, which aims to diversify income sources and strengthen tourism as a key pillar of the national economy. This growth has been accompanied by increased investment and diversification in hotel offerings, ranging from luxury to budget accommodations. As competition intensifies, service quality and customer experience have become critical factors for achieving differentiation and sustainability (Al-Otaibi, 2022). In this environment, loyalty programs have emerged as essential marketing tools used by hotels to retain existing customers and attract new ones. Since hotels primarily offer experiences rather than tangible products, the overall service experience plays a central role in shaping brand perception and influencing customer loyalty and retention (Poincenot, 2014).

With ongoing digital transformation, loyalty programs have expanded beyond direct interaction to include smart applications, websites, and social media platforms. These tools enable real-time engagement, personalized rewards, and data-driven insights into customer behavior. As a result, various loyalty program models have emerged, including digital points systems, tier-based programs (gold, silver, bronze), cashback systems, and partnership-based programs. While this diversity reflects the evolution of consumer engagement strategies, it also raises questions about the effectiveness of these models in delivering superior customer experiences and sustaining long-term loyalty (Hassan, 2014).

Recent data indicate widespread digital adoption in Saudi Arabia, with approximately 35.10 million users in 2024 (Dataportal, 2024). This creates a favorable environment for implementing digital loyalty programs. However, widespread usage does not necessarily guarantee effectiveness. The actual impact of these programs on consumer experience and loyalty remains unclear, particularly given variations in program design, quality, and alignment with customer expectations.

Accordingly, this study addresses a key gap concerning the effectiveness of digital loyalty programs in the Saudi hotel sector. Despite their increasing adoption, their ability to align customer expectations with actual experiences—and translate that alignment into sustained satisfaction and loyalty—remains insufficiently explored, particularly within the Saudi context. Therefore, this study aims to examine the level of adoption of digital loyalty programs in hotels and analyze their impact on consumer experience and loyalty through a field study of five-star hotels in Jeddah. The study seeks to provide an analytical framework and practical recommendations to improve the effectiveness of these programs.

1.2 Theoretical Framework

This study is grounded in the Expectation–Confirmation Theory (ECT), originally developed by Richard Oliver in 1980. Since then, the theory has become a central framework in consumer behavior and customer satisfaction research. It has been widely applied in previous studies, such as those by Guzel et al. (2023) and Aslam et al. (2019), to explain how customer satisfaction is formed.

At its core, the theory argues that customer satisfaction is determined by the extent to which a product or service meets or exceeds prior expectations. Before making a purchase, customers develop mental images and assumptions about what they will receive. After experiencing the product or service, they compare actual performance with those expectations.

The model consists of three main components:

Expectations: These reflect what the customer anticipates before engaging with the service. They are shaped by prior experiences, marketing communication, and social influence.

Performance: This refers to the actual experience the customer has when using the service.

Confirmation or disconfirmation: This occurs when the customer compares expectations with actual performance. If performance meets or exceeds expectations, confirmation occurs, leading to satisfaction. If it falls short, dissatisfaction emerges.

In practical terms, when performance exceeds expectations, customers experience satisfaction. When it falls below expectations, dissatisfaction is almost inevitable. This dynamic explains how organizations can build long-term relationships: by consistently meeting or exceeding expectations, they strengthen loyalty and protect brand reputation (Baharum & Jaafar, 2015).

Later developments expanded this theory. Anol Bhattacharjee (2001) extended ECT into what is known as the Expectation–Confirmation Model (ECM). His work addressed a key limitation in the original theory—namely, its lack of attention to how expectations evolve after actual usage. Bhattacharjee introduced the concept of **perceived usefulness**, defined as the degree to which a customer believes that a product or system provides meaningful value. This concept plays a critical role in shaping satisfaction and continued usage intentions.

In other words, the more useful a customer perceives a service to be, the more likely they are to feel satisfied and continue using it. This extension makes the theory especially relevant in digital environments, where ongoing interaction shapes expectations over time.

In the hospitality sector, ECT has been widely used to evaluate customer satisfaction and behavioral outcomes. In this study, it provides a structured lens to understand how customers' expectations of digital loyalty programs align with their actual hotel experience, and how this alignment influences loyalty and revisit intentions.

The study assumes that digital loyalty programs (independent variable) influence both consumer experience and customer loyalty (dependent variables), with expectation confirmation acting as a key explanatory mechanism.

Closely related to this framework is the concept of Customer Experience (CX). Early work by Morris Holbrook and Elizabeth Hirschman (1982) highlighted that consumption is not purely rational but also emotional and experiential. Later, Brakus et al. (2009) conceptualized brand experience as a multidimensional construct including sensory, emotional, behavioral, and cognitive dimensions.

In hospitality contexts, these dimensions translate into tangible aspects of the guest experience. For example:

- Sensory elements include design, ambiance, music, and scent.
- Emotional aspects relate to feelings generated during the stay.
- Behavioral components involve interaction with services and facilities.
- Cognitive elements reflect how guests process and remember their experience.

More recent work, such as Veloso & Suarez (2023), has further refined this concept, emphasizing the full customer journey—from initial interaction to post-experience evaluation.

In simple terms, customer experience can be understood as the overall outcome of the customer's journey, combining sensory, emotional, behavioral, and cognitive responses. This makes it a critical variable in understanding how loyalty is formed.

2.0 LITERATURE REVIEW.

Previous studies constitute a fundamental pillar in building the scientific framework of any research, as they help identify what earlier research has achieved on the topic, clarify its theoretical and methodological directions, and reveal areas of agreement and divergence in findings. This, in turn, supports a more precise formulation of the research problem and justifies its significance. Reviewing the literature also enables a deeper understanding of the key concepts related to the study, identifies the most prominent variables in the field, and highlights knowledge gaps that have not been adequately addressed—whether in applied contexts, explanatory models, or measurement tools.

In light of the nature of this study, the review of previous research focuses on two complementary axes. The first examines studies that have explored loyalty programs in the hotel sector in terms of their design, effectiveness, and behavioral and performance outcomes in building loyalty and enhancing performance. The second reviews studies that address the consumer experience in hospitality as a multidimensional construct encompassing cognitive, emotional, digital, and service interaction aspects, along with related outcomes such as satisfaction, loyalty, and the intention to repurchase or return. This review concludes by positioning the current study within the literature, highlighting shortcomings in integrating digital loyalty programs with the overall consumer experience in luxury hotels—particularly in local contexts—thereby paving the way for developing an analytical framework that explains how loyalty is formed through the interaction of these variables.

2.1 Loyalty Programs in Hotel Evaluation

A review of previous studies shows that loyalty programs in the hospitality sector have evolved from being traditional promotional tools into strategic mechanisms for managing long-term customer relationships and enhancing both operational and financial performance. Researchers have approached this topic from multiple perspectives, including strategic managerial, behavioral relational, and digital technological angles.

From a strategic perspective, the study by Ponicienot (2014) examined loyalty programs as a competitive positioning tool in luxury hotels. It argued that the effectiveness of such programs goes beyond offering rewards; it depends on alignment with competitors' strategies, diversity of incentives, and the development of strategic partnerships that enhance the value delivered to guests. This perspective shifts loyalty programs from a narrow operational role to a broader strategic function tied to competitive advantage and institutional image building.

This view is reinforced in the local context by Kuwair (2022), who found that loyalty programs in Saudi hotels contribute to increased revenue and improved customer retention. This highlights their role as a managerial tool with a clear economic dimension within the local environment. The findings suggest that these programs should not be viewed solely from a marketing perspective, but also in terms of financial return and the sustainability of customer relationships—supporting their integration into the overall hotel strategy.

From a behavioral standpoint, Pimpao et al. (2014), using data extracted from customer relationship management systems, found that loyalty tends to be directed toward the hotel chain as a whole rather than to a specific property. This reflects the institutional nature of loyalty in the hospitality sector, indicating that loyalty programs may strengthen the parent brand more than attachment to a single location.

This aligns with Ahmed (2018), who confirmed the positive impact of loyalty programs on customer satisfaction and repeat purchase behavior. However, Karim et al. (2024) extended this line of inquiry by analyzing the role of customer relationship management practices in shaping behavioral loyalty. Their findings show that the impact of such practices is not only direct but also mediated through relationship quality, particularly trust and satisfaction. This suggests that loyalty is not generated solely by material incentives, but by sustained relationship management based on interaction, transparency, and trust—placing the relational dimension at the center of loyalty formation.

Regarding performance outcomes, Hua and DeFranco (2018) demonstrated that investment in loyalty programs is positively associated with key operational and financial indicators, such as revenue per available room and average daily rate. This supports the view of loyalty programs as institutional investments that contribute directly to profitability. Nuruly et al. (2025) introduced a technological dimension to this discussion by proposing advanced loyalty program models based on more transparent and integrated systems. Their findings suggest that technological development enhances the efficiency of point management and strengthens trust in the program. This indicates that the technological infrastructure of loyalty programs is no longer merely supportive but has become an integral part of their perceived value. In the digital context, studies have increasingly focused on explaining electronic loyalty through models centered on system quality, trust, and satisfaction as key determinants of repeat behavior. Aytekin (2018), for example, proposed a model of electronic loyalty in travel booking websites, demonstrating that system quality, trust, satisfaction, and electronic word-of-mouth positively influence loyalty and repurchase intentions. However, this approach treats loyalty as a linear outcome of perceived variables, without sufficiently exploring how these factors interact with the actual hotel stay experience.

Similarly, Albayrak et al. (2019) found that website quality—across dimensions such as design, information, fulfillment, and rewards—enhances perceived value and trust, thereby increasing loyalty. Yet, their model remains centered on the digital user experience, without adequately linking online interaction to customer behavior within the hotel itself.

Guzel et al. (2023), in their analysis of loyalty program design across ten hotel chain websites, highlighted the reliance on tangible benefits such as discounts, room upgrades, and welcome gifts. While this provides valuable insight into current practices, it raises questions about the sustainability of such loyalty and whether it reflects genuine brand attachment or merely short-term, incentive-driven behavior.

Regarding digital communication, Tanford et al. (2016) showed that communication style on social media and information quality influence consumer behavior and loyalty to reward programs. However, their analysis focuses on communication as a behavioral trigger without deeply examining how communication content shapes meaning and perceived value.

Dianawati et al. (2024) found that perceived ease of use and usefulness of smart technologies enhance satisfaction and, consequently, loyalty. Yet, this perspective reinforces the centrality of satisfaction as a traditional mediating variable, without addressing deeper experiential dimensions such as emotional attachment or brand identity.

Overall, despite the breadth of digital literature, it tends to treat loyalty as a direct outcome of technology quality, communication, or incentives, while the integrated relationship between digital loyalty program design and the holistic guest experience within hotels remains underexplored—especially in rapidly digitizing hospitality environments.

In the context of luxury hotels, the literature shows that loyalty programs function not merely as incentives but as tools that shape how guests perceive value and make decisions. Wang (2023) found that loyalty program benefits—such as discounted rooms or reward redemption—affect guests' choices, though not all benefits have equal impact. Some incentives enhance perceived value directly, while others fail to influence decisions unless they provide clear and immediate value. This suggests that in luxury hotels, the effectiveness of loyalty programs depends less on the quantity of rewards and more on their relevance to guest expectations.

Conversely, Al-Nasser (2025) found that loyalty in five-star hotels in Riyadh is strongly linked to service quality, with different dimensions of quality exerting varying levels of influence. This highlights that loyalty in luxury contexts cannot be separated from the core service experience. Even if loyalty programs attract guests, long-term loyalty depends on whether the service experience fulfills the promised value. This distinction reveals a gap between program-induced loyalty and experience-based loyalty.

Shin et al. (2020) provided a deeper explanation by linking loyalty programs to brand identity and relational bonds. They found that when loyalty programs are managed as relationship experiences rather than mere reward systems, they strengthen customer identification with the brand, increasing trust and long-term commitment. In this sense, loyalty becomes less about rewards and more about meaning, recognition, and belonging.

Chapagain et al. (2025) further added an important dimension by highlighting the fragility of loyalty in the face of negative experiences. Their study showed that perceptions of fairness—whether in treatment, procedures, or compensation—significantly influence loyalty following service failures. This expands the concept of loyalty from being the outcome of positive experiences to a test of how organizations respond to failure.

Taken together, these studies indicate that loyalty in luxury hotels is shaped by three interconnected layers: program incentives that influence initial choice, service quality that determines the sustainability of loyalty, and emotional and identity-based connections that give loyalty its long-term relational nature. A fourth layer—post-failure fairness—tests the resilience of this loyalty under exceptional conditions.

In conclusion, existing studies tend to focus on three main dimensions: the behavioral and cognitive aspects of loyalty, operational and financial outcomes, and the digital transformation of loyalty programs. However, these dimensions are often examined separately, with limited integration between digital program design and the overall customer experience within hotels—particularly in the Saudi context.

2.2 Consumer Experience

Previous research indicates that consumer experience in the hospitality sector is understood as a complex construct that goes beyond immediate satisfaction to encompass the guest's perception of value, emotional responses, and subsequent behavior toward the hotel brand. However, despite the richness of this field, there is noticeable variation in how "experience" is defined and measured, making comparisons across studies dependent on the conceptual and methodological frameworks adopted in each case.

At the conceptual level, Walls et al. (2011) offered a qualitative perspective emphasizing the subjective nature of the experience in luxury hotels, highlighting the interaction between trip characteristics and individual guest traits. While this approach effectively captures the personal dimension of experience, its interpretive nature limits generalizability unless supported by empirically testable quantitative models. From an organizational perspective, Kandampully et al. (2020) expanded the framework to the institutional level, arguing that managing customer experience requires integration across marketing, human resources, design, and technology. However, this framework remains largely prescriptive unless translated into clear, measurable indicators.

This led to the emergence of studies attempting to operationalize and measure hospitality experience through defined dimensions. For instance, Sari et al. (2023) demonstrated that customer experience quality influences loyalty through satisfaction as a mediating variable, using structural equation modeling. This supports the view that experience is not merely descriptive, but a causal explanatory variable. Similarly, Rasoolimanesh et al. (2024), in the context of boutique resorts, confirmed that experience dimensions influence behavioral intentions through satisfaction, reinforcing the idea that experience should be measured across multiple dimensions rather than as a single indicator. Still, these studies differ in how they define these dimensions across contexts, reflecting the instability of the concept across environments.

From the perspective of physical design, Kamotho (2024) highlighted the role of aesthetics, comfort, and cultural identity in enhancing guest experience and intention to return. Sornsaruht (2024) found that both hotel image and service quality affect return intention, with hotel image exerting a stronger influence. This raises a conceptual issue: whether image should be treated as part of the experience or as an outcome of it—particularly in studies where measurement scales overlap between quality, image, and experience.

In the specific context of luxury hotels, Kim and Lee (2025) proposed a framework for measuring luxury experience, distinguishing between dimensions such as exclusivity, authenticity, immersion, and social status. They showed that these dimensions relate to purchase intention and brand attachment in ways that differ from non-luxury hotels. Han et al. (2025) further confirmed that perceived luxury experience value plays a significant role in shaping purchase desire and loyalty, underscoring the importance of distinguishing between general and luxury-specific experiences in five-star hotel research.

In the digital domain, Daimah and Saeful Anwar (2025) found that a seamless digital experience enhances satisfaction and loyalty, while still emphasizing the importance of maintaining the human element. This perspective is extended by Zhang et al. (2024), who analyzed thousands of user reviews on booking platforms such as Booking and Expedia using sentiment analysis. Their findings revealed that ease of use, responsiveness, and information accuracy are central to the digital experience as perceived by customers in real-world settings—not just as measured through traditional surveys. This approach addresses a key limitation in earlier literature, which often relied on self-reported perceptions without analyzing actual behavioral data.

Regarding room experience, Lončar and Knežević (2023) found that room experience is the most influential factor in overall satisfaction, outweighing elements such as loyalty recognition. Fachri (2023) also confirmed a positive relationship between room experience, satisfaction, and loyalty in luxury room contexts. However, these findings are typically examined through simple binary relationships, without integrating room experience into a broader model that accounts for its interaction with other elements such as smart technologies or loyalty programs.

From the perspective of human interaction, Al-Murad and Husainen (2024) showed that employee participation in co-creating unique experiences enhances customer experience, with value co-creation acting as a mediating variable between interaction and loyalty. Rather et al. (2024) reinforced this view by demonstrating that value co-creation and emotional engagement with the brand strengthen loyalty in luxury hotel settings. This highlights that experience is not a standalone event, but an interactive and participatory process.

Overall, the literature on consumer experience can be categorized into four main directions: cognitive and emotional experience, physical design and identity, digital experience, and human interaction and service quality. More recent trends include measuring luxury experience and analyzing real digital data. Despite this diversity, most studies still treat consumer experience as an independent variable that directly leads to satisfaction or loyalty, without systematically testing it as a mediating variable that explains the impact of specific tools such as loyalty programs—particularly in the context of luxury hotels in the Gulf region.

A critical review shows that while loyalty programs in the hotel sector have been widely studied in terms of their effects on satisfaction, behavioral loyalty, repurchase intention, and operational and financial performance, and while other studies have examined consumer experience as a multidimensional construct shaped by physical, service, digital, and human elements, these variables have largely been treated in parallel rather than in an integrated manner.

Most studies focus on testing direct relationships—either between loyalty programs and loyalty, or between consumer experience and satisfaction—without developing a comprehensive explanatory model that integrates the design of loyalty programs, especially in their digital form, with the overall guest experience as a mediating mechanism influencing long-term relationship outcomes.

Moreover, digital literature has examined website and application quality and their effects on electronic loyalty, but has not sufficiently connected the technical aspects of loyalty programs with the guest's lived experience during their actual stay. This limits a full understanding of how the program's value transitions from a technical feature to a cognitive and behavioral outcome.

Although some studies have focused on luxury hotels, most have emphasized either service quality or tangible program benefits, without examining the interaction between program dimensions and guest experience within a specific context. In addition, there is a noticeable lack of applied research in the Saudi environment, particularly given the rapid digital transformation in the hospitality sector.

Accordingly, the present study seeks to address this gap by integrating digital loyalty programs and consumer experience within a unified analytical framework. This approach allows for a deeper understanding of how program value is translated into guest perceptions and behavior and provides a more comprehensive explanation of loyalty dynamics in the hotel industry.

Despite the extensive body of literature on loyalty programs and consumer experience in the hospitality sector, the existing research reveals several critical gaps. First, limited attention has been given to the level of consumer awareness of digital loyalty programs, particularly within the Saudi context. Second, prior studies have largely examined digital loyalty programs and consumer experience as separate constructs, with insufficient empirical investigation into how these programs shape the overall guest experience. Third, there is a lack of clear, evidence-based strategic frameworks that guide hotels in optimizing digital loyalty programs to enhance customer experience. Addressing these gaps is essential for developing a more integrated understanding of loyalty formation in the contemporary digital hospitality environment. Accordingly, the present study is guided by the following research questions:

Q1. To what extent are Saudi consumers aware of digital loyalty programs offered by the hotel sector?

Q2. How do digital loyalty programs influence the consumer experience of Saudi customers in the hotel sector?

Q3. What are the most effective strategies that hotels can adopt to improve digital loyalty programs and enhance the consumer experience?

3.0 METHODOLOGY

3.1 Research Design

This study adopts a quantitative research approach to examine the causal relationships among variables within the proposed conceptual model. Since the objective is to explain the relationships between digital loyalty programs and consumer experience, as well as to confirm expectations, satisfaction, and loyalty without direct experimental intervention, a descriptive–correlational explanatory design has been employed. This design enables the examination of both direct and indirect (mediating) relationships among variables, in alignment with the assumptions of Expectation Confirmation Theory.

3.2 Sampling Strategy

The study population consists of Saudi users who are actively engaged in hotel loyalty programs within the Kingdom of Saudi Arabia and are aged 18 years and above. Due to the absence of a comprehensive sampling frame, a non-probability convenience sampling method was used. Data were collected through the platform X via accounts interested in travel and loyalty programs.

The sample size was determined using sample size calculators (confidence level of 95 percent and margin of error of 5 percent), resulting in a minimum required sample of 250 respondents. Incomplete or inconsistent responses were excluded to ensure data quality prior to analysis.

3.3 Research Instrument and Measurement of Variables:

A structured electronic questionnaire was used to measure the study variables, given its suitability for assessing latent variables and collecting quantitative data for advanced analysis.

The variables were measured using multi-item scales based on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree), as follows:

Digital loyalty programs: perceived program characteristics, including ease of use, reward value, personalization, and digital interaction.

Consumer experience: sensory, emotional, behavioral, and cognitive dimensions.

Expectation confirmation: the extent to which actual performance matches prior expectations.

Satisfaction: overall evaluation of the stay and service experience.

All measurement items were adapted from validated scales in the literature and modified to suit the context of hotel loyalty programs.

3.4 Statistical Methods and Techniques:

The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM), as it is suitable for complex explanatory models and capable of analyzing relationships between latent variables,

as well as testing both direct and indirect effects. The analysis was conducted using SmartPLS software, based on a conceptual model grounded in Expectation Confirmation Theory.

In the first stage, descriptive analysis was performed to characterize the sample and identify response patterns, using frequencies and percentages for demographic variables, along with means and standard deviations for the study variables.

In the second stage, the measurement model was evaluated to ensure the quality of the scales. Internal consistency reliability was assessed using Cronbach's alpha and composite reliability. Convergent validity was examined through the Average Variance Extracted (AVE), while discriminant validity was tested using the Fornell–Larcker criterion and the Heterotrait–Monotrait ratio (HTMT).

In the third stage, the structural model was assessed to test the study hypotheses by analyzing path coefficients and determining their statistical significance using the bootstrapping technique. The coefficient of determination (R^2) was used to evaluate the model's explanatory power, while effect size (f^2) was employed to assess the strength of the independent variables. Predictive relevance (Q^2) was also examined using the blindfolding procedure.

In the fourth stage, mediation analysis was conducted to examine the indirect effects and to determine the mediating role of consumer experience, expectation confirmation, and satisfaction in the relationship between digital loyalty programs and customer loyalty. Bootstrapping was used to assess the significance of both direct and indirect effects and to determine whether mediation was full or partial.

A significance level of $\alpha \leq 0.05$ with a confidence level of 95 percent was adopted to determine statistical significance.

4.0 FINDINGS

4.1 Awareness of Saudi Consumers of Digital Hotel Loyalty Programs

The findings reflect the level of respondents' awareness of digital hotel loyalty programs across three main dimensions: knowledge, usage, and sources of information, in addition to the factors influencing preference. Together, these dimensions provide a comprehensive understanding of how Saudi consumers perceive these programs.

Regarding respondents' awareness of the existence of digital hotel loyalty programs, the results indicate a relatively low level of knowledge. The proportions of respondents with moderate knowledge and no knowledge were equal, each accounting for 31.2 percent. This was followed by limited knowledge (having only heard about such programs) at 26.4 percent. In contrast, high knowledge (full awareness of details and features) recorded the lowest percentage at 11.2 percent of the total sample. These findings are consistent with the mean score of 2.2240 and a standard deviation of 1.01288, indicating an overall tendency toward low awareness levels and a clear distance from the category of high knowledge.

This result clearly demonstrates that awareness of digital hotel loyalty programs among the respondents remains weak and underdeveloped. The concentration of responses in the moderate and no-knowledge categories, along with a notable proportion in the limited knowledge category, suggests that most respondents either lack sufficient knowledge or possess only a superficial understanding of these programs. The low percentage of high knowledge further confirms that in-depth understanding of program features and benefits remains very limited.

Table (1): Respondents' level of awareness of digital hotel loyalty programs

Level of Knowledge	Frequency	Percentage (%)	Mean	Standard Deviation
High knowledge – familiar with details and features	28	11.2	2.2240	1.01288
Moderate knowledge – general awareness of the programs	78	31.2		
Limited knowledge – have only heard about them	66	26.4		
No knowledge – not aware of them at all	78	31.2		
Total	250	100.0		

With regard to the use of hotel loyalty program applications, the results reveal low actual usage levels. The majority of respondents reported using these applications “rarely” (67.2 percent), followed by “moderate use” (21.2 percent), while “frequent use” ranked last at 11.6 percent. These findings align with the overall mean score of 1.4440, indicating a general tendency toward low usage, and a standard deviation of 0.69339, reflecting limited variation among respondents. This suggests that actual engagement with loyalty program applications remains limited despite their availability, indicating a clear gap between service availability and user adoption.

Table (2): Respondents' Level of Use of Hotel Loyalty Program Applications

Level of Use	Frequency	Percentage (%)	Mean	Standard Deviation
Frequent use	29	11.6	1.4440	0.69339
Moderate use	53	21.2		
Rare use	168	67.2		
Total	250	100.0		

In terms of sources of information about digital hotel loyalty programs, the results show that the largest proportion of respondents (36 percent) had never received any information about these programs. This is followed closely by those who obtained information from hotel applications or websites (35.6 percent). Social media ranked third (25.2 percent), followed by friends' or family experiences (23.6 percent). The least common sources were hotel staff during stays (19.2 percent) and advertising or marketing campaigns (13.6 percent). These findings point to weak communication and promotional channels for loyalty programs, as the absence or limitation of information inevitably leads to weaker behavioral impact. This aligns with Tanford et al. (2016), who emphasized that information quality and communication style are key drivers of loyalty.

Table (3): The Main Sources of Information About Digital Hotel Loyalty Programs

Main Sources of Information	Frequency	Percentage (%)
Have not received any information before	90	36.0
Hotel applications or websites	89	35.6
Social media	63	25.2

Main Sources of Information	Frequency	Percentage (%)
Friends' or family experiences	59	23.6
Hotel staff during stay	48	19.2
Advertising or marketing campaigns	34	13.6
Total	250	

Regarding the factors influencing preference for hotel loyalty programs, the results indicate that the value of rewards is the most influential factor (49.2 percent), followed by ease of use (44.8 percent), and the availability of multiple redemption options (33.2 percent). The speed of earning points ranked next (26.4 percent). In contrast, small proportions of respondents reflected low awareness or lack of engagement, with 5.6 percent indicating that they do not know anything about these programs, 2 percent reporting that they do not use them, 1.6 percent stating that no specific factor influences them, and 0.4 percent being unable to evaluate.

Table (4): Factors influencing respondents' preference for hotel loyalty programs

Factors	Frequency	Percentage (%)
Reward value	123	49.2
Ease of use	112	44.8
Availability of multiple point redemption options	83	33.2
Speed of earning points	66	26.4
Not aware of these programs	14	5.6
Do not use them	5	2.0
No specific factor	4	1.6
Unable to evaluate	1	0.4
Total	250	

These findings suggest that the perceived functional and practical value of loyalty programs is the primary determinant of consumer preference. However, the presence of respondents who are unable to evaluate these programs—even if limited—reinforces the overall indication of weak awareness.

Overall, the results reveal a consistent pattern characterized by low knowledge, limited usage, and weak information sources. This indicates that the level of awareness among Saudi consumers regarding digital hotel loyalty programs remains limited, which negatively affects their engagement with and utilization of these programs. These findings highlight the need for more effective communication and marketing strategies to enhance awareness and translate it into actual usage behavior.

4.2 The Relationship Between the Use of Digital Loyalty Programs and the Level of Saudi Consumers' Loyalty to Hotels

The study results reflect the relationship between the use of digital loyalty programs and the level of Saudi consumers' loyalty to hotels by analyzing respondents' attitudes based on both emotional loyalty and behavioral loyalty. This relationship was measured through a set of indicators capturing emotional perceptions and actual behavioral tendencies associated with the use of these programs.

Overall, the findings indicate that respondents' attitudes fall within the level of "somewhat agree," with an overall mean of 2.1738 and a standard deviation of 0.65015. This suggests a moderate level of loyalty associated with the use of digital loyalty programs, without reaching a high or deeply established level.

At the level of emotional loyalty, the results show that the most influential statement was: *"The loyalty program makes me feel that the hotel values me as a special customer,"* with an importance level of 74.93 percent and a mean of 2.24. This was followed by *"I have a generally positive impression of the hotel that offers a digital loyalty program"* (73.60 percent, mean = 2.20), and *"I find the features of loyalty programs convincing and influential in my decision to stay"* (73.33 percent, mean = 2.20). Meanwhile, the statements *"I feel satisfied when using the program"* and *"I prefer to return to stay because of the program"* both recorded 71.87 percent, with a mean of 2.15.

These results indicate that digital loyalty programs contribute to building a positive emotional connection with the hotel, reflected in feelings of appreciation and favorable impressions. However, this effect remains at a moderate level, suggesting that such programs have not yet reached the stage of creating deep or sustained emotional attachment.

At the level of behavioral loyalty, the statement *"I intend to try more services related to loyalty programs"* ranked first (75.07 percent, mean = 2.25), followed by *"I intend to continue using the programs in the long term"* (73.60 percent, mean = 2.20), and *"I repeat bookings to obtain rewards"* (72.67 percent, mean = 2.18). These findings indicate a positive behavioral intention among consumers toward continued use of these programs.

In contrast, the statement *"I know how to benefit from loyalty programs"* ranked last (66.53 percent, mean = 1.99), reflecting a relatively low level of operational knowledge regarding how to effectively use and benefit from these programs.

All mean values within this dimension, ranging from 1.99 to 2.25, suggest that while Saudi consumers demonstrate a positive behavioral intention to continue using loyalty programs, this intention does not always translate into high levels of actual usage. This gap appears to be driven by limited understanding or perceived complexity in how these programs operate.

Table (5): Emotional and Behavioral Loyalty Toward Digital Hotel Loyalty Programs

N o.	Dimensi on	Stateme nt	Agr ee (n)	(%)	Somew hat Agree (n)	(%)	Disagr ee (n)	(%)	Mea n	Std. Dev.	Interpreta tion	Importa nce (%)	Ran k
1	Emotion al Loyalty	I find hotel loyalty program features (discounts, points, upgrades) convincing and influenti	98	39.2	104	41.6	48	19.2	2.2000	0.73904	Somewhat agree	73.33	3

N o.	Dimensi on	Stateme nt	Agr ee (n)	(%)	Somew hat Agree (n)	(%)	Disagr ee (n)	(%)	Mea n	Std. Dev.	Interpreta tion	Importa nce (%)	Ran k
		al in my decision to stay.											
2		I feel satisfied when using the hotel's digital loyalty program .	94	37. 6	101	40. 4	55	22. 0	2.15 60	0.757 60	Somewhat agree	71.87	4
3		The loyalty program makes me feel that the hotel values me as a special custome r.	109	43. 6	94	37. 6	47	18. 8	2.24 80	0.751 50	Somewhat agree	74.93	1
4		I have a generall y positive impressi on of the hotel that offers a digital loyalty program .	104	41. 6	94	37. 6	52	20. 8	2.20 80	0.763 59	Somewhat agree	73.60	2
5		I prefer to return to the same hotel because of the	100	40. 0	89	35. 6	61	24. 4	2.15 60	0.788 77	Somewhat agree	71.87	4

N o.	Dimensi on	Stateme nt	Agr ee (n)	(%)	Somew hat Agree (n)	(%)	Disagr ee (n)	(%)	Mea n	Std. Dev.	Interpreta tion	Importa nce (%)	Ran k
		digital loyalty program .											
6	Behavioral Loyalty	I know how to benefit from hotel loyalty program s.	79	31. 6	91	36. 4	80	32. 0	1.99 60	0.799 09	Somewhat agree	66.53	5
7		I intend to invest additional time and effort to learn how to benefit from loyalty program s.	93	37. 2	97	38. 8	60	24. 0	2.13 20	0.772 63	Somewha		

Overall, these findings reveal a meaningful pattern characterized by a positive yet incomplete relationship between the use of digital loyalty programs and the level of consumer loyalty. While these programs contribute to enhancing both the emotional and behavioral dimensions of loyalty, their impact remains limited due to weak operational understanding and the absence of a fully integrated user experience.

This suggests that the loyalty generated through these programs can be described as potential loyalty rather than stable, actual loyalty. Accordingly, hotel organizations need to focus on converting this positive intention into actual behavior by improving the user experience and enhancing consumers' understanding of how to effectively use these programs.

4.3 The Impact of Digital Loyalty Programs on the Saudi Consumer Experience in the Hotel Sector

The study findings reflect the impact of digital loyalty programs on the Saudi consumer experience in the hotel sector through a set of indicators related to their actual contribution to improving the stay experience, perceptions of exclusive benefits, evaluation of program features, as well as the dimensions of emotional and behavioral loyalty, ease of use, and digital interaction.

With regard to the extent to which participation in hotel loyalty programs contributes to improving the stay experience, the results indicate that the largest proportion of respondents reported that these programs had no impact on their experience (47.2 percent). This is followed by those who perceived a moderate

contribution (23.6 percent), then those who reported a strong contribution (16.4 percent), while the lowest proportion indicated a weak impact (12.8 percent).

These findings are consistent with the mean score of 2.0920, which leans toward a low level of impact. This suggests that the actual effect of digital loyalty programs on the stay experience remains limited, indicating a gap between program design and implementation on one hand, and the actual consumer experience on the other.

Table (6): Distribution of the Study Sample According to the Extent of Contribution of Loyalty Programs to Improving the Stay Experience

Extent of Contribution	Frequency	Percentage (%)	Mean	Standard Deviation
Contributed to a great extent	41	16.4	2.0920	1.16661
Contributed to a moderate extent	59	23.6		
Contributed to a limited extent	32	12.8		
Did not affect my experience	118	47.2		
Total	250	100.0		

With regard to the extent to which respondents feel that they receive exclusive benefits or special treatment as a result of participating in loyalty programs, the results show that the majority (54 percent) did not notice any difference in treatment. This is followed by those who reported receiving such benefits occasionally (32 percent), while only 14 percent indicated that they consistently receive special treatment.

These findings are consistent with the mean score of 1.6000, which reflects a low level of perceived preferential value associated with these programs. This, in turn, partially explains their limited impact on the overall consumer experience.

Table (7): Respondents perceived receipt of exclusive benefits or special treatment from loyalty programs

Extent of Perception	Frequency	Percentage (%)	Mean	Standard Deviation
Yes, consistently	35	14.0	1.6000	0.72256
Yes, occasionally	80	32.0		
No, I did not notice any difference	135	54.0		
Total	250	100.0		

With regard to the most important features of hotel loyalty programs from the respondents' perspective, discounts on accommodation ranked first (49.2 percent), followed by free room upgrades (34.4 percent). Notably, 33.2 percent of respondents reported that they were not aware of the features of these programs, which provides further evidence of low awareness levels.

Other features included earning and redeeming points for services (29.6 percent), additional services such as free Wi-Fi and complimentary breakfast (27.6 percent), priority check-in and check-out (23.2 percent), and exclusive offers and rewards (18.4 percent).

These findings indicate that consumer perception is primarily focused on direct economic value (such as discounts), rather than on experiential or symbolic value.

Table (8): Respondents' perceptions of the most important features of hotel loyalty programs

Key Features of Loyalty Programs	Frequency	Percentage (%)
Discounts on accommodation	123	49.2
Free room upgrades	86	34.4
Not aware of the features of loyalty programs	83	33.2
Earning and redeeming points for services	74	29.6
Additional complimentary services (Wi-Fi, free breakfast)	69	27.6
Priority check-in and check-out	58	23.2
Exclusive offers and rewards	46	18.4
Total	250	

With regard to respondents' attitudes toward evaluating hotel loyalty programs and their personal experience based on the emotional and behavioral loyalty model, the results show that all statements fall within the "somewhat agree" category, with an overall mean of 2.1738.

At the level of emotional loyalty:

The statement *"The loyalty program makes me feel that the hotel values me as a special customer"* ranked first, with an importance level of 74.93 percent and a mean of 2.24. This was followed by *"I have a generally positive impression of the hotel that offers a digital loyalty program"* in second place (73.60 percent, mean = 2.20).

The statement *"I find the features of hotel loyalty programs (discounts, points, upgrades) convincing and influential in my decision to stay"* ranked third (73.33 percent, mean = 2.20). Finally, both *"I feel satisfied when using the hotel's digital loyalty program"* and *"I prefer to return to the same hotel because of the digital loyalty program"* ranked last, each with 71.87 percent and a mean of 2.15.

Overall, all mean scores for this dimension fall within the "somewhat agree" range, varying between 2.15 and 2.24. This indicates that loyalty programs have a moderate emotional impact in enhancing consumer satisfaction, feelings of appreciation, and positive impressions toward the hotel.

At the level of behavioral loyalty:

The statement *"I intend to try more services related to hotel loyalty programs"* ranked first (75.07 percent, mean = 2.25), followed by *"I intend to continue using hotel loyalty programs in the long term"* (73.60 percent, mean = 2.20), and *"I repeat bookings to obtain the benefits and rewards offered by loyalty programs"* (72.67 percent, mean = 2.18), all within the "somewhat agree" category.

In fourth place, *"I intend to invest additional time and effort to learn how to benefit from loyalty programs"* recorded 71.07 percent (mean = 2.13). Finally, *"I know how to benefit from hotel loyalty programs"* ranked last (66.53 percent, mean = 1.99), also within the "somewhat agree" category.

Overall, the mean scores for this dimension range from 1.99 to 2.25, indicating that while consumers demonstrate a clear behavioral intention to continue booking and using these programs, their operational knowledge of how to use them effectively remains limited and requires further enhancement.

Table (9): Respondents' Emotional and Behavioral Loyalty Toward Digital Hotel Loyalty Programs

N o.	Dimensi on	Stateme nt	Agr ee (n)	(%)	Somew hat Agree (n)	(%)	Disagr ee (n)	(%)	Mea n	Std. Dev.	Interpreta tion	Importa nce (%)	Ran k
1	Emotion al Loyalty	I find hotel loyalty program features (discounts, points, upgrades) convincing and influential in my decision to stay.	98	39.2	104	41.6	48	19.2	2.2000	0.73904	Somewhat agree	73.33	3
2		I feel satisfied when using the hotel's digital loyalty program.	94	37.6	101	40.4	55	22.0	2.1560	0.75760	Somewhat agree	71.87	4
3		The loyalty program makes me feel that the hotel values me as a special customer.	109	43.6	94	37.6	47	18.8	2.2480	0.75150	Somewhat agree	74.93	1
4		I have a generally positive impressi	104	41.6	94	37.6	52	20.8	2.2080	0.76359	Somewhat agree	73.60	2

N o.	Dimensi on	Stateme nt	Agr ee (n)	(%)	Somew hat Agree (n)	(%)	Disagr ee (n)	(%)	Mea n	Std. Dev.	Interpreta tion	Importa nce (%)	Ran k
		on of the hotel that offers a digital loyalty program .											
5		I prefer to return to the same hotel because of the digital loyalty program .	100	40.0	89	35.6	61	24.4	2.1560	0.78877	Somewhat agree	71.87	4
6	Behavioral Loyalty	I know how to benefit from hotel loyalty programs.	79	31.6	91	36.4	80	32.0	1.9960	0.79909	Somewhat agree	66.53	5
7		I intend to invest additional time and effort to learn how to benefit from loyalty programs.	93	37.2	97	38.8	60	24.0	2.1320	0.77263	Somewhat agree	71.07	4
8		I repeat bookings to obtain the	104	41.6	87	34.8	59	23.6	2.1800	0.78873	Somewhat agree	72.67	3

N o.	Dimensi on	Stateme nt	Agr ee (n)	(%)	Somew hat Agree (n)	(%)	Disagr ee (n)	(%)	Mea n	Std. Dev.	Interpreta tion	Importa nce (%)	Ran k
		benefits and rewards offered by loyalty program s.											
9		I intend to try more services related to hotel loyalty program s.	110	44.0	93	37.2	47	18.8	2.2520	0.75284	Somewhat agree	75.07	1
10		I intend to continue using hotel loyalty program s in the long term.	103	41.2	96	38.4	51	20.4	2.2080	0.75831	Somewhat agree	73.60	2

With regard to ease of use and digital interaction, the results show that the statement “*Interactive content increases my interest in the program*” ranked first, with an importance level of 73.47 percent and a mean of 2.20. This was followed by “*Navigation and searching for information in hotel loyalty programs is smooth and logical*” in second place (71.20 percent, mean = 2.13), and “*I am interested in following loyalty programs from more than one hotel*” in third place (70.80 percent, mean = 2.12), all within the “somewhat agree” category.

In fourth place, “*I would share my experience with the program in digital discussions*” recorded 69.33 percent (mean = 2.08). This was followed by both “*The digital content of hotel loyalty programs is clear and well-organized*” and “*I regularly update the program and follow new features*”, each with an importance level of 69.33 percent and a mean of 2.08. Next, “*I interact with hotel and loyalty program content on social media*” ranked lower (68.53 percent, mean = 2.05), while “*When using loyalty programs, I rarely encounter technical errors or performance issues*” ranked last (68.40 percent, mean = 2.05), also within the “somewhat agree” category.

Overall, all mean values for this dimension fall within the “somewhat agree” range, varying between 2.05 and 2.20. This indicates a moderate level of agreement among respondents regarding ease of digital use and interaction with these programs.

In general, the overall mean for this dimension (2.10) also falls within the “somewhat agree” category, reflecting a moderate level of perceived usability and digital engagement with hotel loyalty programs.

4.4 Key Proposed Strategies for Improving Digital Loyalty Programs and Enhancing Customer Loyalty

The study findings highlight a set of strategies that respondents believe can improve digital loyalty programs and enhance customer loyalty in the hotel sector. The results show variation in the perceived importance of these strategies, with overall agreement on the need to develop both the value proposition and the user experience in an integrated manner.

The most important strategy, according to respondents, is offering more diverse and attractive rewards and promotions (72.8 percent), the highest among all strategies. This reflects a shift in consumer expectations, as customers are no longer satisfied with traditional rewards or limited discounts. Instead, they seek greater diversity in value, including travel experiences, shopping vouchers, and leisure or wellness services, which enhance perceived value and strengthen engagement with the program.

In second place is the integration of loyalty programs with mobile applications to provide a seamless user experience (53.6 percent), followed by simplifying the processes of earning and redeeming points (49.2 percent). These findings indicate that Saudi consumers place strong emphasis on ease of use and are less tolerant of complexity. Integration with smart applications and simplification of usage mechanisms—such as easy redemption or what can be described as a “one-click” experience—are no longer merely technical improvements but key determinants of user experience and overall service evaluation. This aligns with Dianawati et al. (2024), who identified mobile usability as one of the most powerful customer retention strategies in digital environments.

The results also show notable interest in offering additional benefits such as early check-in or free upgrades (48.4 percent), followed by personalization of offers and rewards based on customer preferences and behavior (41.6 percent). These findings suggest that consumers prioritize immediate and tangible value that directly enhances the quality of their stay, rather than delayed rewards. Personalization also reinforces feelings of appreciation and differentiation, contributing to the development of emotional loyalty through experiences tailored to individual needs.

Finally, relatively lower-ranked strategies include partnering with other brands to expand the range of benefits (40 percent) and improving customer service and technical support related to loyalty programs (38 percent). Although these strategies received lower percentages compared to others, they remain important supporting factors. Partnerships with strategic brands can broaden the value proposition, while effective customer service plays a critical role in supporting program usage and resolving technical issues, thereby sustaining user engagement.

Table (10): Proposed Strategies for Improving Digital Loyalty Programs and Enhancing Customer Loyalty

Proposed Strategies	Frequency	Percentage (%)
Offering more diverse and attractive rewards and promotions	182	72.8
Integrating loyalty programs with mobile applications to provide a seamless user experience	134	53.6
Simplifying the process of earning and redeeming points to make it easier and clearer	123	49.2

Proposed Strategies	Frequency	Percentage (%)
Providing additional benefits such as early check-in or free upgrades	121	48.4
Personalizing offers and rewards based on customer preferences and behavior	104	41.6
Partnering with other brands to expand the range of benefits offered	100	40.0
Improving customer service and technical support related to loyalty programs	95	38.0
Total	250	

Overall, these findings indicate that improving digital loyalty programs does not depend on a single factor, but rather requires an integrated combination of strategies. These include delivering tangible economic value, ensuring a smooth and user-friendly experience, implementing intelligent personalization of services, and providing strong technical support alongside effective customer service.

This suggests that the success of loyalty programs in enhancing customer loyalty is closely linked to hotels' ability to transform them from mere promotional tools into integrated experiences that deliver genuine added value to consumers.

5. Discussion

The findings of this study reveal a layered and somewhat uneven pattern in Saudi consumers' awareness and engagement with digital loyalty programs in the hotel sector. At a surface level, the Saudi consumer appears increasingly value-driven, actively seeking additional benefits and preferential treatment when making hotel booking decisions. This aligns with the broader trajectory of digital transformation in Saudi Arabia, where mobile applications and online platforms have become central to everyday consumption practices. Within this context, consumers are not passive recipients of marketing messages but rather active seekers of value.

However, a closer examination of the data complicates this narrative. The equal distribution of respondents between moderate knowledge and no knowledge (31.2% each) points to a fragmented awareness landscape rather than a fully developed one. In practical terms, this suggests that while some consumers are partially engaged with loyalty programs, a significant proportion remains entirely disconnected. This gap cannot be attributed to a lack of interest; instead, it reflects limitations in how these programs are communicated and positioned. Hotels appear to possess the technological infrastructure required to implement loyalty systems, yet they fall short in translating this into widespread consumer awareness.

This interpretation is reinforced by the finding that "no prior information" emerged as the primary source category. Such a result signals a clear communication failure. Even more telling is the reliance on hotel websites and applications as secondary sources of information, indicating that consumers often discover these programs independently rather than through targeted marketing efforts. In contrast, traditional promotional channels, particularly advertising campaigns, play a minimal role. This suggests that hotel marketing strategies remain overly focused on tangible attributes such as price and facilities, while underutilizing loyalty programs as a strategic communication tool for differentiation.

These findings both align with and extend previous research. While studies such as those by Tanford et al. emphasize the role of communication quality in shaping consumer behavior, the present results highlight that the issue begins even earlier—at the level of basic awareness. Without this foundational awareness,

the potential of loyalty programs to reinforce brand identity, as suggested by Shin et al., remains largely unrealized.

Beyond awareness, the relationship between the use of digital loyalty programs and consumer loyalty appears positive but moderate. This indicates that loyalty in the digital context is no longer a purely behavioral outcome based on repeated purchases. Instead, it emerges from a more complex interaction between perceived value, user experience, and emotional connection. Consumers who perceive benefits—such as ease of use or access to offers—tend to develop favorable attitudes toward the hotel. Yet, these attitudes do not consistently translate into strong behavioral loyalty, largely due to limited understanding of how to fully utilize program features.

The notion of “latent engagement” offers a useful lens for interpreting this pattern. Consumers demonstrate a willingness to interact with loyalty-related content on digital platforms, but this engagement remains unstable and underdeveloped. In other words, they are receptive but not yet committed. Emotional loyalty, therefore, exists in a formative stage and depends heavily on the hotel’s ability to deliver a coherent and meaningful digital experience.

A particularly critical finding relates to the limited impact of loyalty programs on the actual hotel stay experience. Nearly half of the respondents (47.2%) reported no noticeable effect, while 54% did not perceive any difference in how they were treated compared to non-members. This reveals a fundamental disconnect between the conceptual promise of loyalty programs and their practical implementation. Rather than enhancing the lived experience, these programs are largely perceived as transactional tools centered on points and discounts.

From an analytical standpoint, this suggests a failure of integration. Loyalty benefits are not embedded within the service delivery process in ways that are visible or meaningful to the customer. Elements such as personalized service, faster check-in, or preferential treatment—key drivers of experiential value—are either absent or inconsistently applied. This inconsistency not only weakens perceived value but also introduces uncertainty, undermining trust in the program itself.

Structurally, this issue appears to stem from the absence of clear operational mechanisms linking program tiers to service delivery, as well as variability in staff execution. As a result, the customer experience becomes uneven, limiting the program’s ability to generate strong emotional attachment or brand differentiation. While some prior studies emphasize the positive impact of technology on satisfaction, the present findings suggest that technology alone is insufficient without integration into the broader service ecosystem.

The strategic implications of these findings are significant. The moderate level of satisfaction observed among respondents indicates that current loyalty programs achieve a baseline level of acceptability but fall short of creating deep, enduring loyalty. Consumers remain in a “switchable” state, where they are open to alternatives offering superior value.

The preference for more diverse and attractive rewards reflects a shift in consumer expectations from purely transactional benefits to more holistic, experience-based value. Consumers are increasingly drawn to rewards that extend beyond discounts to include travel, leisure, and lifestyle experiences. This shift underscores the need to reconceptualize loyalty programs as part of a broader value ecosystem.

Equally important is the emphasis on usability. The demand for seamless integration with mobile applications and simplified redemption processes highlights the psychological importance of convenience. A frictionless, “one-click” experience reduces effort, enhances trust, and strengthens engagement. In this sense, usability is not merely a technical feature but a central determinant of perceived value.

Personalization also emerges as a critical factor. Tailored rewards and individualized communication enhance the consumer's sense of recognition, transforming the program from a transactional mechanism into a relational experience. This shift is essential for building emotional loyalty and long-term attachment. Taken together, the findings suggest that the effectiveness of digital loyalty programs depends on three interrelated dimensions: technical efficiency, personalization, and an expanded value proposition. Saudi consumers prioritize speed, simplicity, and relevance, and any program that fails to deliver on these dimensions' risks being perceived as interchangeable.

In conclusion, the study demonstrates that digital loyalty programs in the Saudi hotel sector are in a transitional phase. While they have begun to move beyond purely technical functions, they have not yet fully evolved into integrated experiential systems. Their future effectiveness will depend on the ability of hotels to bridge the gap between digital infrastructure and lived customer experience—transforming loyalty programs from peripheral tools into central components of the service journey.

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