

Hotel and Restaurant Gift Cards: A Case of Lan Kwai Fong Group



Source: Pexels (2020)

Background

Established in 1983, the Lan Kwai Fong (LKF) Group is an award-winning business in lifestyle and property development across Asia (LKF Group, n.d.). With key properties like California Tower, The Plaza, and 1 Lan Kwai Fong, the group offers a diverse portfolio encompassing high-end dining, entertainment, and commercial spaces (LKF Group, n.d.).

In 2021, eyeing a rebound in local consumption, the group introduced gift cards entitling unlimited visits to all six of the group's restaurants over a six-month validity period (Porterhouse Seafood & Steak, 2021). Based on the occasion and recipient, customers can tailor each gift card with a deposit ranging from HKD\$500 to \$20000, which can be used for dine-in and delivery orders (LKF Concepts, n.d.). Available both physically and digitally, recipients enjoy a seamless dining experience with easy checkout by simply scanning the QR code on each gift card (LKF Concepts, n.d.).

Essentially, gift cards have become a useful tool for the business to connect with existing customers and reach new ones. However, with widespread adoption among hotels and restaurants, simple depository gift cards no longer surprise customers and are less effective in helping businesses establish a competitive advantage.

To differentiate their offerings, businesses have innovated the use of gift cards in various ways. For example, hotels like Rosewood offer gift cards that include specific experiences such as afternoon tea, cocktail making, and overnight stays (Rosewood, n.d.). Bundling unique experiences makes the gift more meaningful as it goes beyond monetary value, and also allows businesses to charge a premium compared to standard gift cards.

Many businesses have also attracted customers with unique gift card designs. Utilizing their intellectual property characters, Disney offers over 60 collectible gift cards for guests to choose from (Disney, n.d.). Similarly, Starbucks has featured seasonal gift cards with festive designs and even limited editions over the years (Starbucks, n.d.). By using special designs, businesses can create a sense of urgency that attracts customers, particularly collectors or fans of the brand.

Additionally, to drive quick sales and incentivize purchasing, some businesses provide tangible rewards. In 2024, The Cheesecake Factory launched a special gift card promotion that offers a US\$15 return for every US\$50 worth of gift cards purchased (The Cheesecake Factory, 2024). This approach not only helped the restaurant attract both new and returning customers but also maximized the benefits of their gift card investments.

Challenges

As the landscape of gift card offerings continues to evolve, businesses like the Lan Kwai Fong Group face several challenges. The increasing prevalence of gift cards in the hospitality industry has led to market saturation, making it difficult for standard gift cards to stand out. Customers now expect more than just monetary value—they seek unique experiences, attractive designs, and added incentives. Additionally, the cost and complexity of developing innovative gift card programs, such as bundling experiences or offering tangible rewards, can be significant. There is also the risk that competitors will quickly replicate successful ideas, reducing their effectiveness as a differentiator. To remain competitive, the LKF Group must continuously innovate and adapt their gift card offerings to meet changing consumer expectations and preferences.

As the landscape of gift card offerings continues to evolve, businesses like the Lan Kwai Fong Group must adapt to meet changing consumer expectations. By exploring innovative approaches such as experience bundling or introducing incentives, the LKF Group can differentiate their gift cards from standard options and leverage them as a powerful tool for growth in the future.

Discussion Questions

1. What current trends in the gift card market could the Lan Kwai Fong Group capitalize on to enhance their offerings?
2. What are the advantages and disadvantages of offering digital gift cards compared to physical ones? How can the Lan Kwai Fong Group balance these options to cater to different customer preferences?
3. How can the Lan Kwai Fong Group leverage gift cards as a tool for long-term growth and customer retention? What strategies should they consider to ensure sustained success in this area?
4. What future adaptation in gift card offerings can you foresee that would impact the hospitality industry?

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Keywords

- Hotel
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- Experience Bundling
- Guest experience

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