651 042 4032 TOTTHONG LERTVANARIN
651 042 4024 NUTCHAPONG LERTSITHIKARNKOSOL
651 042 4014 CHANAWUTH WUTHITHADA
651 042 4010 CHANAPAT CHAINGAM
651 042 4013 NICHA RONGRAM

MARRIOTT LOYALTY PROGRAM

CLV CONCEPT

25 6 2023

MADT 8101

MARRIOTT
BONVOY™

ORIGINAL BONVOY LOYALTY PROGRAM

LOYALTY PROGRAM DOES NOT DIFFERENTIATE BETWEEN HOTEL SEGMENTS. ONLY NIGHT OF STAY IS COUNTED TO DETERMINE LEVELS OF MEMBERSHIP.

HOTEL SEGMENTS

1. **LUXURY**
2. **PREMIUM**
3. **SELECT**
4. **LONGER STAY**

THE RESULT = CUSTOMERS ACHIEVE DIFFERENT LEVELS OF MEMBERSHIP: SILVER, GOLD, PLATINUM, TITANIUM, AMBASSADOR

The segments of hotel in Marriott Group are not taken into account of the original Marriott Bonvoy loyalty program.

PAIN POINT = LOSS OF OPPORTUNITY TO SELL HIGHER SEGMENT

CUSTOMER A	LUXURY	LUXURY	LUXURY	LUXURY	LUXURY	LUXURY	LUXURY	LONGER STAY	LONGER STAY	LONGER STAY

(BOOKING IS ONLY ACHIEVED BECAUSE CUSTOMER A WANTS TO BE GOLD MEMBER)

CUSTOMER A ALWAYS STAY AT LUXURY, BUT MISS 3 NIGHTS, SO HAVE TO BUY LONGER STAY TO ACHIEVE GOLD MEMBER

= LOWERED REVENUE BECAUSE AVERAGE SPENDING OF CUSTOMER A IS DECREASED

BUSINESS RECOMMENDATION

THEREFORE, WE WOULD LIKE TO REDESIGN THE LOYALTY PROGRAM, SO IT REFLECTS THE FOLLOWING CONDITIONS

1. **HOTEL SEGMENTS SHOULD GENERATE DIFFERENT METRIC OF SCORING**
2. **FREQUENCY OF STAY PER YEAR (ASSUMPTION) SHOULD GENERATE DIFFERENT METRIC OF SCORING**

BUSINESS RECOMMENDATION

OUR IMPROVEMENT

A LOYALTY PROGRAM THAT REFLECTS TRUE CUSTOMER STAY, WITH WEIGHTED CLV SCORING

CLV

CLV = AVG. TNX. VALUE PER YEAR x AVG. LENGTH OF STAY x NO. OF YEAR

Where AVG. TNX. VALUE IS ALSO SEGMENTED BASED ON HOTEL SEGMENTS

Where AVG. LENGTH OF STAY IS AVERAGE NIGHTS PER YEAR STAYED AT HOTEL

Where NO. OF YEAR IS YEAR OF MEMBERSHIP (CURRENT DATE - JOINED DATE)

Assumption : 1 year period

NEW SCORING FOR MEMBERSHIP CRITERIA

SILVER - 50 PTS

GOLD - 150 PTS

PLATINUM - 250 PTS

TITANIUM - 500 PTS

AMBASSADOR - 1,000 PTS

LOYALTY PROGRAM EXAMPLE

EXISTING	CUSTOMER A stays in highest segment for 5 nights and CUSTOMER B stays in lowest segment for 5 nights BUT THEY STILL GET THE SAME POINTS (BY NIGHT)
NEW CONDITION EXAMPLE	CUSTOMER A stays in highest segment for 2 nights for 1 YEAR, CUSTOMER B stays in lowest segment for 14 days a month for the whole year. RESULT = CUSTOMER B has more points than CUSTOMER A

CUSTOMER JOURNEY - EXISTING

Customer A stay at expensive hotel, Customer B stay at cheaper hotel, yet they are the same GOLD membership

	SCORE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
CUSTOMER A	**GOLD MEMBER**			**STAY AT LUXURY** 2 nights			**STAY AT LUXURY** 2 nights	**STAY AT LUXURY** 2 nights				**STAY AT LUXURY** 2 nights	
POINTS EARNED	*8*			2			2	2				2	
CUSTOMER B	**GOLD MEMBER**		**STAY AT SELECT 2 NIGHTS**		**STAY AT SELECT 2 NIGHTS**		**STAY AT SELECT 2 NIGHTS**			**STAY AT SELECT 2 NIGHTS**			
POINTS EARNED	*8*		2		2		2			2			

CUSTOMER JOURNEY - IMPROVED PROGRAM

Customer A stay at expensive hotel, Customer B stay at cheaper hotel, now they belong to different membership group.

	SCORE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
CUSTOMER A	**PLATINUM MEMBER**			STAY AT LUXURY 2 nights			STAY AT LUXURY 2 nights			STAY AT LUXURY 2 nights			
POINTS EARNED	*300*			2 (x50)			2 (x50)			2 (x50)			
CUSTOMER B	**GOLD MEMBER**		STAY AT SELECT 2 NIGHTS		STAY AT SELECT 2 NIGHTS		STAY AT SELECT 2 NIGHTS			STAY AT SELECT 2 NIGHTS			
POINTS EARNED	*168*		2 (x21)		2 (x21)		2 (x21)			2 (x21)			

To summarize

1. New BONVOY loyalty program now uses new CLV equation to create customer lifetime value
2. New BONVOY loyalty program now reflects true customer stay
3. New BONVOY loyalty program secures high spenders (where as prior to this, high spenders may also have high churn rate)

THANK YOU