

Customer Lifetime Value: What is Your Relationship Really Worth?

3 November 2014

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IHG



In 2013, IHG revolutionized the design of large-scale public incentive campaigns



But it began by
thinking about our relationship
with our guests

An investigation...

Understanding what we have to say...

In 2009, a consultant joined Priority Club Rewards



Understanding what we have to say...

Lifecycle



Understanding what we have to say...

Partner



Understanding what we have to say...

Transactional



Understanding what we have to say...

Lost PIN



Understanding what we have to say...

Statement



Understanding what we have to say...

Survey



Understanding what we have to say...

Double Points



Understanding what we have to say...

Brand



Understanding what we have to say...

Rate Packages



Understanding what we have to say...

Destination



Rate Packages



Understanding what we have to say...

Local Offers



Destination



Rate Packages



So what can we conclude?

Local Offers



Destination



Rate Packages



So what can we conclude?

Offers overload our guests



So what can we conclude?

Offers overload our guests

Give *fewer offers*
at a *slower pace*



So what can we conclude?

Offers overload our guests

Give *fewer offers*
at a *slower pace*

...or better yet...

The *right offer*
at the *right time*



So what can we conclude?

Offers overload our guests

Give *fewer offers*
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Right?

So what can we conclude?

Offers overload our guests

Give *fewer offers*
at a *slower pace*

...or better yet...

The *right offer*
at the *right time*

Wrong!

What is the REAL problem?

Offers overload our guests

Give *fewer offers*
at a *slower pace*

...or better yet...

The *right offer*
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Wrong!

What is the REAL problem?

Offers overload our guests

Give *fewer* offers
at a *slower* pace

...or better yet...

The *right* offer
at the *right* time

We force our guests
to digest one offer at a time

What is the REAL problem?

Offers overload our guests

Give *fewer offers*
at a *slower pace*

...or better yet...

The *right offer*
at the *right time*

We force our guests
to digest one offer at a time

...and...

To put each offer into context

For example...

We force our guests
to digest one offer at a time

...and...

To put each offer into context



An **IHG** offer

For example...

We force our guests
to digest one offer at a time

...and...

To put each offer into context



Other **IHG** offers

An **IHG** offer

For example...

We force our guests
to digest one offer at a time

...and...

To put each offer into context



For example...

We force our guests
to digest one offer at a time

...and...

To put each offer into context



For example...

Computers are
GREAT at that!

We force our guests
to digest one offer at a time

...and...

To put each offer into context



For example...

Computers are
GREAT at that!

But humans are...
quite bad at it

We force our guests
to digest one offer at a time
...and...
To put each offer into context



New conclusion!

Offers overload our guests

Guests are not overloaded
... they're irritated

Give *fewer offers*
at a *slower pace*

...or better yet...

The *right offer*
at the *right time*

New conclusion!

Offers overload our guests

Give *fewer* offers
at a *slower* pace

...or better yet...

The *right* offer
at the *right* time

Guests are not overloaded
... they're irritated

Give *more* offers
at a *faster* pace

New conclusion!

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Guests are not overloaded
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Give *more offers*
at a *faster pace*

...or better yet...

Give *all offers*
all at once

New conclusion!

HOW?

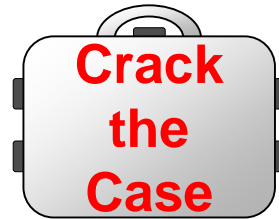
Guests are not overloaded
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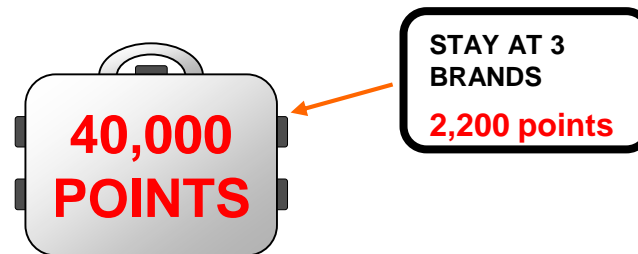
What did we do?



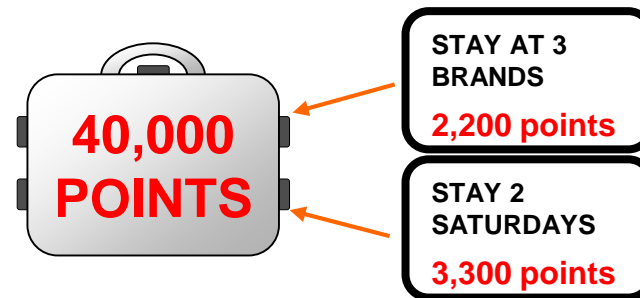
What did we do?



What did we do?



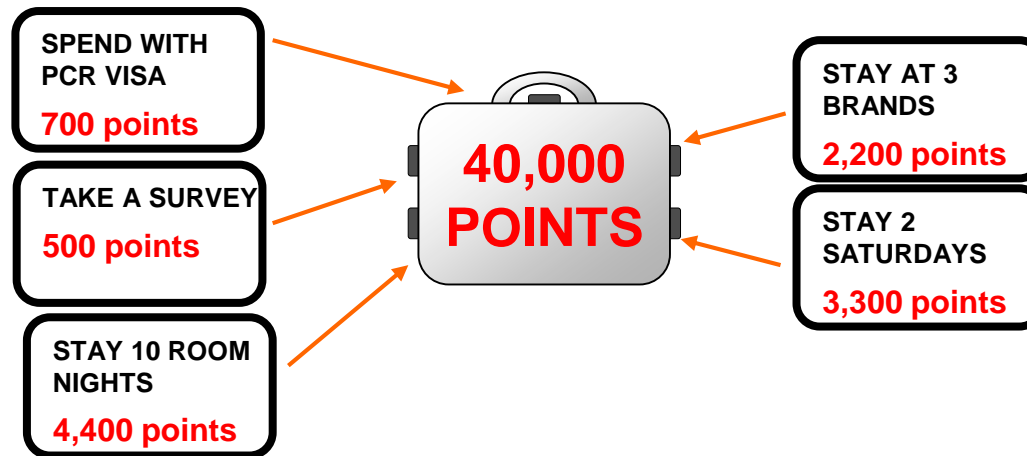
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What did we do?

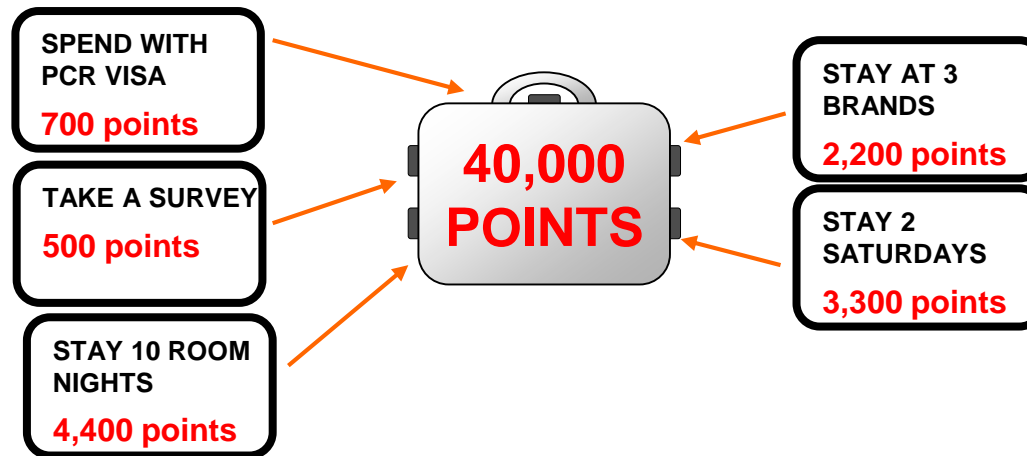


What did we do?



That's over 51,000 points!

Does this overload your senses?



That's over 51,000 points!

Does this overload your senses?

CRACK THE CASE

We don't have much time, so read carefully. Your mission is to crack open the case which holds 40,000 bonus points. As you unlock each latch, you'll earn bonus points along the way.

Please follow these instructions:

1. Crack open the case which contains 40,000 bonus points.
2. The case is held shut by 5 latches, which can only be unlocked by completing a task.

close

WELCOME, JAMES SPRIGO.
PRIORITY CLUB #: TH001F1T
STATUS INDICATOR: [Icons]

According to our records, you have unlocked 4 latches and earned 10,000 bonus points. By unlocking 1 more, you crack the case and get 40,000. When you crack them all you will have earned up to **51,000** bonus points. Stay on the case—time is of the essence.
END DATE: May 31, 2011

40,000 POINTS

- SPEND WITH PCR VISA**
700 points
- TAKE A SURVEY**
500 points
- STAY 10 ROOM NIGHTS**
4,400 points
- STAY AT 3 BRANDS**
2,200 points
- STAY 2 SATURDAYS**
3,300 points

That's over 51,000 points!

THAT'S ABOUT 10% OF THE TOTAL POINTS AVAILABLE FOR OUR GUESTS WORLDWIDE!

Does this overload your senses?

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We don't have much time, so read carefully. Your mission is to crack open the case which holds 40,000 bonus points. As you unlock each latch, you'll earn bonus points along the way.

Please follow these instructions:

1. Crack open the case which contains 40,000 bonus points.
2. The case is held shut by 5 latches, which can only be unlocked by completing a task.

[* close](#)

WELCOME, JAMES SPRIGG.
PRIORITY CLUB #: 749631717
STATUS INDICATOR:

According to our records, you have unlocked 4 latch and earned 10,600 bonus points. By unlocking 1 more, you crack the case and get 40,000. When you crack them all you will have earned up to **51,100** bonus points. Stay on the case—time is of the essence.
END DATE: May 31, 2011

SPEND WITH PCR VISA
700 points

TAKE A SURVEY
500 points

STAY 10 ROOM NIGHTS
4,400 points

40,000 POINTS

STAY AT 3 BRANDS
2,200 points

STAY 2 SATURDAYS
3,300 points

That's over 51,000 points!

THAT'S ENOUGH FOR UP TO 5 FREE NIGHTS AT ANY OF OUR 4,400 HOTELS WORLDWIDE!

Does this overload your senses?

CRACK THE CASE

We don't have much time, so read carefully. Your mission is to crack open the case which holds 40,000 bonus points. As you unlock each latch, you'll earn bonus points along the way.

Please follow these instructions:

1. Crack open the case which contains 40,000 bonus points.
2. The case is held shut by 5 latches, which can only be unlocked by completing a task.

+ close

LOG OUT

000000

WELCOME,
JAMES SPRIGG.

PRIORITY CLUB #: 749631717

STATUS INDICATOR:

According to our records, you have unlocked 4 latch and earned 10,600 bonus points. By unlocking 1 more, you crack the case and get 40,000. When you crack them all you will have earned up to **51,100** bonus points. Stay on the case—time is of the essence.

END DATE: May 31, 2011

SPEND & EARN WITH PRIORITY CLUB® VISA
EARN 700 BONUS POINTS
VIEW TASK >

LATCHES TO

TAKE A SURVEY
EARN 500 BONUS POINTS
VIEW TASK >

STAY 10 ROOM NIGHTS
EARN 4,400 BONUS POINTS
VIEW TASK >

STAY AT 3 BRANDS
EARN 2,200 BONUS POINTS
VIEW TASK >

STAY 2 SATURDAYS
EARN 3,300 BONUS POINTS
VIEW TASK >

Unlock all latches, crack open the case and you could earn up to

51,100 BONUS POINTS!

THAT'S ENOUGH FOR UP TO 3 FREE NIGHTS AT ANY OF OUR 4,400 HOTELS WORLDWIDE!*

How did customers respond?

How did consumers respond?

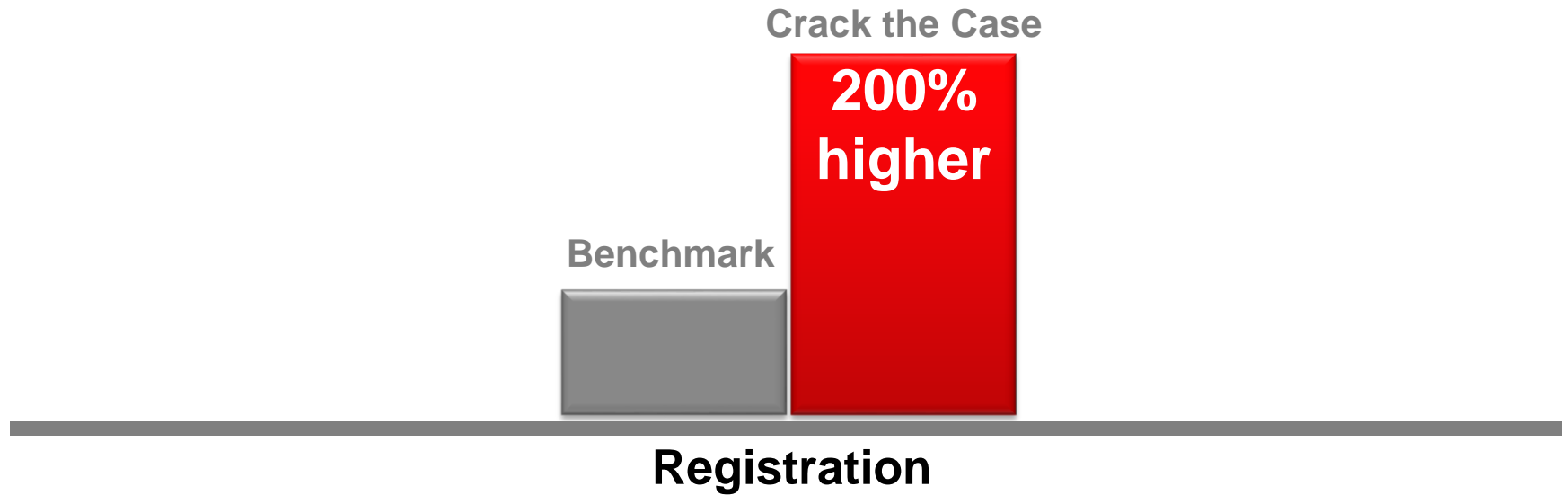
How did consumers respond?

Benchmark

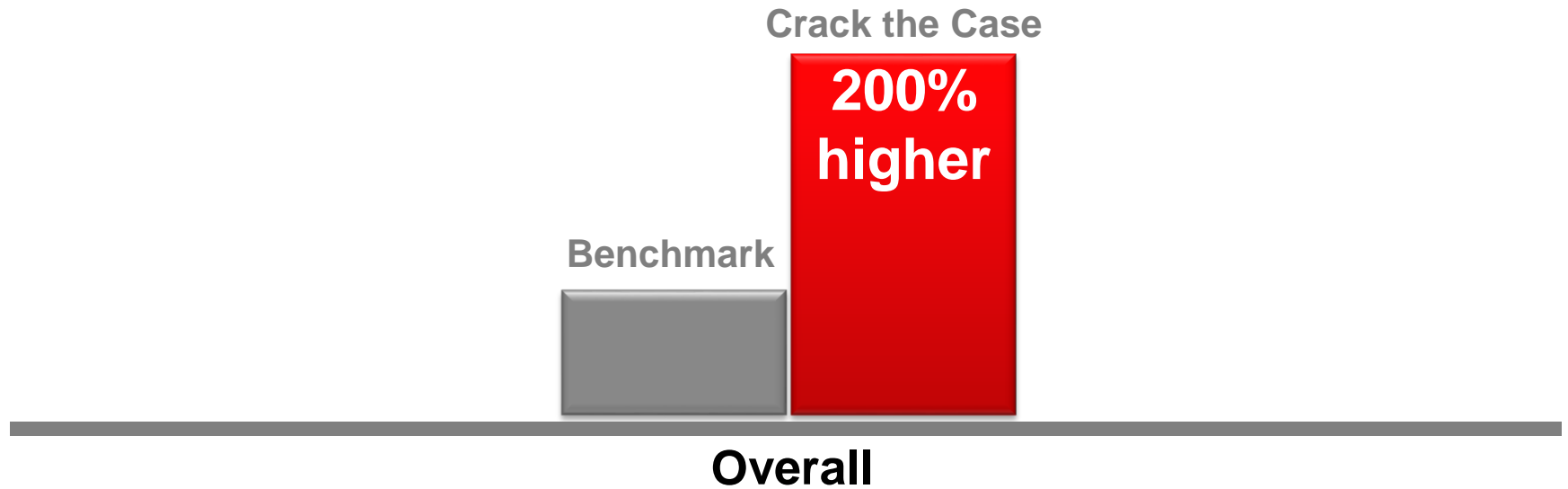


Registration

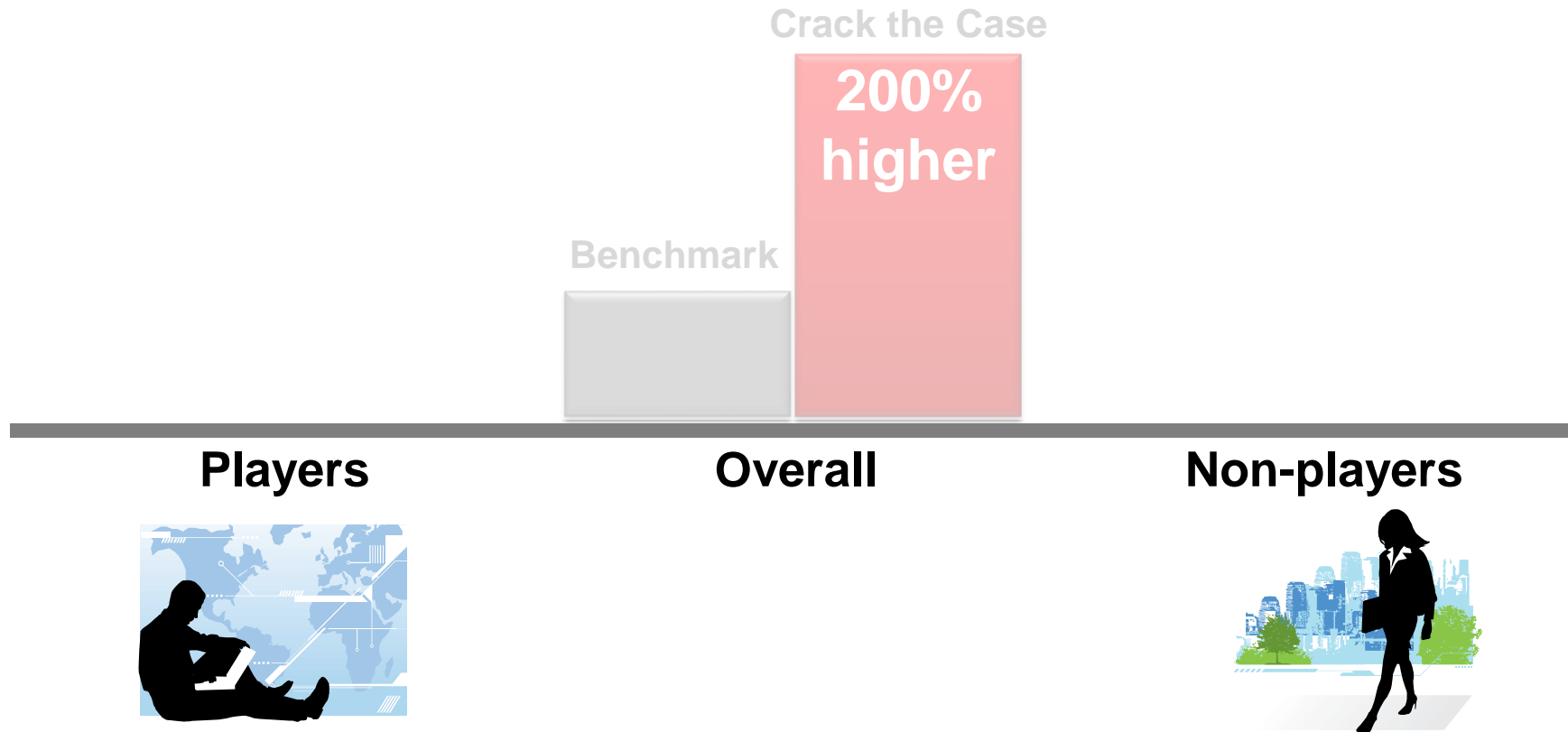
How did consumers respond?



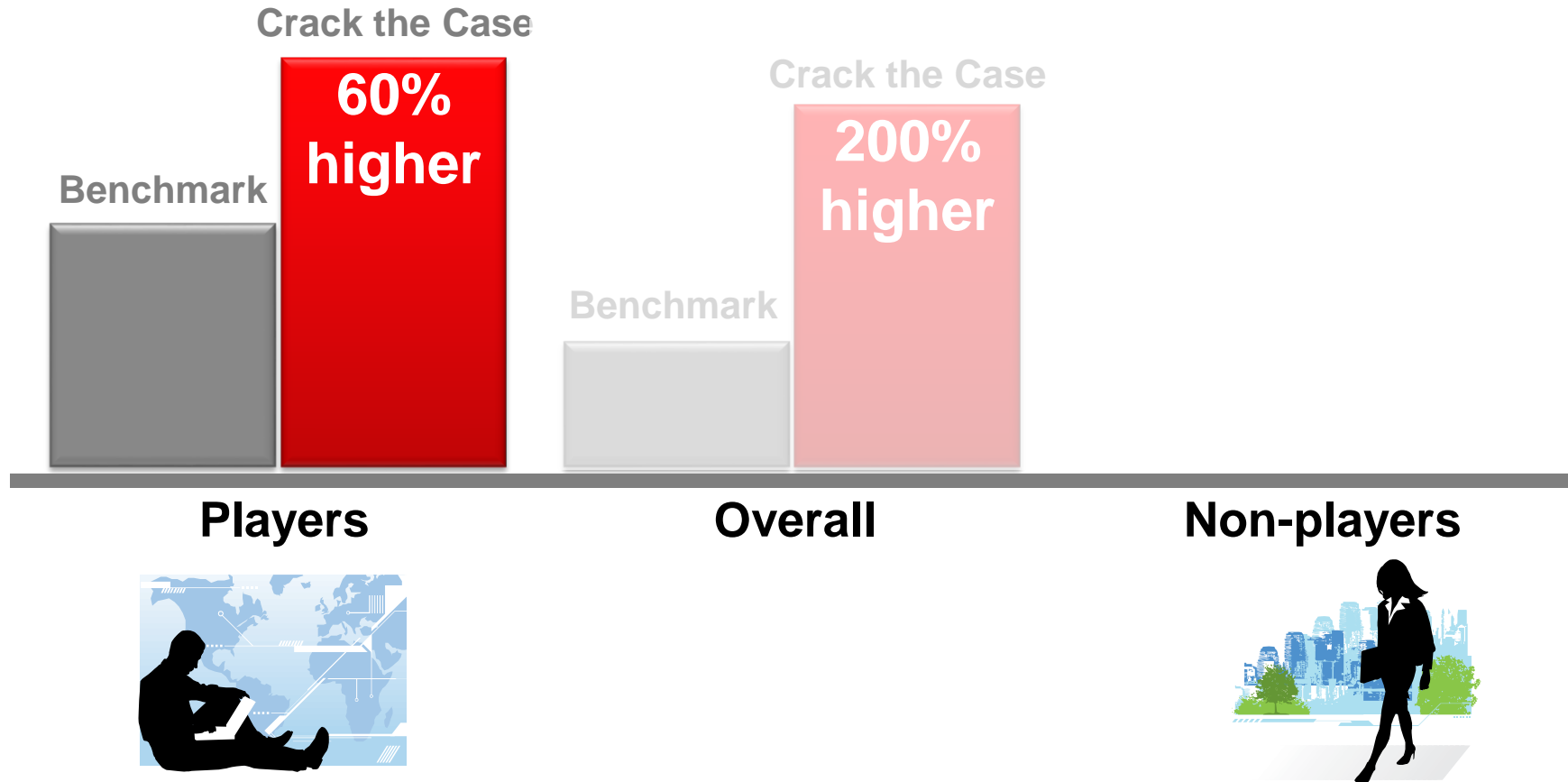
How did consumers respond?



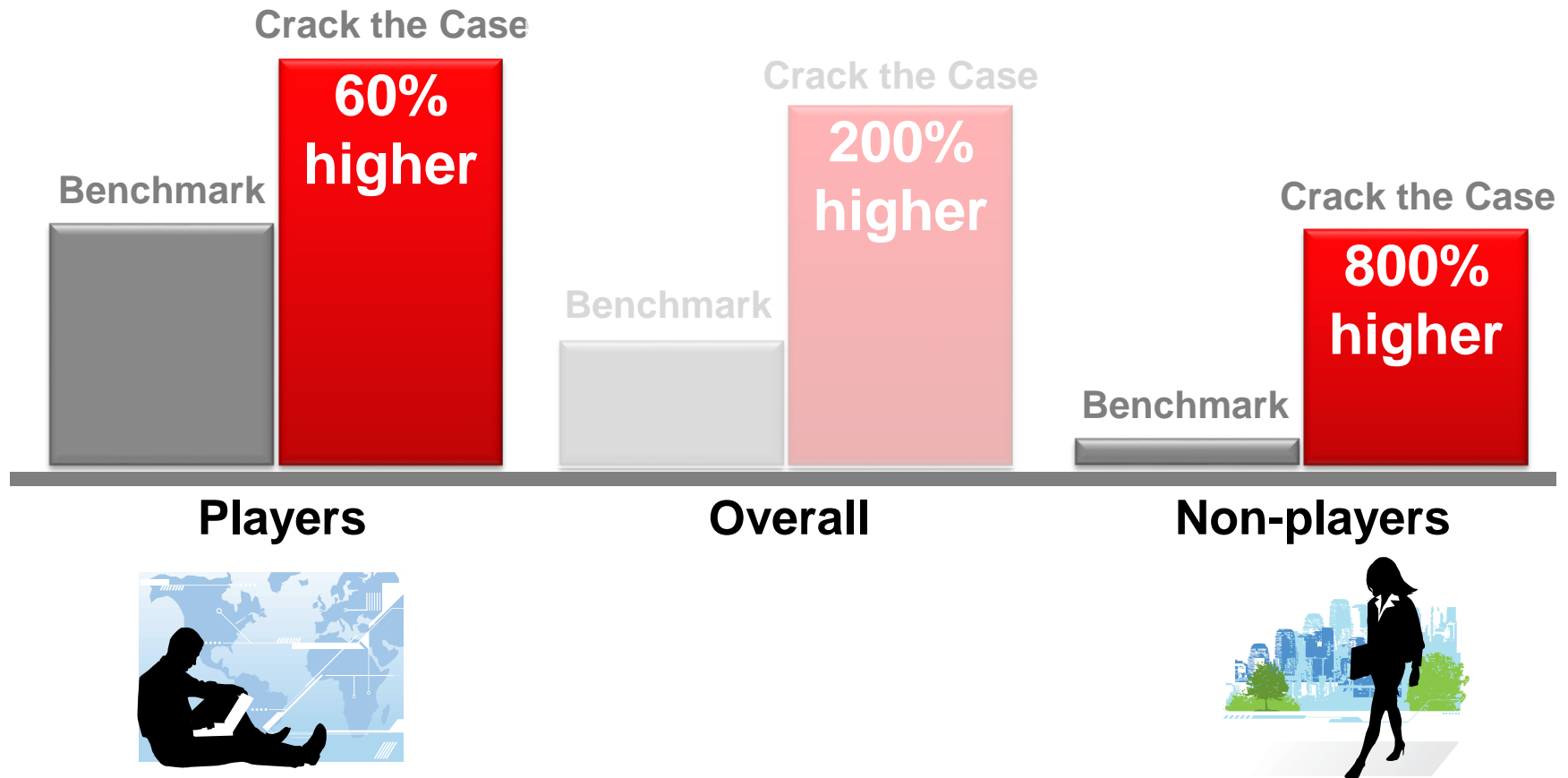
How did consumers respond?



How did consumers respond?

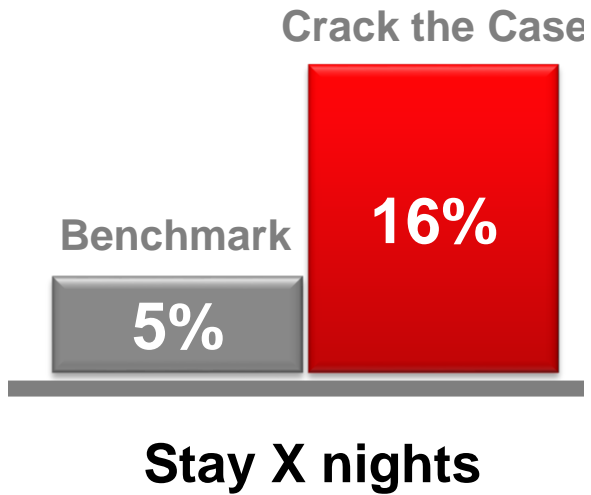


How did consumers respond?



We tripled the lift in multiple behaviors

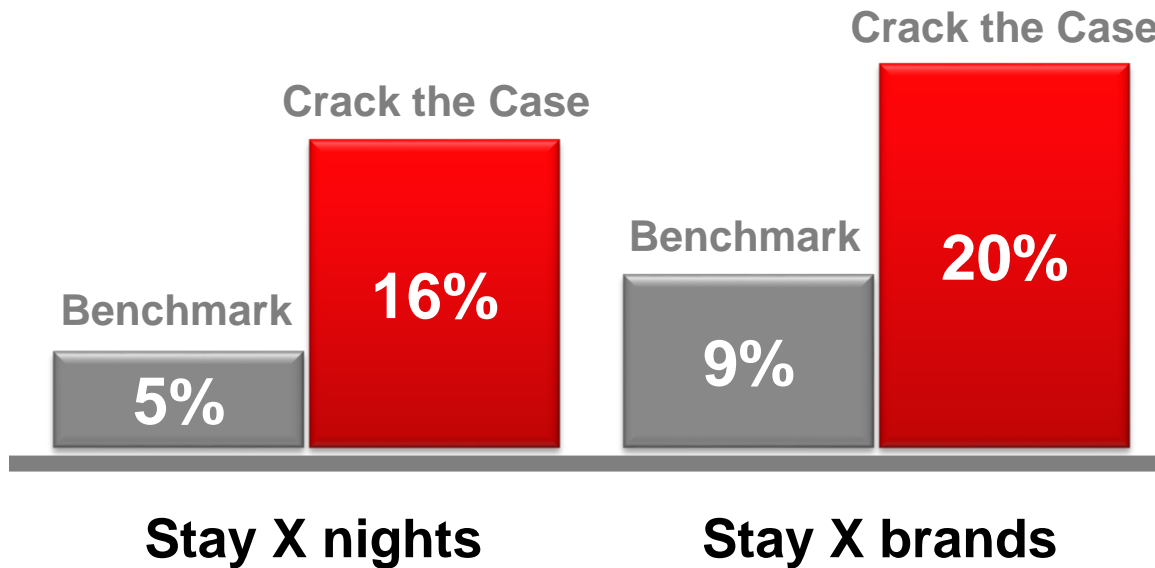
Frequency



We tripled the lift in multiple behaviors

Frequency

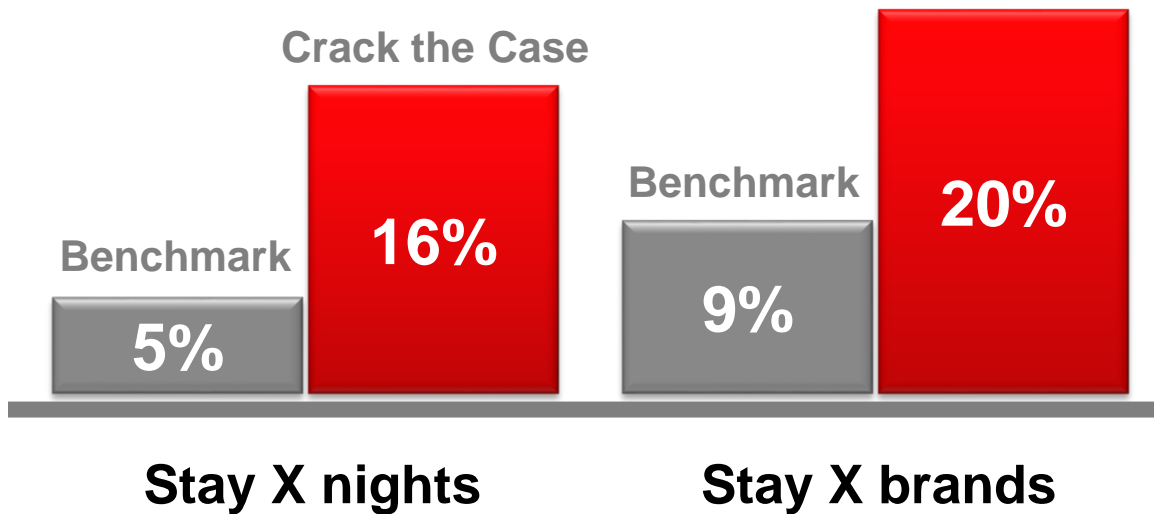
Brand Trial



We tripled the lift in multiple behaviors

“4 brands... IN THE UK,
you’re kidding right????”
“ready to call it a day when
a £70 stay came up at
Liverpool”

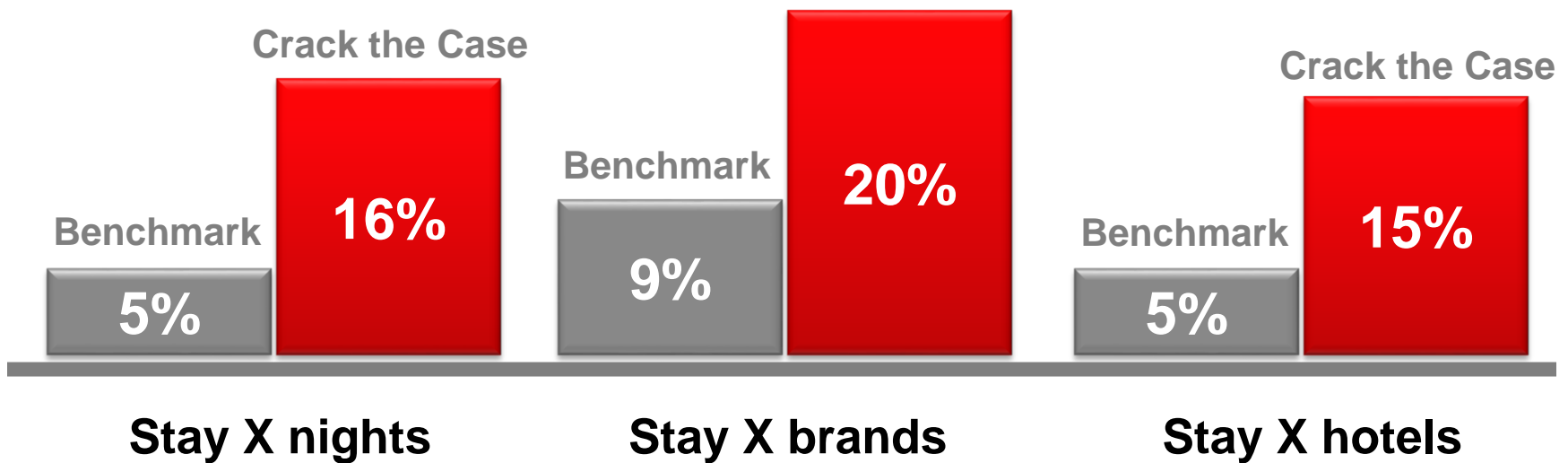
Crack the Case



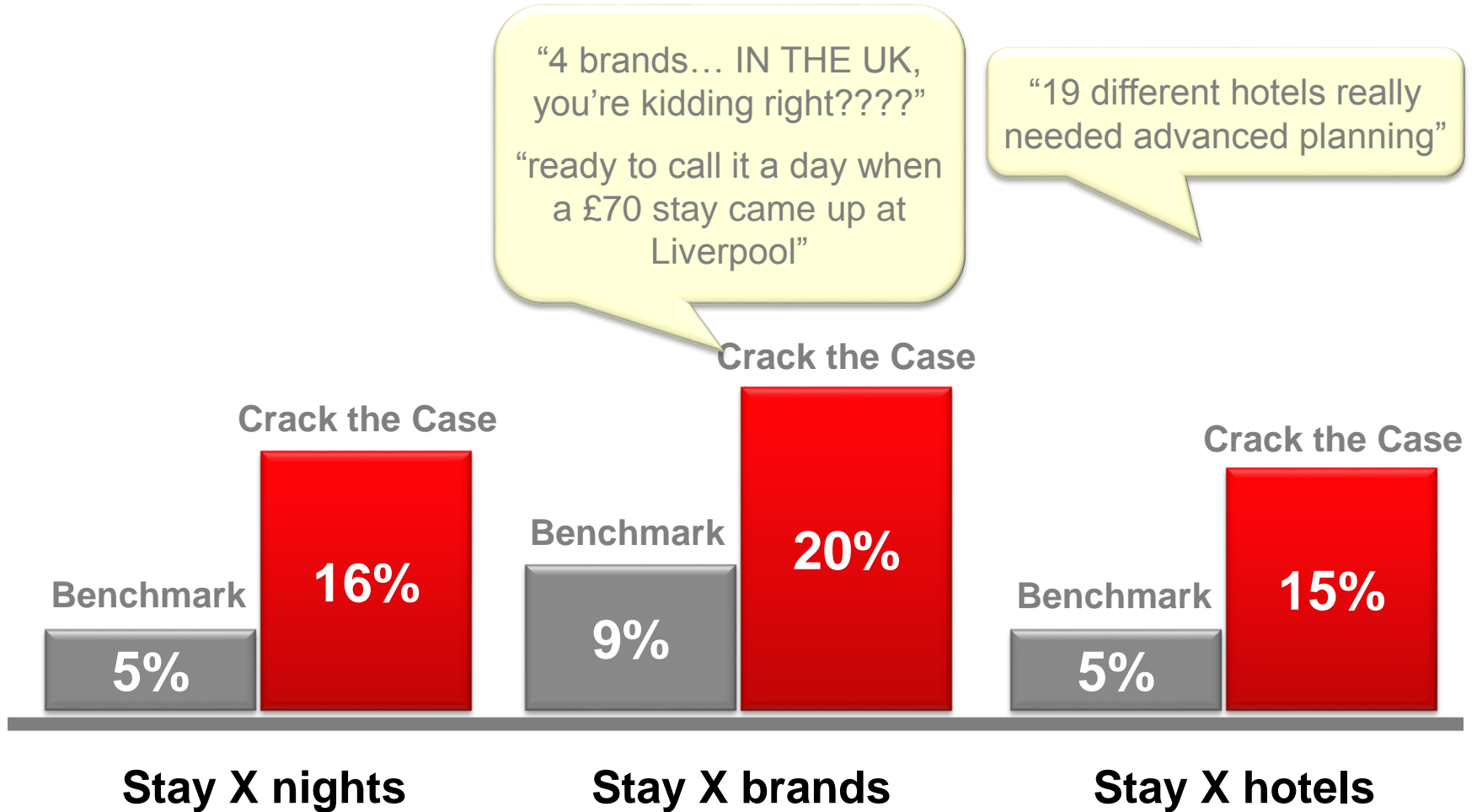
We tripled the lift in multiple behaviors

“4 brands... IN THE UK,
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“ready to call it a day when
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Liverpool”

Crack the Case



We tripled the lift in multiple behaviors

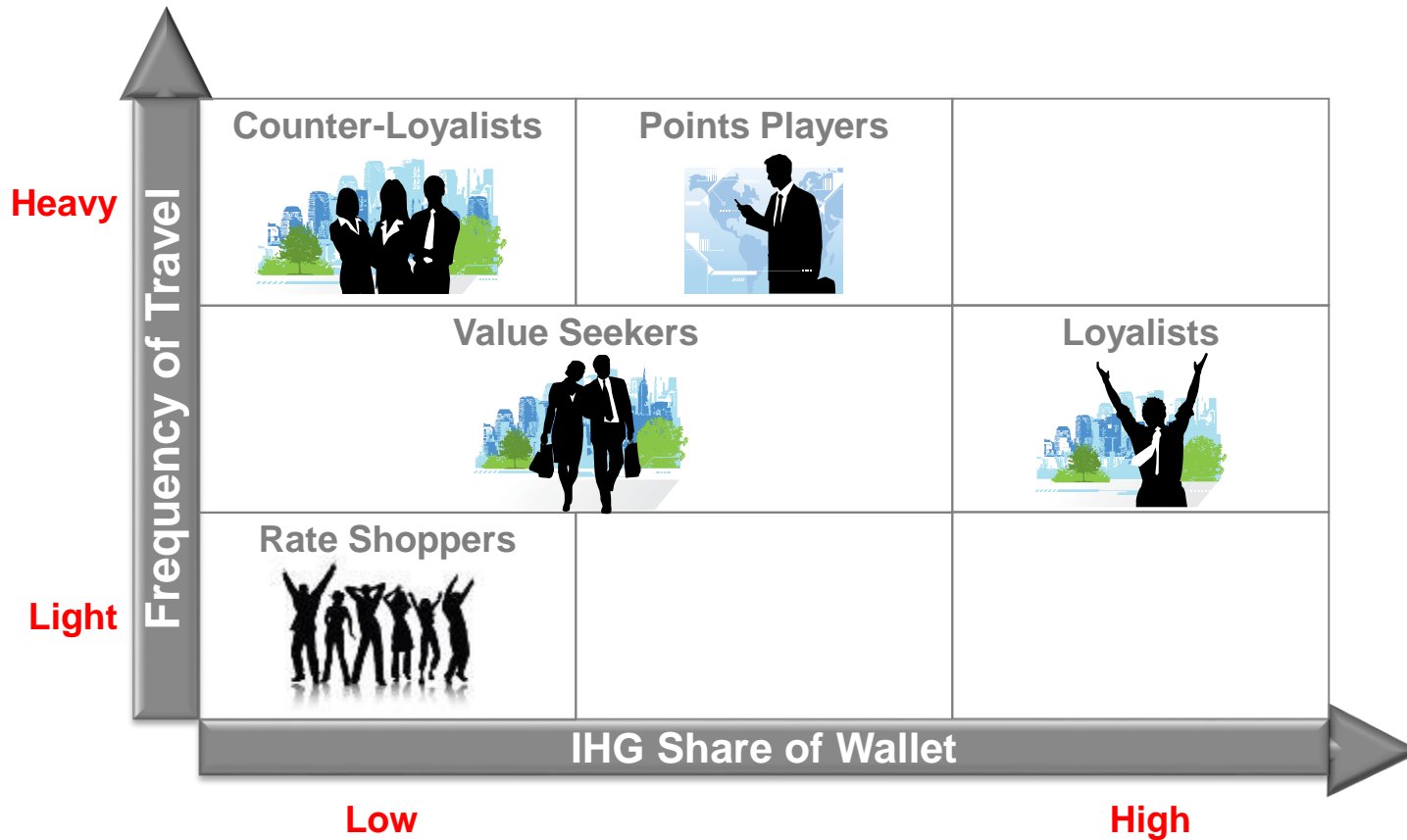


...AND we re-launched a hallmark brand



The BIG Insight

Valuable customers are different...



So what's next?

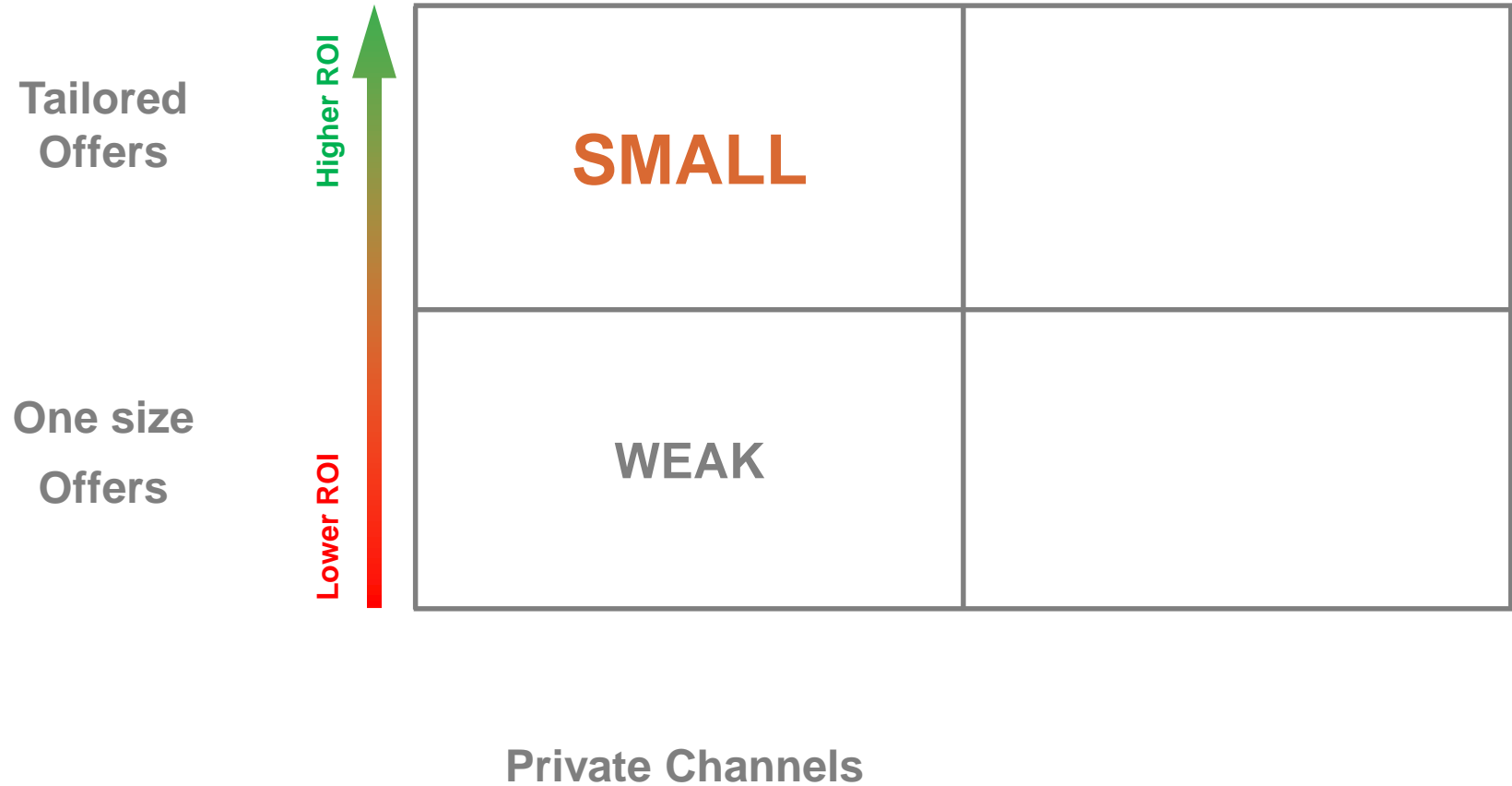
Could we use this to disrupt the market?

One size
Offers

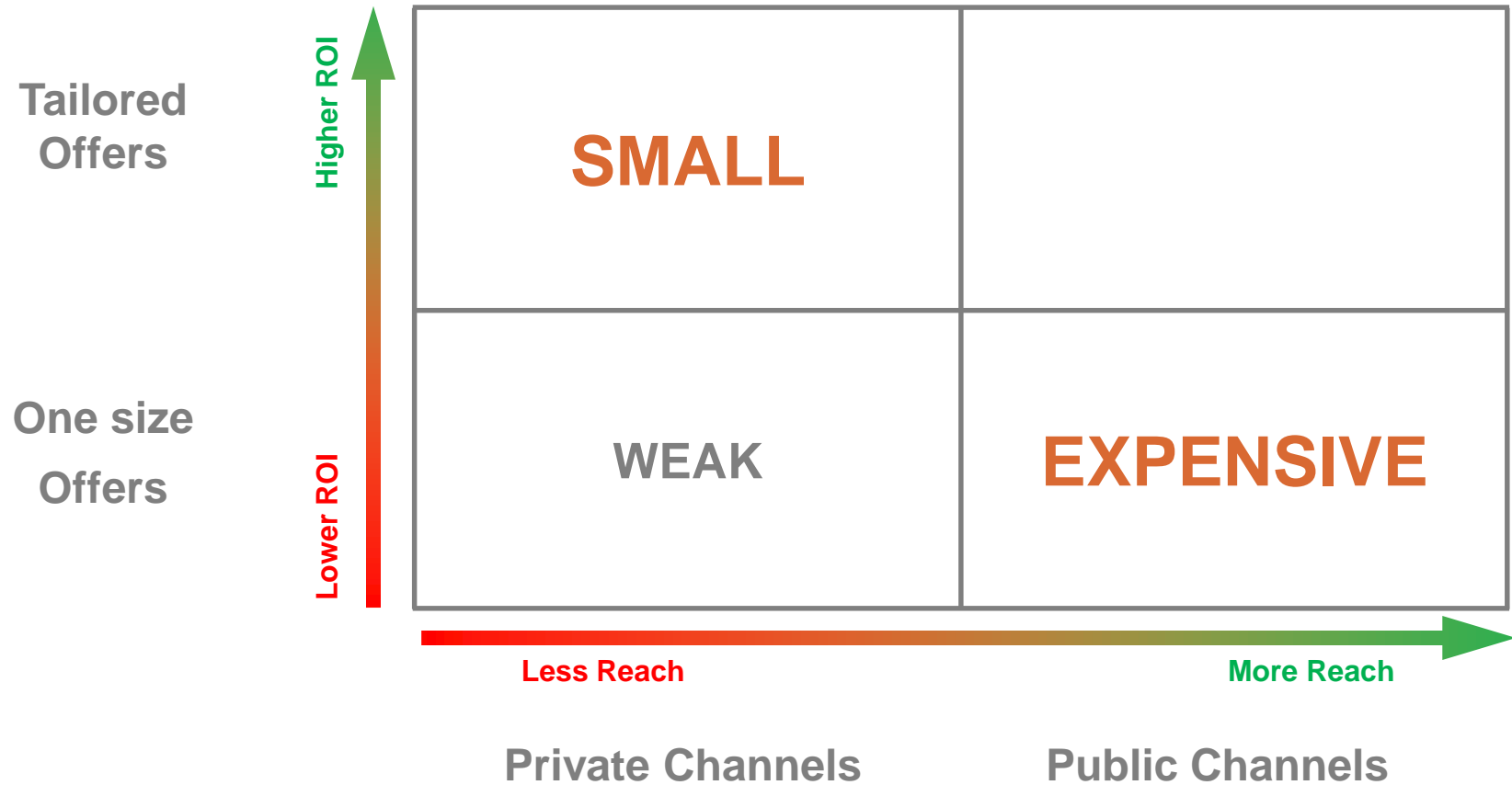
WEAK	

Private Channels

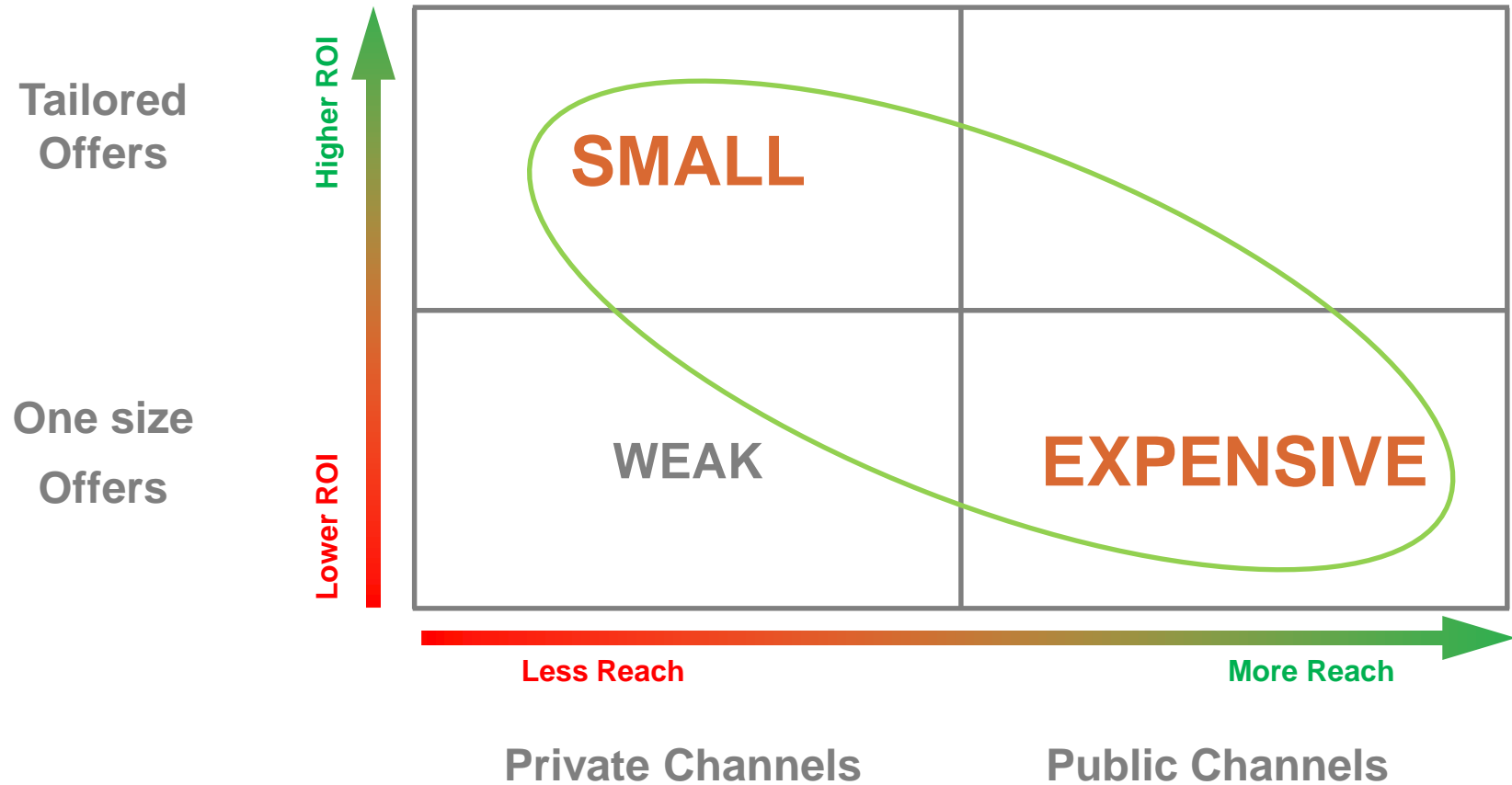
Everyone gets personal in private channels



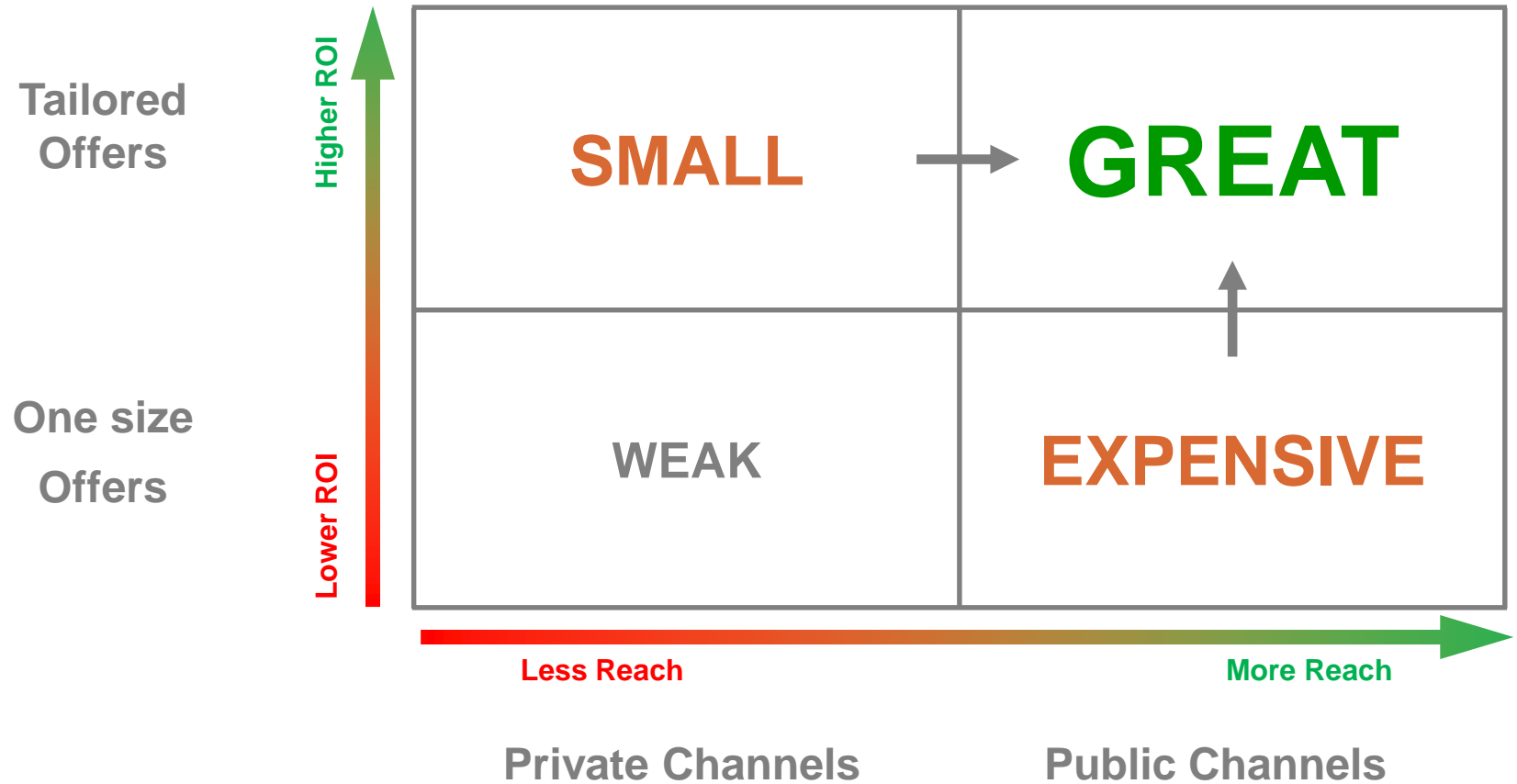
Everyone goes big with Double Points



Most campaigns are corner solutions



But we wanted to disrupt the market



Can we be all things to all people?

The Big Win changes everything...

2010

CRACK THE CASE

We don't have much time, so read carefully. Your mission is to crack open the case which holds 43,000 bonus points. As you unlock each latch, you'll earn bonus points along the way.

Please follow these instructions:

1. Crack open the case which contains 43,000 bonus points.
2. The case is held shut by 5 latches, which can only be unlocked by completing a task.

+ close

SPEND & EARN WITH PRIORITY CLUB® VISA
EARN 100 BONUS POINTS
VIEW TASK >

TAKE A SURVEY
EARN 100 BONUS POINTS
VIEW TASK >

STAY 10 ROOM NIGHTS
EARN 4,000 BONUS POINTS
VIEW TASK >

STAY AT 3 BRANDS
EARN 1,000 BONUS POINTS
VIEW TASK >

STAY 2 SATURDAYS
EARN 5,000 BONUS POINTS
VIEW TASK >

Unlock all latches, crack open the case and you could earn up to **51,100 BONUS POINTS!**
THAT'S ENOUGH FOR UP TO 3 FREE NIGHTS AT ANY OF OUR 4,400 HOTELS WORLDWIDE!™

WELCOME JAMES SPRIGG.
PRIORITY CLUB® MEMBER
STATUS INDICATOR: ●●●●●

According to our records, you have unlocked 4 latches and earned 10,000 bonus points. By unlocking 1 more, you crack the case and get 43,000. When you crack the case, you will have earned up to **51,100** bonus points. Stay on the case—time is of the essence!
END DATE: May 31, 2011

2013

My Offers

Try one and done
1,000 Points

Stay more & earn more
4,000 Points

Explore our brands
10,000 Points

Book with us
2,000 Points

Win big
25,000 Points

Win in a weekend
8,000 Points

Test-&-learn becomes hyper-dimensional

Over 50,000 test cells

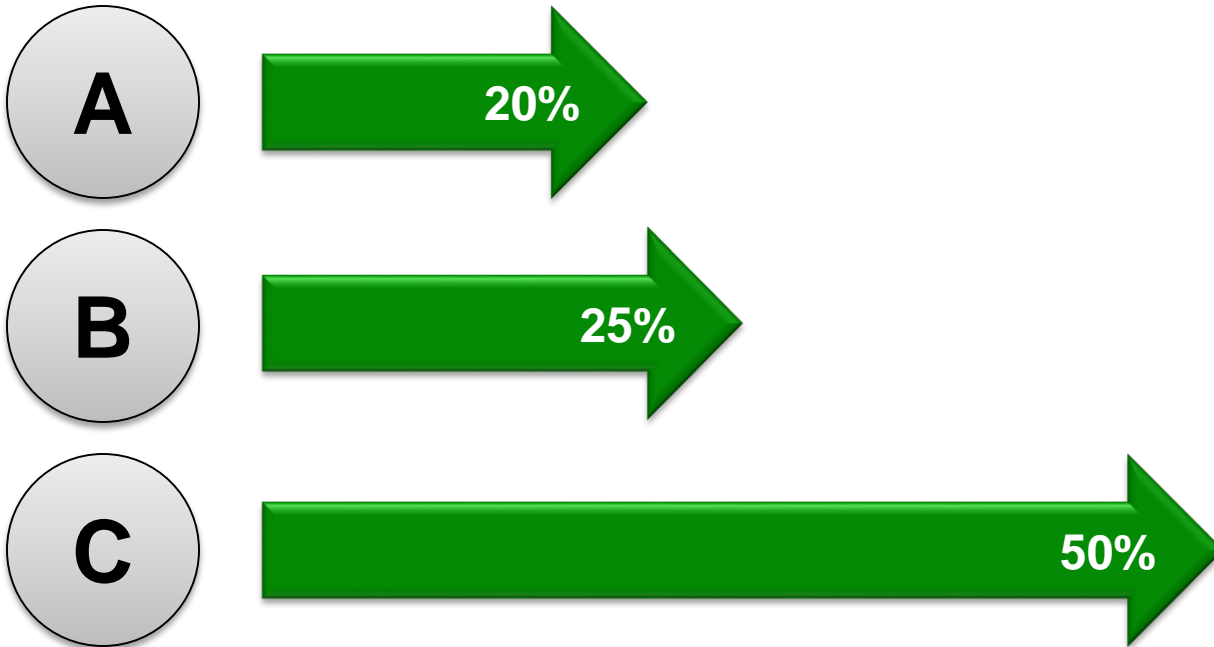
500,000 distinct offer combinations!

Anyone can
Play!

Dozens of unstated hypotheses!

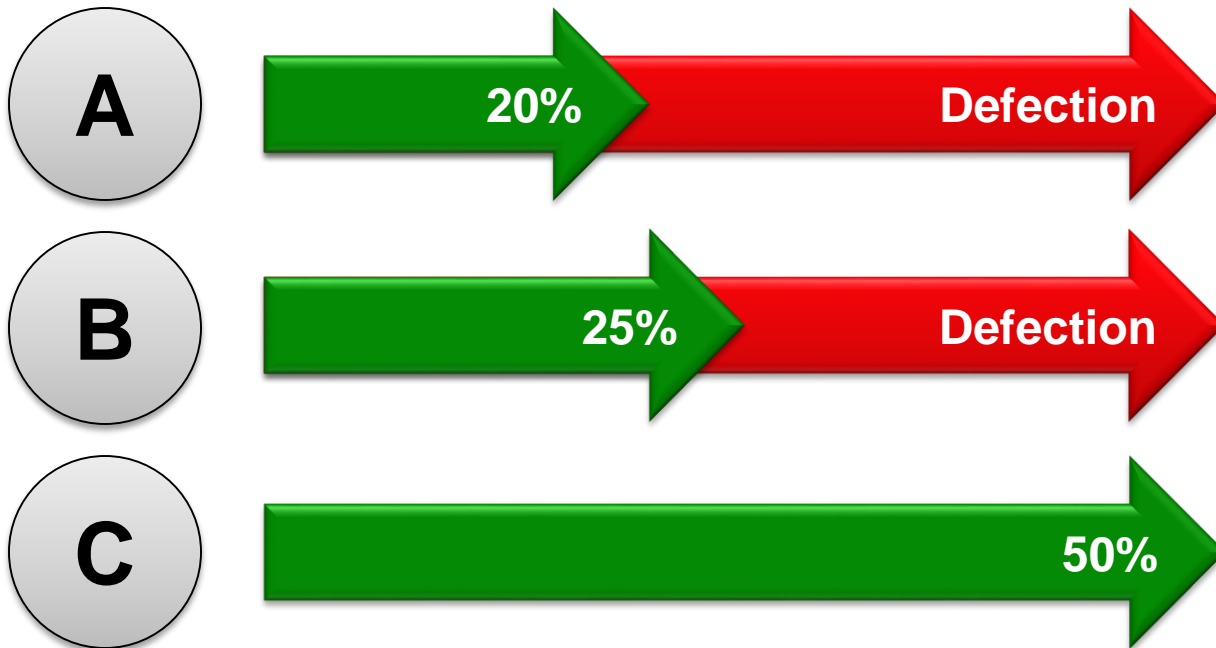
How far can we ask members to reach?

GROUP



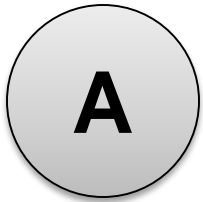
How far can we ask members to reach?

GROUP

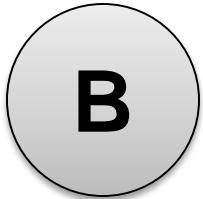


Should the grand prize be easier to obtain?

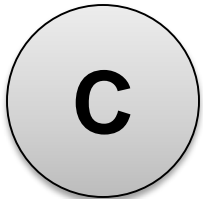
<u>GROUP</u>	<u>Cost</u>
A	\$1 ^{<u>10</u>}
B	\$1 ^{<u>00</u>}
C	\$1 ^{<u>30</u>}



\$1¹⁰

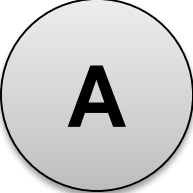


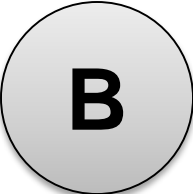


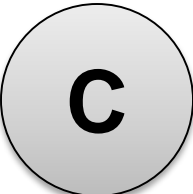




\$1⁰⁰



\$1³⁰

Should the grand prize be easier to obtain?

<u>GROUP</u>	<u>Cost</u>	<u>Revenue Lift</u>
		
		
		

How much influence do we have?

LIFT

10-50%

5-10%

0-5%

How much influence do we have?

LIFT

10-50%

5-10%

**Stay
Weekends**

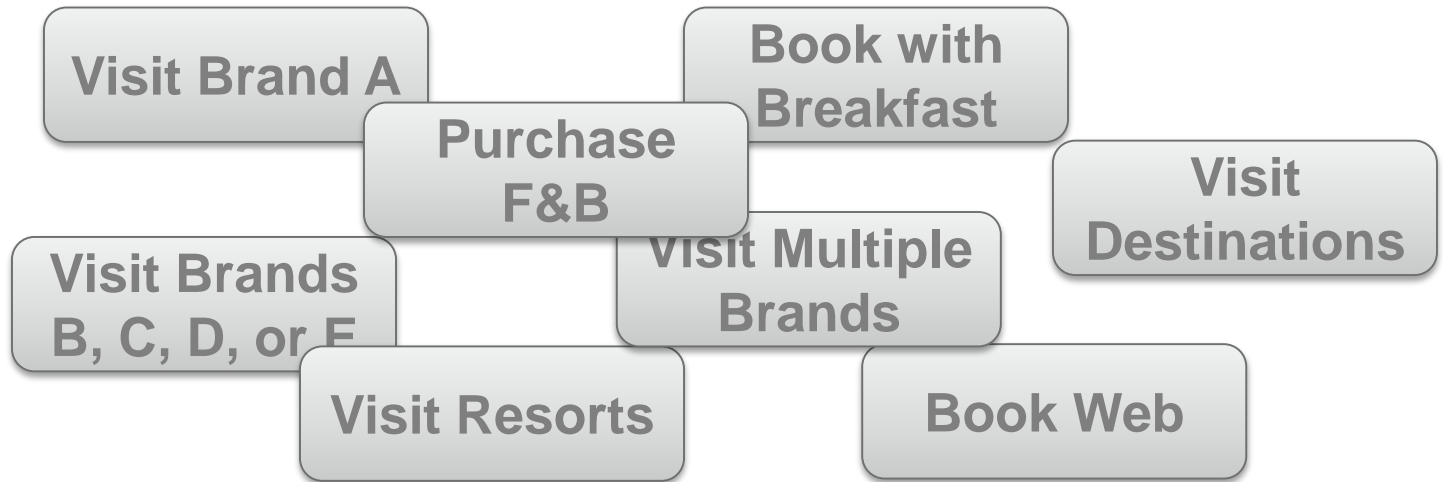
Visit Brand F

0-5%

How much influence do we have?

LIFT

10-50%



5-10%

**Stay
Weekends**

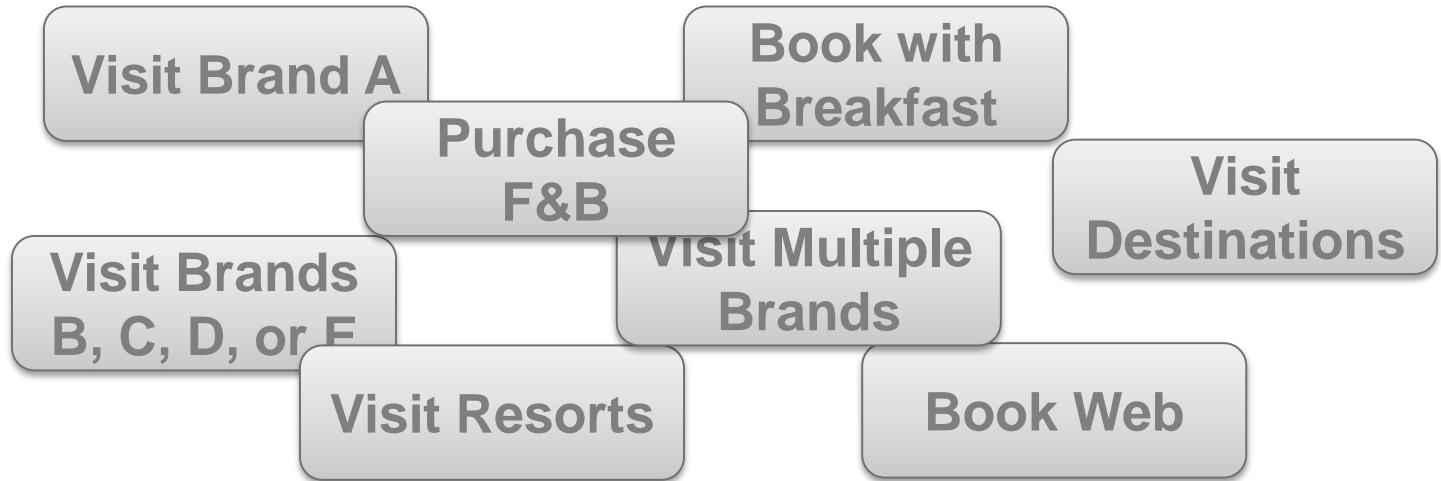
Visit Brand F

0-5%

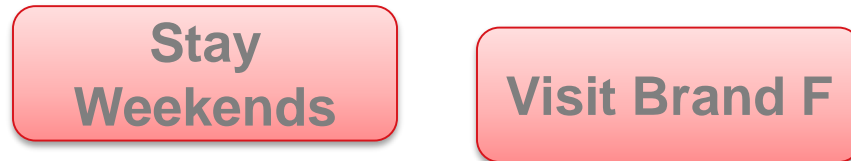
We're way past "can we move the needle?" ...we ask "which needles do we want to move?"

LIFT

10-50%



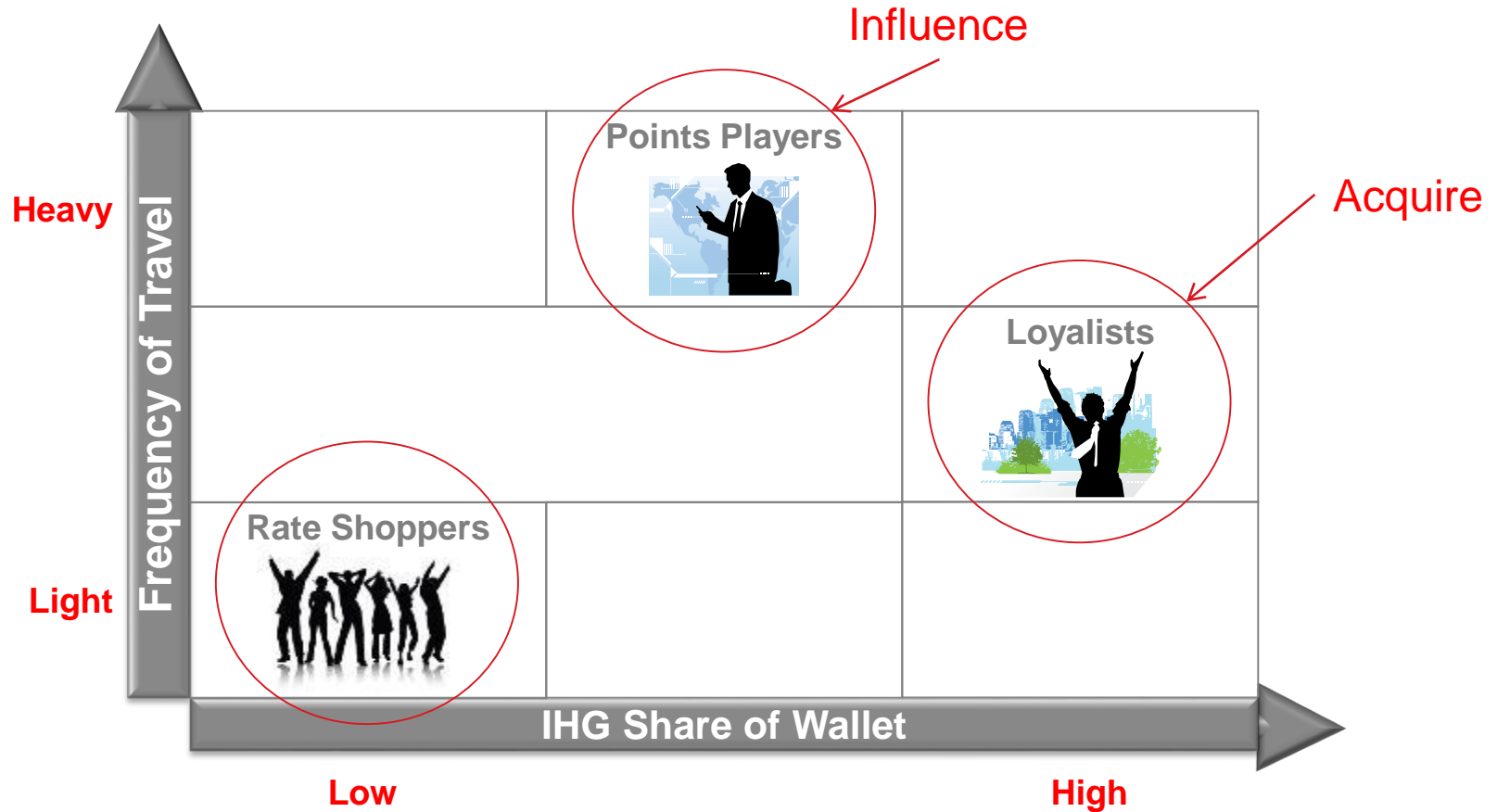
5-10%



0-5%

And the point is...

Focus on our most valuable customers...



***Focus on our most valuable customers...
BUT treat each customer is an individual***

*Focus on our most valuable customers...
BUT treat each customer as an individual*

**EMBRACE
COMPLEXITY**

***Focus on our most valuable customers...
BUT treat each customer is an individual***

**EMBRACE
COMPLEXITY**

Know the CUSTOMER... not the SEGMENT

***Focus on your most valuable customers...
BUT every customer is an individual***

**EMBRACE
COMPLEXITY**

Know the CUSTOMER... not the SEGMENT

Market the PACKAGE... not the OFFER

***Focus on your most valuable customers...
BUT every customer is an individual***

**EMBRACE
COMPLEXITY**

Know the CUSTOMER... not the SEGMENT

Market the PACKAGE... not the OFFER

Don't HYPOTHESIZE... test EVERYTHING

***Focus on your most valuable customers...
BUT every customer is an individual***

**EMBRACE
COMPLEXITY**

Know the CUSTOMER... not the SEGMENT

Market the PACKAGE... not the OFFER

Don't HYPOTHESIZE... test EVERYTHING

THANK YOU