

# Daily Downgrade

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## Summary and Product Changes

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Brands could now enable daily downgrade for their programs (compared to month-end only downgrade supported previously.) If daily downgrade is enabled for a program, the tier downgrade/renewal date of customers will be the day of the month (and not the month end) at which they got into the current tier. E.g. for a tier with 12 months expiry period; customer who got upgraded to the current tier on 5th Jan will have tier expiry date of 5th Jan next year; customer who got upgraded to the current tier on 17th Jan will have tier expiry date of 17th Jan next year; and so on

### Business Benefits

Daily downgrade will lead to reduced liability for the brands. With daily downgrade, customers who don't make enough purchases to retain their current tier won't get additional days beyond tier expiry period to enjoy loyalty benefits. (Before the functionality release, the tier expiry date was always month-end, so there were additional days between the day of the month the customer got into the tier and month end)

In addition, with daily downgrade, the messaging on the program mechanics and the tier expiry date for customers will become consistent. E.g. if the program mentions that a customer will retain the current tier for 12 months, the tier expiry date will be 12 months from the date the customer gets into the tier

### Setup

#### Enabling Daily Downgrade for an Org

A request has to be raised to loyalty team for enabling daily downgrade for programs in an Org (if the adoption is high, we will enable it for all Orgs by default)

#### Enabling Daily Downgrade for a Program

Once daily downgrade is enabled for an Org, each of the programs in the Org will have a setting in the Downgrade Strategy page to enable Daily Downgrade

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The screenshot shows the configuration interface for 'Strategies for BUKLDefaultProgram'. The 'Tier Downgrade' tab is active. The 'Enable Tier Downgrade' checkbox is checked. Below it, 'Downgrade is based on' is set to 'Last tier change date...'. The 'Enable Daily Downgrade' setting is highlighted with a red box and is currently set to 'NO'. There is also an 'Enable Downgrade Check on Return' toggle set to 'YES'. Below these are configurations for different tiers: 'Eagle Premium' and 'Albatross Elite'. For 'Eagle Premium', the downgrade is set to 'By one tier' for 6 months, with criteria: 'When in last 6 months', 'purchases < 10000', and 'No of visits < 3'. For 'Albatross Elite', the downgrade is also 'By one tier' for 6 months, with criteria: 'When in last 6 months', 'purchases < 30000', and 'No of visits < 0'. There is also an option for 'Employee' tier which is unchecked, and a checked option 'On retention, extend available points to the new cycle'.

### Key Point on Migration of Existing Strategy

Enabling the daily downgrade setting won't automatically change the already set tier expiry date of the existing customers. (So for the current tier of the existing customers, the tier expiry date will be month-end only.) The tier expiry date of a customer will be set to daily tier expiry only on their first tier change after the setting is enabled

### Recommendation

As enabling daily downgrade brings in consistency in messaging and view of tier expiry period and also leads to reduced liability for the brands, it is the recommended setting

# Example

## Example 1 - Before and After Enabling Daily Downgrade

Downgrade is based on		<b>Last tier change date - Tier's month downgrade cycle duration:</b>		
Tier 2 period		<b>6 months</b>		
Tier 3 period		<b>12 months</b>		
		<b>Customer 1</b>		<b>Customer 2</b>
<b>Date</b>	<b>Activity</b>	<b>Tier Expiry Date</b>	<b>Activity</b>	<b>Tier Expiry Date</b>
Jan 15, 2020	Customer got upgraded to Tier 2	July 31, 2020	Customer got upgraded to Tier 2	July 31, 2020
July 01, 2020	Daily downgrade enabled	July 31, 2020 (no change)	Daily downgrade enabled	July 31, 2020 (no change)
July 22, 2020			Customer got upgraded to Tier 3	July 22, 202 <sup>1</sup>
July 31, 2020	Customer got renewed to Tier 2	January 31, 2021		
August 15, 2020	Customer got upgraded to Tier 3	August 15, 202 <sup>1</sup>		

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## Example 2a - Before and After Enabling Daily Downgrade

### Simple Upgrade Example

Downgrade is based on <b>Last tier change date - Tier's month downgrade cycle duration</b>			
Tier 2 period	<b>6 months</b>		
Tier 3 period	<b>12 months</b>		
		<b>Daily Downgrade Enabled</b>	<b>Daily Downgrade Disabled</b>
<b>Date</b>	<b>Activity</b>	<b>Tier Expiry Date</b>	<b>Tier Expiry Date</b>
January <b>15</b> , 2020	Customer gets upgraded to Tier 2	July <b>15</b> , 2020	July 31, 2020
August <b>22</b> , 2020	Customer gets upgraded to Tier 3	August <b>22</b> , 2021	August 31, 2021

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## Example 2b - Before and After Enabling Daily Downgrade

### Retention and Upgrade - Tier's month downgrade cycle duration

Downgrade is based on		<b>Last tier change date - <u>Tier's month downgrade cycle duration</u></b>			
Tier 2 period		<b>6 months</b>			
Tier 3 period		<b>12 months</b>			
		<b>Daily Downgrade Enabled</b>		<b>Daily Downgrade Disabled</b>	
<b>Date</b>	<b>Activity</b>	<b>Tier Expiry Date</b>	<b>Downgrade Evaluation Period</b>	<b>Tier Expiry Date</b>	<b>Downgrade Evaluation Period</b>
January 15, 2020	Customer gets upgraded to Tier 2	July 15, 2020	January 15, 2020 - July 15, 2020	July 31, 2020	January 31, 2020 - July 31, 2020
July 15, 2020	Customer gets renewed to Tier 2 ( <i>Enabled</i> scenario)	January 15, 2021	July 15, 2020 - January 15, 2021		
July 31, 2020	Customer gets renewed to Tier 2 ( <i>Disabled</i> scenario)			January 31, 2021	July 31, 2020 - January 31, 2020
October 17, 2020	Customer gets upgraded to Tier 3	October 17, 2021	October 17, 2020 - October 17, 2021	October 31, 2021	October 17, 2020 - October 31, 2021