# Daily Downgrade

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### **Summary and Product Changes**

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

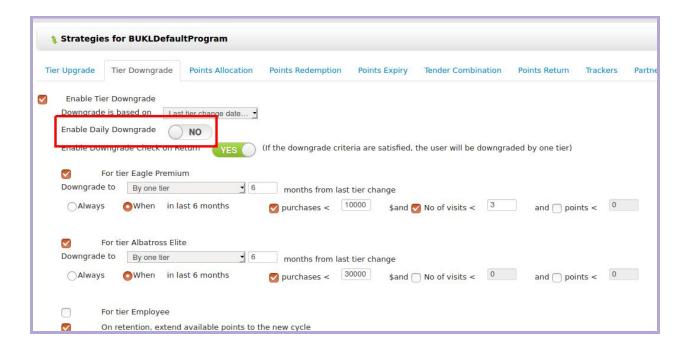
### **Enabling Daily Downgrade for an Org**

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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#### **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	Last tier change date - Tier's month downgrade cycle duration:					
Tier 2 period	6 months					
Tier 3 period	12 months					
	Customer 1		Custo	omer 2		
Date	Activity	Tier Expiry Date	Activity	Tier Expiry Date		
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, 2021		
July 31, 2020	Customer got renewed to Tier 2	January 31, 202 <b>1</b>				
August 15, 2020	Customer got upgraded to Tier 3	August 15, 2021				

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# Example 2a - Before and After Enabling Daily Downgrade

### Simple Upgrade Example

Downgrade is based on	Last tier change date - Tier's month downgrade cycle duration			
Tier 2 period	6 months			
Tier 3 period	12 months			
		Daily Downgrade Enabled	Daily Downgrade Disabled	
Date	Activity	Tier Expiry Date	Tier Expiry Date	
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> , 202 <b>1</b>	August 31, 202 <b>1</b>	

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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 Last tier change date - <u>Tier's month downgrade cycle duration</u>

Tier 2 period 6 months
Tier 3 period 12 months

		Daily Downgrade Enabled		Daily Downgrade Disabled	
Date	Activity	Tier Expiry Date	Downgrade Evaluation Period	Tier Expiry Date	Downgrade Evaluation Period
January <mark>15</mark> , 2020	Customer gets upgraded to Tier 2	July <mark>15</mark> , 2020	January <mark>15</mark> , 2020 - July <mark>15</mark> , 2020	July 31, 2020	January 31, 2020 - July 31, 2020
July <mark>15</mark> , 2020	Customer gets renewed to Tier 2 ( <i>Enabled</i> scenario)	January <mark>15</mark> , 202 <b>1</b>	July <mark>15</mark> , 2020 - January 15, 202 <b>1</b>		
July 31, 2020	Customer gets renewed to Tier 2 ( <i>Disabled</i> scenario)			January 31, 202 <b>1</b>	July 31, 2020 - January 31, 2020
October 17, 2020	Customer gets upgraded to Tier 3	October 17, 202 <b>1</b>	October 17, 2020 - October 17, 2021	October 31, 202 <b>1</b>	October 17, 2020 - October 31, 2021