

Marriott Bonvoy: Where Should the Next Loyalty Dollar Go?

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The decision

Marriott International had built a global lodging system around brands, hotel owners and franchisees, and a large loyalty program. As the company entered its next planning cycle, one strategic question remained difficult: where would the next increment of Bonvoy investment create the most value?

For this case, assume you advise a hypothetical Marriott planning group considering two priorities for incremental Bonvoy spending:

1. **Acquire and localize:** attract more members and adapt the program experience and offers for local markets.
2. **Improve and convert:** make the experience for current members more satisfying and the digital path to completing a booking easier.

This is a classroom decision, not a disclosed Marriott proposal or approved budget. You may recommend a balance, sequence, or test, but explain what evidence should govern the choice.

A powerful program with distributed economics

Marriott's 2023 Form 10-K described Bonvoy as central to its customer and channel strategy. Marriott said it sought to attract more members, localize experiences, and make its direct channels—including Marriott.com and the Bonvoy app—more frictionless to encourage loyalty and direct bookings. The filing reported that Bonvoy members booked more than 60% of Marriott's global room nights in 2023. That figure measures member room nights. It does not say what share was booked directly, what share would have occurred without Bonvoy, or how profitable those stays were. [1]

The program's economics crossed several parties. Marriott said co-branded credit-card agreements provided fixed payments at inception and variable payments over time, primarily based on usage; these payments were a significant funding source for Bonvoy. Franchisees also contributed to centralized services that included loyalty, reservations, and marketing. Rewards, technology, demand generation, hotel reimbursement, and card-partner funding therefore did not sit in one simple company-level calculation. [1]

Marriott's filing also identified online travel intermediaries as a strategic consideration. It said the Best Rate Guarantee and Member Rate programs had helped limit a shift in guest preference to intermediaries, while warning that online travel agencies used paid search and

that channel agreements could be renegotiated on less favorable terms. The public disclosures did not provide a direct-versus-intermediary commission comparison or net contribution by member cohort. [1]

Growth signals at the cutoff

Marriott's November 4, 2024, third-quarter results release was available before the case cutoff. It reported nearly 9,100 properties and about 1.675 million rooms in the system at September 30. The pipeline contained 3,802 properties and approximately 585,000 rooms; 56% of pipeline rooms were international. Of those pipeline properties, 1,320 (more than 220,000 rooms) were under construction, while 232 (about 34,000 rooms) had approval but no signed contract. Marriott added approximately 16,000 net rooms during the quarter. Pipeline rooms represented potential future system growth, not guaranteed openings or fees. [2]

Comparable systemwide RevPAR, measured in constant dollars, increased 3.0% year over year in the quarter: 2.1% in the United States and Canada and 5.4% internationally. Base management and franchise fees rose 7% to \$1.124 billion. Marriott attributed that increase primarily to RevPAR and unit growth, along with higher residential and co-branded card fees. These aggregate results described the business environment; they did not identify a Bonvoy spending effect. [2]

What the research can and cannot say

Peter O'Connor's 2021 study examined loyalty programs and hotel-brand websites. Its sampling frame was 50 leading global brands, but 49 complete cases appeared in the analysis. The study used brand-level secondary data, including 2019 program membership and property scale, satisfaction measures, and December 2019 website traffic and engagement data. Larger programs were associated with more website traffic and some engagement measures; those relationships weakened after accounting for chain scale. Program satisfaction was also associated with traffic and engagement. Neither program size nor satisfaction had a statistically significant positive association with the proportion of traffic attributed to direct navigation. [3]

The study did not measure Marriott's incremental reservations or loyalty profitability. It was observational, not a randomized test. Its traffic-source measures used last-touch attribution, so a journey such as a social exposure followed by a brand search and paid click was credited to the final source. Earlier influences could be undercounted. The findings therefore leave open whether acquisition expands valuable demand, whether a better experience converts existing demand, or whether scale and other factors explain much of the observed relationship. [3]

The choice

The public evidence establishes a large member program, a stated ambition to grow direct business, and a business expanding across brands and geographies. It does not settle which marginal investment should lead. An acquisition campaign could add reach, especially in markets where Marriott expects system growth. Improvements to satisfaction or digital booking could help current members act on an existing relationship. Either path could also reward guests who would have booked anyway, shift bookings between channels without creating new demand, or add costs borne by different parties.

As the hypothetical planning group, what should Marriott prioritize for the next increment of Bonvoy spending? What would you measure, how would you distinguish correlation from incremental value, and what results would justify expanding, changing, or stopping a program?

Exhibits

Exhibit 1. Selected Marriott facts available at the cutoff

Measure	Reported fact	Strategic boundary
2023 global room nights booked by Bonvoy members	More than 60%	Member status is not booking channel or incrementality.
Properties / rooms at Sept. 30, 2024	Nearly 9,100 / about 1.675 million	System scale does not establish loyalty return.
Development pipeline	3,802 properties / about 585,000 rooms	Pipeline is not guaranteed to open.
International share of pipeline rooms	56%	Opportunity varies by market; no cohort economics are disclosed.
Q3 net room additions	About 16,000	Reported system growth, not an estimate of Bonvoy impact.
Q3 comparable constant-dollar RevPAR growth	Global 3.0%; U.S. & Canada 2.1%; international 5.4%	Aggregate operating measures, not program outcomes.
Q3 base management and franchise fees	\$1.124 billion, up 7%	Marriott cited RevPAR, unit growth, and higher residential and co-branded card fees.

Sources: [1] Marriott 2023 Form 10-K, Item 1, pp. 4-5 and 7-8; Item 1A, pp. 11-12. [2] Marriott Q3 2024 results release, November 4, 2024, “Third Quarter 2024 Results” and “Selected Performance Information.” Dollar figures are U.S. dollars. The results release and its included schedules were filed before 8:00 a.m. ET. The later-filed Q3 Form 10-Q and the earnings call/transcript are outside the case cutoff and are not used.

Exhibit 2. O'Connor (2021): evidence and boundaries

Study measure	Reported result	What it does not establish
Program size and website activity	Positive associations with traffic and some engagement; weaker after controlling for properties or rooms	That adding members causes more bookings or profit
Program satisfaction and website activity	Positive associations with traffic and engagement	That satisfaction improvements cause conversion or retention
Program size/satisfaction and direct-traffic share	No statistically significant positive relationship	That loyalty has no earlier influence in a booking path; traffic used last-touch source attribution

Source: O'Connor (2021), §§3-5, Tables 1-3, pp. 153-161. The top-50 brand sampling frame yielded 49 complete cases. The analysis is cross-sectional and brand-level; its outcomes are website visits and engagement, not reservations or profits.

Discussion questions

1. What is the economic and strategic objective of Bonvoy investment for Marriott, hotel owners, members, and card partners?
2. Which of the two investment priorities would you lead with, and what assumptions drive your choice?
3. Design an evaluation that measures incremental value across booking channels and relevant stakeholders. What would count as a successful test?
4. Which market or member segments would you include first, given Marriott's scale and international pipeline? What would you need to know before selecting them?

Sources

1. Marriott International, Inc., **2023 Form 10-K**, filed February 13, 2024, Item 1, property arrangements and fees, pp. 4-5; “Loyalty and Credit Card Programs,” p. 7; “Sales and Marketing and Reservation Systems,” p. 8; Item 1A, online intermediary risk, pp. 11-12.
2. Marriott International, **“Marriott International Reports Third Quarter 2024 Results”**, November 4, 2024; relevant schedules and operating tables.
3. Peter O'Connor, “Loyalty Programs and Direct Website Performance: An Empirical Analysis of Global Hotel Brands,” in *Information and Communication Technologies in Tourism 2021*, pp. 150-161, https://doi.org/10.1007/978-3-030-65785-7_13.