



Launching Hertz #1 Gold

"Listening to the Consumer" to design #1 Club Gold, they said they had airline miles and hotel points and didn't want a Hertz points program, they wanted a faster way to rent the car. Weekly renters to a city asked why Hertz didn't know their name, thus "Your Name In Lights"

The voice of Gold just went on. Way up!

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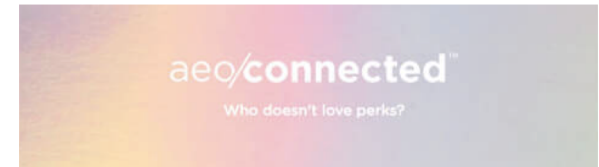
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Comparing the Programs ...



How are the program goals similar? Different?
Are there differences in desired behavior change?
Which is the richest program? Why?



We are working toward a steady-state proforma decision model that will help make the decision to move forward with a program

Participation

- # of customers in each segment?
- Average spend by customer segment?
- Our share of wallet?
- Program appeal? Likely Join rate?

Sources of Incremental Sales

- Incremental spend driven by offers and benefits
- Incremental spend to reach a threshold
- Incremental spend to attain status
- Incremental spend at Reward redemption

Rewards and Benefit Costs

- % of members earning and redeeming?
- Costs for Redeemed Rewards?
- Revenue dilution from reward redemption
- Costs for Communications and Benefits
- Cost of Infrastructure and management?



How should we be thinking about our customers, relative to their participation in the program?

Be sure to consider:

- Current spending with us
- Current spending in the category
- Frequency of visiting
- Categories purchased
- Demographic/Psychographics





There are multiple sources of incremental sales created by participation during the accrual and redemption process

Frequency

- Customers shop more often because of the recognition and benefits provided

Transaction stretch

- Customers increase spend per transaction to reach a threshold

Incremental Visits

- Customers increase visits to reach a threshold or status

Reward Redemption

- Customers visit sooner to redeem and spend at redemption





- Compare and Contrast three popular retail programs
- Develop and evaluate a program strawman
- Identify the sources of incremental revenue from behavior change
- Identify how restrictions can enhance the profitability of the design
- How to forecast the economic costs for reward redemption
- Identify the fixed and variable costs for program operation
- Articulate the reasons for and against piloting a program prior to rollout
- Develop metrics to evaluate the success of a CE program
- Articulate the mandates for creating a successful CE program