eBook

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3 Best Practices to Deliver Dynamic Customer Loyalty

Introduction

Over the years restaurant owners have been accustomed to contending with saturation, competition, and convenience demands. Most recently, they also have been challenged with mandated store closures and employee and customer health and safety concerns, making it increasingly difficult to effectively market and drive revenue.

Some restaurants, anxious to get consumers to order from them, are relying on mass marketing tactics such as generic offers or discounts they hope will appeal to everyone. If it gets new customers in the door, it's worth the cost of printing and distributing or providing digitally – not to mention the cost of the blanketed discount being provided, right?

In reality, marketers need to be very strategic with how, when and what promotions they offer customers in order to gain their loyalty and in order to remain a competitive business. During this highly uncertain environment, static offers have the potential to provide ineffective discounting while also devaluing the food and/or dining experience. Restaurants must understand that static, one-size-fits-all promotions, despite any short-term bump in traffic can be canceled out by decreases in margins and the short-lived attention of price-conscious guests.

Generic marketing and customer loyalty programs that give all customers the same discount and experience are guaranteed to get stale, doing little to build the necessary brand loyalty restaurants desire from their customers.

Today, restaurants need a dynamic, adaptive marketing approach that focuses on building relationships with their customers so their brand is providing not just a great meal, but also personalized offers and customized experiences, which today includes a more contactless environment through mobile ordering, payments, delivery and curbside pickup. All which will ultimately help drive valuable frequency, check spend and customer retention.

Powered by technology, dynamic customer loyalty programs offer restaurants a strategic method to acquire new customers, and also increase their loyalty to fully optimize their lifetime value.

96% of millennials have been enrolled in a restaurant loyalty program at some point.

59% of them quit restaurant loyalty programs because the rewards "aren't valuable enough. (Software Advice)

1 Leverage Technology to Create a Loyal Following

Years ago restaurants bought-in to the idea that technology drives operational efficiencies and can save bottom-line costs. For dynamic loyalty to work, they now need to understand the top-line value of customer-facing software that leverages analytics and "experience tech" to deliver data-driven marketing that drives omnichannel customer engagement.

Restaurants also need to catch up with guests' readiness for tools like mobile apps, personalized offers, online ordering, contactless payment and delivery all of which will help establish and maintain brand loyalty among their customers.

If these tools are then leveraged correctly, they offer the key ingredients to produce pieces of information to help guests become "known" to the restaurant. With the right technologies restaurants can connect customer demographics and purchase behavior data based on in-store, online, and mobile engagement in real-time, to jump start the customer journey from anonymous guest to brand loyalist.

In this customer-driven, highly-connected world, delivering dynamic loyalty requires a robust marketing platform that leverages easy systems integrations, CRM capabilities, analytics, and marketing automation tools. Restaurants need the ability to identify new customers, track purchases, provide contactless mobile ordering, delivery, and curbside pick up options along with personalized offers and opportunities to post social feedback. With these capabilities restaurants can take guests through customer journeys that result in loyalty and brand advocacy.

Restaurant guests today are looking for an experience, and they are looking to see new technology used to make that experience better and safer.

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2   Gather Insights for Increased Customer Engagement

For restaurants still providing static offers, they're missing out on the ability to collect valuable guest information. And while anecdotal evidence and online customer sentiment are helpful, they also don't provide the crucial data points, unless quantifiable, necessary to understand one of the most important ingredients for a business' success – customer loyalty.

By capturing every engagement touchpoint, dynamic loyalty offers restaurants a better holistic view of their customers and true measurements of their loyalty to help guide their marketing team's efforts and to build their business across all store locations.

Restaurants with modern acquisition/loyalty programs that are able to closely monitor their customer loyalty metrics in detail will have a huge advantage over their competition. They will be able to test and learn to provide enhanced customer experiences, to drive engagement and incremental spend, and to differentiate their brand and gain preference and share of wallet over competitors.

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Key Loyalty Metrics Every Restaurant Should Be Tracking & Analyzing

Customer Lifetime Value (CLV).
Restaurants need to know how often a customer visits and/or makes a purchase over a certain period of time. Loyal customers tend to not only purchase with reliable frequency, but also often do so over longer periods of time. Restaurants should track CLV with accurate and measurable data with the goal to increase the lifetime value of each customer to improve revenue and generate expected revenue numbers as well.

Share of Sales Transactions.
Track the percentage of total sales that are linked to loyalty program members. The more sales transactions connected to loyalty program members means a greater ability to gather customer insights and change behaviors across a larger member base, thereby increasing restaurant loyalty ROI.

Sales Lift.
Capture incremental sales that would not have otherwise happened if not for the existence of dynamic loyalty. A/B testing between loyalty members and non-loyalty members can demonstrate sales lift from the loyalty group, highlighting the effectiveness of the loyalty program and helping provide evidence to the C-suite for future loyalty funding.

Frequency & Spend.
Restaurants need to drive more valuable purchase behaviors from their customers. This requires segmenting guests into distinct value groups to identify those who are most valuable, have the greatest potential for incremental behaviors, or are at the highest risk of attrition to provide customized offers that encourage new behaviors.

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3 Deliver Data-driven Offers & Personalized Experiences

Data is imperative to creating the type of dynamic loyalty that can deliver not only metrics, but also the kinds of personalized experiences customers want and the competitive edge restaurants need to survive and thrive in today's marketplace.

For restaurants this means personalizing offers, loyalty rewards and even menu offerings to each guest based on a range of data, such as:

Locations	Transactions	Demographics	Payments
Marketing Campaigns		Social Media	Customer Feedback

A restaurant can build relationships for every customer with a loyalty and engagement platform that integrates and unifies data from multiple sources and systems. Giving marketers the ability to profile customers by this data, as well as survey-collected information and from learned behaviors, on categories like age, frequency, average time between visit, spend, favorite menu items, and much more.

Once a restaurant has insights from individual customers, it becomes important to collect real-time insights at the segment level to distribute guests into different value groups. Utilizing Recency, Frequency and Monetary spend (RFM) analysis allows restaurants to score customers who are lapsed, have low frequency or who have low spend and pinpoint opportunities that trigger specific kinds of campaigns to foster retention, cross-selling, or up-selling. Loyalty platforms powered by AI, automatically deliver these smart customer segments and recommend offers to drive powerful campaign metrics and increased sales.

The more sales transactions connected to loyalty program members means a greater ability to gather customer insights and change behaviors

This is critical to the success of dynamic loyalty, creating relevant, personalized offers that aim to change behaviors and increase the lifetime value of every customer.

This is 1:1 relationship marketing. This is 1:1 loyalty.

Punchh Drives Dynamic Loyalty with Personalized Offers and Campaigns
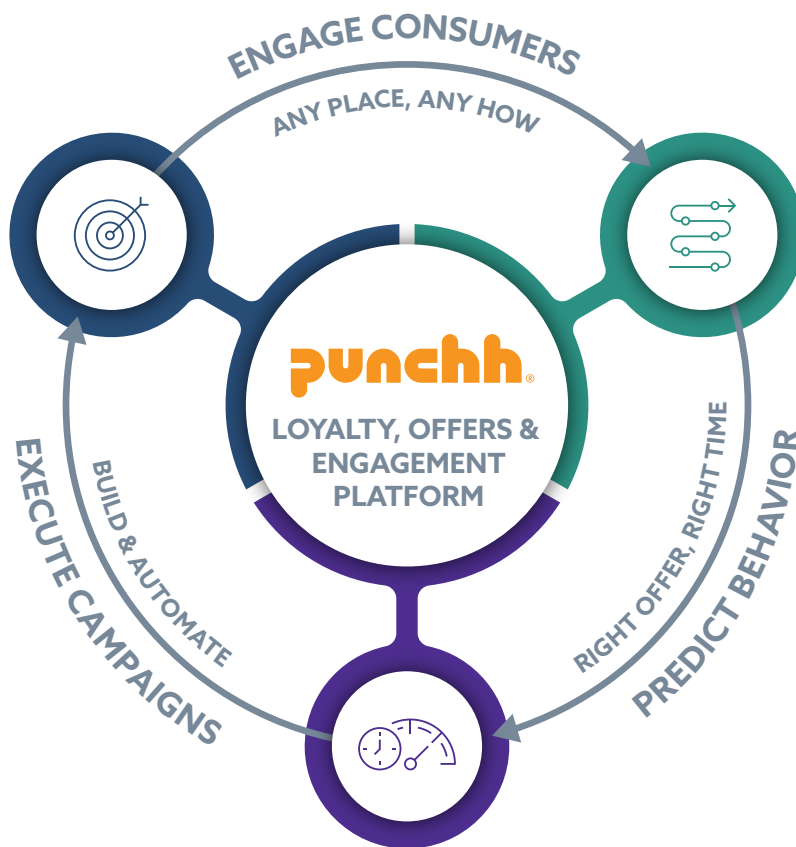
Loyalty platforms powered by AI, automatically deliver these smart customer segments and recommend offers to drive powerful campaign metrics and increased sales.

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About Punchh
With Punchh, physical brands can create personalized, loyalty experiences across the customer lifecycle to drive 1:1 connections, lifetime value, and same store sales. The Punchh Loyalty, Offers and Engagement Platform, powered by artificial intelligence, delivers modern loyalty through mobility that extends beyond the mobile device driven by optimized campaigns with dynamic customer segmentation, offers, and analytics.

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