

Schlotzsky's Delivers Personalized Experiences to Build Customer Loyalty



Challenges

- Rapid growth of third party ordering and delivery options
- Needed unified rewards and loyalty system across all franchise locations
- Digital marketing capabilities lacked engagement and loyalty components

Goals

- Understand loyalty members' behaviors and relationship with the brand
- Use data to create targeted, personalized offers
- Create seamless customer experience across all channels

Solution

- Punchh Loyalty with Coupons, Gamification & Beacons
- Mobile app, in-store, and web channels
- Integration with POS (Aloha) and online ordering (Olo)

Results*

- 52% average YoY increase in loyalty customers
- Up to 16%+ in loyalty check lift
- 42% average YoY increase in offer redemptions

"As a Punchh customer for over the past 5 years, Punchh has consistently delivered the quality, customization, and scalability we've needed in a single, comprehensive customer platform. With Punchh, we have been able to differentiate ourselves and experience unprecedented business growth."



KELLY RODDY
PRESIDENT



SCHLOTZSKY'S DELIVERS PERSONALIZED EXPERIENCES TO BUILD CUSTOMER LOYALTY

DELIVERING ON BRAND'S AUTHENTICITY TO CONNECT WITH CUSTOMERS

Schlotzsky's, which operates under the FOCUS Brands umbrella, opened in 1971 in Austin, Texas, offering just one sandwich with 13 ingredients. Close to 50 years later, they've since expanded with more than 400 franchise and company-owned locations spanning across 35 states. Their menu has also grown and they now serve up toasted sandwiches, artisan flatbreads, specialty pizzas, freshly tossed salads, gourmet soups and more.

"Through Punchh we get to know our guests, talk with our guests, understand our guests, and make connections that drive increased ROI for our businesses."

Recognizing a significant shift in marketplace trends over the past three to five years, Schlotzsky's President, Kelly Roddy, knew they needed to make some changes in order to stay competitive and keep profitability headed in the right direction.

With a nod to their Austin roots, Schlotzsky's is in the process of converting its 400 restaurants into eclectic spaces that are both cool and comfortable, introducing shareable menu options inspired by the Austin street food scene, adding beer and wine, as well as online ordering with in-store pick up or delivery and from third-party sites. "We believe these changes are important in order to connect with Millennials and make their dining experience, however they choose to begin it and enjoy it – well worth it," says Roddy.

Understanding that the Millennial generation is also all about sharing, Roddy recognized it was time to implement a customer loyalty program to reward those guests who wholeheartedly supported the brand and increase their overall lifetime value with Schlotzsky's.

"More loyal customers are inherently more valuable customers," explains Roddy. "We needed a way to talk to our guests and reward the most loyal guests differently with offers that make them feel truly special."

While past communication efforts included a myriad of local store marketing tactics and text campaigns, they lacked a consistent focus and message needed for true engagement. Without deep customer knowledge and insights, their marketing efforts were not standing out in an increasingly digital landscape. Roddy expressed that Schlotzsky's needed a robust solution that would address these challenges and prevail in the online ordering and delivery space as well as grow in-store sales.

BUILDING LOYALTY THROUGH PERSONALIZATION ACROSS EVERY TOUCHPOINT

Schlotzsky's implemented the Punchh Marketing Cloud platform in 2014. Initially rolling out a rewards program based on visits with every visit earning guests a bite and every bite earning a \$7 reward. Roddy is looking forward to evolving their loyalty efforts by motivating customers through a points-based program, wherein guests will earn a point for every dollar spent.

Gleaning data-backed insights from loyalty guests has helped Schlotzsky's better understand their customers' behaviors and engage them through a more strategic approach. Roddy explains they now target customers differently within their loyalty program and provide a higher level of personalization, such as offering a discount, like a free slider to a guest who hasn't visited recently while offering a more loyal customer an exclusive sneak peek at new menu items. Understanding their customers' motivations has helped increase total offer redemptions by 42% year over year and increase average check lift from 12% to as high as 16%.

Schlotzsky's remains dedicated to not only providing personalized offers, but providing a truly personalized customer experience. "With Punchh, we're enhancing our guests' experiences every day through more two-way communication, the sharing of news and new ordering and delivery options all through a single technology for our guests," says Roddy. "Now we don't miss out any opportunities to connect with loyal customers and new guests." Their efforts are paying off as Schlotzsky's has seen their loyal customer base grow by 52% year over year and loyalty check-ins/visits increase by 57% year over year.

"With Punchh, our loyalty program is able to nurture a one-to-one guest relationship by delivering customization, personalization, and convenience through our marketing and dining experiences. With Punchh, we have the ability to strategically take our business to a new level."

KEEPING PACE WITH INDUSTRY TRENDS

Punchh has also helped Schlotzsky's mount their push for off-premise business, which has seen success as sales in locations offering at least three, third-party delivery options has increased from 7% to 10% of the total store mix in a matter of months, according to Roddy. It's also helping deliver more sales during lunch hours, an important component to their overall sales strategy.