PAR | Punchh

eBook

5 Digital Capabilities to Optimize Customer Relationships & Drive Loyalty Sales

Introduction

The past 18 months have been some of the most challenging times for restaurants. The pandemic has accelerated shifts in operations and communication, with many of the changes looking like they are here to stay. For brands who were further along on their digital transformation journey, the key question now is how to scale their capabilities to keep and fully optimize their customer relationships. For restaurants that quickly pivoted, yet are in their digital infancy, the need is to continue driving an effective digital transformation to capture market share and grow customer loyalty.

For all brands, investing in a set of digital capabilities such as a mobile app, online ordering, integrated curbside pickup/delivery, and AI-powered personalization better positions them for growth even well after the pandemic. All of these pieces are critical to meeting changing customer expectations and gaining valuable digital share. Moving forward, restaurant brands need a clearly defined digital strategy that delivers consistent, omnichannel interactions that grow 1:1 relationships.

The best loyalty programs provide a powerful incentive that draws customers into your digital ecosystem. With the right technology and tools, restaurant marketers have the capabilities for motivating behavior based on business goals to drive sales and customer lifetime value. The proof is already happening as PAR Punchh loyalty program data shows that loyal customers spend 40X more on average than non-loyalty members.
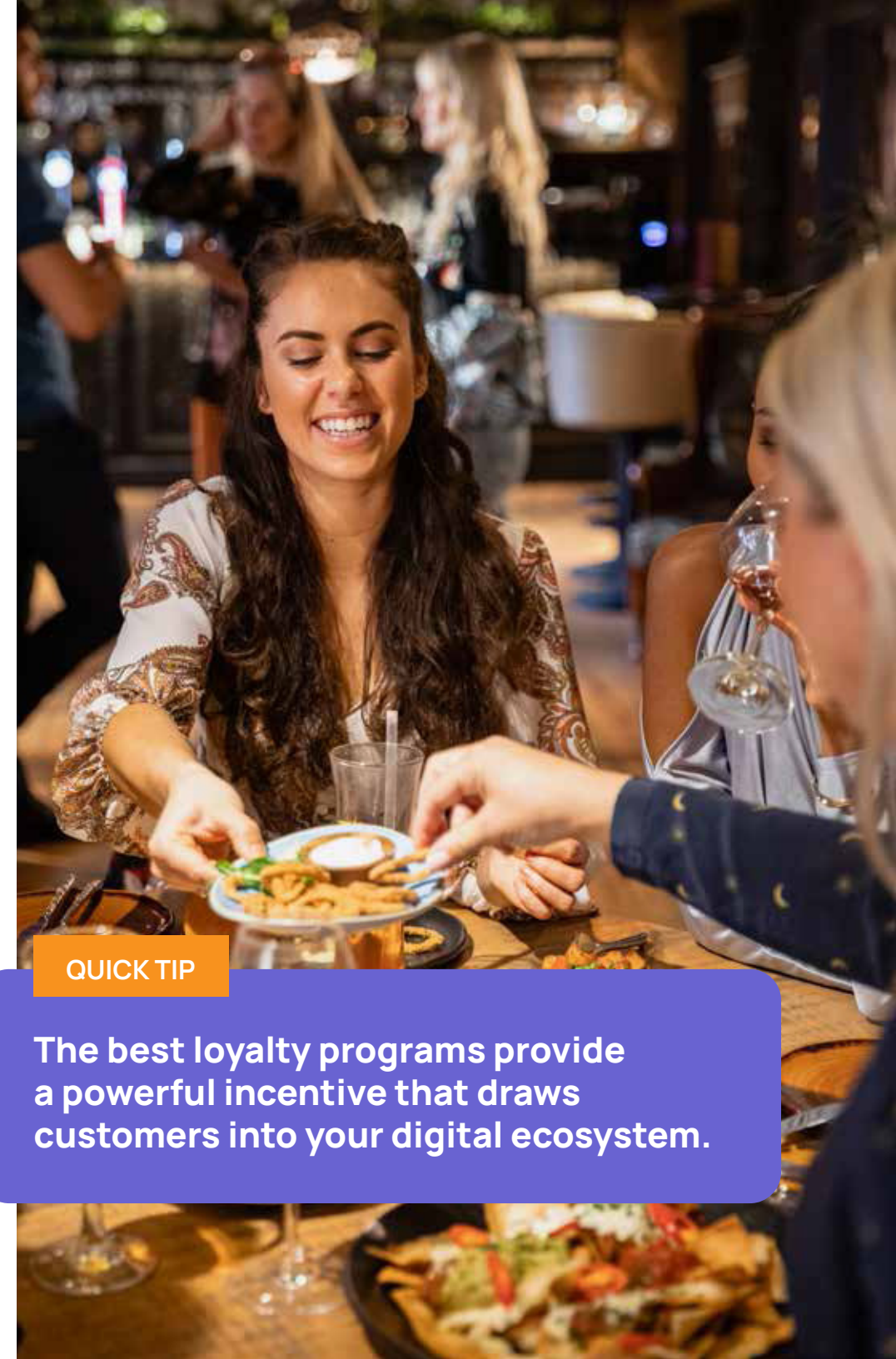
Own the change ahead and lean into the best digital strategies for delivering a modern customer experience.

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QUICK TIP

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# Mobile Apps Serve Multiple Functions & Add Value for Your Customers

The first essential digital component brands need is a mobile app. Over the past several years, the demand for building out this digital channel has grown. It has become an important factor for PAR Punchh customers, as more than 80% of the brands we work with have their app designed through our solution. Modern brands understand that taking the right approach to building their app is paramount for delivering a seamless, safe and engaging customer journey that reflects their brand's personality.

And while many restaurants already have a website, often with an online experience for ordering, it's not enough. Today, it's crucial to enable customers to use digital channels to order from your brand. A 2020 research report by Service Management Group indicates that customers prefer ordering

directly via a brand's app over their website. Brands without an integrated digital ordering experience are simply losing customers to competitors and third-party vendors.

Everyone saw the initial growth of online food ordering during the pandemic, with increases from 20-30% in the U.S. In case you have doubts that digital ordering is here to stay, PAR Punchh customers continue to gain market share with digital growth from 26% in 2019 to 33% in 2020 and 41% estimated in 2021. Combine this with the 15% check lift they saw for digital sales compared to in-store sales in 2021 and its clearly an investment that quickly pays for itself and provides your customers with an easy, convenient experience they crave.

PAR Punchh customers continue to see growth with sales climbing
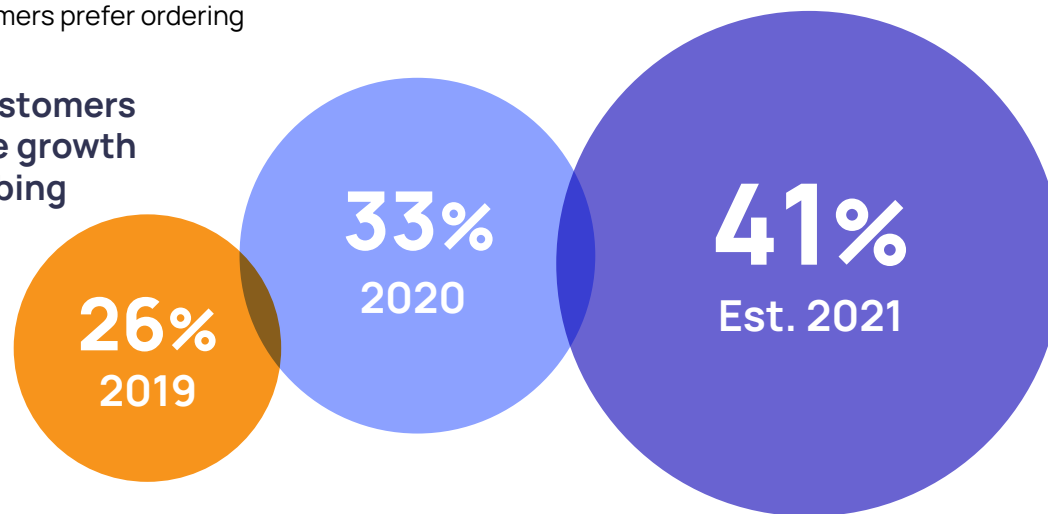
26%
2019

33%
2020

41%
Est. 2021

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Tropical Smoothie Cafe® Mobile App Success

CHALLENGE

Deliver a mobile-focused customer loyalty program that meets customers where they are & provides a seamless ordering experience.

SOLUTION

Tropical Smoothie Cafe, LLC, is a more than 960-unit fast-casual brand known for its better-for-you-smoothies and food with a tropical twist. In 2020, Tropical Smoothie partnered with PAR Punchh to power customer engagement and loyalty through a new mobile app.

NEW TROPICAL SMOOTHIE CAFE APP FEATURES

- Choosing an order mode within the app (delivery, curbside and in-cafe pickup)
- Improved order location accuracy
- Access to recent order history
- Saving favorite orders to make reordering easier
- Scanning receipts to earn rewards
- Easily track earned and redeemed points
- Access to personalized offers & promotions
- Safe touchless payment & delivery options

PAR Punchh's loyalty solution equips Tropical Smoothie Cafe with customer acquisition tools, marketing campaign automation, integrated offers, and real-time, AI-powered data analytics to create 1:1 experiences for each guest that drive higher lifetime value and ROI.

41%
of all loyalty sales were online
(YTD)

66.5%
loyal customer migration
(3 months after launch)

> "
> Through our new app powered by PAR Punchh we are able to expand our marketing strategies leveraging some great features of the platform such as segmentation, offer development, digital messaging, and even coupon creation. This allows us to focus on our guest frequency and acquisition efforts by delivering targeted promotions and a more convenient experience.

Jennifer Donley
Director of Loyalty, Tropical Smoothie Cafe, LLC

Consumers Continue to Expect Contactless Payment Options

Restaurant customers are moving beyond plastic credit cards and systems that still require an entry of a pin number or signature. A recent survey revealed that over 70% of consumers intend to use contactless payment solutions post-pandemic. Even though the technology has been around for several decades, usage has been relatively sporadic among restaurant and retail brands until the 2010s, when Google and Apple introduced their NFC-based payment solutions, Google Pay and Apple Pay. As consumers have come to realize the security and convenience of utilizing a mobile wallet, companies like PayPal (and its subsidiary Venmo) are constantly innovating on new ways to make the consumer experience even faster, safer, and more frictionless.

Today, mobile wallet users can make secure contactless payments with the funding source of their choice, all in one simple scan of a QR code and without exchanging cards or cash. And with contactless payment integration to a brand's loyalty platform, loyalty guests can seamlessly earn, redeem, and pay in one simple scan flow.

Loyalty Participation & Contactless Payments Go Hand in Hand

It's not just a better experience for customers—brands have much to gain by embracing contactless payment integration. **47% of consumers** report that they will not shop at a brand that doesn't offer a contactless way to pay. Couple that with the fact that **69% of shoppers** say that their choice of retailer is impacted by where they can earn loyalty and rewards, and it's clear that contactless payments and loyalty programs are an integration made in revenue heaven.

Adding contactless payments as part of the consumer experience helps:

- Establish a safe and convenient payment option that keeps customers inside your branded rewards app experience
- Provide your franchisees a contactless option to deploy quickly in addition to NFC integrations like Google Pay and Apple Pay
- Allow your customers to make seamless, loyalty-integrated payments anywhere, including in-store and drive-through using a simple QR code

QUICK TIP

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Streamlining Pickup and Delivery Remains a Top Priority

During the pandemic many restaurants suddenly found themselves rushing out new websites, apps, online ordering systems, curbside pickup and delivery — tools that maybe they hadn't needed to prioritize until last year.

Pickup and delivery offer brands the benefits of creating a frictionless, safe, end-to-end experience for customers and employees. Not surprisingly, a recent COVID-19 And The Future Of Commerce **report** found that 87 percent of consumers want restaurants and other brands to continue to offer curbside pickup and other processes that limit the need for in-person visits.

Brands can no longer wait to put pickup and delivery in place. They need a system that guarantees minimal food contact, communicates and displays accurate pickup and delivery times to customers and employees, and isolates food before it meets the customer, whether that means outdoor or streamlined pickup stations or front door drop-offs.

Native systems also provide brands with ownership of their data to continue driving better customer experiences and engagement moving forward. Here are a few more key benefits of providing an improved pickup process:

- Streamline the experience for both customers and employees
- Detect and capture key identification details (vehicle type, parking space number, etc.)
- Automate customer notifications with continuous GPS location tracking
- Create a personalized mobile experience with personalized status messages based on location via push notifications & in-app
- Reduce customer wait time with realtime location and arrival notifications

> " Over the past three years PAR Punchh has become our core digital marketing partner, helping position us to provide our customers a seamless omnichannel loyalty experience that includes the mobile convenience of digital ordering in our app through GPS informed arrival for curbside pickup.

Andrew Rebhun
El Pollo Loco's Vice President & Digital Officer
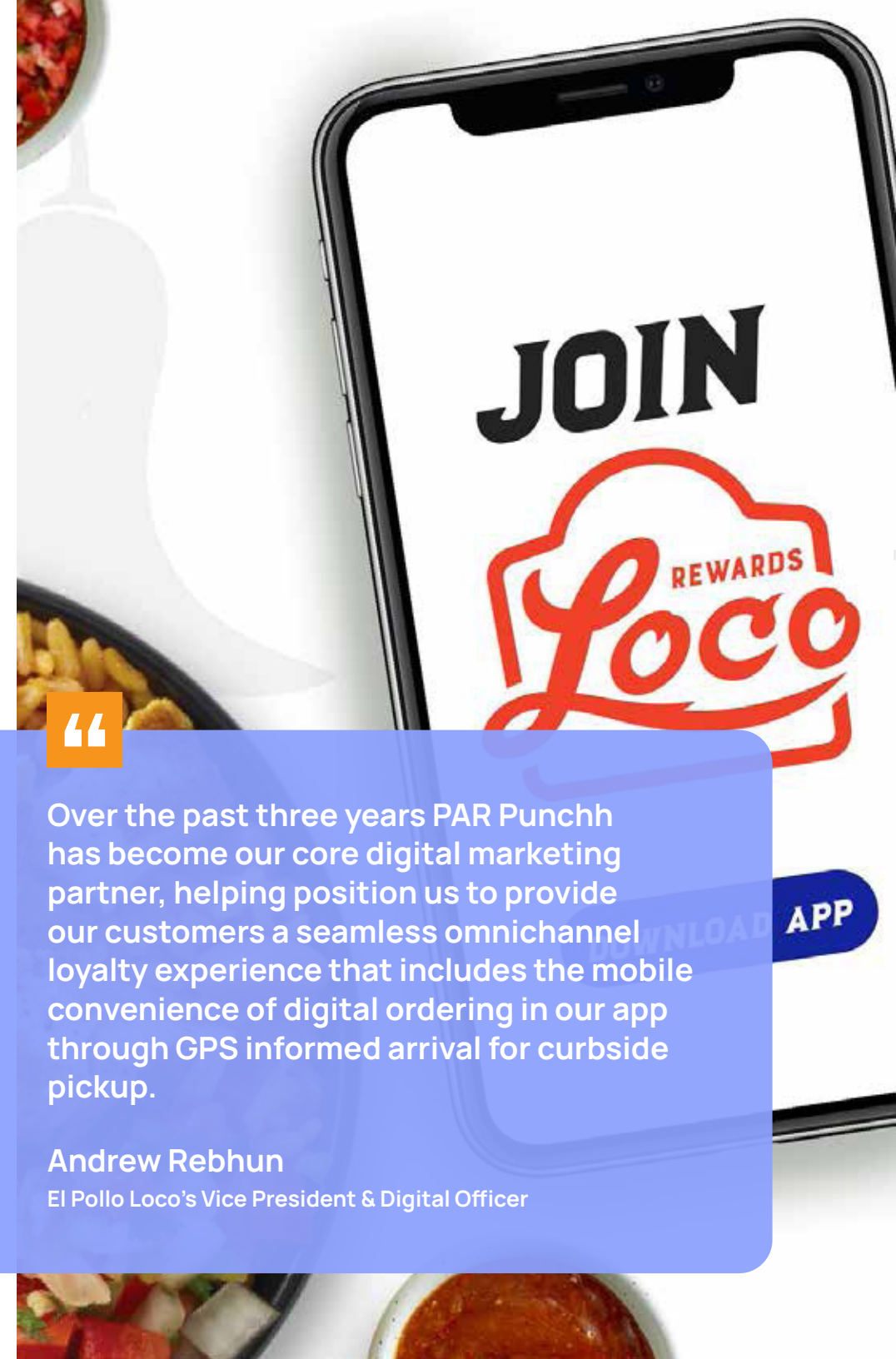
Operational & Marketing Tech Stack Integrations Create a Seamless, Modern Restaurant Experience

As brands build out their digital capabilities, they need their best-in-class solutions to fully integrate into their tech stack to create a broader ecosystem of connectivity, which will help them continue to grow and scale. Operational tech stack integrations means easily being able to connect front-of-house guest management systems (tablets, QR & kiosks) to back-of-house (POS, kitchen display & ordering/pickup/delivery) systems.

The right loyalty solution offers brands out-of-the-box integrations with all their systems to accelerate time-to-market while reducing burden on their IT teams. It also affords restaurants significant uptime so they don't suffer from server connectivity issues to validate offers or to allow guests to earn and redeem points. This is critical as over half of all restaurant loyalty sales are made online today.*

Integration with a brand's marketing tech stack is also key as it enables the digital channels, personalization, and analytics use cases. This stack integration helps automate and streamline important components of many marketing activities, including data management, loyalty program, marketing tactics, and campaign delivery. Marketers can keep their focus on delivering strategy, which for 100% of PAR Punchh customers means creating messaging for multiple digital channels to communicate with their guests.*

With system integration and automation, restaurants are better positioned to monitor and enhance workflow performance and the customer experience.

Source: PAR Punchh Loyalty, Offers & Engagement Platform, May 2021

PAR Punchh®
Loyalty, Engagement & Offers Platform

In-Store
Payments
Online Ordering
Delivery
On Mobile / InApp
Counter or Kiosk
Curbside Pickup

Implementing AI Strategies Improves Digital Marketing Performance

Digital capabilities are also critical entry points for capturing valuable data. Brands with an email club or loyalty program can get a head start on capturing first-party data by incentivizing customers to sign up for their programs or download their mobile app. And with an integrated tech stack, brands can fit data together in real-time to create individual customer profiles that "show" marketers how and when to best engage their customers.

With data from a variety of system sources, restaurants are positioned to gain current context around each and every customer. Applying AI then gives marketers the ability to fully optimize and personalize future individual experiences based on past purchasing history, marketing campaign redemption behaviors, and specific preferences.

Personalization is all about delivering a customer the right offer, over the right channel, at the right time. The best loyalty solutions apply AI to constantly assess and grow smarter from each customer interaction. For every campaign, AI helps determine what works best for each parameter including, customer segment, offer, time and channel and recommends the approach marketers should take.

With the powerful ability of AI to learn as it goes, some brands are already seeing its value. An analysis of PAR Punchh brands utilizing AI shows customers redeeming offers 4.5X more and visiting 5X more than customers from manually-generated marketing campaigns and offers.

Artificial intelligence strategies hold the key for the digital optimization of the modern customer journey.

AI shows customers redeeming offers

4.5x

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5x

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CONTACT US

Learn more about PAR Punchh Platform or contact us to see how we help brands drive profitable relationships through customized convenience store loyalty programs.

PAR Punchh®

About PAR Punchh

PAR Punchh is the leading loyalty, offers, and engagement platform for restaurants, groceries, retailers, and convenience stores. For over a decade, PAR Punchh has helped the world's favorite brands create data-driven, modern loyalty experiences that empower physical retailers to turn anonymous buyers into brand superfans. PAR Punchh solutions build meaningful relationships and dramatically increase customer lifetime value through AI-driven, one-to-one marketing campaigns and offers.