

Fuzzy's Taco Shop Increases Check-ins 89% With AI-Enhanced Customer Segmentation



RESTAURANT LOYALTY RESULTS

89%

Increase in Check-ins

15%

Increase in Loyalty Sales

26%

Increase in Feedback

RESTAURANT LOYALTY CHALLENGES

- Meeting changing guest behaviors
- Establishing an integrated platform to unify customer insights
- Encouraging guest participation in new menu offerings

RESTAURANT LOYALTY GOALS

- Create a digital-first marketing approach
- Develop tiered membership to increase superfan base
- Utilize AI and ML to optimize customer segmentation

RESTAURANT LOYALTY SOLUTIONS

- Punchh Loyalty, eClub, Coupons & Promos and Managed Services
- Integrations with POS (NCR Aloha), online ordering (Olo) and Payments (Worldpay)
- Punchh developed and powered mobile rewards app

Founded in 2003, Fuzzy's Taco Shop is a Texas-based fast casual restaurant group serving Mexican favorites with a splash of Baja flair. Fuzzy's laid-back atmosphere, cool vibe, stellar food and full bar makes them a unique brand that has earned a cult following across their nearly 150 locations in 18 states.

"Punchh's AI-driven loyalty platform has given us an automated, self-learning process to nurture and grow our superfan base."

NIKKI RASMUSSEN, FUZZY'S TACO SHOP DIRECTOR OF DIGITAL MARKETING

Fuzzy's partnered with Punchh in 2017 after moving from a less technology-forward vendor that wasn't meeting their needs, according to Nikki Rasmussen, Fuzzy's Taco Shop Director of Digital Marketing. The initial program was a hit with Fuzzy's fans, but the franchise base was concerned by the level of Rewards being redeemed. In 2019, Punchh and the Fuzzy's team collaborated to create a restructured Fuzzy's Rewards Program and loyalty app that encourages guests to explore new menu items through its spend unlocks multiple offers structure. The successful program integration with Fuzzy's POS (NCR Aloha), online ordering system (Olo) and Payments (Worldpay) gives them the ability to create a consistent, branded digital and in-store experience that captures customer data from multiple engagement touchpoints.

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The data is then made actionable through the Punchh Loyalty, Offers and Engagement Platform, which in 2020 helped them get through the pandemic by delivering timely messaging and omnichannel campaigns that kept tacos in the hands of their fans.

“Punchh’s Managed Services helps extend the bandwidth of our marketing team and provides recommendations and offer strategies aligned to get us through times like the pandemic and also make an impact on our business goals.”

NIKKI RASMUSSEN, FUZZY’S TACO SHOP DIRECTOR OF DIGITAL MARKETING

Maximizing the Power of AI-Enhanced Customer Segmentation

Looking to ignite their marketing approach in 2021, Fuzzy’s piloted Punchh AI and ML to create a tiered membership within their program. Punchh and Fuzzy’s collaborated on biweekly status calls to determine how best to incorporate the AI-enhanced customer segmentation based on optimized RFM into their upcoming campaigns. This new engagement strategy offered Fuzzy’s a way to communicate to their guests more intentionally – encouraging early-on engagement, incentivizing repeat visits and making them feel like a VIP – ultimately creating a layer of playfulness and additional membership culture to their base program.

Now superfans have a way to earn membership into Fuzzy’s invitation-only Bite Club. “Punchh’s AI-driven loyalty platform has given us an automated, self-learning process to nurture and grow our superfan base,” said Rasmussen. “We’re showing them some extra appreciation through highly personalized communication and offers, while also obtaining valuable feedback on operational improvements and new product offerings they want to see.”

Another fun part of the brand’s marketing strategy is offering the ability for fans to be part of helping Fuzzy’s select LTOs every year as an additional method of listening and responding to guests. An exclusive benefit of the Fuzzy’s Rewards Program gives selected members the opportunity to offer their opinions through surveys on these new and aspiring menu items and also, for some, the opportunity to become the tasting panel that chooses the LTOs. Rasmussen believes their loyalty members provide the most honest feedback as they want to see the brand succeed, which explains why some LTOs are so popular they become permanent menu items.

Growing Loyalty Program Participation to Optimize Results

Loyalty program growth and digital campaigns that increase acquisitions, participation and same-store sales are essential for engagement and future expansion. Helping operators drive traffic and understand the health of their stores is also paramount to the overall success of the brand. Franchise Support Coaches share specific same-store sales and loyalty metrics to help franchisees see the value of promoting the loyalty program, discover best practices and determine how well they are delivering a rewarding customer experience.

Big picture highlights demonstrate Fuzzy’s Taco Shop’s consistent growth, which for Q4 2021 saw check-in engagement increase by 89%, loyalty sales increase by 15% from Q4 2020, and feedback increase by 26% from Q4 2020. Fuzzy’s future plans include increasing their AI-enhanced segmentation efforts and expanding loyalty membership benefits to include merchandise offers so customers can proudly display their highly sought-after superfan status.

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