



eBook

Customer Loyalty 101: Building Engagement & Driving Revenue

Introduction

Now, more than ever, customers expect brands to deliver personalized experiences that are effortless, high-value, and consistent between onpremise and off-premise channels. To fulfill these growing expectations, brands must create a highly strategic customer loyalty program that turns anonymous guests into loyal superfans.

Today's loyalty strategies also need to be built to continually evolve. Brands can no longer take a "launch and leave it" approach. Businesses need to meet their customers where they are. And that is everywhere, as the pandemic has created new traffic patterns and digital trends that are here to stay.

This has pushed brands to take a fresh look at their tools, tactics, and goals, and to innovate by prioritizing new operational and engagement channels. Now the aspiration becomes to create a truly unified customer experience. Marketers must genuinely know their customers in real-time to deliver data-driven incentives that inspire them with the right opportunity over the right channel, building holistic engagement around the brand at every touchpoint.

Brands have gotten the message and are investing in earning customer loyalty.

Loyalty Program Strategy

User Engagement Funnel

Acquisition

Engage **UNKNOWN USERS** in store, traditional media and anonymous digital spaces to establish relationship

Customer

Utilize channels to gather data and further develop relationship into **KNOWN USERS**

Superfan

Leverage profile data to nurture customers into **SUPERFANS** via 1:1 loyalty journeys

VIP

Deliver personalized or experiential rewards for **VIP MEMBERS** that add value beyond discounting

Program Building Blocks

Base Program Structure

This defines how the program earns, redeems and expires rewards

Integrations & Data

Key APIs with operational and marketing channels optimize the member experience

Ongoing Campaigns

These are limited time promotions created for specific segments to drive incremental behavior

Personalization

Highly targeted offerings based on earned customer status

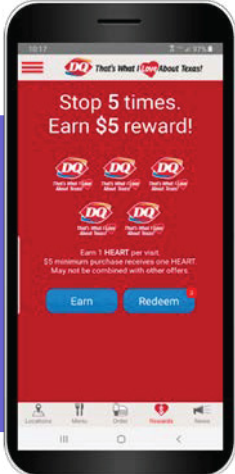
Loyalty Program Design Matters

Choose a Structure that Fits Your Brand




While loyalty programs offer multiple ways to keep customers happy, brands need to initially identify the top goals for their program, such as customer acquisition, increased visit frequency, decreased churn, customer advocacy, etc. As a brand identifies and quantifies the customer behaviors they seek they should also determine the value they can provide in return.

Outlining these business objectives will help brands discover the best program structure to implement. In order to appeal to customer motivations, some components of the program may need to be customized as well. Many brands initially invest in one of these two main program types.



VISIT BASED

Customers earn rewards after completing a defined number of visits



SPEND BASED

Customers earn rewards based on spend amount to receive points

By taking a strategic approach to the design, management and technical components of the loyalty program, brands can gain alignment with their customer experience KPIs and deliver on their business goals.

Quick Guide to Loyalty Structures:

- ✓ **Spend & Visit Based**
Incent customers with points for every visit, reward them for completing a defined number of visits, or offer bonus points for certain interactions or events
- ✓ **Spend Unlocks Redeemables**
Convert customer visits into points and set-up offers with customizable rewards and membership levels for progressive redemption
- ✓ **Tiered Membership**
Encourage customers to earn more attractive rewards and achieve higher membership levels with each visit
- ✓ **Surprise & Delight**
Delight customers with unexpected rewards for every visit they make through offers and gamification
- ✓ **Stacked Rewards**
Customers earn loyalty points from in-person visits and online actions, which can be stacked and used for various redemption opportunities



Integrations Add Value to the Member Experience

A Mobile Reward App is Top Priority

Outdated technology that makes an on-premise or off-premise experience frustrating for employees or customers may stall the loyalty program engagement process. Never before has integrated technology been more important for the restaurant, cstore and groceries industries.

With an initial shift in customer behavior during the pandemic to off-premise dining and purchasing, brands prioritized online and in-app ordering, contactless payments, curbside pick-up and a range of delivery options that they now need to continue gaining value from.

Customers' expectations since the pandemic have evolved too. They want to be recognized and rewarded at every touchpoint. That means providing a branded mobile reward app that makes ordering, paying, earning and redeeming easy and convenient.

The right loyalty program therefore needs to have pre-existing integrations with key operational and marketing channels like on-site POS systems, online ordering, payments, SMS solutions, and more to fully optimize the customer experience. Having that development work already completed speeds up the implementation process and means a brand's most vital systems can all communicate with each other.



CUSTOMER HIGHLIGHT

Famous Dave's Increases Casual Dining Loyalty Sales 48% Year Over Year

Challenge

Famous Dave's, a casual-dining BBQ concept with over 140 locations in 32 states, needed to provide customers with a native online ordering experience with take out and delivery options – all through their mobile rewards app.

Solution

PAR Punchh integrated Famous Dave's loyalty program with Olo's digital ordering platform and multiple POS systems. These key integrations solved a major challenge for Famous Dave's, giving them the ability to deliver more omnichannel options to meet their customers' lifestyles and preferences.

Results

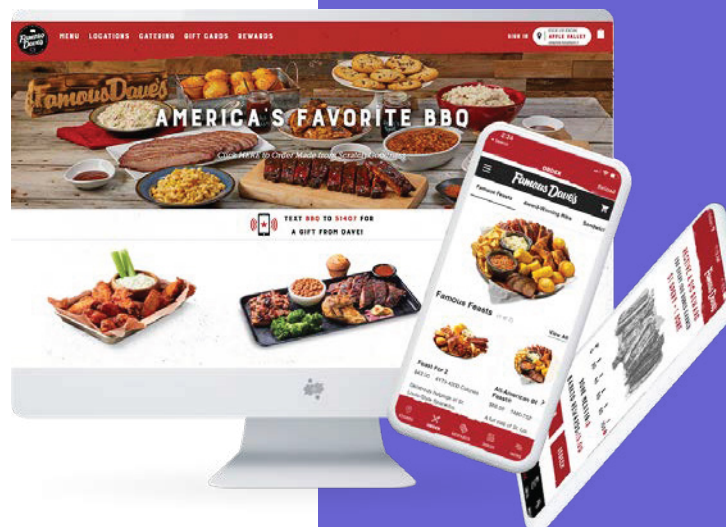
48%
Increase YoY in
loyalty sales

32%
Increase YoY in
loyalty check-ins

20%
Increase YoY in
participation rate

“We found that locations with integrated POS, online ordering and loyalty perform seven to 10 times better in terms of loyalty KPIs. That was a key finding that opened our eyes to the important value our loyalty program brings to our customers, brand and franchisees.”

David Betland
Famous Dave's Digital Marketing Manager



Unlock the Benefits of Customer Data

Make Faster, Savvier Decisions



Integrations are important as siloed data from disparate systems won't work anymore. Brands need to build a single source of truth that provides a 360 degree view of their customers. They need the ability to create realtime customer profiles with their own data. They can collect and learn from customers' social channel preferences to their purchasing and engagement behaviors and across every channel throughout the program.

Delivering communications to customers with contextual relevance — the right message, at the right time, over the right channel — is key to building valuable customer relationships.

First-party data is proprietary to a brand and doesn't cost them anything to use again and again. It holds the key to powering campaigns and experiential offerings. Here are four types of data loyalty programs can unlock and brands can use to learn more about their customers.



PERSONAL DATA or declared data is often collected at program sign-up. It can include: first and/or last name, location with address, email address, phone number, gender and birthdate.



ENGAGEMENT DATA includes information such as the customer's behavior on the website, their interaction with a brand on social media or their click through rate on particular emails.



BEHAVIORAL DATA offers brands the ability to see and understand patterns revealed throughout a customer's journey. This data involves purchase details, AOV, CLV, as well as device usage.



ATTITUDINAL DATA is driven by a customer's feelings or emotions and is revealed through surveys, feedback and customer satisfaction.

81%

of marketers report getting the highest ROI from first-party data*

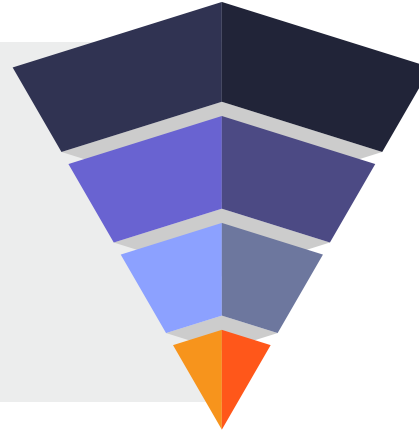
82%

of marketers plan to increase their use of first-party data*



Smart Omnichannel Campaigns Drive New & Repeat Business

Mechanisms to Increase Participation, Maintain Interest, and Keep it Fun



From the right loyalty platform, brands can turn their customer data into powerful campaigns that incentivize valuable behaviors. Ongoing core and standard campaigns provide the occasions to drive acquisition and retention along with the opportunity to test and improve outcomes for optimal performance.

10% increase in customer retention yields a 30% rise in the value of the company

(Bain & Company)

75% of consumers in the U.S. want to be rewarded for watching a brand video or taking a survey

(HelloWorld)

CAMPAIGN EXAMPLES

Core Campaigns

Deliver advertisable offers with significant financial impact.

Examples:

- Entice sign-ups by running a core campaign that encourages customers to download your app or register for your loyalty program to receive a free item.
- Grow your acquisitions more cost effectively with a referral campaign that gets your loyal fans to introduce their friends and family to your brand.

Standard Campaigns

Drive behavior with limited user data to positively impact loyalty metrics.

Example:

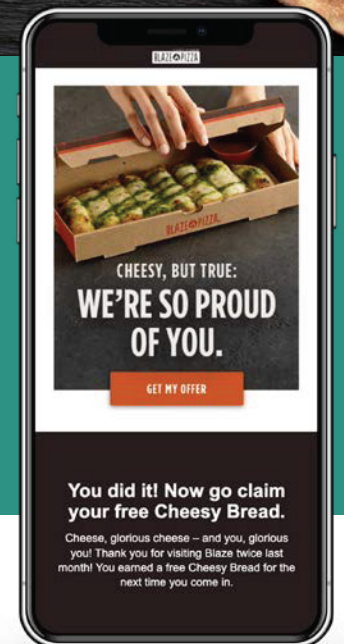
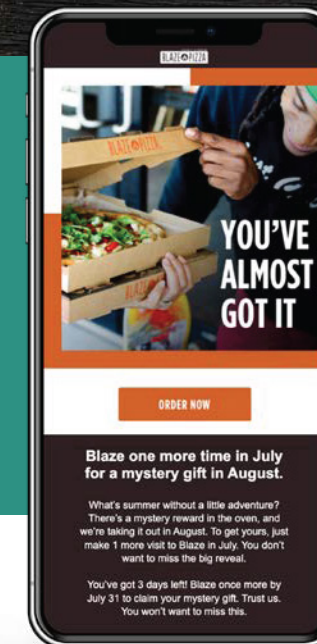
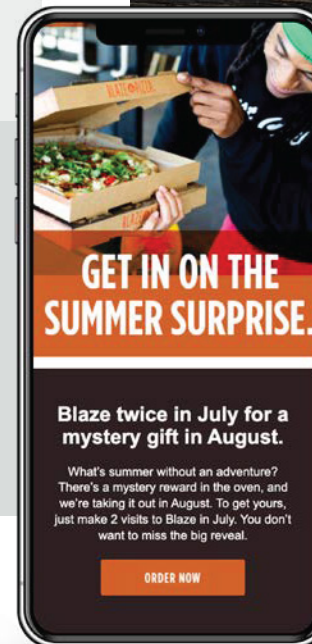
Compress time between customer visits with a standard recall campaign. Bring back a customer who is only coming in on the weekends by pushing an offer that entices them to return during a weekday.

“

Having the PAR Punchh dashboard at our fingertips helps us dig into the metrics and better understand our customers' behaviors and preferences. We're able to innovate and create really engaging campaigns that drive repeat visits and customer lifetime value.”

Jerry Shen

Blaze's Director of Digital Growth



Match Marketing Messages to Individual Customers

Deliver Personalization at Scale



Personalization reduces the effort required by customers to get what they are looking for by removing any obstacles in the user engagement funnel. This leads to an uncluttered and simplified experience, yet requires going beyond basic customer data.

Restaurants, convenience chains and grocery stores that further extend their data to take a personalized approach are able to market to their guests based on what they like to eat, what they like to see, and what they want to experience. And by giving them what they want and inspiring action from them, brands can build better customer relationships.

In the new frontier of the customer experience, the true measure of effective personalization will be a brand's ability to understand individual shoppers' current contexts and deliver precisely what they're looking for, in the moment of need. Whether a brand is trying to drive a specific outcome like

an incremental visit or letting user data drive their actions in automated ways like a personalized push notification, real-time data should steer campaigns to make the experience feel more 1:1, more conversational.



"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."

Nikki Rasmussen

Fuzzy's Taco Shop Director of Digital Marketing

Targeted Campaigns

Utilize robust user profile data & personalized offers to drive individual behavior.

Example:

Fuzzy's superfans have a way to earn membership into their invitation-only Bite Club. "PAR Punchh's AI-driven loyalty platform has given us an automated, self-learning process to nurture and grow our superfan base," said Nikki Rasmussen, Fuzzy's Taco Shop Director of Digital Marketing.

89%

Increase in Check-in Engagements



Build a Cohesive, Omnichannel Loyalty Experience

Track and Measure for Success



At its very core a customer loyalty program should increase customer happiness and participation. Brands need to ensure they are measuring performance in these and several other areas. Having a single dashboard for a holistic overview of loyalty program performance makes monitoring easy.

Different programs call for unique analytics, but here are a few of the most common metrics brands watch when rolling out loyalty programs:

- ✓ Visits, sign-ups, and referrals
- ✓ Real-time and historical campaign KPIs
- ✓ Customer participation and retention rates
- ✓ Customer lifetime value
- ✓ Same-store sales
- ✓ SKU-based loyalty

Brands need a single, robust loyalty platform that addresses partner integrations, CRM, analytics, marketing automation, and security. With these foundational components working together brands can acquire, engage and retain customers while also increasing loyalty program participation, visit frequency, and spend.

Quite simply, operators and marketers need a platform to do all the heavy lifting. With leaner teams and competing priorities, the right tools and services become paramount for creating personalized and seamless experiences that deliver on a brand's KPIs of today and drive lasting customer loyalty for tomorrow.



“We were at the beginning of our digital transformation journey, and PAR Punchh helped us go from zero to 80 miles an hour.”

Brian Hipsher
Charleys' CMO



About PAR Punchh

PAR Punchh is a 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 ML-driven, one-to-one marketing campaigns and offers.

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