

Pancheros' Rewards Program, "Burrito with Benefits", Boosts Retention Rates to 47%



Results

47%

Retention rate in Q3 2023

15.16%

Increase in Loyalty Sales YoY

23%

Participation rate in Q3 2023

Founded in 1992 in Iowa City, Pancheros has become a beloved brand in the Mexican fast-casual space, boasting over 70 locations across 13 states and a commitment to delivering high-quality, made-to-order burritos, bowls, salads, and quesadillas. Pancheros has distinguished itself with its dedication to simplicity, offering a unique experience with fresh-pressed tortillas and a tool designed to seamlessly mix ingredients for the perfect bite – embodying the concept of "Burritos Better Built."

A Long-Term, Digital Innovation Journey with Punchh

In 2016, Pancheros turned to Punchh to help create their customized loyalty program and to develop their forward-thinking Burritos with Benefits rewards app. As a long-time customer of Punchh, Pancheros has prioritized digital innovation to meet the evolving needs of their customers. They continue to stay ahead of the digital transformation curve within the fast casual space by leveraging the Punchh Platform in multifaceted ways.

As the restaurant landscape shifted towards a stronger focus on digital ordering, Pancheros seamlessly integrated their loyalty strategy to facilitate mobile ordering through their app. Especially during the pandemic, Pancheros accelerated their focus on mobile ordering, exemplified by the introduction of a dedicated second make line in their stores solely for fulfilling mobile orders, digital promotions, and in-app messaging.

Under the leadership of Alexis Puebla, Director of Digital Marketing, Pancheros recognized the importance of leveraging data-driven insights provided by Punchh to gain an even deeper understanding of their guests' preferences and behaviors and to create an integrated marketing approach supported by their loyalty program.

Cheesy Loyalty Initiatives

In 2019, Pancheros noticed from their loyalty program data that loyal customers had a strong preference for queso, making them 10 times more likely to order it. To capitalize on this insight, Pancheros celebrated National Queso Day by offering free queso through their app, resulting in a significant increase in redemptions.



Restaurant Loyalty Goals

- Shift focus to mobile ordering and delivery through the Pancheros App
- Create an integrated marketing approach to drive loyalty program growth
- Utilize data to grow loyalty program and gain franchisee adoption

Restaurant Loyalty Solutions

- Punchh Loyalty and coupons/promos
- Integrations with POS (Brink) and online ordering (Olo)
- Punchh developed and powered mobile rewards

Restaurant Loyalty Results

- 47% Retention rate in Q3 2023
- 15.16% Increase in Loyalty Sales YoY
- 23% Participation rate in Q3 2023

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Alongside the free queso offer, Pancheros organized a special campaign to further engage their audience. Using their loyalty program, they ran a campaign and identified the customer who had shown the most love for queso over the past year and crowned them 'King of Queso,' rewarding them with a year's supply of the cheesy delight.

This 'King/Queen of Queso' promotion has become an annual tradition, generating excitement among both loyal customers and newcomers and garnering social media engagement and media pick up. With the ability to segment by Receipt Tags in Punchh, Pancheros is able to easily identify and verify the winner each year among the queso loyalists. This initiative reflects Pancheros' commitment to rewarding customer loyalty and their continued innovative approach to marketing.

Garnering App Users with Dollar Burritos

In addition to their queso promotion, Pancheros is also known for their Dollar Burrito events, which used to be limited to an in-person event for a few hours only on one designated day. The events have since evolved to dynamic digital experiences, adapting seamlessly to changing circumstances. With the shift to the app, the Digital \$1 Burrito events continue to offer the irresistible \$1 burrito deal, now accessible to a wider audience both in-restaurant and online for a week.

This transition, coupled with a marketing strategy spanning in-restaurant promotions, social media ads, and local press releases, has proven highly effective in attracting new app users and loyal customers alike. Not only does it require guests to download the app and join the Burritos with Benefits program, but it also prompts them to enter a promo code, redeem their reward, and order all within the app. Strategically timed to coincide with restaurant openings and Back to School seasons, these events not only generate excitement but also lay the foundation for long-term engagement.

Empowering Franchisees with Data and Targeted Marketing

Pancheros, in its commitment to fostering the success of its franchisees, employs a multifaceted approach leveraging data analytics and targeted communications through its loyalty program. Puebla notes that the loyalty program serves not only as a means of rewarding customers but also as a diagnostic tool for franchise owners.

One of the key elements in this support system is the quarterly scorecard provided to franchisees that includes insights into the performance of their loyalty program within their respective stores. By integrating loyalty metrics into the scorecards,



"Incorporating loyalty into all of these different sectors, like new store openings and social media efforts has been really crucial for us to see the growth and also the engagement that we have."

Alexis Puebla,
Director of Digital Marketing

Pancheros highlights the connection between customer loyalty and business performance, empowering franchisees to optimize operations and promote the loyalty program.

Leveraging this data, Pancheros enhances local marketing efforts, delivering personalized promotions and messaging based on customer behavior and even at times, local weather conditions. This targeted approach not only drives foot traffic but also strengthens customer engagement and increases same-store sales. With this kind of proactive support, it ensures that Pancheros' franchise network remains competitive and poised for sustainable growth.

Leveraging Engagement Tools to Optimize Results

Through a long-term, strategic partnership with Punchh, Pancheros has elevated its loyalty program to new heights. By integrating loyalty into all aspects of their marketing and embracing diverse initiatives, they achieved an impressive 47% retention rate in Q3 2023. With the industry benchmark sitting around 33%, Pancheros positioned themselves above the 75th percentile, signifying that nearly half of their active loyalty members continue to visit consistently over the span of 90 days.

Pancheros' integrated tactics also encouraged members to learn about referral offers, digital ordering deals, annually celebrated local campaigns and more that promoted program value and helped them increase sign ups and transactions QoQ. Pancheros' successful loyalty program results stem from their commitment to innovation, accountability, and building an authentic brand in the ever-evolving restaurant landscape.

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