NEXTGEN LOYALTY PROGRAMS: A RESTAURANT REVOLUTION?

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CONGRATULATIONS!

IT’S NOT EVERY DAY YOU SEE THE WORLD’S UGLIEST POWERPOINT PRESENTATION!
WHO IS THIS GUY?

• 35 YEARS OF COVERING RESTAURANTS
• 38TH NATIONAL RESTAURANT ASSOCIATION SHOW!
• CLEAR RECOLLECTION OF EARLY LOYALTY PROGRAMS
  • REQUIREMENTS: PIECE OF CARDBOARD AND A HOLE PUNCH
WHAT’S DIFFERENT?

• JUST ABOUT EVERYTHING
  • WHAT A CUSTOMER CARRIES
    • I.E., NOTHING ADDITIONAL
  • HOW CUSTOMERS LOG PURCHASES
  • HOW PURCHASES ARE TABULATED
  • HOW PURCHASES ARE REDEEMED
BIGGEST DIFFERENCE

• HOW MUCH INFORMATION IS CAPTURED
  • TODAY’S LOYALTY PROGRAM GENERATES DETAILED INFORMATION ABOUT A CUSTOMER AND HIS OR HER PREFERENCES
    • WITH THE CAPABILITIES OF TODAY’S TECHNOLOGY, MESSAGES CAN BE TAILORED AND DISPATCHED TO EACH PATRON
      • ONE TO ONE MARKETING
        • EXAMPLE: MEATLESS BURGERS
WHAT’S THE UPSHOT?

• RESTAURANTS ARE INVESTING TIME AND MONEY IN DEVELOPING STATE-OF-THE-ART PROGRAMS

• AND THEY’RE SPENDING A GREAT DEAL OF TIME AND MONEY ON
  • SIGNING UP PARTICIPANTS
  • GETTING THEM TO USE THEIR “CARD” WHEN MAKING A PURCHASE
A SENSE OF THAT:

- Starbucks has 15.3 million members in its Starbucks Rewards program.
- In Canada, one of every five consumers has downloaded a Tim Hortons loyalty app.
- Bloomin’ Brands has 8.5 million members.
COME-ONS ARE ALREADY BEING TAILORED

- STARBUCKS SAYS THAT MEMBERS ACCOUNT FOR 40% OF ITS SALES
- BLOOMIN’ CUTS MARKETING BY $25 MILLION
HOW MANY APPS CAN FIT ON A PHONE?

• HOW DO YOU GET THEM TO USE YOURS?
RACE IS ON TO DIFFERENTIATE THE BENEFITS

• CHILI’S PROVIDES A FREEBIE FOR EVERY VISIT BY A LOYALTY-PROGRAM MEMBER
  • CHIPS AND SALSA OR A SOFT DRINK

• DOMINO’S AWARDS POINTS FOR ANY PIZZA THAT’S PURCHASED, INCLUDING THE ONES SOLD
  BY COMPETITORS—OR EVEN THE GROCERY STORE

• COOPER’S HAWK PROVIDES POINTS TO WINE-CLUB MEMBERS WHO BUY A FAVORITE
  VINTAGE AT RUTH’S CHRIS
AND STILL MORE ARE APPEARING

- CHIPOTLE SWEETENED ITS OFFER TO 15 POINTS FOR EVERY DOLLAR THAT’S SPENT
- PAPA JOHN’S SAYS ITS NEW PROGRAM ENABLES LOYALTY PROGRAM MEMBERS TO EARN A REWARD IN ONE-FIFTH THE TIME OF THE ONE IT REPLACED
- OUTBACK ALLOWS MEMBERS TO REDEEM THEIR POINTS AT ANY BLOOMIN’ RESTAURANT, AND VICE-VERSA
- BURGER KING’S COFFEE SUBSCRIPTION SERVICE
WHAT HASN’T WORKED?

• ALLOWING PATRONS TO USE THEIR CREDITS OUTSIDE OF RESTAURANTS
  • CHILI’S TRIED A PROGRAM WHERE YOU COULD EVEN USE POINTS TO BUY GAS
  • STARBUCKS TALKED ABOUT ALLOWING PATRONS TO USE POINTS FOR UBER RIDES
REGARDLESS OF THE PRIZE, A MAJOR CHALLENGE EXISTS

• HOW DO YOU GET CUSTOMERS TO SIGN UP FOR THESE NEW PROGRAMS?

  LETTUCE ENTERTAIN YOU OFFERED SERVERS A $5 BOUNTY FOR SIGN-UPS
  PORTILLO’S PROVIDES ENROLLEES WITH A FREE SLICE OF ITS CHOCOLATE CAKE
  DISCOUNT COUPONS INCLUDED IN DELIVERY ORDERS
THAT’S JUST ONE CHALLENGE

• HOW DO YOU HANDLE THIRD-PARTY DELIVERY?
  • SOME OF THE SERVICES HAVE THEIR OWN FREQUENT USER PROGRAMS
  • WHO GETS TO RECORD THAT VISIT?
  • MORE IMPORTANT, WHO GETS TO CAPTURE THAT DATA?
SO WHAT’S AHEAD?

• NEGOTIATING SOME SOLUTION TO THAT QUESTION OF WHO GETS INFO ON THIRD-PARTY ORDERS

• ALLOWING PARTICIPANTS TO GIFT POINTS, THE WAY SOME AIRLINE FREQUENCY PROGRAMS DO
  • MOD PIZZA AND B.GOOD BOTH ALLOW THEIR MEMBERS TO GIFT THE FREE FOOD TO CHARITIES
MORE AND MORE SERVICES

• DUNKIN’ LETS MEMBERS JUMP THE DRIVE-THRU LANE AND USE A SPECIAL DEDICATED PICK-UP WINDOW

• MORE AND MORE BELLS AND WHISTLES TO IN THE APPS
  • RED LOBSTER HAS ADDED A WAITLIST FEATURE THAT CUSTOMERS CAN USE
TECHNOLOGY IS ALSO EXPANDING POSSIBILITIES

• A NEW BUZZ PHRASE IS OMNICHANNEL ORDERING
  • WHATEVER METHOD A CUSTOMER WANTS TO USE, THEY CAN
  • HOW ARE THOSE TRANSACTIONS CAPTURED AND RECORDED?
    • “ALEXA, LOG THIS PURCHASE”? 
AND SMART PHONES ARE JUST SO OLD SCHOOL

• FACIAL RECOGNITION IS A REALITY
  • CONTROVERSIES PERSIST
  • BUT THE CAPABILITIES ARE THERE

• OTHER BIOMETRICS?
• RFID?
NEW CAPABILITIES FOR OPERATORS, TOO

• COULD LOYALTY PROGRAMS BECOME SITE SELECTION AIDS?
YET LOOK FOR MORE CONVERTS

• A FREQUENT-GUEST PROGRAM FOR MCDONALD’S?
• EVOLUTION IS A CONSTANT FOR LOYALTY PROGRAMS
YOUR TURN!

• QUESTIONS, COMMENTS, CHALLENGES?