

# How to Create a Winning **CUSTOMER REWARDS PROGRAM**



Steps to Building a  
Rewards Program That Works







## WHY LAUNCH A REWARDS PROGRAM: 4 KEY BENEFITS

### *Increase Revenue*

Members of rewards programs can generate 12-18% more revenue than non-members.

### *Generate Word of Mouth*

In the largest-ever loyalty study of over 28,000 North Americans, it was found that 73% of rewards program members recommend your business to others.

### *Drive Repeat Business*

The same study revealed that 81% of loyalty program members will keep doing business with you.

### *Boost Guest Spend*

Loyalty programs make spending one big game. Guests spend up to 39% more in a quest to unlock rewards.



## THE RULES OF REWARDS: BEST PRACTICES

### *#1 The Golden Rule: Reward the Behaviors You Want*

A successful rewards program is like a “customer training” course. You reward the behaviors you want to see more of. Yes, every bar or restaurant wants guests to spend more. But don’t stop there. If you’re a new restaurant? Prioritize rewards for referrals. Launching a new weekly wine tasting? Reward event attendance. For more ideas on what behaviors to reward, see step #4 in the 6-step plan.

### *#2 Don’t Play Hard to Get*

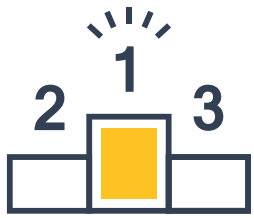
Rewards should be attainable. Most restaurant programs give guests \$5-\$10 in rewards for every \$100 spent. Set the bar too high – at \$200 or more – and guests may feel like they’ll never reach those rewards.

### *#3 Play it Straight*

Complicated rewards programs aren’t good for guests – or for you. If you run a points system, simply allocate 1 point for every \$1 spent. Of course, you can offer members a chance to earn double or triple rewards as a promotion.

### *#4 Surprise and Delight*

After a while, earning \$10 for every \$100 spent will get a little old. Occasionally surprise members with a bonus reward... “just because.” The successful MyPanera rewards program does this. When a guest places an order, the cashier asks for their phone number or loyalty card to “check for a bonus reward.” Everything



### WINNING TIP: THE CLUB MENTALITY

*Everyone wants to be part of the “in” crowd. Play up the elite status that comes with joining your program.*

*The Smith & Wollensky chain of steakhouses offers a PPX Loyalty Program that promises members will “enjoy the special treatment given only to our esteemed members.”*

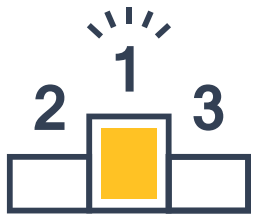
*The program comes with a one-time \$25 enrollment fee, which unlocks “exclusive rewards and special privileges.”*

from a free coffee to a surprise discount is automatically ready for the guest to use.

## #5 Identify Members ASAP

Your host and staff should be trained to ask all diners if they're rewards program members for two important reasons:

- They can thank them for their membership – and go above and beyond to honor their membership status.
- If the guest isn't a member? It's a chance to enroll them.



## WINNING TIP: LAUNCH A REWARDS APP!

*The U.S. has officially gone mobile: 77% of Americans own a smartphone according to the 2018 Pew Internet Research Report. Another study by [VISA and Bond Brand Loyalty](#) found that over half of these smartphone users want your rewards app...right on their device.*



## 6 STEPS TO BUILDING A REWARDS PROGRAM THAT WORKS

### Step #1 - Select a Program Platform

#### Now is the Time: Move Away From Paper and Plastic Reward Cards

The era of the rewards card is coming to an end.

Today, customers crave virtual access to your rewards program: whether it's a mobile app they download to their smartphone, or a simple way of identifying themselves (using their phone number, email address, or name).

The bottom line is this: most people do not want another card in their wallet. Most rewards programs give you – and your guests – the flexibility of choosing how to participate.

For example, TGI Fridays recently integrated their “Fridays Rewards” program with their mobile app. But if guests want to skip the app? They simply provide their phone number or membership number to the waitstaff instead.

#### 5 Benefits of Going Mobile with Your Rewards Program

Every major restaurant chain now offers a mobile app. Some apps are exclusively dedicated to the rewards program. Others integrate other services such as online ordering and reservation capabilities plus access to the latest menu. Here's why you should consider going mobile with your rewards program:

1. Guests always have their phones with them! But it's easy to forget that restaurant rewards program card at home.
2. Once your rewards app has been downloaded, your restaurant's logo is always on the guest's smartphone. Plus, most apps automatically generate "push notifications" to alert guests they have a reward waiting.
3. A mobile app can provide a real-time update on loyalty points accumulated – there's no guesswork.
4. Unsavory guests may create holes in that old-school punch card, mobile apps prevent cheating.
5. Most mobile rewards apps interface with today's POS systems, so it's simple for servers to scan or enter a mobile coupon.

### **Start with Your POS Provider: Ask About an Integrated Rewards Platform**

First, check with your POS provider. Chances are, there is an integrated rewards program available. For example, Toast POS includes a program which they claim drives members to spend 39% more than non-members. Most rewards programs include a guest-facing mobile app that can be customized for your restaurant.

### **3rd Party Reward Program Platforms**

If your POS provider does not offer a built-in rewards program, look for a 3rd party software solution. Be sure it integrates with your POS system – and offers mobile app capabilities – for the best return on your investment. These companies are a good place to start, whether you're an independent location or a chain.

- **Paytronix**  
[www.Patronix.com](http://www.Patronix.com)  
Patronix integrates with over 27 POS systems. One of the original digital providers of loyalty software, it's a powerful platform.

- **Belly**

[www.bellycard.com](http://www.bellycard.com)

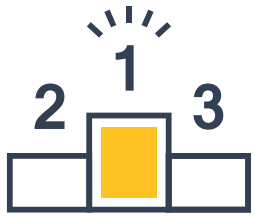
Belly is both a loyalty and digital marketing platform available as a monthly subscription. A mobile app for guests is included along with email and Facebook campaign capabilities.

- **LevelUp**

[www.thelevelup.com](http://www.thelevelup.com)

If you want to combine a rewards program and online ordering in one app, consider LevelUp.





## WINNING TIP: GIVE 'EM A HEAD START

*To encourage members to stick with your rewards program, research suggests you should give them a “head start.” If your program runs on points. Pre-load some points onto their account.*

*A study was performed on 300 people who were given a simple loyalty card for a car wash: Buy 10 car washes, get the 11th free. Half of the people received a card with two stamps already given. They were nearly 2x as likely to return than those whose card had no stamps.*

Source:  
[The Endowed Progress Effect](#)



## STEP #3 – START IT OFF RIGHT: THE ENROLLMENT PROCESS

Just like earning rewards, signing up should be simple and straightforward for guests! Give them multiple ways to sign up:

- **In-person at your restaurant:** with intake forms or on a tablet
- **On your website:** by filling out a form
- **Downloading your app**

### Instant Sign-On Bonus

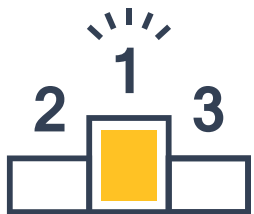
Start members off in style: reward their enrollment with a “sign on” bonus like a free appetizer or dessert. Instant gratification works best. If the guest signs up at your restaurant – let them redeem their sign-on bonus during that visit.

### Ask the Right Questions

The enrollment process is your chance to gather valuable customer data that you can use – to provide personalized rewards! Don’t bother collecting information you won’t use. Unless you’ll send direct mail, you don’t need their address.

Here’s what to gather beyond the basics (name and email address):

- Find out how the guest wants to stay informed of their rewards status: email, text messages, push notifications (via a mobile app).
- Birthday
- Children under 12 (if you are a family-friendly restaurant, you can provide kid-focused rewards)
- Ask if the guest would like to take surveys to earn extra rewards



### WINNING TIP: SET THE PACE

*To drive repeat business, limit timeframes for guests to earn – and redeem – their rewards.*

*Outback Steakhouse gives members a 50% off coupon after every 3rd visit. The visits must occur within 6 months. And that 50% off reward must be redeemed within 90 days of earning it.*



## STEP #4 – CREATE WAYS TO EARN REWARDS: 8 CREATIVE IDEAS

### *Points for Spend*

The most common way for guests to earn rewards: \$1=1 point. It's a popular method because it's simple. Some restaurants try and get "tricky" with inflated points (\$1=10 points). Avoid that as it is confusing and gimmicky.

### *Points for Visits*

If your goal is to get more people in the door, reward frequent visits – regardless of spend.

### *Specific Day or Time of Visit*

Incentivize guests to come in on the days and times you need business! Offer double or triple rewards for early bird or late night purchases.

### *Birthdays 2 Ways*

This is an essential reward you should dole out. It's a "gimme" for the guest – they don't have to earn it. From Starbucks to P.F. Chang's, every major chain offers a birthday reward. This is also your chance to get creative and stand out:

- **Halfway to Your Birthday** – Surprise the guest with a \$5 reward when they're exactly a half year from their birthday. Most reward platforms let you customize when rewards are sent: so you can simply set the reward to go out 182 days in advance!
- **Party with Us** – Offer not one, but two complimentary appetizers if the guest books a birthday dinner with you (with a party of 6 or more).

## *Anniversary of Signup*

Show you appreciate their membership with a reward generated every year on their sign-on date.

## *Years Enrolled*

For every year the guest is enrolled, increase the reward level of the anniversary reward.

## *Referrals*

Most online retailers are using referral cash to attract new members. Beauty supply company Birchbox gives both the referring member – and the new member – a \$5 reward upon sign up. Do the same for your rewards program.

## *Surveys*

Invite members to participate in surveys for a chance to earn a small reward. It's a way of showing you value their opinion – and giving them another opportunity to earn those rewards.



## WINNING TIP: DON'T FORGET THE KIDS!

*Benihana Steakhouse offers the Kabuki Kids reward program. Parents can enroll children under 12 to receive a complimentary Benihana mug.*



## STEP #5 - OUTLINE YOUR REWARDS: 8 CREATIVE IDEAS

Most reward programs give members a monetary reward: spend \$100, get a \$10 reward. While that's a great place to start, consider expanding your program with these 8 creative rewards.

### *Signature Extra*

Mints after dinner? That's what everyone gets. End the member's visit on a high note with a signature extra. Try a small chocolate bar or complimentary shot.

### *Branded Apparel*

Reward guests with great apparel and other items that sport your logo (just your logo – no phone number or website). Just be sure it's something they will actually wear! No one wants a tacky t-shirt. Everyone wants a cool hoody.

- Pint Glasses, Coffee Mugs, Water Bottles
- Apparel: Hoodies, Tank Tops, Cycling Shirts
- Accessories: Bandanas, Hats, Sunglasses, Tote Bags, Keychain Bottle Openers

### *First-to-Try Opportunities*

One restaurant in the Chicago area invites rewards program members to "test kitchen" events. It's an exclusive sneak peek for the members – and you can test new dishes before they make it to your menu.

## Secret Menus

While In-N-Out Burger's secret menu isn't limited to rewards program members, it has a legendary status. Each quarter, let your members in on "secret" items that aren't listed on your regular menu. Share the menu items in an email or text message. It could be a special appetizer or a variation on one of your main menu offerings.

## Exclusive, Entertaining Events

The rewards you give can act as "loyalty boosters." Offer access to exclusive events that focus on fun. In a Facebook Loyalty Study of over 14,000 adults, it was found that "fun" was the #2 best way businesses could earn a customer's loyalty (after the #1 reason: quality). Reward program members with one of these events:

- Chef-hosted tasting event
- Craft beer release preview party
- Buzztime Trivia LIVE tournament – hosted by your own staff

## Complimentary Upgrades

Use your rewards program to provide on-the-house upgrades: from access to the best seats in the house to a double serving of fries.

## "Notice Me" Rewards

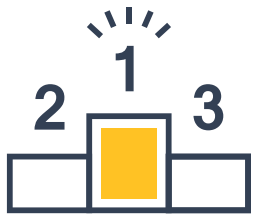
One writer for GourmetMarketing.com recalled a neighborhood Chinese restaurant that would celebrate every guest's 8th visit with a complimentary duck prepared tableside. Onlookers will be envious (and curious), bringing attention to your rewards program. Try these eye-catching ideas:

- Complimentary champagne or wine for the table served with a French sparkler.
- Use a fine frosting tip to spell out the guest's name on a plate that contains a free gourmet dessert (very Instagram-worthy).

## High Roller Rewards

For your most loyal patrons and biggest spenders, go all out with indulgent rewards. This is also a great way to earn free publicity in the local – and even national – news media. Remember, successful rewards programs “gamify” guest spending. A high roller reward gives them something major to strive for.

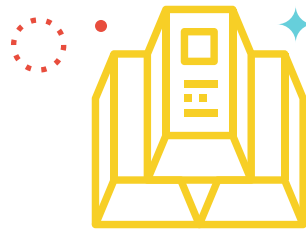
- Private, complimentary reception for your Top 50 guests
- Signature cocktail or entrée featuring your biggest spender’s name
- Charitable donation to their favorite non-profit



### WINNING TIP: USE DIGITAL SIGNAGE

Turn your TVs into custom digital “billboards” in a few clicks with [Buzztime Marketing](#). Eye-catching templates are provided, so you can promote your rewards program sign-on bonus.

Let pictures do the talking. Show a photo of your most popular appetizer with the text: “Want a free round of wings now? Download our rewards program!”



## STEP #6 – INCREASE PROGRAM ENROLLMENT

### 1-Reward Staff for Getting Signups

Train your team on your rewards program. Everyone in the front of the house must know your program – not just your waitstaff. Hosts and bartenders need to know, too!

*Remember: Reward the behavior you want to see more of! That logic applies to your staff, too.*

Reward them for “pitching” your restaurant loyalty program to guests. Give out gift cards each month to whomever sign up the most guests.

### 2-Promote On Site

Guests are more likely to join your rewards program when they are with you...especially if you have a great sign-on bonus. Put out table tents and posters promoting it – and use digital signage.

### 3-Create a “Blitz”

To get a rush of signups, use a “blitz” approach. Offer a free tote bag or t-shirt with your logo to the first 25 people who sign. Or, give anyone who signs up during a set time period double points the first month.

### 4-Offer Free Wi-Fi

Stop resetting your wi-fi password and posting it on a chalkboard. Instead, let 3rd party software like Ruckus Wireless, Gazella, or Yelp Wi-Fi do the job. This software creates a “gateway” page that requires guests to do something quick before accessing your wi-fi, like providing an email address or viewing information about your rewards program.



## CATCH THE BUZZTIME EFFECT.

Looking for a fresh, fun way to bring more guests to your tables – and keep them coming back? Join the Buzztime nation of 3,000 venues like yours serving up fun, games, and good times on our touchscreen tablets. Buzztime's social gaming solution brings everyone together at your place for trivia, live events, predictive sports, card tournaments, and arcade games.

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