



LOOKING AT LOYALTY

Industry experts weigh in on guest expectations, today's tools, and building genuine customer connection


Today's competitive marketplace is filled with so many loyalty apps, how can restaurant operators stand out amid continued increased inflation, rising guest expectations, and evolving dining habits? Studies show that adding a loyalty program increases visits and customer spending by 30 per cent, and that's why restaurateurs must develop a strategy to create loyalty, add value, and develop lasting customer relationships.

By Jessica Brill




We asked the experts for their thoughts on what motivates loyalty members, how operators can make the most out of technology, and how to best stand out among a sea of foodservice loyalty apps.


This article has been edited for length and clarity.



Vince Sgbellone
Foodservice Industry Analyst, Circana
As Director and Foodservice Industry Analyst at Circana (formerly The NPD Group), Vince shares his unique perspective on food and the foodservice industry, and helps clients unlock business growth by bringing clarity to the complexity of consumer behaviour.*
**Source: All data below can be sourced to Circana, CREST®, 12 months ending June 2024. Comparisons to prior year are comparing to the 12 months ending June 2023.*



Sander Meijers
Canada Country Manager, Adyen
Sander Meijers is the Canada Country Manager for Adyen, the financial technology platform of choice for leading companies. By providing end-to-end payments capabilities, data-driven insights, and financial products in a single global solution, Adyen helps businesses achieve their ambitions faster.



Adoniram Sides
Senior Vice President, Hospitality
As SVP, Hospitality, Adoniram Sides manages Lightspeed's global hospitality product portfolio, leading teams from North America to Australia. Prior to Lightspeed, Adoniram led the product strategy and launches at Upserve, the leading fine dining software platform in the United States.
**Source: Data provided by Lightspeed Commerce.*



Emma Balment, Director
Ipsos, Market Strategy and Understanding, Food and Beverage Group
Leveraging a team of industry experts and powerful syndicated data sets such as the Foodservice Monitor, Emma specializes in uncovering growth opportunities for operators and suppliers of the foodservice industry by providing a deep understanding of their consumer and competitive landscape.

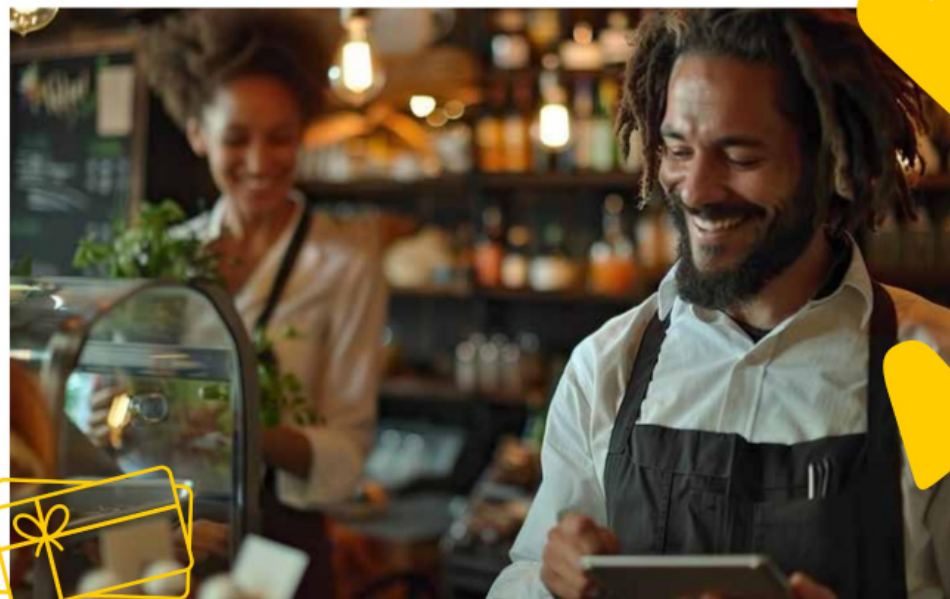
What are guests looking for from restaurants to secure their loyalty?
Sgbellone: The top reason that people download apps is to collect loyalty points, followed closely by searching for deals. In the eyes of the consumer, loyalty programs are about saving money, and not necessarily about building loyalty. Just under 30 per cent of all commercial foodservice occasions involve a loyalty program and the participation rate has remained flat this past year versus the prior year, so operators are battling for the attention of these consumers.

Balment: Meeting or exceeding expectations on fundamentals like treat, craving, taste, hunger, and convenience may be necessary for repeat visits, but do not differentiate heavy users of a brand. Loyalty is emotional, personal, and permissible. To fit into these customers' weekly or daily routines you need to offer menu items that are delicious and nutritious to help them maintain health and well-being.

Sides: Today's guests are looking for more than just a meal - they're seeking an experience that feels personal and memorable. They want to be recognized, their preferences remembered, and their visits made special. The key to building loyalty is understanding your customers on a deeper level. When you can anticipate their needs and tailor the experience accordingly, you're not just offering a service, you're creating a connection.

Meijers: Guests crave personalized experiences. Loyalty is not about just points or discounts. Loyalty efforts need to be contextualized and relevant to individuals, fostering a one-on-one relationship that recognizes and meets individual needs and desires. For example, offering a chicken burrito to a vegetarian





customer is more likely to burn rather than earn loyalty. The focus should be on using customer insights to deliver experiences and rewards that reflect the quality and personalization guests expect.

How can operators manage guest expectations and experiences, and how does that affect customer loyalty?

Sgabellone: Outside of the features provided, operators need to remember that the app is an extension of their brand. It must uphold the brand values, messages, and promises. A negative app experience will reflect poorly on the brand and could drive consumers to another app or restaurant, particularly in cases where the app is the only interaction the consumer has with the brand.

Sides: Balancing guest expectations with their actual experience is central to building loyalty. The challenge is to meet, and ideally exceed, what guests expect from their visit. If done right, this can encourage repeat visits and potentially word-of-mouth referrals for your business. Operators who use data to understand their clientele can make real-time adjustments, whether it's customizing a dish, offering a promotion, or organizing exclusive events. This ability to anticipate needs, often before they're expressed, transforms a standard visit into something exceptional. Delivering unique and

memorable moments that guests can't get anywhere else is what truly builds loyalty.

Meijers: Brand differentiation through consistent product quality and exceptional service is key to successfully managing the balance between guest expectations and experience. Prioritizing payment strategies to increase convenience and satisfaction with tools like in-store kiosks and tableside mobile options can provide a more enjoyable dining experience.

Balment: When loyal customers choose the restaurants they visit most frequently, they cite reasons like authenticity, reliability, and consistency that set them apart. We are in a unique era where word-of-mouth is more powerful than it has ever been, traveling as fast as a "share" button on social media. If you are not managing your customers' perceptions on social media, your customers will do it for you. In an ideal world, delivering a great product, service, and experience would ensure a great perception amongst consumers online, but top brands do not leave that to chance, dedicating resources to make sure they are leading their social brand narrative.

"Loyalty is earned through consistent, meaningful interactions that make customers feel valued and connected to your brand."

What are the loyalty tools operators should be utilizing today?

Sgabellone: Providing deal and points redemption programs that will provide value to the consumer is key. In these challenging economic times, consumers are looking for any opportunity they can to save some money while still affording to visit restaurants. Other features app users are looking for include the opportunity to place and pay-for orders through the app, to find the nearest location, and to learn about promotions at the restaurant.

Meijers: Using data to build and inform loyalty programs is tablestakes. The incredible amount of information within payments is often neglected. Payment data can tell you your peak hours, your most popular items, your repeat customers, and more. This is invaluable information you can leverage to improve the customer experience, inform your promotion strategy, and tailor promotions for loyalty.

Sides: The most valuable loyalty tools are those that help you truly understand your customers and engage with them on a personal level. However, the on-premise dining experience has lagged behind when it comes to personalization, outside of the very fine dining segment. With detailed customer profiles and customizable rewards, restaurants can offer what their guests truly value, right down to the individual. The tools that allow you to connect with your customers in meaningful ways are the ones that will have the biggest impact on your business.

How can operators get the most from their loyalty apps?

Balment: When it comes to making payments through apps, accessing deals, and redeeming rewards, this is where loyal customers really see more value. When paying and redeeming points with mobile apps, cheque sizes may be 10 per cent smaller on average, but this helps provide the affordability loyal customers need to visit as often as they do, driving total spend up over time and protecting traffic.

Sides: Loyalty apps need to be intuitive and engaging for the customer, but also powerful behind the scenes. The best apps make it easy for operators to recognize and reward the guests who keep coming back and provide enough incentives to make the customer feel like it's valuable to their dining experience. These apps also need to help operators maintain a connection with customers between visits. The key is to use the app not just as a transactional tool, but as a way to communicate and build relationships.





Meijers: To maximize the potential of loyalty apps, operators should focus on integration, personalization, and user experience. By integrating loyalty apps with your Point of Sale (POS) system, restaurateurs can have a unified view of customer interactions. This integration enables personalized rewards and recommendations, enhancing the app's value to the customer and encouraging regular use. Payment data informs all these factors in the background and can be the input to fuel any loyalty program.

With so much emphasis being placed on loyalty, how can operators stand out?

Sgabellone: Some apps have ventured into gaming to engage with their guests in a new and different way, encouraging consumers to use the app even when they are not placing an order. This will build familiarity and could help the operator earn a more coveted spot on consumers' home screens. Apps can also be used to communicate 'inside information' like pre-release menu items or hidden menus available to loyalty subscribers only. This strategy can create buzz and add value to the program beyond collecting points.

Meijers: Operators can differentiate themselves by creating unique, memorable experiences that resonate with their audience and reward their loyalty. From a payment perspective, this looks like ensuring your payment platform caters to your guests' preferences. Enabling different payment methods for travellers can have a massive impact on loyalty and change the customer relationship with a brand long-term as it enables what's "native" for them.

Balment: Loyalty apps are a modern version of an old tool. Customer loyalty is driven by raising the bar on table-stakes operations, relieving negative stress, elevating good vibes, and providing nutritional and financial permissibility. Those are the arenas in which restaurants compete for loyalty and apps help achieve those goals.

What advice would you give restaurateurs looking to up their guest loyalty?

Sgabellone: The next operator who can do something new and unique will have a first-mover advantage and could be successful at attracting users away from competitive apps and/or attracting new users to their app experience.

Balment: First things first: don't confuse guest loyalty with the programs that incentivize guest loyalty. Focus on consistently meeting or exceeding expectations on the fundamentals of operations, ensuring service, product, and atmosphere evoke the right mood of stress relief or upliftment, and ensuring the menu and marketing position your restaurant as suitable for a variety of different occasions from special indulgences to wholesome, everyday moments.

Sides: Focus on the relationships, not just the transactions. Loyalty is earned through consistent, meaningful interactions that make customers feel valued and connected to your brand. It's about understanding who your customers are, and what they want, and delivering on that consistently. Use every interaction as an opportunity to build a deeper connection with your guests and deliver on their expectations. That's what keeps them coming back, time and time again.



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