



How To Grow Customer  
Loyalty In Your Restaurant:

# **THE ESSENTIAL PLAYBOOK**

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**THE KEY IS TO SET REALISTIC CUSTOMER EXPECTATIONS, AND THEN NOT TO JUST MEET THEM, BUT TO EXCEED THEM — PREFERABLY IN UNEXPECTED AND HELPFUL WAYS.**

— *Richard Branson*,  
Business magnate  
and author



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**IT'S EASIER  
TO LOVE  
A BRAND  
WHEN THE  
BRAND  
LOVES YOU  
BACK.**

— *Seth Godin,*  
Marketing author

# WHAT DOES CUSTOMER LOYALTY

## mean for restaurants?

Customer loyalty is an ongoing positive relationship between a customer and a business. It drives customers to return and spend with you time and time again.

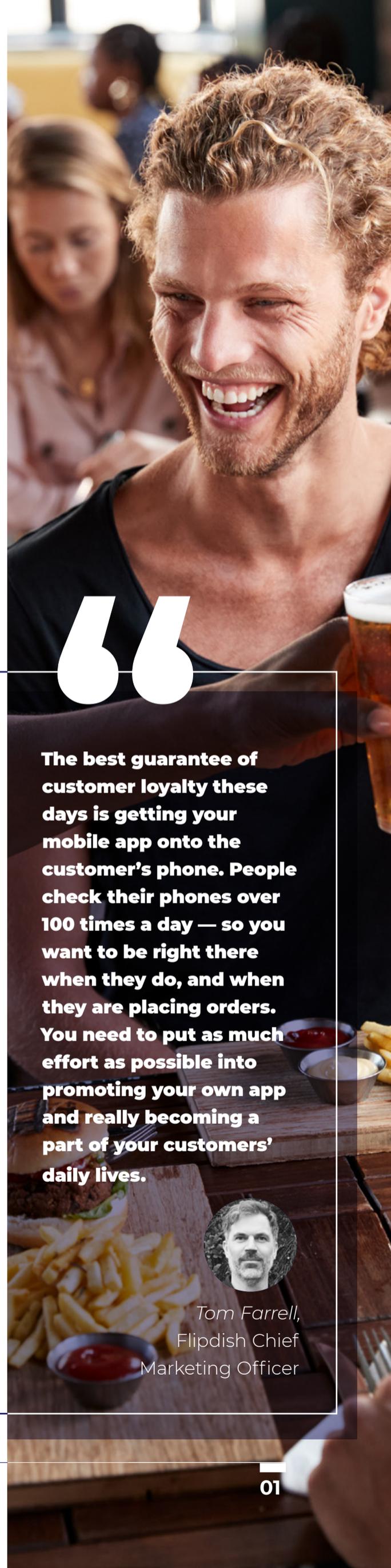
Few industries rely as heavily on customer loyalty as much as hospitality. Restaurants, cafés, bars and hotels live or die by their ability to build and nurture a loyal customer base.

- Loyal customers provide a regular stream of revenue
- They generally out-spend newer customers
- They tell their family, friends and colleagues about you

Increasing the number of loyal customers by as little as 5% can grow your sales by up to 75%, according to a [Bain study](#).

**Existing customers are 50% more likely to try one of your new products and will spend 31% more than new customers.** It also costs you five times more to acquire new customers than it does to retain current customers. That's a lot of evidence-based reasons to build customer loyalty.

**Loyal customers are also your greatest marketing asset.** They promote your business — in real life and online.



**The best guarantee of customer loyalty these days is getting your mobile app onto the customer's phone. People check their phones over 100 times a day — so you want to be right there when they do, and when they are placing orders. You need to put as much effort as possible into promoting your own app and really becoming a part of your customers' daily lives.**



Tom Farrell,  
Flipdish Chief  
Marketing Officer

## THREATS TO LOYALTY

The restaurant business has always been massively competitive and cutthroat. Many good restaurants fail to survive. In today's hypercompetitive landscape where customers have such a vast array of choice and marketplaces are so powerful, restaurants can ill afford to neglect customer loyalty.

**Food delivery marketplaces such as Just Eat, Deliveroo and Uber Eats pose a very real threat to large and small restaurant businesses. They are hungry for profits and charge enormous fees to feed their bottom line.**

Their goal is to divert your customers away from you to their platform and charge you a hefty fee each time they order. Not only that, they also keep your customer data for themselves to ensure they own the relationship, not you.

Restaurants that fail to develop their own brand and loyalty initiatives leave themselves vulnerable to the growing dominance of these marketplaces. Having control of your own customer data and using it to your advantage is crucial.

The stakes have also been raised in 2020 with COVID-19. More than ever, the future of the industry and the overall global economic outlook is so uncertain. **It's essential to leverage your existing customer base, while also tapping into new growth opportunities.**

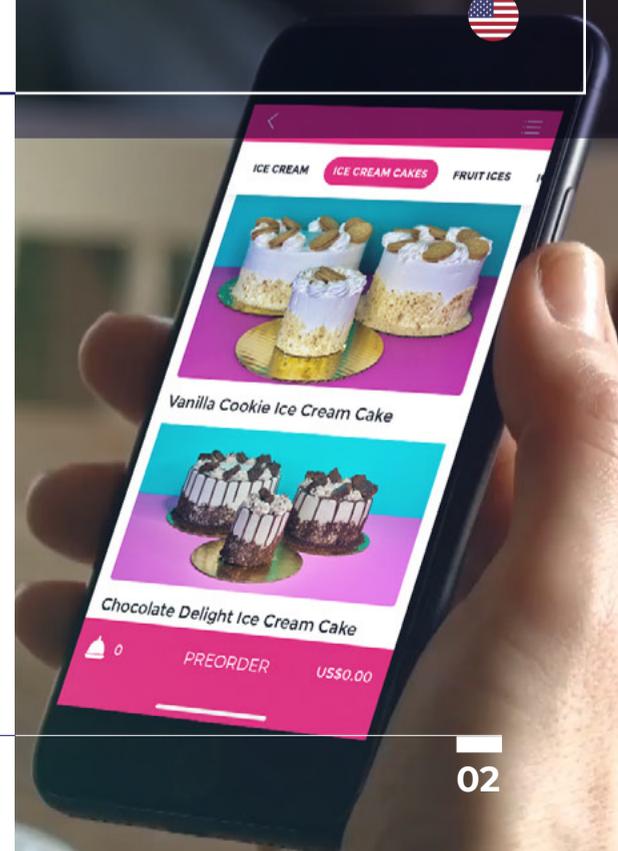


**The team at Amy's focuses on two areas to build fantastic customer loyalty.**

**Firstly, can we consistently deliver on our brand and food promise? Ice cream is an emotional food product. We want customers to come and expect that first part to hit the same, every time.**

**Secondly, we engineer surprise and delight when possible and at scale. From hand-drawn to-go bags, to exclusive offers, to personalised communication, we always try to find the right operational balance to go above and beyond as much as possible.**

— Aaron Clay,  
Amy's Ice Creams,  
Marketing Director



# GET THE BASICS RIGHT

## GREAT FOOD, OUTSTANDING CUSTOMER EXPERIENCE

Happy customers become loyal customers. You should strive to make every customer happy, even delighted. Customer satisfaction is a baseline target, but you can and should go well beyond satisfaction. Of course you might not please all of the people all of the time, but it's certainly a worthwhile ambition.

Delicious food and drinks along with great customer service is the cornerstone of your success. What you're selling should be consistently great. Start with a great menu. **Use sales data to identify your most popular items, then iterate and tweak your offering accordingly, giving people more of what they love.**

Create a comfortable and welcoming environment. People will often comment that they liked the food but not the staff or the atmosphere in a particular restaurant. Customer experience and service is key to turning one-time customers into regulars.

**Even in today's world of tech-driven experiences, people continue to value friendly staff (including phone conversations) and quick, efficient service.** Always go above and beyond to please customers every time they interact with your business.



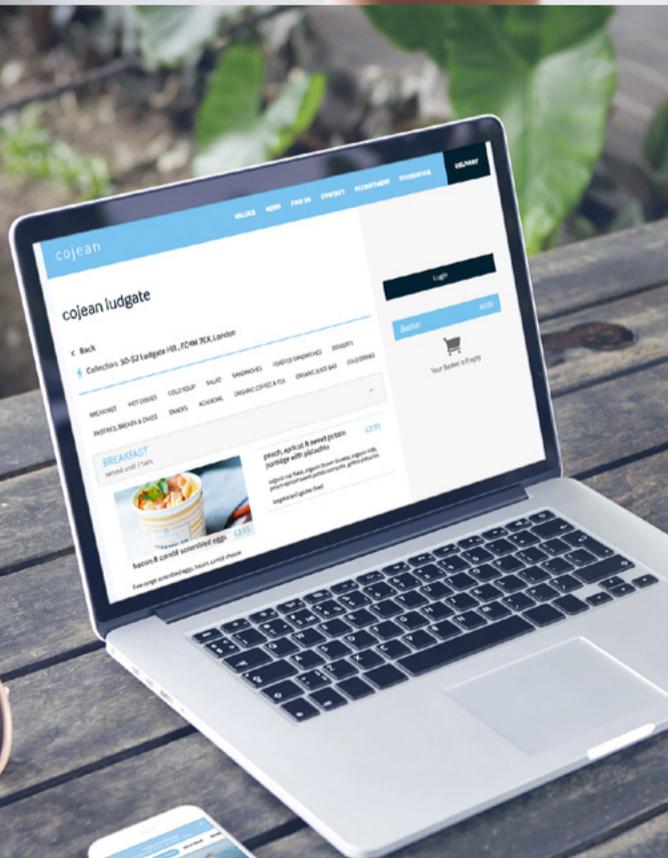
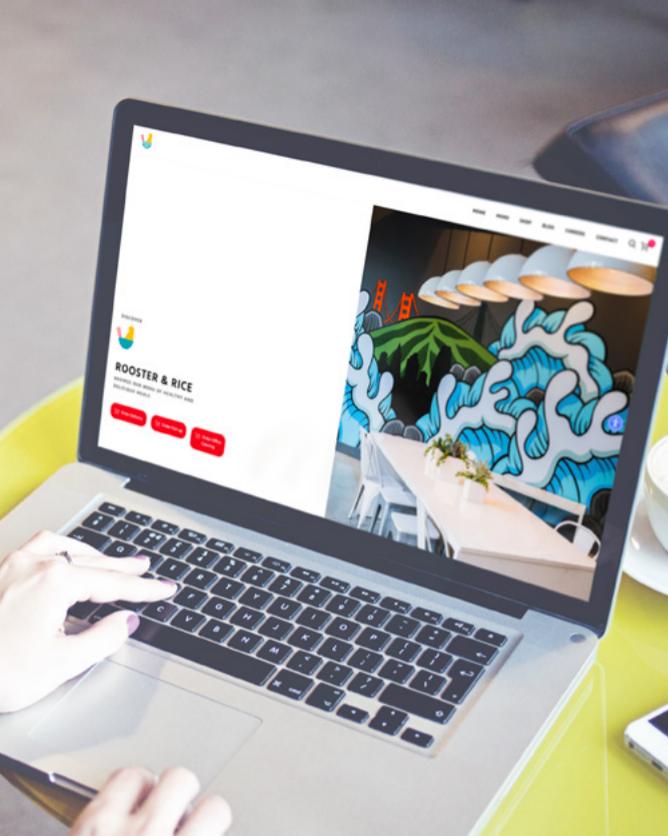
**In my experience, your marketing efforts are crucial to driving customer loyalty. This doesn't have to involve huge spending either. The emphasis should be more on engaging regularly with your customers, building up a solid connection with them and keeping them informed of new offers or any relevant updates.**

**For example, using Facebook to keep your customers up-to-date on offers and telling them about your loyalty initiatives is one simple and effective tactic. We work with a lot of businesses who do this very well. Try to make your posts fun and topical, and use hashtags to help them gain more traction.**

**Our managed marketing services provide restaurants with strategies designed to reach your target audience at the right time. This includes social media marketing, email campaigns, SMS marketing and Google Ads. Using a combination of these can work really well.**



— Grace Coughlan,  
Flipdish B2C  
Marketing Manager



## TECH VS TRADITIONAL CUSTOMER TOUCHPOINTS

The same rules for building customer loyalty apply whether it's a traditional dine-in setting or an online store. Your website is your most powerful digital asset. Think of it as your 'shop front'.

Your app and social media also play an important role in building loyalty, as do review sites such as TripAdvisor, local business listings and your 'Google My Business' profile. All are important customer touchpoints and you need to ensure your customers have a positive experience on each of them.

How each customer uses them can vary from simply checking opening hours to viewing your menu or scrolling through your Facebook feed. **A good experience in any of these scenarios can mean the difference between someone browsing and leaving, and placing an order or booking a table.**

Ordering on your website and app should be a straightforward and positive user experience. People return to experiences they love time and time again — they never go back to frustrating, painful ones. There really is a lot at stake here.

And it's vital to maintain the same high standards through the full lifecycle of a transaction — for example, deliveries being accurate and on time.

# How to build a **CUSTOMER LOYALTY PROGRAM**

## **WHAT IS IT?**

A customer loyalty program is essentially a rewards system that incentivizes members to repeat purchase with exclusive promotions and offers.

Punch cards used by coffee shops are a common and basic offline example, where customers earn a free cup of coffee for every 'X' number of coffees they purchase. **Many more sophisticated customer loyalty programs are digital but generally follow the same principle of rewarding customers who repeat buy.**

**Research from McKinsey & Company** identified digital loyalty programs as one of several key lifelines for restaurants during the COVID-19 crisis. "A strong online ordering presence, **digital loyalty programs** and robust customer relationship management (CRM) systems have been lifelines for restaurants during this crisis, as levels of digital engagement among consumers have soared," it said.

Consumers enjoy the gamification of loyalty programs, whereby they can build up rewards. **Tiered rewards, a sense of progression and exclusivity give customers a rewarding feeling.** Loyalty programs foster a win-win, symbiotic relationship between a restaurant and their customers.

So let's look at the steps involved in building a customer loyalty program in more detail.



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AUTOMATED  
LOYALTY AND  
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BECAUSE  
IT HELPS US  
TO BUILD  
ONLINE ORDER  
FREQUENCY.**

— Jonathan Parkhill,  
Chopped, COO



# 1 SET GOALS AND KEEP IT SIMPLE

Putting clear goals in place is vital for any significant campaign. Make them specific, measurable, achievable, relevant and time-bound (SMART goals). Define your main objective for the scheme. It could be to increase average order values or the frequency of customer visits. Your program can then be tailored to the goal.

For example, if you want to increase customer frequency, offer rewards that encourage routine purchases, such as getting a free meal after every five or 10 orders.

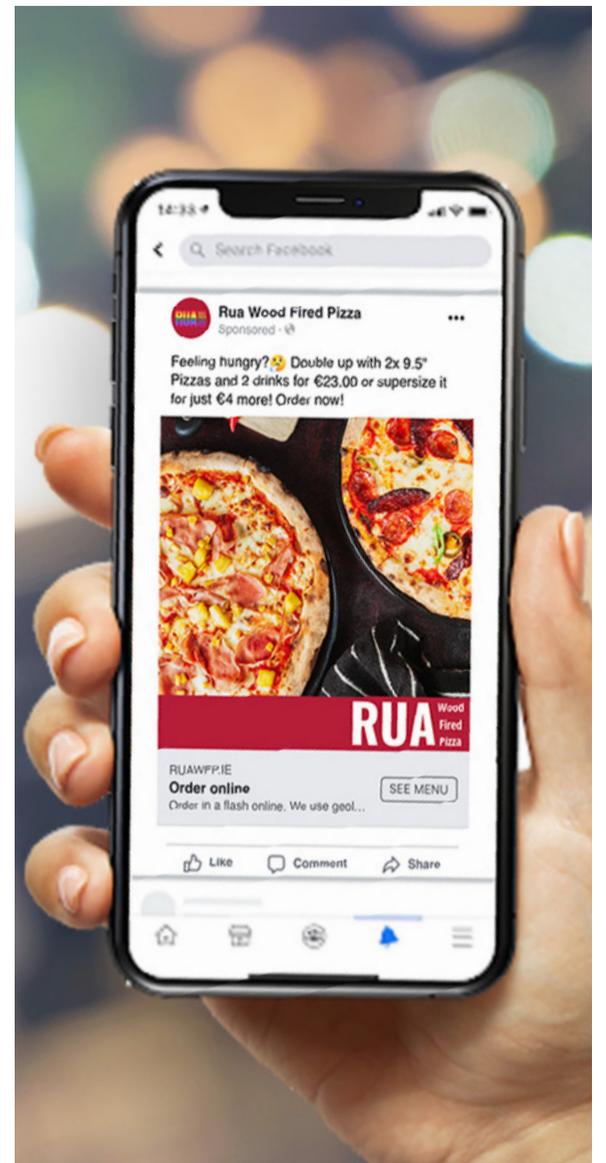
When designing the program, keep it simple, practical and easy for the customer to participate. A positive and enjoyable user experience will keep them engaged with it. People want to be able to track their purchases and anticipate their rewards.

# 2 EMBRACE DIGITAL CHANNELS

Ordering on websites and apps is absolutely the norm nowadays. **Over 70% of customers consider the ability to redeem their rewards on digital and mobile platforms 'important', 'very important' and 'extremely important'.** So it's a case of giving them what they want and demand.

In an attention economy, if you want to guarantee that customers consistently use your loyalty program, it's best to build your loyalty program where their attention is focused — on their smartphone.

**Most customers prefer loyalty programs tied to smartphone apps.** Operating the scheme on your own mobile app means your customers have convenient access to their information, see available rewards and offers, and of course can place orders quickly in just a few taps.



**WITH COVID-19 FORCING MANY HOSPITALITY PREMISES TO CLOSE OR OPERATE TAKEAWAY SERVICES ONLY, DIGITAL CHANNELS ARE OFTEN THE ONLY WAY TO ENGAGE CUSTOMERS ON A CONSISTENT BASIS AND REWARD THEIR LOYALTY.**



**In my opinion, loyalty campaigns from Flipdish give us an advantage from all other online competitors. It's a valuable tool that rewards loyalty for customers of all ages. And it's headache-free for the customer and the restaurant, as Flipdish automatically calculates the loyalty and rewards earned.**

**Loyalty gives our customers something back as a 'thank you' for their custom. Therefore the loyalty promotion is a very powerful tool which, when used smartly, will pay off for you. Our customer loyalty scheme shows our customers that we appreciate their custom and also helps us to build our customer base.**

— Mario Vocella,  
Cafolla's, Owner



## 3 DON'T FORGET OFFLINE

Many restaurants and cafés still operate simple loyalty card programs where orders are recorded manually, and that's still a worthwhile model in certain cases. **The biggest advantage of this system is simplicity.**

You can also promote your digital loyalty program offline with flyers and stickers and by asking your staff to tell customers about it in person in the store or over the phone.

## 4 MAKE IT PERSONAL

Beyond discounts and savings, customers value personalised rewards and experiences, for example a free meal on their birthday. In a [survey](#), over half of respondents said they consider personalised rewards **'very important'** and **'extremely important'** to them.

McKinsey offers the following [advice](#): ***"Engage customers with personalised offers across multiple digital channels. Use customer data to make decisions about merchandising, pricing, and promotions."***

According to restaurant industry analyst [Mary King](#), one of the best perks of digital loyalty programs is their ability to offer customers more complex and personalised rewards. ***"With a digital loyalty program, you can offer rewards timed to seasons, customer preferences or milestones like birthdays and anniversaries,"*** she says.

Incorporating a personal touch into your campaigns can really hit the spot, as it builds a sense of meaningful connection between the business and individual customers. They feel appreciated when they get little bonuses and goodwill gestures. This can be provided in various exciting and unexpected ways, such as gift cards or discounts to mark a special occasion.

# 5 LEVERAGE CUSTOMER DATA

Personalisation is only possible when you have the customer data to support it. This is another reason to maintain control of your own orders and data, rather than losing it to marketplaces. **Customer data stored in your own online ordering system can, and should, drive your marketing campaigns and loyalty programs.** App-based loyalty programs are a rich source of customer insights and data.

## The following are just a few examples of valuable customer data points for restaurants:

- Customer profiles
- Purchase histories
- Number of app downloads
- Number of loyalty scheme sign-ups
- Volume/percentage of in-store, website and app orders
- The type of rewards claimed by a customer
- Frequency of visits/engagements
- Average order value

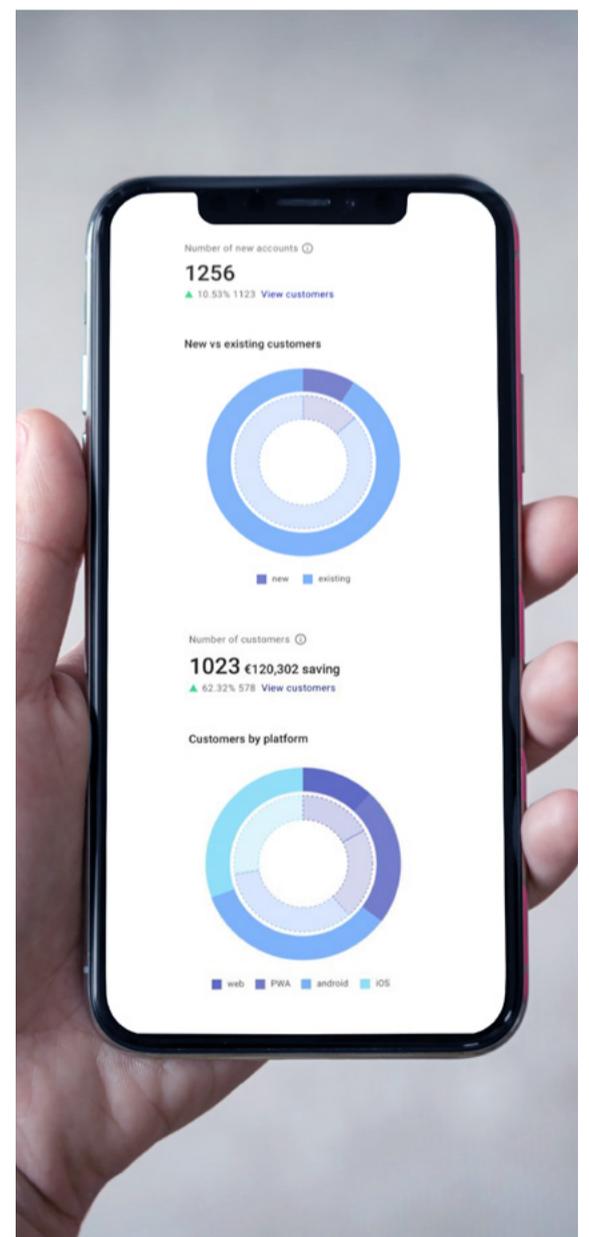
With this information you can segment customers and serve highly relevant offers and discounts. **Constantly collecting this data, and producing reports around sales and customer behaviour, can help you to tweak, iterate and optimise a campaign.**

Data also provides inspiration for future campaigns. You know which promotions work best, based on hard facts and numbers. As the adage goes, **'what gets measured gets managed'**.



**I have a very simple way of rewarding my customers for their loyalty. It's all automatic — for every 10th order they get an 11th free. Therefore it's an incentive for them to come to my business instead of one of my competitors.**

— Stephen Padden,  
Cois Cuain, Owner



# 6

## PROMOTE YOUR CAMPAIGNS

Even if you've designed a fantastic customer loyalty campaign, it's unlikely to reap significant rewards if nobody knows about it. **You need to get the word out, both online and offline.**

Customers can be reached at all times of the day on their smartphones. Marketing emails, social media updates and text messages can be used to alert them to new offers and keep them engaged.

**Push notifications are particularly effective in grabbing their attention.** They have very high open rates compared to other channels, although they should not be overused. The message on all these channels should be kept short and concise, leading with customer benefits and latest offers.

**Influencer marketing** through social media can be another effective tactic. You can engage an influencer with a large and relevant following to post about your business and new deals. You can also give an influencer unique discount codes to share with their followers. Apart from encouraging immediate sales, influencers can boost your profile and brand.

It's always smart to tie promotions to significant times of the year, for example Christmas or summer holidays. You can engage people at a greater level with offers that are particularly topical and relevant at those times.

Use in-store flyers, posters and outdoor display ads to promote your loyalty scheme, as well as the digital ordering options available on your website and app.

“Offering your customers a loyalty scheme definitely keeps them engaged and wanting to order more and more from you. We see that all the time. From my experience, it really helps to highlight your best-selling menu items so they stay top-of-mind for your customers.

US businesses tend to love highlighting specific parts of their menu in customer loyalty programs. A little bit of creativity in this can go a long way too. I always recommend rewarding customer behaviour with special deals such as vouchers or meal deals.



— Waylon Jin,  
Flipdish Customer  
Success Team, US

# CONCLUSION



So, we've covered a lot of different areas around how restaurants and other hospitality businesses can grow customer loyalty. The biggest thing overall is to recognise how important it is — and make it a real priority in your overall business strategy.

We've seen how traditional high-quality customer service is still vital and needs to be given due care and attention. There's still no substitute for a great menu, complemented by friendly, efficient service.

However, given modern tech advances, it's also imperative to embrace digital capabilities as a core component of your offering, especially in the challenging and uncertain environment of COVID-19. Digital ordering solutions and marketing opportunities should be utilised to the greatest extent possible.

Well-crafted loyalty programs are highly rewarding and engaging for customers, and can really drive increased sales on a consistent basis. Following the simple steps and tips we've provided here can keep you on the right track and help your programs succeed — benefiting your business as well as your customers.



**As a chef I'm not your dietitian or your ethicist — I'm in the pleasure business.**

— Anthony Bourdain  
Celebrity chef,  
author and journalist,  
1956—2018



**Online ordering and developing strong customer loyalty are so important for restaurants in the current climate — the research and statistics back that up. Rewarding loyal customers encourages them to stick with your brand rather than ordering from a competitor.**

**A good loyalty offering can also attract new customers, through advertising and word of mouth. Our job on the Customer Success team is really to ensure our customers are happy and successful online. We help them make the most of their online ordering system, equip them with the right tools to market their business online and educate them on best practices around this.**

**When your customers enjoy their experience with your business and are rewarded for their loyalty, both online and offline, they are bound to keep coming back.**



— Chelsea Vaughan,  
Flipdish Customer  
Success Manager



Our platform provides powerful marketing tools that focus on increasing your sales and customer loyalty. Flipdish gives you built-in automated tools that keep your customers ordering frequently, and rewards them for placing regular orders.

Flipdish is easy to set up and use, with all your digital ordering needs covered, including click & collect, delivery and in-store dining options. Website ordering, mobile apps, digital self-service kiosks and table ordering are all integrated into a single online ordering system.

Flipdish is a proven and reliable partner, facilitating millions of orders globally, making it the perfect online ordering solution.