

Compelling Birthday Celebrations at a Profit

Loyalty Improvement Series

PAYTRONIX

The Challenge

Nearly every restaurant today offers a birthday promotion to lure guests in during their birthday month in an effort to attract yet one more visit to the restaurant brand (and away from competing brands). An urban casual-dining chain wanted these benefits and a means for measuring the profitability of the program while reducing fraud.

The Promotion

Set as an automated promotion scheduled to run on the first of each month, the Paytronix software selects those members who are qualified to receive the birthday offer. Qualification requires all birthday recipients to have spent a minimum level in the prior nine months. By adding a qualification rule to its birthday program, the chain maintains a layer of defense against fraud and ensures profitability across both infrequent and frequent visitors despite the richness of the offer.

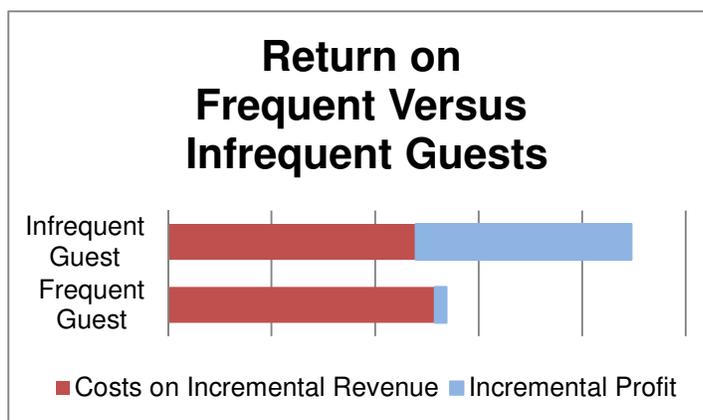
Once the target audience is identified, the system places reward dollars on the targeted members' accounts. Before the end of the month, members can spend their birthday reward dollars on any menu item they choose. If the offer is not used within the month, the reward dollars are automatically removed from the accounts when the promotion expires.

The Results and Financial Return

When analyzing the results of this campaign, we discovered that 53% of the targeted guests came in to redeem their reward. During the period, the targeted population had an increase of 28% in the number of guests who visited. The analysis identified two distinct groups of responders: Infrequent Guests and Frequent Guests.

Infrequent Guests, those who visited less than one time over the quarter leading up to the promotion, showed that the birthday reward produced an incremental visit. With each of these incremental visits, the restaurateur gained about \$20 in profit. This guest segment seemed to have recognized the birthday offer as an opportunity to celebrate their birthday with friends and family, which drove up the value of the birthday-month visit.

For the Frequent Guest group, we found a slight increase of visit rate but, more important, an 82% increase in the guest check. While this promotion did not create an incremental visit



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from the segment of guests who were already averaging more than 20 visits per year, it was received as a nice thank-you for their patronage and provided a reason to invite friends to celebrate their birthday with them. The restaurant chain was excited not only that this group had a positive ROI, but also that this promotion had a strong impact on their guest satisfaction and retention rate.

Another learning from the analysis of this case was in the comparison of the birthday email open rate to that of the Eat-ThruSM Statistics. The Eat-ThruSM Statistics demonstrated that 53% of targeted guests visited to redeem their reward. The open rate of the email showed that 42% of guests read the email. This suggests that open rate may not always be the most accurate measure of whether or not guests are being reached by messages because many guests act based on a subject line or the text portion of the email, without downloading the full email.

This case study shows that a small twist on a traditional promotion can yield positive results.

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