

For Immediate Release

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WALTHAM, MA – July 30, 2010 – Paytronix Systems, Inc. just released the results of its analysis on determining optimal loyalty-program profitability.

The paper, titled “Optimizing Your Loyalty Program Return,” delves into the interrelationship between reward levels, visits, spend, and membership participation. By creating a mathematical model based upon actual client data, Paytronix reveals profitable loyalty-program reward zones for successful restaurants.

“Many of our customers have asked if there is an optimal setting for a loyalty program’s rewards structure,” said Andrew Robbins, president of Paytronix Systems, Inc. Our findings indicate that there is a range of settings that is a function of the restaurant’s variable cost structure. I’m excited to publish this paper. This analysis will help our clients set reward levels that make the most sense for their unique restaurant groups. We hope it encourages others in the industry to share loyalty-program profitability metrics. ”

Paper abstract:

There are several factors that contribute to program return, including perceived reward value, buy-more rate, visit rate, member acquisition, and costs. Paytronix created a model that incorporates these influencing factors, basing it on client data. With this model, inputting a variable cost rate derives a reward-optimization curve that predicts the impact that changes in reward levels will have on program return.

Paytronix recommends targeting a zone that promises between 80% and 100% of the program benefits for a core loyalty program, while leaving room to enrich offers during short-term promotions. As an example, a restaurant with a variable cost rate of 40% should set its core loyalty-program reward level at between 11% and 18%.

Profitable Reward Zones

If Your Variable Cost Rate Is:	Your Core Loyalty Optimal Reward Range Is:		Your Maximum Recommended Reward Level Is:
Variable Cost Rate	80% Return	100% Return	80% Return
40%	11.0%	to 18.0%	26.0%
45%	9.5%	to 16.0%	23.0%
50%	8.5%	to 13.5%	19.5%
55%	7.0%	to 11.5%	16.0%
60%	6.0%	to 9.5%	13.0%

To download this white paper, please visit http://www.paytronix.com/LIS_Articles/WP_Optimizing_ROI.pdf

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About Andrew Robbins

Robbins is the visionary behind Paytronix Systems, Inc., a 9-year old software-as-a-service firm located in Waltham, MA. His scientific approach to software development, database management, and problem solving is founded on both his education and depth of technical experience. High-level engineering roles with General Electric and Caradon Doors, combined with a BS and MS in mechanical engineering and an MBA from the Harvard Business School, back Robbins' detailed and systematic approach to developing the technology behind loyalty and gift card programs.

About Paytronix

Paytronix is a leading provider of loyalty, gift, and email solutions. Its unique platform is the most versatile in the industry, enabling restaurants to drive measureable revenue increases. Through its innovative software design and integrations with widely used restaurant POS systems, Paytronix empowers its clients with the greatest amount of flexibility to build unique, brand-enhancing programs. Paytronix is a proud member and supporter of the National Restaurant Association. For more information about Paytronix, visit www.paytronix.com.