

# Ingredients to Build Repeat Business – Part 2



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Now that you have the basics as to why you should create a customer loyalty program in your restaurant, I want to help you do it (see last month's issue of SMART Systems *Insider* for the why).

In this issue I am going to lay out for you the components that make up a good loyalty system and how you can go about putting those things in place.

The key to a customer loyalty program is the collection of your customers' information. Start by having each customer fill out a profile (including their name, address, phone, e-mail address, birthday, anniversary, and any other information you think you might need in the future, such as number of kids in the family or their birthdays).

If you're using something such as the loyalty program I offer to restaurant owners, RepeatRewards®, after you collect this key information from your customers, you'll give them a membership card and ask them to use it with every purchase. You should also supply them with some sort of description of your program and the kinds of rewards they can earn.

Next take this demographic information and enter it into a database, along with the unique identifier you've given them. Every time the customer makes a purchase, their unique ID is added to the transaction. Transactions are stored in the database along with the demographics.

## What exactly you need to do

Once you begin tracking purchases, you can start to analyze behavior and formulate a marketing strategy. Perhaps you'll want to mail rewards to your best customers after they achieve a pre-determined purchase volume. Every restaurant environment is different, and what reward plan works in one may not work in another. But the fundamentals are the same across all venues, whether you are fast-casual, up-scale dining, or quick-serve.

A typical loyalty program is based on a 5 percent payback platform. For example, for every \$100 your customer spends, you will mail them a \$5 reward certificate which can be used like cash on their next purchase. Or instead of cash, give them a free appetizer or dessert when they make their next purchase. Perceived value is everything: the price of the dessert listed on your menu is not your "out-of-pocket" expense, yet your customer will feel rewarded with your generous offer.

You can tailor the percentage, the spending threshold, or the reward according to your own business model. What is important to remember is to reward your customers for their dining behavior and drive them back to your establishment to make more purchases. It is a well known fact that loyal customers spend more money each time they dine and they dine more often. Each time a loyal customer comes into your restaurant, you and your wait staff are given an opportunity to "cross-sell" or "up-sell" them — introduce them to new menu items or encourage them to try a different meal — or push your "specials." These factors will drive incremental sales and that's when your profitability takes off.

Something I recommend is adding some "soft benefits" to your program. Sometimes, cash or gifts aren't enough.

Since these customers are your best customers, offer them something special. A special "hotline" to make reservations or place take-out orders, free parking, advance and/or exclusive notice of special events, and free menu samples are all excellent examples of benefits that will make them feel special and maintain their loyalty.

According to Jill Griffin in her book *Customer Loyalty*, you need to (1) develop a marketing strategy that targets new prospects and retains existing customers; (2) follow-up with all customers who haven't dined for a specified period of time; (3) build a database and collect detailed purchase information about them; and (4) treat all customers as individuals. In addition, always thank them for their business. Reward them every time they make a purchase. Each time you communicate with them, target offers that will be meaningful and relevant.

Sounds easy, doesn't it? For the most part it is, but you still have to be active in your pursuit of these customers. You have to make sure all of your regular customers are enrolled in the program and understand the benefits of dining with you regularly.



**Elliot B. Eskin** is the President/CEO of Pro/Phase Marketing, Inc., a database marketing services company, specializing in customer loyalty programs. Its RepeatRewards® program is aimed at helping smaller, independently-owned restaurants offer their own customer loyalty program to their best customers and capture vital transactional information. It is affordable and easy-to-use. Visit [www.RepeatRewards.com](http://www.RepeatRewards.com) for more information or e-mail [elliott.eskin@ppmi.com](mailto:elliott.eskin@ppmi.com).