



The More You Know

Fast-casual pizza chain updates loyalty efforts

by KAREN M. KROLL

When consumers shop online or via mobile devices, retailers and restaurateurs can use technology to review their browsing history and purchases and suggest additional products likely to appeal to them. Businesses can also use technology to automatically send promotions and emails tailored to online and mobile customers' browsing and buying habits.

Engaging customers in such targeted ways in bricks-and-mortar settings can be more difficult, often relying on sales associates working one-on-one with

customers. During busy times, that's not always possible; even when it's not busy, some customers prefer to browse on their own.

Fast-casual pizza chain Pieology is working with Punchh to stay in touch with customers and learn from — and about — them. Punchh's restaurant marketing cloud helps restaurants engage customers across multiple channels, predict their behavior and boost sales through tailored marketing campaigns.

"We're trying to reward loyalty and thank our loyal consumer base," says

Carl Chang, founder and CEO of Rancho Santa Margarita, Calif.-based Pieology, which has 150 locations nationwide.

"Getting feedback from your customer base is important," Chang says. "We do it to improve ourselves and stay relevant."

'UPENDING' MARKETING

"We want to upend traditional marketing," says Shyam Rao, co-founder and CEO of Punchh. Many retailers and restaurants have no easy way to identify each customer who walks into their stores, which makes it difficult to



tailor offers or promotions to provide exceptional customer service. “Marketing is broken,” he says, adding that it’s often manual and lacks personalization.

Punchh works with more than 75 restaurant brands that collectively boast 13,000 locations across the globe that complete more than 1 million transactions daily. The company typically works with chains with at least 20 locations, charging a one-time setup fee and a monthly cost per location that varies depending on the number of modules used.

Punchh’s systems also can scale and are designed to be easy to administer. Both will be critical attributes as Pieology grows.

The level of sophistication and responsiveness from the Punchh team and its IT group also played into Pieology’s decision to work with them, Chang says. “We’re relying on them to stay relevant as new technologies evolve.”

Sastry Penumarthy, Punchh’s co-founder and vice president of marketing and partnerships, notes that many companies known for their ability to engage and

upsell customers, whether online or in physical stores, employ hundreds — sometimes thousands — of employees in their IT departments. Moreover, these firms typically spend years developing the programs that enable them to personally interact with their customers.

Just a handful of firms can invest that amount of money or time to create marketing and loyalty solutions. Punchh’s solution usually can be implemented within three months and require little administration, although Rao says most companies dedicate about half a full-time employee’s time.

Punchh specializes in marketing “from the inside out,” Rao says: Rather than hanging a banner outside a store or using search engine optimization tools — what he calls “outside in” marketing — Punchh focuses on helping brands identify, learn about and engage consumers already in the store. This consists of three elements: engaging customers, predicting their behavior so the restaurant can define the right offer at the right moment and automatically executing marketing programs.

All programs are opt-in, and the restaurant owns all data it collects; Punchh doesn’t own or share it.

ENGAGEMENT

Punchh offer a range of loyalty solutions; they can be based on visits, points or other measures. Clients can target individual guests or customer segments — say, all those who order pizza for lunch — with tailored offers and promotions using coupons and promo codes.

Promotions are instantly available through Punchh’s cloud, so marketing doesn’t have to try to wriggle its way onto IT’s schedule, and are tied to individual customers. That offers two benefits: The restaurant can learn more about each consumer; it also reduces fraud by making it more difficult for coupons or promotions to be used by customers for whom they weren’t intended.

Punchh also offers a referral app and a review system through which customers can provide feedback through emojis and text.

Most retailers also want some way to determine what their customers will likely purchase in the future. Punchh's recency, frequency and monetary analysis allows them to predict customer behavior and define the right offer. For example, if data shows a consumer comes in frequently but tends to be a low spender, they are likely a candidate for upselling. Conversely, a big-spending customer who hasn't been into a restaurant for 60-some days may be receptive to an offer designed to lure them back to the restaurant.

The analysis is a subset of Punchh's 360° Insights tool, which breaks down aggregate sale information. Punchh automatically gathers and updates data from a range of internal systems, including point-of-sale and loyalty programs.

For instance, if sales data shows fried rice is a big seller, it would appear logical to devote marketing resources to fried rice. However, the system might reveal that the restaurant's most

loyal customers aren't big purchasers of fried rice; instead, it tends to be purchased by occasional customers. Appealing to loyal customers will require a different approach.

EXECUTION

Once restaurants understand their customers, Punchh can help them execute marketing and promotional campaigns tailored to each guest. These can be based on, for instance, visit frequency, spending in total or per visit, menu items purchased and the channel used to connect with the restaurant.

Say a customer typically comes in on Fridays for dinner. The restaurant can send an offer good for lunch, for earlier in the week. "Understanding that customer is incredibly valuable," Rao says.

Customers can activate the offers in a variety of ways: They can use the app, provide a phone number or have their phone scanned by an employee.

Pieology's implementation team has included employees from IT, operations, store leaders and the franchise leadership council, among others, Chang says.

Implementations are completed remotely, which reins in costs and time needed. Other than training sales associates on redeeming awards, the system is fairly self-explanatory.

Once implemented, Punchh says its solutions can boost the frequency of customer visits by 25-48 percent. The average check size also jumps between 10 and 20 percent.

Punchh enables brands to "future proof" themselves," Rao says. "We know with certainty that technology is going to change."

"We take loyalty seriously," Chang says. "We continue to build consumer loyalty and brand awareness." **STORES**

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