

Personalization and loyalty tips from Chipotle, Sweetgreen, and Starbucks

Article

Retailers can learn a lot from quick-service restaurants in delivering a satisfying customer experience. Chipotle leverages first-party data for more personalized and predictive offers,

while Sweetgreen experiments with new formats and technologies to provide a more omnichannel experience. Plus, Starbucks has proven that brand loyalty can go a long way even when making changes.

1. Leverage first-party data to drive personalization

Last year, 60% of **Chipotle's rewards program promotions were personalized**, CEO Brian Niccol said on a February 2023 earnings call.

This year, Chipotle launched its Freepotle program, which offers each rewards member 10 personalized free rewards throughout the year, including free guacamole, beverages, or chips.

Not only has this program helped drive new membership, it also provides Chipotle with valuable customer data that can be used for even more personalized offers.

“[We are] taking all the analytics and the insights that we are seeing and figuring out how we commercialize those learnings in a way that's very personalized for the individual,” said Niccol on a recent earnings call. “So a simple example, the suggestive sell: When you get ready to check out, if we know historically you buy a Mexican Coke [with your order] and we don't see a Mexican Coke in your basket, the suggestive sell will be a Mexican Coke.”

Looking ahead, Chipotle wants to personalize the entire customer journey. “How do we do this throughout the user experience, from the moment you enter, [throughout] your ordering process, the moment you're trying to pay, and on your way out?”

The takeaway: Brands and retailers should use their loyalty programs as a data collection tool, testing out what customers do and don't like, and using that to fuel further personalization.

2. Don't be afraid to experiment with new formats

Sweetgreen is using automation and technology to help provide a more **omnichannel experience**.

In May, **the salad chain opened its first automated location, Infinite Kitchen**, in Naperville, Illinois, which will not only help the company cut down on labor costs but also improve the customer experience inside the store, according to CNBC.

Customers order using one of five tablets set up in the middle of the store or by placing an order on the Sweetgreen app. Unlike normal Sweetgreen locations, customers won't have to wait 10 to 15 minutes for mobile orders to be ready.

The store also features a large digital menu board, which displays recommendations for new customers, helping them navigate through Sweetgreens' extensive offerings. An employee is also around to help.

Sweetgreen has also opened its first order ahead, drive-up format, where customers can place their order through the app or website and then pick it up using the "sweetlane" drive-thru. This is in addition to the traditional dine-in and pick-up options.

In September, the restaurant chain also **opened its loyalty program to in-store rewards**, which account for nearly 50% of sales, per Restaurant Business Online.

The takeaway: Give your customers what they want by leaning into the channels and formats they want to interact with. New technology can help streamline operations, but don't forget about the importance of a human touch.

3. True loyalty endures

Often lauded as one of the best **loyalty** programs, Starbucks Rewards boasts 75 million members worldwide, according to the company.

But US customers' loyalty was put to the test when **Starbucks announced it would make some changes to its loyalty program** late last year, raising the point threshold for some rewards and lowering it for others.

While there was **initial outcry** over the changes, Starbucks increased its rewards membership in the US by 15% in the quarter ending June 30, 2023 to reach 31.4 million members.

"Another proof point of our continued demand is the ongoing success of our Starbucks Rewards program, which ended the quarter achieving records on many fronts, a record number of active members, spend per member, and total member spend," said Rachel Ruggeri, executive vice president and CFO, in a Q3 earnings call.

In addition, Starbucks Rewards members drove 57% of tender for the second consecutive quarter, up 3 percentage points from the prior year, according to CEO Laxman Narasimhan.

“Let me just highlight something about our loyal customers: ... Our active Starbucks Rewards members ... come in more frequently, they buy more. And interestingly enough ... we actually see [them buying] our largest sizes over our smaller sizes,” said Narasimhan.

The takeaway: A strong foundation of trust can go a long way, especially when brands need to make changes. Investing in your customers can be more than just a loyalty play—it can boost the bottom line.

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