

# Restaurants double down on loyalty programs to retain customers, maximize revenues

Article

**The news:** CKE, the parent company of fast-food chains **Hardee's** and **Carl's Jr.**, is the latest restaurant company to launch a loyalty program, per Restaurant Dive.

- **IHOP's** loyalty program is scheduled to go live in April, although customers can sign up early for extra rewards, per the company's website.
- **Quiznos** also announced a revamp of its rewards program, "Toasty Points."

**The trend continues:** More restaurant chains are turning to loyalty programs to boost customer acquisition and encourage existing consumers to up their spending.

- In its first six months, **McDonald's** US loyalty program enrolled **30 million members**, more than two-thirds of whom were actively earning rewards, president **Chris Kempczinski** said on the company's Q4 2021 earnings call. The fast-food brand has seen a 10% increase in digital customer frequency since launching the program.
- **57%** of restaurants offer rewards and loyalty programs, while **41%** of consumers say loyalty programs encourage them to buy from restaurants, per Paytronix and PYMNTS' 2022 Restaurant Friction Index.

**The benefits of loyalty:** Loyalty programs allow restaurant chains to track information such as what items customers purchase and which locations they frequent, as well as what time of day they visit. This information can be used to offer targeted promotions and rewards to increase retention, visits, and order size.

- As food costs increase, restaurants can incentivize signups by offering lower prices or exclusive coupons to members. On average, prices that members see when ordering through loyalty programs are 3.8% lower, per PYMNTS and Paytronix.
- By encouraging people to order through dedicated apps instead of third-party delivery services, restaurants can avoid paying extra fees and commission, which enables them to offer extra benefits to customers.

## Loyalty Program Features that US Adults Like to Experience, April 2021

% of respondents



Note: ages 18+  
Source: YouGov, May 3, 2021

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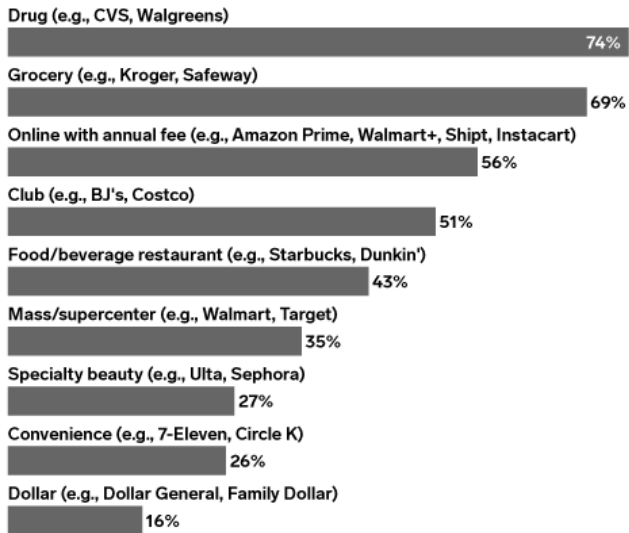
**Subscription-based loyalty:** Subscriptions are another tactic that restaurants can layer onto existing loyalty programs to capture additional revenues from consumers.

- Having various tiers of loyalty allows restaurants to identify their most passionate customer base, and maximize their engagement (and spending).
- **Taco Bell** said that subscribers to its Taco Lover's Pass are three times more likely to visit Taco Bell monthly. Since launching the program nationwide in January, Taco Bell's loyalty membership has grown by 20%, per Restaurant Dive.

**The big picture:** "Loyalty programs increase retention and customer spend, and capture valuable marketing data," said **Patty Soltis**, eMarketer principal analyst at Insider Intelligence. "They also create a community for the customer, and that builds advocacy for the brand."

## Shopper Loyalty Card/Rewards Memberships Among US Adults, Q1 2021

% of respondents



Note: ages 18+ who have a shopper loyalty/rewards membership  
Source: IRI, "Consumer Connect: Loyalty Snapshot Q1 2021," March 16, 2021

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