

A close-up photograph of a martini glass filled with a clear liquid and two olives. A wedge of citrus fruit is perched on the rim. The glass sits on a dark bar counter. The background is a blurred bar scene with warm, colorful lights.

**The Bar &
Restaurant's
Guide** to
Customer
Loyalty
Programs

Are you a bar/restaurant owner or manager looking for ways to retain customers, expand your customer base, boost referrals and increase revenue?

If so, you've come to the right place! This guide strives to answer every question you might have about how a loyalty program can help improve your customer experience and take your business to the next level.

But first, let's start with why customer loyalty is so important for your business in the first place ...

Perhaps one of the most astounding statistics in customer loyalty that just a 5% increase in customer retention can result in anywhere from a 25% to 95% increase in profits.

And considering that acquiring new customers is five times more expensive than retaining existing ones, and repeat customers tend to spend 67% more than new ones, it's a no-brainer where you should be focusing your efforts.

So with those stats in mind, let's dive in ...

The topics we'll cover in this guide are:

- What a customer loyalty program means in today's world
- The benefits of digital loyalty programs for bars and restaurants
- Tips for creating a successful loyalty program offer
- Different ways to structure your loyalty program
- How to transition from paper punch cards to a digital loyalty app





So, what is a customer loyalty program **in today's world?**

For bars and restaurants, a customer loyalty program is essentially any system that rewards its patrons for continuing to dine/drink at that establishment.

Originally, the standard rewards program in bars and restaurants was the paper punch-card, where every time you bought a meal, drink or item, the staff member punched a hole in your card and upon 9 stamps, you would receive some kind of discount or free item off the menu on your 10th visit (for example).

While this 'Buy X, Get Y Free' kind of method is still incredibly effective, the way it operates has changed rapidly with the rise of the digital era. The paper punch-card system has now almost become defunct.

This is mainly due to two reasons ...

1. Inability to **capture customer data**

Now more than ever, businesses need to capture information about their customers in order to help understand them. Having details of a customer's visitation frequency, spending patterns, demographics, and contact information, is an incredible opportunity for a business to market more effectively to that customer (but more info on this later!)

Paper punch cards are not capable of capturing this type of information.

2. **Consumer preferences** and demands have changed

A quick look around will make you realise just how attached we are to mobile devices these days and, let's be honest, most of us depend on them for nearly every aspect of our lives.

So, why should your customers still be expected to carry around paper punch-cards, when they can do almost everything else digitally?

... they shouldn't!





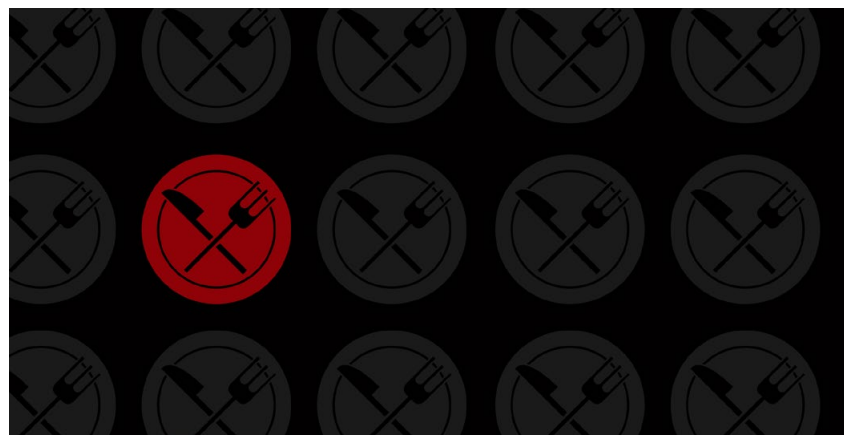
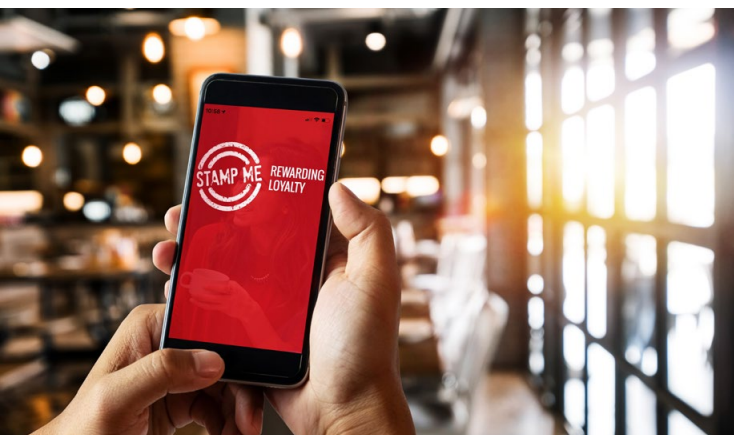
How a
**Digital Loyalty
Program**
Can Benefit
**Bars &
Restaurants**



They give your brand a **point of difference**

While dining out is a large part of many people's lives (**more than half of diners go out to eat more than once a week**), consumers have no shortage of choices when it comes to picking a place to eat and drink.

Your customers need a reason to make your bar or restaurant their regular go-to place, rather than your competitors, and a customer loyalty program is an ideal way to achieve this (great food helps too, of course!).



They help attract **new customers**

Locals who are happy with their ongoing experience in your bar or restaurant are likely to promote your business to their friends, family and co-workers in person and on social media.

And considering that **the number of diners making decisions based on consumer reviews from OpenTable, Yelp and TripAdvisor is 25% higher than those who are turning to professional food critics** and other mediums, it's important that your online reviews are positive.

A whopping **60% of diners read online reviews before going out for a meal**, which is a higher percentage than those who are browsing food photos or even checking directions to restaurants.

So if your existing customers are enjoying occasional free drinks, upgrades or discounts off their meals, why wouldn't they rave about it to everyone, both in person and via social media?

They are a great **communication tool**

When a customer signs up to your loyalty program, they are voluntarily providing you with their details, and they expect to hear from you.

Communication between a business and their loyal customers isn't considered spam, so don't be afraid to regularly (within reason) communicate with your customers. In fact, doing so is vital for keeping customers continuously engaged with your rewards program.

Here are some reasons you might want to communicate with your customers:

- To inform them of special deals and offers
- Remind them of their rewards progress ("Only 2 stamps to go until a free drink!")
- Announce a new product or menu item
- Invite them to special events your bar or restaurant is hosting or involved in
- Wish them a Happy Birthday (you can set up a Birthday Club with our loyalty app)
- Reach out to them if you haven't seen them in a while ("We miss you! Come in for a free starter with your meal!")
- To boost slow days/periods (more info on this below)
- Perhaps just a friendly message to stay at the forefront of their mind – why not just wish them a good day?



Some digital loyalty platforms, like Stamp Me, will provide you with the ability to communicate directly with your customers through Push Notifications and SMS.

The benefit of communicating through Push Notifications and SMS is that **you can deliver the right message, to the right customer, at the right time.** Plus, you don't need to bother creating promotional material such as graphics for emails, signs, posters, etc.



They can help **boost slow periods**

One of the great things about a digital loyalty program is that it can help you boost quiet days and slow periods.

Let's say one of your quietest times is on a Tuesday afternoon. Instead of running a permanent promotion, you could send out a Push Notification message to your loyalty club members on a Tuesday morning saying something like this ...



By offering special deals and discounts during these low-revenue periods, you will encourage customers to come in and take advantage of the rewards.

Of course, you will need to communicate this temporary offer to your staff.

They help you **understand your customers**

As a bar/restaurant owner or manager, you probably already recognise the importance of building a rapport with your customers.

No doubt you're on a first-name basis with some of your regulars, perhaps you pat their dogs when they come in, or ask how their grandmother's birthday was last weekend.

While this excellent customer service is incredibly important for running a successful business, it doesn't help you capture that customer's information. Such as:


- The customer's email address and phone number
- The exact times and dates of their transactions
- How frequently they visit your business

Capturing this information, knowing what to do with it, and using it properly, will vastly improve your marketing efforts and have a dramatically positive impact on your business.



Feel free to ask us more about what to do with your loyalty program data!





What Makes a Successful Loyalty Program?

Here are 5 tips to consider when designing a rewards program for your bar or restaurant





1

Simplicity is key

The best rewards programs are simple and transparent for the customer to understand. “Do X, Get Y”.

In fact, the 2019 Loyalty Report found **that 56% of consumers will choose one program over the other if it is easier to use.**

A good program clearly states what behaviour X is and what the reward is in return.

For example, “Buy 5 Drinks & Get the 6th Free” is incredibly simple and easy to understand, and in turn, it’s incredibly effective.

2

Make your rewards attractive and attainable

If the customer is going to enroll in a loyalty program, it is only fair that your business provides a reward of value in return. It is an unwritten agreement.

It's also important that you don't make the reward too hard to obtain.

Consider the following example:

"Buy 20 Meals & Get One Free Drink"

Do you think this is a good offer?
Is it fair to your loyal customers?

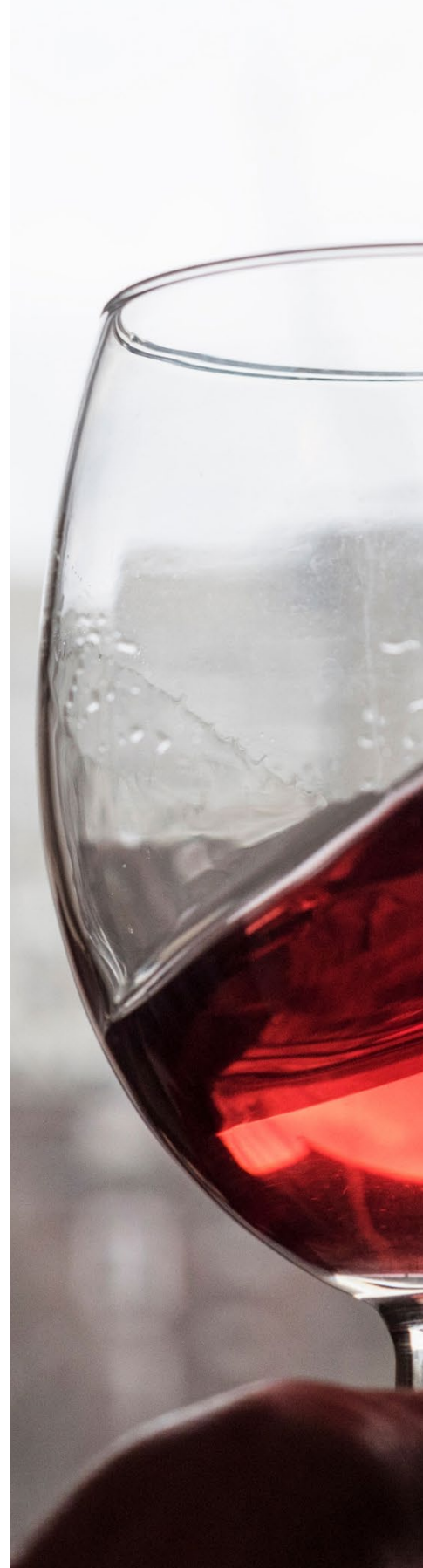
The answer is no. Why? Because the reward is not valuable or tempting enough to justify the customer committing to 20 meals just to receive a single free drink.

A better offer would be, "Buy 7 Drinks & Get the 8th Free".

Alternatively, "Buy 10 Meals & Receive a \$25 Voucher".

See how these offers are more balanced between the commitment the customer needs to make vs. the value of the reward?

The most effective programs are those that are designed to mutually benefit the business and the customer.





3

Start customers off with a win

The best way to entice customers to sign up to your loyalty program is to offer them a reward right away.

At Stamp Me, we've found that **businesses which offer a sign-up reward enjoy 3 times more enrollments than programs which don't.**

Give your customers an immediate incentive to join your rewards program.

For example:

"Join our loyalty program and receive \$5 off your meal!"

This will highly increase the likelihood of customers signing up.

If you're worried you will be taking a loss by giving away a discounted meal ... don't be!

Think about the long-term value of the customer. By enticing them to join your rewards program at the cost of a small discount, you open a huge opportunity to **turn the customer from a one-time visitor into a loyal customer, in which case the initial investment of a \$5 discount is minuscule.**

4

Keep customers engaged

Unfortunately, it's not quite as simple as implementing a digital customer loyalty app into your business and watching your profits rise. As with anything, you only get out what you put in.

In order for a customer loyalty program to work for your bar or restaurant and achieve your desired results, it's extremely important to keep customers engaged.

Once customers have joined, don't assume the work is over. You need to keep them involved with your business.

How to keep customers engaged with your loyalty program:

- Offer Birthday Rewards
- Random rewards such as raffle tickets, competitions, lucky draws and Scratch & Win cards
- Communicating through Push Notifications, email and SMS
- Social media



Stamp Me

Happy Birthday! 🎁 Here's a special treat for you ...

5

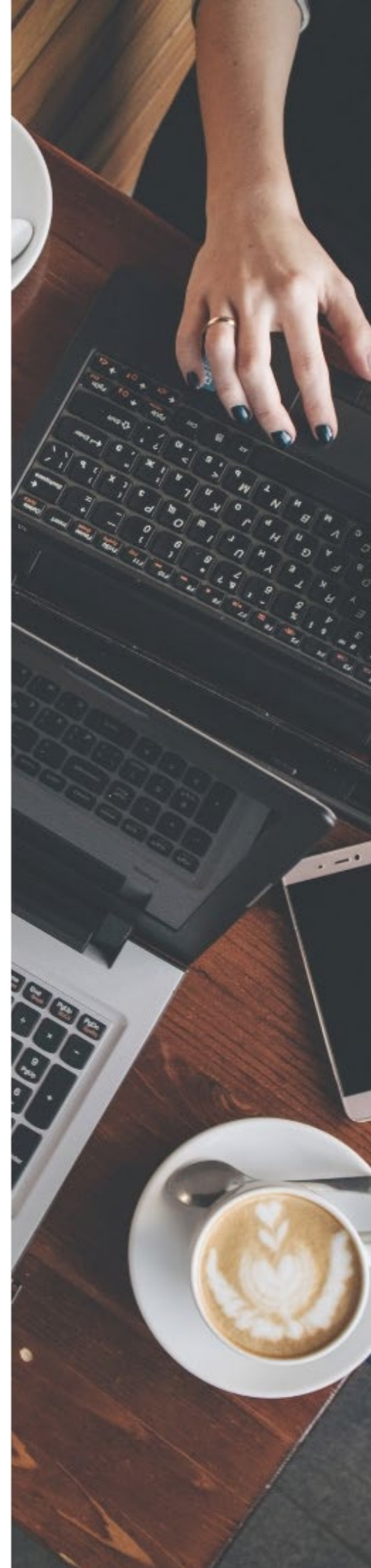
Educate and motivate staff

Your employees are your biggest advocates, and **they are critical to the success of your loyalty program.**

If staff aren't actively promoting and encouraging the rewards program, your customers probably won't use it, or even know about it.

Bond Brand Loyalty's 2016 Loyalty Report found that customers who felt a loyalty program's representatives (i.e. your staff) made them feel special and recognised were nearly 3 times more satisfied with the loyalty program than customers who weren't made to feel this way.

Teach your staff the ins and outs of the loyalty program and make sure they understand the benefits so that when they speak to your customers about it, they aren't reading from a script but genuinely advocating it.



What are the **Different Types of Loyalty Programs?**



Okay, so you're aware of the benefits to be gained from implementing a customer loyalty program – now it's a matter of deciding which kind of system will best suit your bar or restaurant.

Here are the different types to consider:

Visit-based system

This method is extremely common among casual bar restaurants in particular and is generally utilised as the **“Buy 5 and Get the 6th Free”**-type model.

This system rewards the customer based on how often they visit or make a purchase, rather than how much money they spend.

It's spectacularly simple for both the customer and the business owner, and the reward is obvious and easily achievable. Many bars and restaurants already use this system with paper punch cards, so switching to a digital version is easy! But more info on this later.

Example offer: Buy X Pints of Beer and Go Into the Draw to Win a Prize.

Renowned fast-food restaurant Chipotle Mexican Grill had a “Chiptopia” rewards program that was essentially a digital version of the classic paper punch-card. For every four entrees purchased, members could redeem a free one, and they would gradually graduate from “mild” status to “medium”, to “hot” and so on, where the rewards would increase in value.



[Source Chipotle app](#)

Spend-based system

A spend-based system usually works off the premise that once a customer signs up to your loyalty program, they accumulate points based on how much they spend on each purchase.

Once they reach a certain amount of points, they earn a reward.

Example offer: Spend \$50 and get 10% off your next purchase.

US fast-food chain Moe's Southwest Grill uses this spend-based system, and has enjoyed exponential success since its implementation ... although they've taken it to the next level.

Their loyalty program is divided into five categories – fan, karaoke sensation, lead singer, rock idol and rock hall of fame. Customers who are new to the loyalty program enjoy small rewards like the occasional free side as part of their “fan” status.

As you accumulate enough points to get promoted through the ranks from karaoke sensation to lead singer and so on, the rewards get more attractive, until by Rock Hall of Fame status you're getting huge discounts and free merchandise like T-shirts.

This model ensures that new customers still feel appreciated for their business, without alienating the hardcore loyalty members!



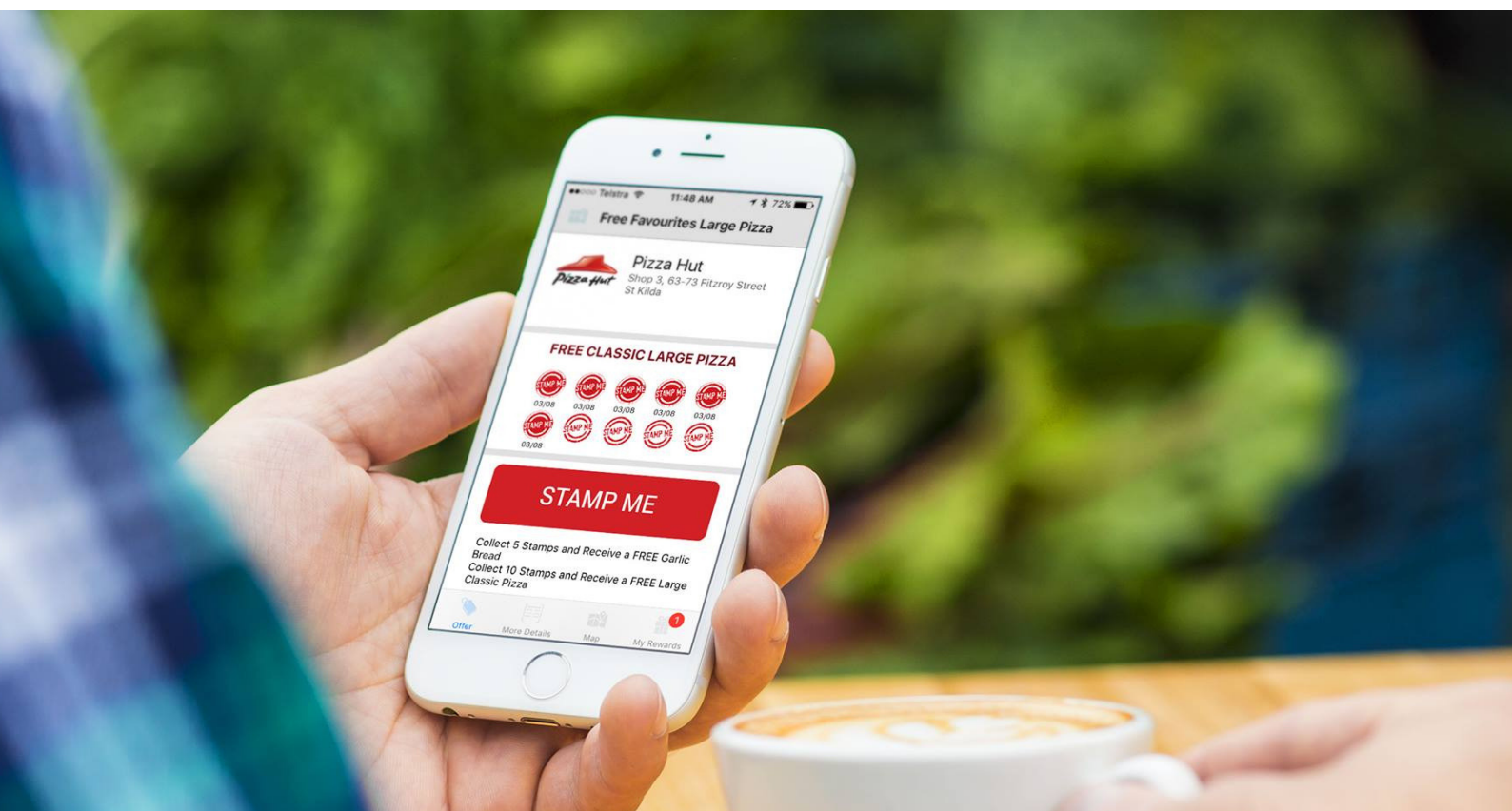
So, how to make
the switch from
paper punch cards
to a **digital loyalty
solution?**



If your bar or restaurant has an existing **customer loyalty program** operating with a paper punch card, you might think the transition from paper to digital will be difficult.

Well, the good news is, it doesn't have to be!

Here are the answers to some commonly asked questions about switching from paper to digital ...



What if customers don't want to switch from paper to digital?

We are living in a digital world and rely on technology for most aspects of our lives. So don't worry, if it makes their lives easier (which it will) your customers are likely to be all for it. In fact, **most will wonder why you hadn't introduced a digital loyalty program sooner.**

However, there may be a small portion of your customers (particularly slightly older retirees) that may be a bit apprehensive about making the switch.

That's one of the many reasons why offering a sign-up reward is a great idea – to **make on-boarding easier and more exciting for the customer.**

If there's something positive in it for them, they're less likely to have a negative opinion of it.

However, if they are really not tech-savvy, or don't own a smartphone, this is fair enough. Therefore, you may want to keep a few paper punch cards around so you can continue to cater to these select few customers.

How do I implement a digital rewards program? Do I need to download any software or integrate the system with my POS?

Some loyalty platform providers may require you to have a tablet or integrate with your POS system, **but not ours!**

Our goal is to make it **as easy as possible** for our merchants to implement a digital rewards program, so that's why we designed our Stamp Mate device to run independently of any other system.

The device works with Bluetooth and NFC technology, so as long as the customer's phone has these capabilities (which most do), they will be able to use it.



There is no complicated installations or software required, the device is linked to your Stamp Me account, and is ready to go as soon as it arrives!

Merchants usually just keep this next to the register.

How do I transfer the customer's stamps from the paper punch card to the app?

If you are using Stamp Me, you can manually apply stamps to your customer accounts through the Stamp Me Dashboard.

Here is what we recommend you do:

Step 1

Instruct the customer to download the app, register their details and join your offer. Be sure to promote your sign-up reward to give them an incentive to do so.

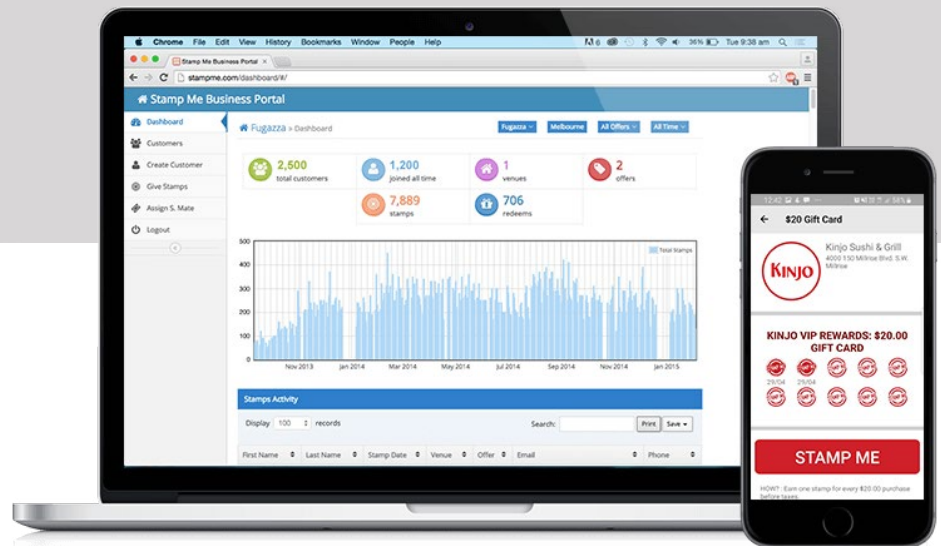


Step 2

Collect the customer's paper punch card and assure them that their stamps will be transferred and applied to their Stamp Me account.



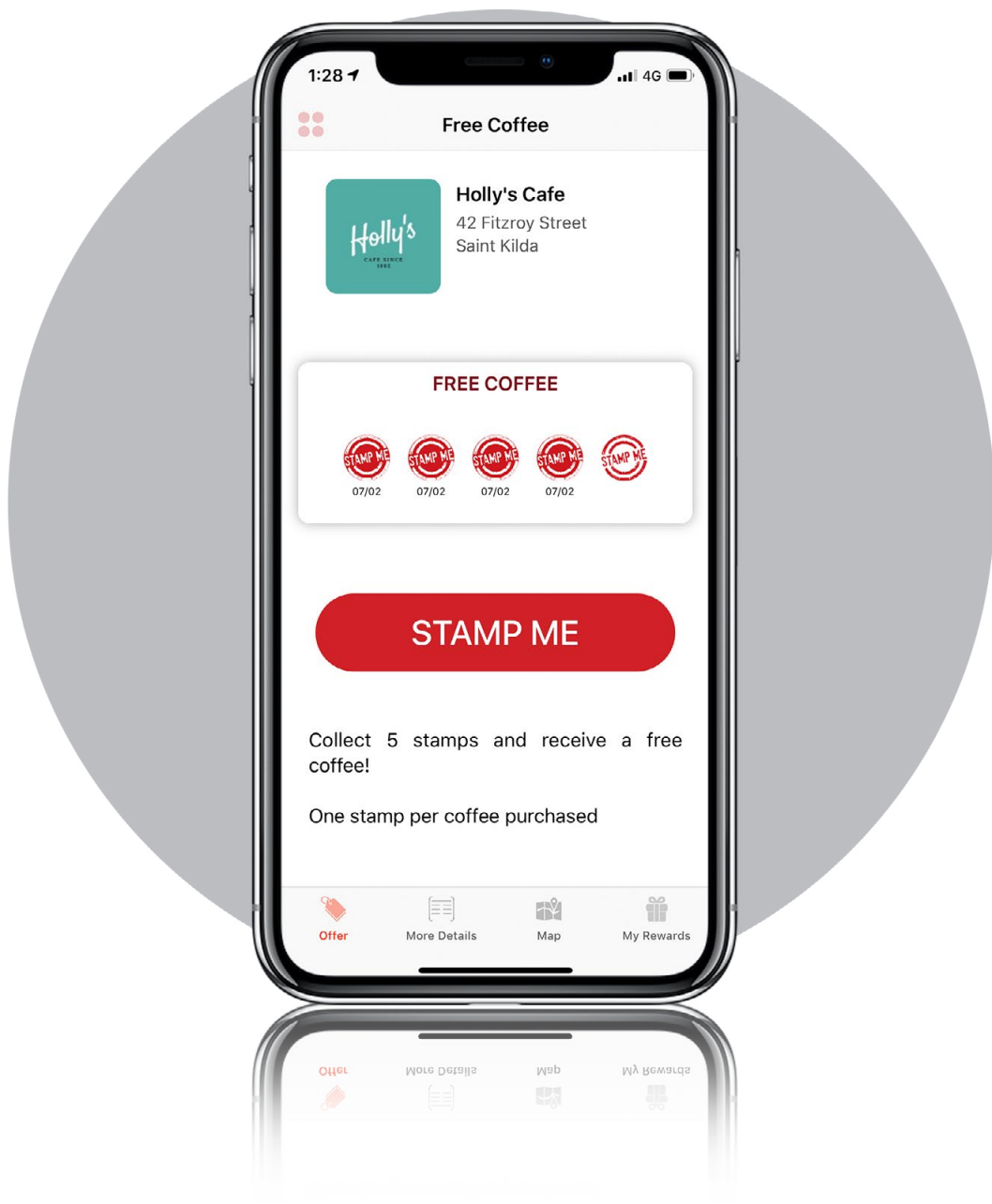
Step 3



Log in to the Stamp Me Dashboard, search the customer's email address, and apply their existing stamps (perhaps this can be done at the end of each day).

Step 4

The next time the customer visits, they will see their existing stamps applied to their account and can continue as they were working their way towards the reward.



... everyone wins!

Ready to grow
your business with
a **digital loyalty**
program?

You can trial our
Customer Loyalty app
free for 30 days!

▶ **Start free trial!**

[View pricing and plans](#)