Key Findings

• Eighty-nine percent of loyalty programs clearly explain their program’s benefits and leaders use collected data to send rewards notifications.

• Restaurants focus their apps for sustaining loyalty, with 30% of brands with programs only offering sign in via their mobile apps.

• Courier loyalty programs like DashPass have launched recently, presenting a threat to restaurant brands’ own programs, but Uber Eats is far ahead of the pack due to syndicated benefits for Uber & Uber Eats customers.

What Brands Should Be Thinking About

• **Targeting Loyalty:** Promote your loyalty capabilities on your sites and apps and use captured data to send targeted messages.

• **App Utility:** Turn your app into a utility that customers want to have by deploying critical loyalty and reordering features.

• **Watch Your Back:** Leading couriers aggressively promote their loyalty programs and could further diminish loyalty to traditional restaurants.

Introduction

With customers increasingly prioritizing relaxation, best-in-class restaurant brands are using loyalty tools to better understand their customers and incentivize easy reorders. Restaurants are ahead of other retailers in loyalty programs, with the highest adoption by leaders of loyalty programs and novel features like loyalty progress on the homescreen. Fifty-nine percent of year-over-year Index brands offer loyalty programs, up 20 percentage points from 2017. Developments now occur more rapidly after the recent launch of programs from Subway, Tim Hortons and Mod Pizza. While transactional benefits are highlighted by customers as loyalty programs’ top values, restaurants must consider how to communicate their programs to customers and remain wary of programs that couriers roll out. Restaurants should prepare for an arms race as tiered programs and new models continue coming to the forefront. Starbucks showcases the benefits of using digital tools to improve loyalty, as it has seen consistent growth in digital sales and share of sales from loyalty members.


Restaurants US: Growth in Starbucks Rewards Membership

2017-2019, Millions of Members and Loyalty Sales Share

<table>
<thead>
<tr>
<th>Year</th>
<th>Members</th>
<th>Sales Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017</td>
<td>13.3M</td>
<td>36%</td>
</tr>
<tr>
<td>FY 2018</td>
<td>15.3M</td>
<td>40%</td>
</tr>
<tr>
<td>Q2 2019*</td>
<td>16.8M</td>
<td>41%</td>
</tr>
</tbody>
</table>

Source: Starbucks Corp Fiscal Q2 2019, April 2019.
*Most recent available data.
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