



News Release

Deloitte Survey: Restaurant Loyalty Programs Need Spice

Only one-third of restaurant patrons feel connected to their favorite brand and its people

NEW YORK, March 31, 2014 – Just one-quarter (25 percent) of consumers consider loyalty programs important when choosing a restaurant, according to a new study from Deloitte, “Second helpings: Building consumer loyalty in the fast service and casual dining restaurant sector.”

One-half (50 percent) of survey respondents said they belong to at least one restaurant program, a much lower rate compared with those of other sectors, such as airlines (78 percent) and hotels (70 percent).

Among consumers who belong to at least one loyalty program, nearly three-quarters (74 percent) indicate that they do not participate in their favorite restaurant’s program, either because they say one is not offered or they are simply not sure whether one is available. But among the other 26 percent who indicate that their favorite restaurant offers a loyalty program, a large majority (87 percent) actually belongs to it, implying a high conversion rate among a restaurant’s best customers.

“Although restaurant loyalty program participation is lagging, the study indicates that consumers do not have an inherent aversion to such programs,” said Scott Rosenberger, principal, Deloitte Consulting LLP and Deloitte’s U.S. Consulting Travel, Hospitality and Leisure Leader. “These programs can drive value if promoted effectively, as a restaurant’s most frequent patrons are more inclined to join that restaurant’s program and use it more than any others. Additionally, we found that those core customers who do belong to their most-visited restaurant’s program are more satisfied customers and stronger brand advocates than those who do not. Restaurants should clearly market these programs to consumers to encourage participation, increase customer visits and strengthen the connection between members and the brand.”

Personal Connections: A Menu for Success

Loyalty programs that complement interactions with restaurant staff and digital engagement are another lever that restaurants can pull to deliver more personalized connections and service that customers crave while increasing brand awareness and affinity.

Only one-third (33 percent) of respondents felt that they had developed a personal relationship with their favorite restaurants’ brand and people. Attributes such as responsiveness and friendliness of staff rank high (5th and 8th out of 23 attributes) in terms of importance to the restaurant experience, and relatively high in terms of repeat patronage (11th and 10th).

While these characteristics rank high, consumers still hesitate to share their experiences about them. Roughly seven in ten (71 percent) survey respondents liked the menu options at their favorite restaurants, but only 42 percent would be willing to serve as brand ambassadors, and 61 percent said that they never or rarely wanted restaurants to contact them for personal feedback.

However, there a number of untapped opportunities for restaurants to engage their patrons in a manner they prefer. About six in 10 (61 percent) consumers indicate they prefer to be contacted via email, while less than half this amount (28 percent) say restaurants actually do so. One half (50 percent) prefer traditional mail, 29 percentage points higher than the number who say they receive it.

Restaurants can also amplify their engagement through mobile channels. Among consumers who have downloaded a mobile application (19 percent), the primary reasons for doing so include viewing restaurant

menu and prices (55 percent), and checking for hours of operation (46 percent). Restaurants can harness these existing activities to make other offerings – such as loyalty programs or promotions – front and center.

“Loyalty programs, mobile platforms and customer outreach, among other approaches, afford restaurants the unintrusive means to understand and connect with customers in ways that matter to them individually,” added Rosenberger. “Blending traditional and digital channels, restaurants can gain insights into customer preferences through each transaction and interaction. Armed with that knowledge, they can make more personalized gestures, such as a free favorite beverage or dessert as a birthday or anniversary present, that help garner goodwill and drive brand affinity.”

Back to Basics

The survey also revealed that it is still critical for restaurants to deliver on the basics. Food taste (1st out of 23 attributes), food safety (2nd), order accuracy (3rd), and price (4th) ranked at the very top for respondents, in terms of importance to the restaurant experience. This suggests that even the most effective loyalty programs will not adequately compensate for an otherwise weak value proposition, even for those customers who regularly use such programs.

However, even when restaurants get the basics right, their customers have plenty of suitors, underscoring the need for improved, personal connections with customers. Only one-fifth (19 percent) of respondents said they spend more than half of their total 30-day restaurant budget at their most frequented restaurants. Furthermore, 43 percent said that they actually spend less than one-quarter of their budget at their favorite restaurant.

For additional information or to download a copy of the study, please visit:

www.deloitte.com/us/RestaurantLoyalty

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About the Survey

The survey was commissioned by Deloitte and conducted online by an independent research organization between November 28 and December 9, 2013. The survey polled 4,093 Fast Service (QSR & Fast Casual) and Casual Dining restaurant customers, based on restaurant visits 30 days prior to taking the survey.

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