Loyalty program provides targeted marketing

By H. Rae Gibbons

When a restaurant creates a feeling of intimacy and belonging for its customers, it possesses a powerful tool to increase repeat business. And in an industry that offers so many choices to diners, repeat business has become essential for many operations to stay afloat. Tim Hager, President of Mediterraneo restaurant in Dallas, Texas, comes from a family of restaurateurs and knows the importance of customer loyalty. He has found that by using an automated loyalty program, he is able to reach his customers even when they’re not in the restaurant, and he is able to market to a more targeted base due to the information the program gives him. The program is Clever Ideas’ CLICK Loyalty program, and Mediterraneo was the first restaurant to get on board.

CLICK, which stands for Customer Loyalty Increased through Customer Knowledge, is a loyalty program where valued members use their existing credit card(s) as their member card. Clever Ideas guarantees users of its CLICK program an increase in repeat customers through communicating with their valued members via e-mailings or postal mailings. The CLICK program was installed at Mediterraneo in the latter part of May 2000, and according to Hager, it was a totally seamless implementation, taking only 24 hours due to its user friendliness.

How the program works

There is no initial fee to the restaurant to begin using the CLICK program. The current pricing scheme is a pay-as-you-go model, and involves two parts: a sign up fee and a fee if the customer comes in for a second visit. The total cost to the restaurant adds up to either $13 per valued member when they sign up with an e-mail address or $16 per valued member when they sign up with a postal address.

Clever Ideas communicates with valued members via electronic and traditional mailings, which include advanced notices of special promotions, a birthday card with some type of gift/reward included and quarterly newsletters with a customized look for each specific operation — 17 points of communication in all. Clever Ideas also offers a Web site where members can log on to a page designed with the same customized look as the newsletters to view information about the restaurant and have access to points they have earned or redeemed.

In the first 12 months of Mediterraneo using the program, according to Hager, they have seen a 31 percent lift in repeat sales. He adds, “Right now the economy has a lot of people concerned and expense account spending is down. This year versus last year, my number of trial customers is off, but the dollars from my repeat customers, which is strictly due to the CLICK program, has more than made up for that. If I weren’t using CLICK, it would have cost me $67,000 in profit this year. With it, I’ve saved that plus added about another $25,000. It’s a retention program, and in a down economy, customer retention is so important. Plus, I have reduced my acquisition budget for marketing, so I’m not out spending money to get new customers in.”

Building repeat business

There is only so much the restaurant staff can do to ensure that the customer feels appreciated during their visit. Hager says that at Mediterraneo “everything possible is done to execute our concept in terms of the quality of food and service while the customer is in the restaurant. Then they leave and we thank them profusely for coming, but that’s it. At that point there is rarely any further communication with the customer.”

So how can a restaurant help put their establishment in the forefront of a customer’s mind when they’re not in the restaurant, but at home, deciding where to dine? Hager wanted some way of tracking his restaurant’s historical information from transactions to find out more about his customer base and to bring them back, which is what led him to...
News Briefs

Fazoli’s selects Trintech’s ReconNET

Trintech Group Plc, a provider of secure electronic payment infrastructure solutions for real world, Internet and wireless environments, announced that Fazoli’s Italian Restaurants has selected the Trintech ReconNET solution for reconciliation and daily depository verification for over 350 of its locations. ReconNET provides business-to-business enterprise reconciliation and treasury platforms that streamline the management of cash deposits, credit card payments and disbursements.

Priceservice releases online service

Priceservice.com Inc. announced that it will unveil its restaurant management service and inventory control system that is designed to lower the cost of goods and overall expenditures, improve inventory control and provide tools to increase sales for restaurants, distributors and producers of restaurant supplies and equipment. Priceservice.com allows any restaurant to view and compare the best available prices of any item that is purchased regularly, submit orders and track them as well as estimate the future demand and cost of food items to be ordered.

MPSI launches LocationXpert for retailers

MPSI Systems Inc., a provider of retail network planning and pricing systems, has introduced its new online retail modeling and demographics product, LocationXpert. The online analysis tool, found at www.locationxpert.com, features demographics and thematic mapping, and it allows the user to pull up dozens of thematic maps and reports in seconds. An analysis can be conducted at any of nine geographic levels including state, county, census block and custom radius, providing a means to find locations for retail business concepts.

Micros selects HSI Canada as Eastern Canada provider

Micros Systems Inc., a provider of information technology solutions for the hospitality industry, has reached an agreement with HSI Canada, a Toronto-based hospitality solutions provider. Under the agreement HSI Canada will now market and service the entire suite of Micros point-of-sale products to restaurants, clubs and other hospitality-related businesses in Eastern Canada.

ChefTec users can download recipe books

Culinary Software Services Inc., provider of back-of-the-house technology for the foodservice industry, has made it possible to download electronic recipe books from the Internet directly into ChefTec. Through the use of ChefTec, recipes can be modified or rescaled depending on the event, and users can lookup recipes based on an ingredient or menu category, or any other ChefTec recipe function. In addition to featured recipe books, there will also be free and sample books available so that users can see recipes before they purchase the full electronic book.
The National Restaurant Association’s 82nd Annual Restaurant, Hotel-Motel Show, the largest gathering of restaurant, foodservice and lodging professionals in the country, opened on Saturday, May 19, with representatives from all walks of the foodservice industry converging at the McCormick Place convention center to view, learn about and sample the industry’s most recent offerings.

This year’s show again included the Technology Pavilion, which featured technology seminars headed by industry experts to educate operators on subjects such as E-Purchasing, HACCP automation, point-of-sale (POS) systems and labor management.

Wireless technology definitely came out as the forerunner in the closest thing there was to a buzz at the Technology Pavilion. The emergence of wireless as a major trend in foodservice technology was evident at many booths, with vendors emphasizing the mobility wireless offers with systems such as handheld POS terminals.

E-Revolution pulls an about-face

The e-Revolution is suffering — from a major marketing face-lift. Dot-coms have recently lost their appeal to the consumer, and companies are struggling to continue to offer the same online applications without touting themselves as a dot-com business. Several companies that exhibited last year removed the dot-com from the end of their company name, and others changed their name altogether to distance themselves from the bad vibes that have recently been associated with dot-coms.

Case in point: Last year’s show guide listed 33 companies under e-commerce services. This year, despite talk of the death of e-commerce, 41 companies were listed under e-commerce services. However, one major difference between the two shows was the absence of dot-coms at this year’s show. Of the 33 listed e-commerce exhibitors at last year’s show, 21 of those were dot-coms. This year only 11 of 41 were listed as dot-coms.

Attendees at last year’s NRA show witnessed the beginnings of the application service provider (ASP) buzz, and attendees at FS/TEC 2000 came face-to-face with the full onslaught of vendors touting themselves as ASPs. At the NRA show’s Technology Pavilion this year, however, (a mere six months later) many vendors still offering an ASP option were distancing themselves by phrasing it as a “hosted option.”

It seems the current condition of the economy has not so much impaired technology vendors, but caused them to re-think their presentation into one that is more practical and easily grasped.

Simply service

The major technology theme at this year’s show can be summed up in one word: simplicity. Many vendors stressed the importance of presenting technology to the restaurant industry in a package that offers solutions that don’t force operators to become technology wizards: solutions that don’t require an extensive technology background or operator involvement for implementation and upkeep.

The other consistency at the show was that vendors were stressing that the consumer is changing: Today’s consumer is one that wants to walk into a restaurant and feel that they are special without feeling overwhelmed. Technology can’t replace a personal touch, but it can offer an operation the means to free-up employees to have the time to offer more personable service.

The special guest speaker, Janet Reno, delivered a speech on Sunday that further emphasized the importance of service by recognizing the restaurant industry’s role in the American dream as one that brings people together through food, atmosphere and service.

Here is some news from the tradeshow floor:
• **Apigent Solutions**, an application service provider to the restaurant, retail and hospitality industries, announced a three-year contract with St. Louis-based Taco Bell franchisee GenXmex for Apigent’s ZEOM.net Web-based operations information service. ZEOM.net’s real-time reporting and problem notification capabilities will enable the Taco Bell franchisee to capture sales, labor and inventory information and receive live video feeds from each location.
• **At-Your-Service Software Inc.**, designer of CostGuard Foodservice Software, announced the release of version 2.40 of their software, which includes a new supplier interface with US Foodservice that imports order guides, updates prices and exports orders. Version 2.40 also interfaces with Catermate and CaterEase products.
• **Radiant Systems Inc.** announced the implementation of its Table Service Solution for Restaurants in the Brooklyn Cafe’ Atlanta. Both Radiant’s Lighthouse Point-of-Sale and their Wave Management System were combined to create one end-to-end solution designed to meet the needs of table service restaurant operators.
• **POS.Com Technologies** announced that the East Coast restaurant chain, That’s Amore’, will roll out POS.Com’s Web-based restaurant management solution to its newest store in Fredericksburg, Va., opening this Summer. This marks the first table-service application for POS.Com’s service. The solution offers multiple layers of

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Loyalty program...

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Clever Ideas. He says, “Today I know every single customer that has been in this restaurant since September of 1999. Their credit card number is used as a unique identifier, and I’ve got an alpha field that’s attached to that credit card number. When the card is swiped for authorization, the name comes out on the guest check, and we capture that information. It has made a world of difference.”

Targeted marketing

Hager offers an example of how the CLICK program enables Mediterranean to market directly to their best customers in a personal manner: At 3:00 a.m. the POS system exports the previous day’s transaction data, to Clever Ideas in Chicago. That information is put into a database, and then the owner/operator can develop reports to analyze customer transactions, even down to the menu item level. Hager says, “If a customer orders a special bottle of wine, I can go back and look at the data. I can then run a report to find out who ordered that particular bottle of wine last year when we received five cases of it.

NRA Show 2001...

Continued from page 3

redundancy in the technology infrastructure and at the store level, without requiring an in-store server.

• **Givex Corp.** announced the launch of three new initiatives to expand the functionality of their gift cards and streamline the gift certificate management process. The new offerings include a frequent user card, a standalone payment terminal and a gift card bundle activation function.

• **VitalLink Business Systems Inc.**, a vertical service provider of Internet-based management tools for restaurants and bars, soft-launched their VitalLink HQ product, which combines VitalLink’s applications, including VitalLink Remote Business Monitoring, VitalLink POS and VitalLink Beverage Tracker, into one succinct service. All data, software and applications for VitalLink HQ are hosted at a remote data-center, which is managed by VitalLink.

• In its tradeshow debut, **Seql Corp.**, a Bloomington, Ind.-based software development company for the restaurant industry, was on-hand to demonstrate their table management product, Restaurant Lynx Information Management System. The system is customizable and integrates with an existing POS to offer a continuous screen view of the tables in the restaurant and the status of each of them.

• **TouchPak** made their NRA debut with the TouchPak system, a broadband, wireless product that combines the functionality of promotions, line management tools, advertising and guest entertainment systems into a single, handheld device. Features include custom content, pre-ordering, guest paging and guest loyalty.

• **Long Range Systems Inc.**, introduced Coaster Call, their new release of the Original Coaster Call guest paging system. The new coasters are sealed with a rubber bumper to resist water damage and breakage due to wear, and have an anti-theft feature to decrease pager loss. The coasters transmit using a UHF frequency.

Companies mentioned in this issue...

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Then if they’re a valued member, I can turn right around and have Clever Ideas send them an e-mail that reads ‘Dear so and so, your favorite wine is again, I’m going to hold a bottle for you. Call me and let me know when you’re coming in to enjoy it.’ That’s target marketing.”

Continued automation

Mediterraneo is field-testing an electronic reservation book (ERB) from ReservationSource Inc., and using it in conjunction with the CLICK program to track valued members. The ERB displays reservations in the same way that a paper reservation book does, but on a 20” touchscreen. The touchscreen looks like a laptop and is located on the hostess stand and connected to a server via a digital subscriber line.

The ERB also has the restaurant’s floor plan displayed on the screen for floor management. Hager says that when a valued member makes a reservation, the ERB screen is flagged to indicate that he/she is a valued member. Through the ERB there is a comment field that can be accessed to find out how many times that customer has been in for lunch or dinner, how much they spent, etc., which is information that Hager feels personalizes the relationship and helps eliminate the “invisible customer.”