

# CASE STUDY

## Loyalty Refinement

Industry: Casual Dining

### Challenge

After launching their points-based rewards loyalty program in a limited test environment, our client, a national casual dining chain, requested our help to validate the success of the test and suggest structural changes, and to ensure proper management tools and evaluation methods were in place to sustain a successful rollout across their entire network.

### Goals

- Provide objective assessment of ROI for pilot program
- Calculate incremental value of loyalty program
- Refine measurement, reporting and communications to keep senior management informed of program results
- Install processes to provide early indications of high risk or low return promotions
- Establish member-level long-term value (LTV)
- Provide early warnings on indications of fraud at individual, store and management levels

### Approach

During the refinement process, Anthem conducted a lifetime value (LTV) and a pre-post analysis to determine the impact of the program and measure its effectiveness. We also delivered ongoing analytics and measurements of the program by creating custom key performance indicators (KPI's) and dashboards to support category measurements.

The lifetime value (LTV) analysis quantified the long term benefits received from members using a variety of variables including visits, check amounts, frequency and re-purchase rates. We incorporated a migration matrix to determine probability of buying in the next period for each combination of frequency and recency in the customer base to support forecasting and promotional planning efforts.

Characteristics Describing Loyalty Members:	
✓	Visit more often
✓	Spend more per visit
✓	More lunchtime visits
✓	More appetizers

**HOW MUCH IS:**  
**Already exhibited by members prior to signup?**  
**OR**  
**Due to program incentives?**

The team executed a thorough pre-post analysis to compute the difference in visit behavior for the same guests by evaluating them six periods before the nationwide launch and the six periods after it was launched.

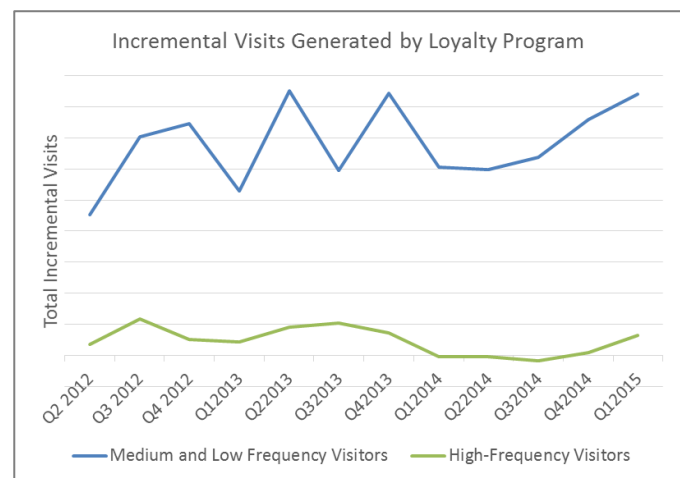
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We also established a deeper understanding of member behavior to help target marketing efforts and developed numerous other analytic processes including, incremental regression co-efficients, additional behavior and demographic segmentation, headroom modeling and lapsed member identification analysis.

## Results

Our refinement process proves to be beneficial to the client's business. We were able to confirm their loyalty program grew customer visits overall, covering program costs. Interestingly, while high frequency visitors generated the most loyalty program sales, they were not always profitable. Some high value customers benefited from loyalty discounts but weren't incented to visit more. Our client began targeting new promotions to particular customer segments, focusing on campaigns that drove traffic profitably. After targeting strategy implemented, incremental net sales increased \$1.7M in the next 6 months.



Anthem continues to provide this casual dining chain with ongoing insight and strategic advisory services to help them sustain the success of their loyalty program through our ongoing involvement in weekly dashboards, executive flash reports and monitoring of offer performance. We have added sophisticated predictive modeling and segmentation to appropriately classify new and existing members and to drive personalized offers based on projected and realized value. We also provide the client with quarterly critical recommendations on targeting lapsed members, developing additional "surprise and delight" rewards, and testing new promotion strategies.

Contact us for more success stories and to see how we can help bring your loyalty program to its full potential.

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### About Anthem Marketing Solutions

Recognized by Inc. Magazine as one of the nation's fastest growing companies, Anthem Marketing Solutions provides data-driven solutions to today's omni-channel marketers, focusing on growing long-term customer value.