

CASE STUDY

Strategic Evaluation of a Loyalty Program

Industry: Casual Dining



Challenge

Our client, a national casual dining chain, needed an objective and holistic assessment of their pilot points-based rewards loyalty program, to determine viability and optimal structure for a national roll out. The client's internal view of the program was fragmented and success measures weren't clearly defined.

Goals

- Determine whether current program drives incremental spend among members
- Identify significant differentiation among member behavior
- Determine whether current offers, costs and incentives are structured correctly to achieve positive ROI
- Examine operational procedures to define opportunities for efficiencies
- Examine patterns that may indicate fraud among employees during selling program/signing up members or guest usage

Approach

To forecast the incremental impact for national launch, we employed Anthem's **Loyalty Assessor™** to examine a multitude of program dimensions including profiling member demographic and transaction behavior, developing segmentation to delineate customer levels of activity and benchmarking against pre-program behavior.

Leveraging years of experience in customer rewards and loyalty strategy analytics, the assessment focused on 6 key areas:

Member Profiles	Created customer-level profiles, identified variables that have potential for segment assignment, align behavior by store
Validate Existing Rewards Structure	Analyzed a multitude of variables including reward discounts, redemptions, offer categorization, visits and for multiple reward redeemers
Verify Level Of Fraud	Isolated cases of employee or consumer fraud based on behavior outliers suggesting potential misuse
Segment Definition	Built a holistic customer view across time; created behavioral classification scheme to describe different degrees of program engagement
Lifetime Value	Measured customer value shifts by comparing pre and post membership behavior and period to period changes
Strategic Advisory	Suggested changes to the program reward structure intended to increase engagement and optimize return; measurement, approach, data enhancement, communication plan and reporting and operational changes

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Results

After evaluating the client's loyalty program with Anthem's **Loyalty Assessor™**, our team affirmed the financial viability of the program based upon recommended rewards structure changes, and recommended moving forward with a national roll out.

Our critical recommendations included:

- Re-structuring rewards thresholds to focus on driving maximum ROI, including replacing core discount offer with high visit generating offers
- Developing targeted communication & tiered offer strategy to focus on providing highly active/highly engaged members with something special beyond typical reward program offerings
- Using incremental value to set effective performance benchmarks
- Leveraging KPI's to continually measure success
- Creating cohesive go-forward channel strategy including web, email and mobile



The restaurant's senior marketing team presented a detailed national launch scenario to its executive team based on our factual and holistic analysis and received funding to launch the rewards program nationally as a critical part of the business going forward.

After applying our **Loyalty Assessor™** recommendations, the program was successfully launched in over 300 restaurants the beginning of the next fiscal year. Anthem's customer insights and analytics efforts continue to support a strong foundation for the evolving program.

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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