**Delivering On Restaurant Rewards,** a PYMNTS and Paytronix collaboration, draws from a survey of a census-balanced panel of 2,089 U.S. consumers about the types of restaurants from which they order, whether they use those restaurants' loyalty and rewards programs and the types of rewards they would like to receive to understand how restaurants can customize their rewards offerings to enhance their businesses.

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# Delivering On Restaurant Rewards

PYMNTS.com | PAYTRONIX


# Table of Contents



Delivering On Restaurant Rewards was done in collaboration with Paytronix, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the following findings, methodology and data analysis.

# Introduction

The COVID-19 pandemic has pushed the restaurant industry to a digital tipping point that shows no signs of reversing. There are 31.6 million consumers in the United States — 15.7 percent of the total — who are dining in restaurants less and ordering food online more often now than they did before the pandemic began. An astounding 82 percent of them plan to keep at least some of their newfound ordering habits even after the health crisis has subsided.

Convincing diners to try new restaurants and then winning their continued loyalty was a challenge even before the pandemic began — but doing so in a digital-first environment is a whole new ballgame. Providing loyalty and rewards benefits can help restaurants entice new customers by rewarding them for their patronage and enhancing their dining experiences, regardless of whether customers choose to dine on-site or order online for home delivery or curbside pickup.

Delivering On Restaurant Rewards, a PYMNTS and Paytronix collaboration, takes a data-driven look at how loyalty and rewards programs can boost restaurants' top-line performance. We surveyed 2,089 U.S. consumers about the types of restaurants from which they order, whether they use those restaurants' loyalty and rewards programs and the types of rewards they would like to receive to understand how restaurants can customize their rewards offerings to enhance their businesses.

**This is what we learned.**

Online food orders for delivery and curbside pickup are growing more central to consumers' dining experiences,

## and so are digital rewards programs.

# **Eighty-six million U.S. restaurant customers now use loyalty and rewards programs,** and 44.2 million more might use them if the restaurants they order from offered them.

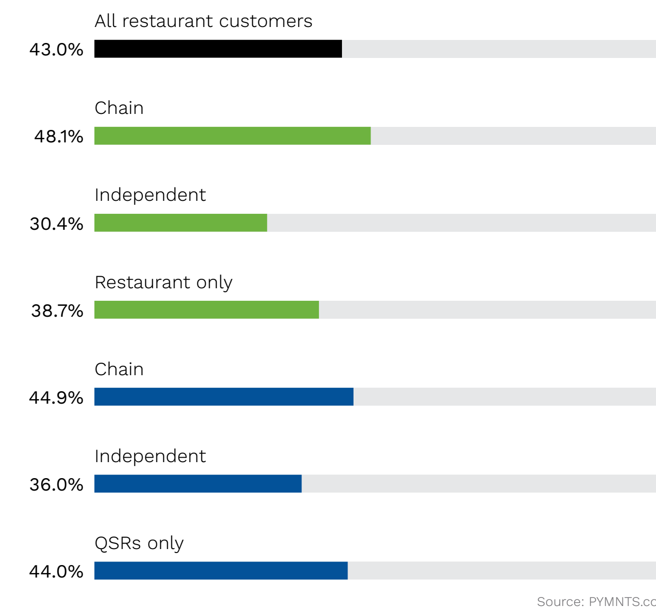
Loyalty and rewards programs have become popular, but many consumers today do not use them simply because the restaurants from which they place orders do not offer them. This is the case for 38.7 percent of restaurant customers who do not have access to rewards programs, or roughly 44.2 million people, making it the single biggest factor preventing rewards programs' broader usage.

Forty-three percent of all restaurant customers in the U.S., or 86.2 million people, currently participate in such programs. These programs are popular with both patrons dining in and those ordering digitally. Our research shows that 48.1 percent of consumers who only dine at chain restaurants with table service and 44.9 percent of consumers who only order from chain QSRs are participating in loyalty and rewards programs.

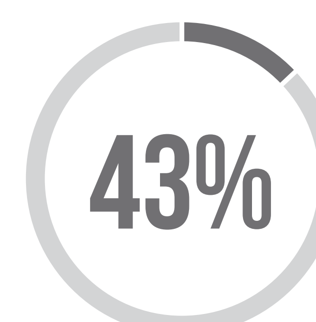


**FIGURE 1:**

**How many consumers use loyalty and rewards programs**
Share of restaurant customers who use loyalty and rewards programs, by type of restaurant




KEY TYPE
Total customers | Only dine-in restaurants | Only QSRs



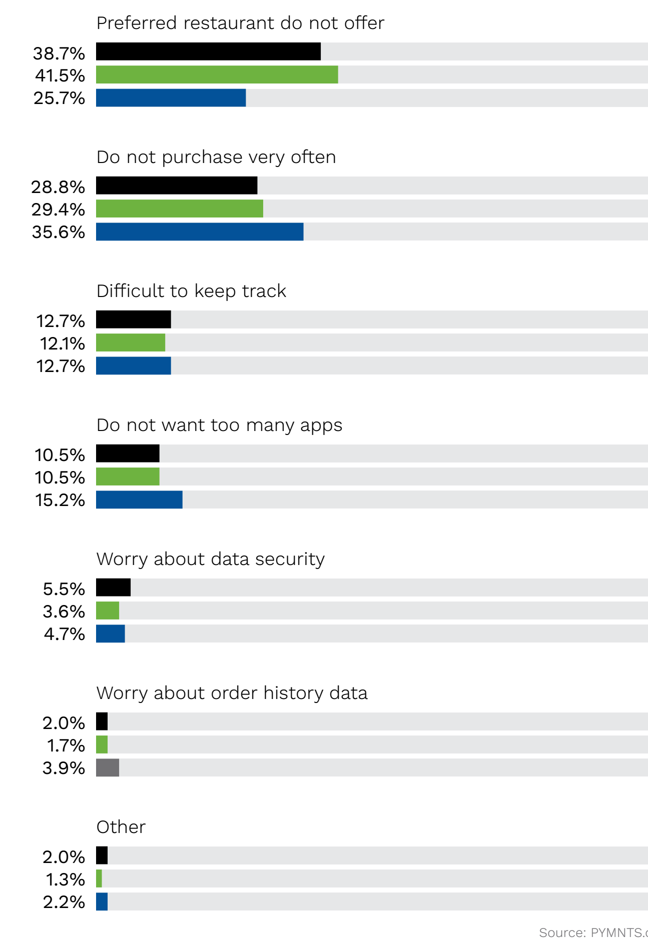

Forty-three percent of all restaurant customers use loyalty and rewards programs.

## CHAIN REWARDS

Demand for restaurant rewards programs is highest among consumers who order from large restaurant chains.

**FIGURE 2:**

**How many consumers use loyalty and rewards programs**
Share of restaurant customers who do not use loyalty programs citing select reasons, by preferred restaurants



# Loyalty and rewards programs are key to winning over **millennial, bridge millennial and Generation X customers.**

Loyalty and rewards programs are in high demand among consumers of all ages, but they are especially popular with millennials and bridge millennials. Our research shows that 54.7 percent of millennials who order food from restaurants use those restaurants' loyalty and rewards programs, making this group the single most likely age demographic to do so. They are closely followed by bridge millennials — those consumers born between 1979 and 1988, who "bridge" the gap between millennials and Gen X — 53.5 percent of whom use restaurant rewards programs. Gen X rounds out the top three, with 48.5 percent of this slightly older age group using rewards programs when buying from restaurants. This finding underscores the importance that consumers in these age brackets place on their ability to enroll and participate in loyalty and rewards programs. It is notable that millennials and Gen X consumers also tend to spend more on food orders. Our research shows that 32.2 percent of millennials and 28 percent of Gen X consumers order from restaurants, in fact, compared to 8.9 percent of Gen Z. There is an apparent connection in these age groups between food expenditure and usage of loyalty and rewards programs.

Generational background is not the only factor that influences consumers' demand for restaurant rewards programs. Income also plays a part, with the highest earners using rewards programs more than others. Our research shows that 49.5 percent of consumers earning more than $100,000 per year use restaurant rewards programs. This compares to 46 percent of consumers earning between $50,000 and $100,000 per year and 31.4 percent of those earning less than $50,000 per year. Thus the more consumers earn in annual income, the more likely they are to use restaurant rewards programs.

**FIGURE 3:**

**Which consumers use loyalty and rewards programs the most**

Share of consumers in different generations who use loyalty programs while purchasing from restaurants or QSRs

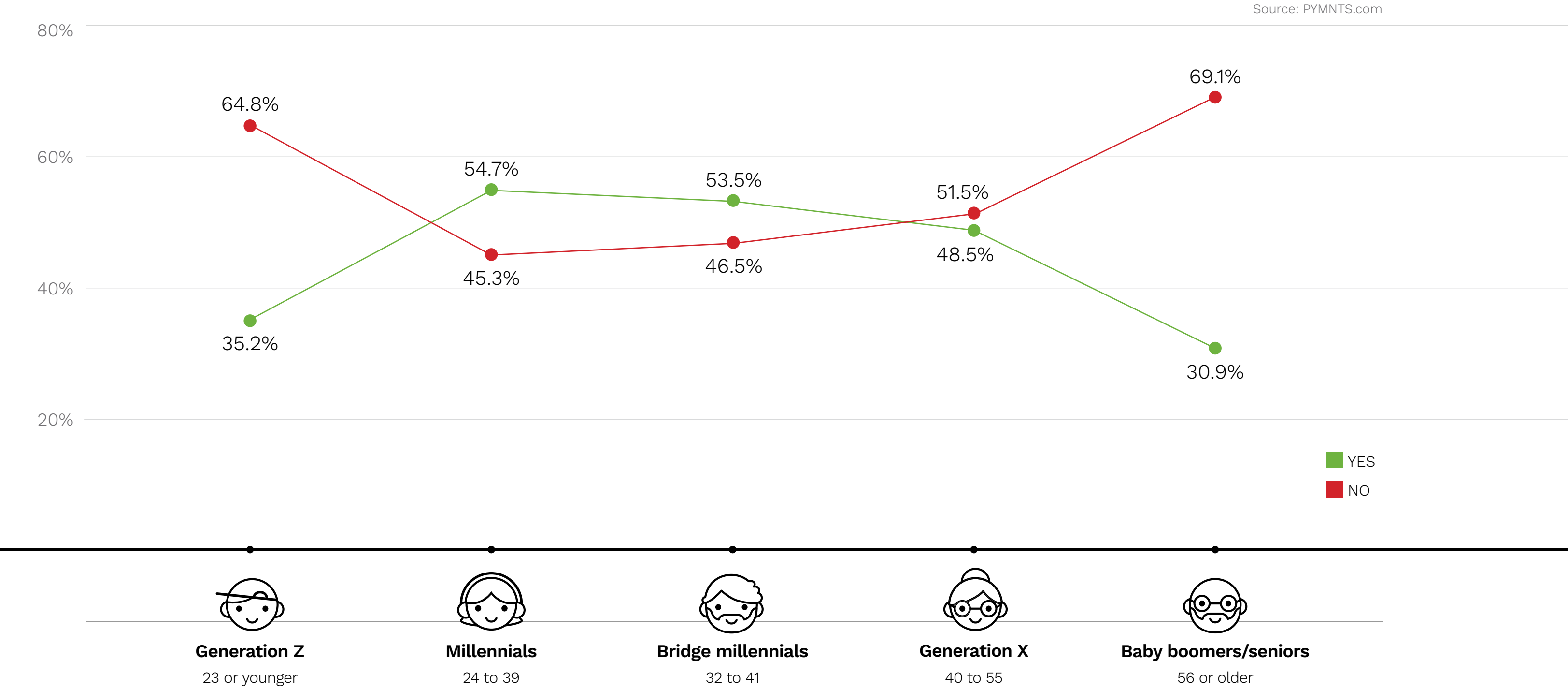
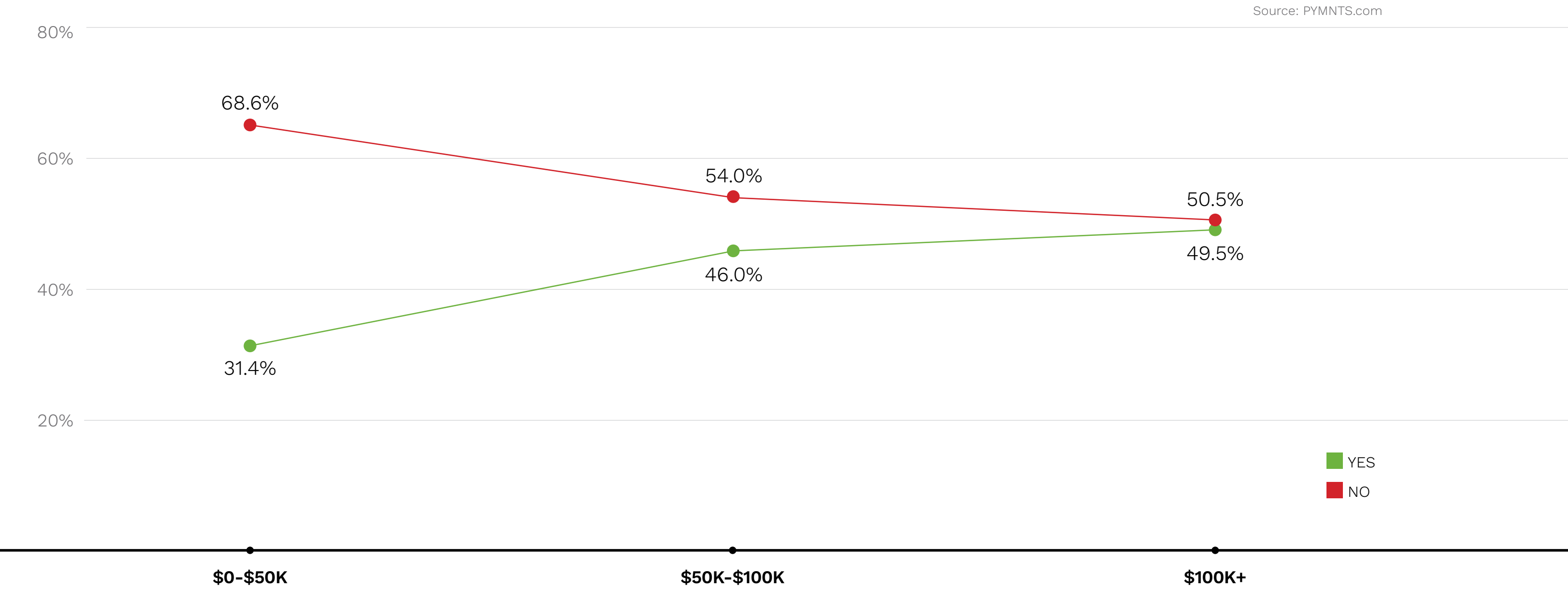



**FIGURE 4:**

**Which consumers use loyalty and rewards programs the most**

Share of consumers in different income brackets who use loyalty programs while purchasing from restaurants or QSRs



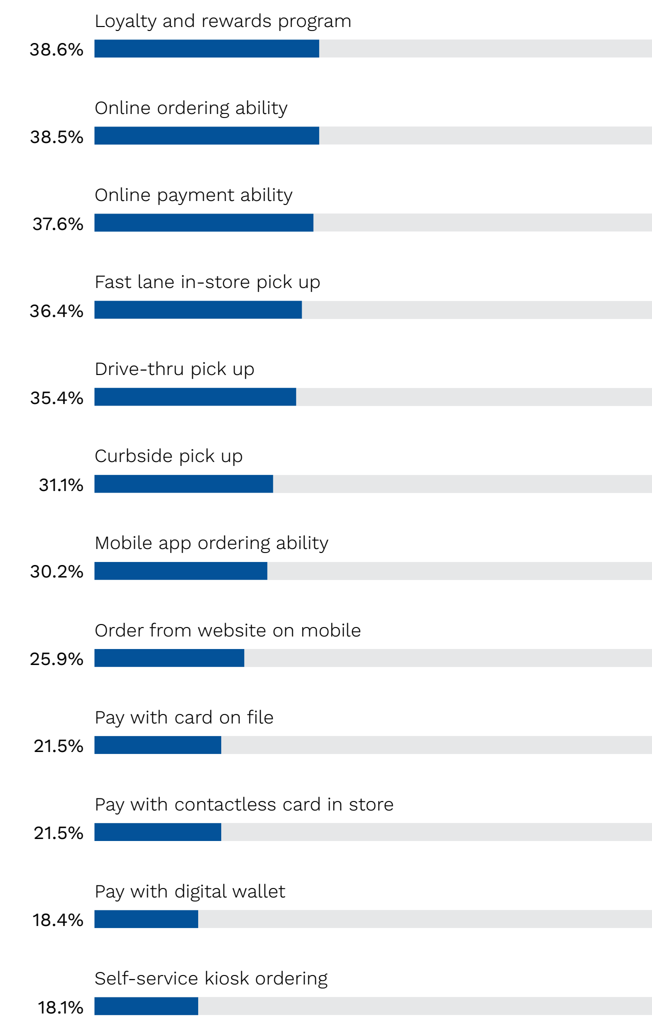
# Loyalty and rewards programs could encourage four out of 10 restaurant customers — **93 million people — to spend more on food orders.**

Loyalty and rewards programs can do more than just attract new customers; they can also encourage existing customers to spend more. Consumers say loyalty programs more than any other factor would encourage them to spend more on their restaurant purchases. Our research shows that 38.6 percent of all restaurant customers would be more likely to make purchases if their restaurants provided loyalty and rewards programs. This means that restaurants could encourage 92.7 million consumers to increase their restaurant spending through such programs, underscoring the opportunity they offer to bolster restaurants' revenue lines.



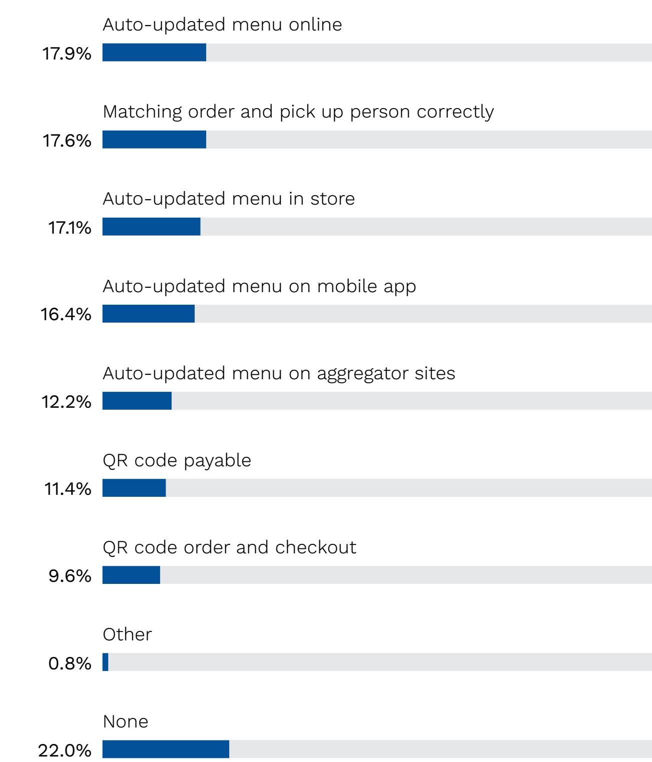
**FIGURE 5:**

**Which technologies can boost restaurant spending**
Share of consumers who say that they would be encouraged to spend more if their restaurants offered them select shopping and payment options





Thirty-nine percent of all consumers would be more likely to spend on restaurant orders if those restaurants offered loyalty and rewards programs.




Source: PYMNTS.com

# Almost eight out of 10 restaurant customers **– 78 million people – want to access rewards programs via mobile apps.**

More is more when it comes to restaurant rewards programs. The more opportunity customers have to access rewards programs, the more they will engage. Consumers are more likely to want to be able to engage with rewards programs via app than any other method, with 76.7 percent — roughly 78.1 million people — saying they would like to use loyalty programs through their restaurants' mobile apps, third-party delivery apps or even digital wallets. This compares to 63.1 percent and 46.7 percent who want to access rewards programs by providing their phone numbers or by registering their physical credit and debit cards at the restaurants in question, respectively. This goes to show that even consumers' least-preferred reward engagement method — having rewards applied to their physical cards — still appeals to almost half of all restaurant customers. Offering consumers not one but several choices about how to engage with their rewards programs is a surefire way to boost engagement.

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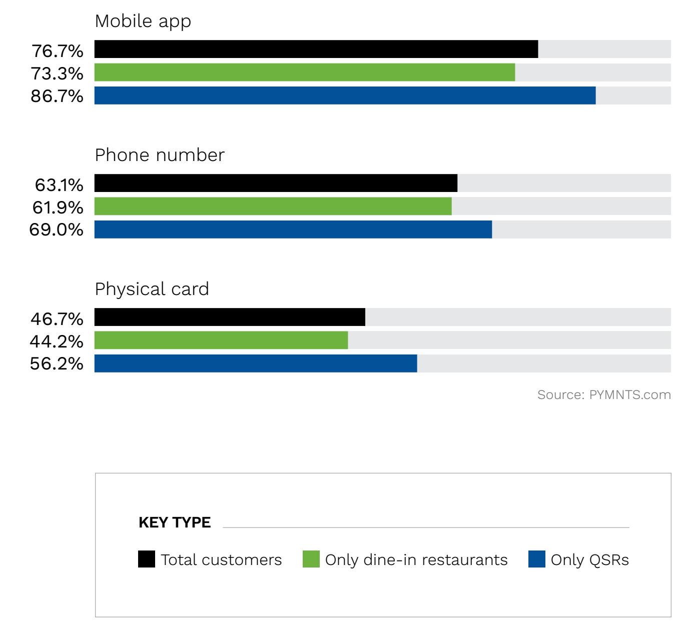
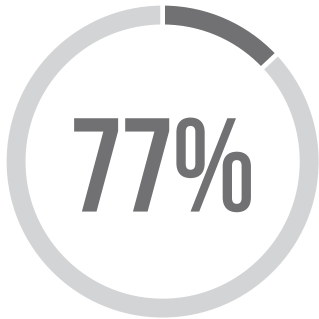
**FIGURE 6:**

**How many consumers would like to use loyalty programs**
Share of loyalty program users who order from different types of restaurants who are interested in interacting with restaurants' loyalty programs




This demand for restaurant rewards programs is strong among consumers who frequent all types of restaurants but is highest among those ordering exclusively from QSRs: 86.7 percent of these consumers want to engage with their restaurants' rewards programs via mobile app, 69 percent want to access rewards via their phone numbers and 56.2 percent would like to earn rewards through physical cards. Tapping into this universal interest in rewards programs thus stands to benefit restaurants of all types, but none more so than QSRs.




Seventy-seven percent of restaurant customers who use loyalty programs are interested in accessing loyalty and rewards programs via mobile apps, whether those supported by their restaurants or by third-party providers.

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# Conclusion

Loyalty and rewards programs are a critical and underutilized opportunity that restaurants should offer to gain and retain a competitive edge. There are 44.2 million U.S. consumers who do not use rewards programs simply because the restaurants from which they make purchases are not providing them. This signals a widespread market demand for such programs that is going unmet. It is critical that restaurants provide their customers not just with the rewards programs they want to earn and retain their business but also with the chance to access those programs in as many ways as possible, whether it be via mobile app, phone number or registered credit and debit cards. Only by meeting their customers' many and varied demands for rewards access can restaurants maximize their users' engagement and boost their bottom lines.

## Methodology

Delivering On Restaurant Rewards, a PYMNTS and Paytronix collaboration, draws from a survey of a census-balanced panel of 2,089 U.S. consumers to gain insights into the types of rewards programs they use and would like to use while making food orders. Respondents averaged 47.3 years of age, 32.5 percent had college degrees and 35.3 percent earned more than $100,000 in annual income.

# ABOUT

PYMNTS.com

**PYMNTS.com** is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

PAYTRONIX

Paytronix provides software-as-a-service (SaaS) customer experience management (CXM) services for restaurants. Its portfolio includes loyalty, gift and email solutions for fast-casual, fast food and quick service restaurants. Once implemented, these can be used to help establishments elevate their brand profiles. Its offerings can also be used to generate data insights to help restaurants pinpoint opportunities to improve their operations and customer engagements. The company's platform can integrate with many widely used restaurant POS systems. For more information, visit **https://www.paytronix.com**.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at **feedback@pymnts.com**.