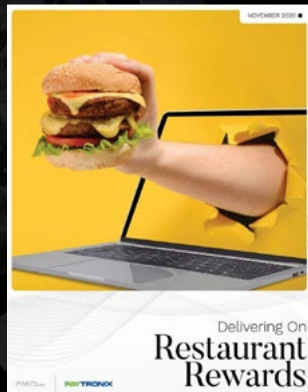


**Delivering On Restaurant**

**Rewards**, a PYMNTS and Paytronix collaboration, draws from a survey of a census-balanced panel of 2,123 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.

**GET MORE INSIGHTS AND TRENDS:**



Delivering On Restaurant Rewards

NOVEMBER 2020



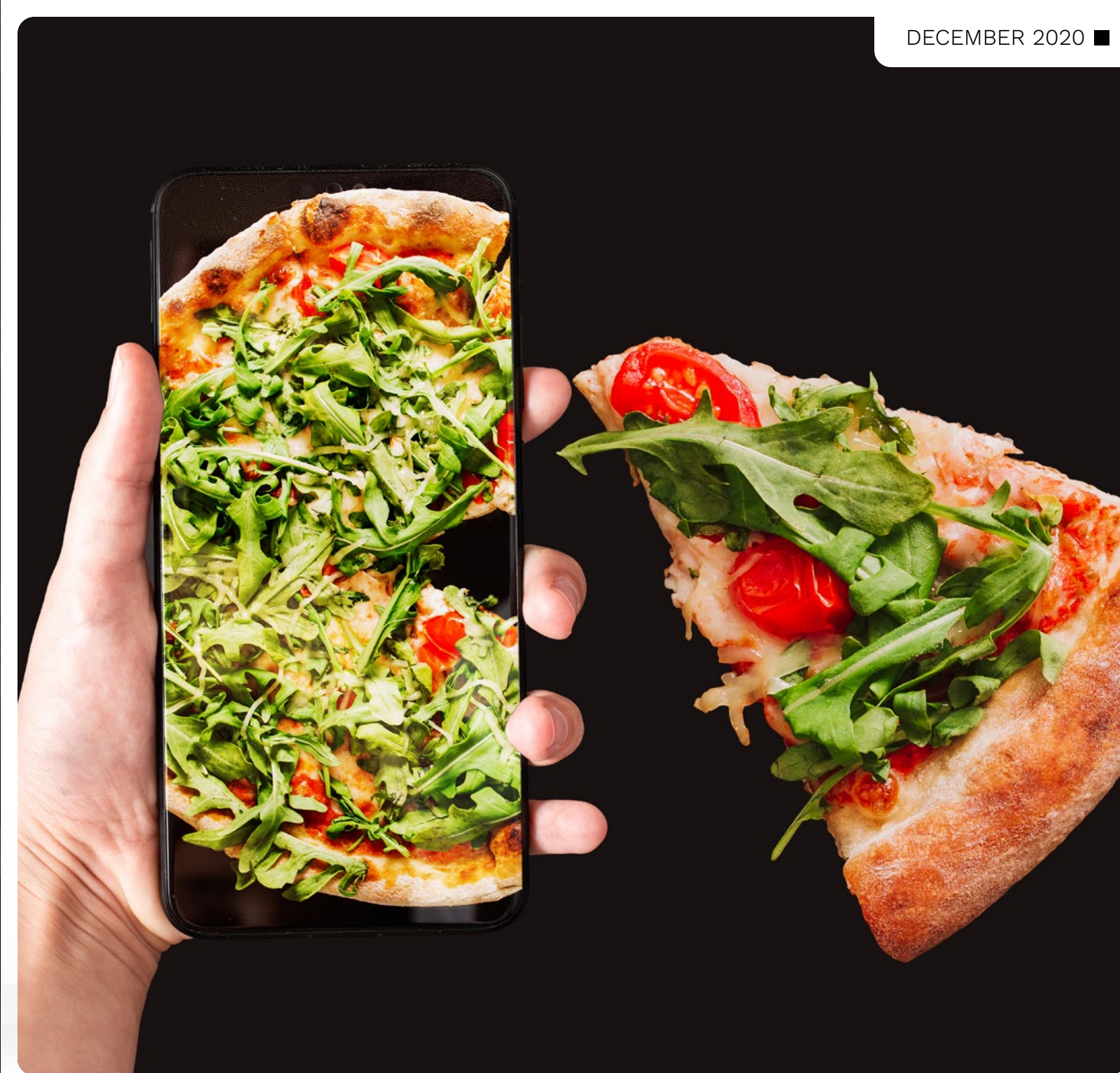
Restaurant Readiness Index

DECEMBER 2020



Order To Eat Tracker®

DECEMBER 2020



# Delivering On Restaurant Rewards

PYMNTS.com

**PAYTRONIX**



Delivering On  
**Restaurant  
Rewards**

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**PAYTRONIX**

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

No two restaurant customers order food in the same way, so it should come as no surprise that they do not want to receive rewards in the same way, either. Restaurants understand that customers want personalization now more than ever, and many are looking to tap into that desire through customized rewards features. McDonald's is making rewards programs a central part of its customer engagement strategy, for example, and is preparing to launch a digital-first rewards program called MyMcDonald's in 2021. The program will enable customers to earn special deals tailored to their purchases and grant them access to personalized menus and recommendations via the mobile app, digital menu boards and drive-thrus.<sup>1</sup>

Restaurant Brands, the parent company of Burger King, Tim Hortons and Popeyes, is planning a similar offering. Its program will provide customers with personalized menu options via Bluetooth and near-field communication (NFC) technology while also enabling easy access to their reward redemption histories.

These efforts by big-name quick-service restaurant (QSR) chains reflect the importance loyalty and rewards programs are expected to have on future growth. Such programs also stand to help both smaller QSRs and full-service restaurants boost their performance. Our research indicates that loyalty and rewards programs would encourage customers to place food orders, with 39 percent of consumers saying they would be likely to make

purchases if restaurants provided such programs. Which types of rewards programs do restaurant customers want, though, and do they want to access those programs in-store, via mobile app or by swiping their cards at checkout?

These are some of the key questions the Delivering On Restaurant Rewards Report, a PYMNTS and Paytronix collaboration, aims to answer. We surveyed 2,123 United States consumers to learn which restaurant customers want to use rewards programs and which types of programs they prefer to understand how restaurants can tailor their offerings to meet their customers' unique needs.

Our research shows that restaurant customers fall into one of three persona groups, each of which has a unique preference for ordering from their favorite restaurants.

The ways in which these three persona groups interact with their favorite restaurants also relates to how they would like to receive loyalty and rewards points. This month's research brief explores how.

## ONLINE-OFFLINE DINERS:

Restaurant customers who make food orders using both online and offline channels, such as via mobile apps, on desktop websites, over the phone or in person

75%  
of dine-in  
restaurant customers

73%  
of QSR  
customers

## ON-SITE DINERS:

Restaurant customers who make food orders using exclusively analog methods, such as via phone calls or in person

21%  
of dine-in  
restaurant customers

20%  
of QSR  
customers

## DIGITAL DINERS:

Restaurant customers who make food orders exclusively using digital methods, such as through restaurants' apps, third-party apps and desktop or mobile sites

4%  
of dine-in  
restaurant customers

7%  
of QSR  
customers

<sup>1</sup> Liam Beckett, E. McDonald's new loyalty program will optimize digital, drive-thru opportunity. Restaurant Dive. 2020. <https://www.restaurantdive.com/news/MyMcDonalds-loyalty-program-digital-drive-thru/588642/>. Accessed December 2020.



# Dine-in restaurant and QSR customers prefer ordering through both digital and traditional purchasing channels. Independent restaurant customers are more likely to order over the phone or in person.

Online-offline diners are most common among restaurant customers who order from chain restaurants and QSRs as opposed to those who order from independent restaurants. Seventy-nine percent of restaurant customers who order from full-service chain restaurants use both online and offline channels, as do 74 percent of those who order from chain QSRs, 68 percent of those who order from independent full-service restaurants and 67 percent of those who order from independent QSRs. Offering a wide array of both digital and analog ordering options is thus critical to all restaurants' success, regardless of whether they are full-service restaurants or QSRs.

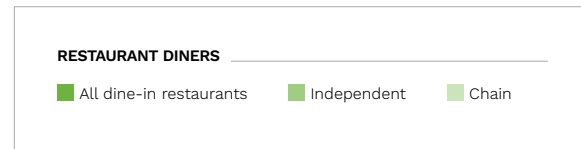
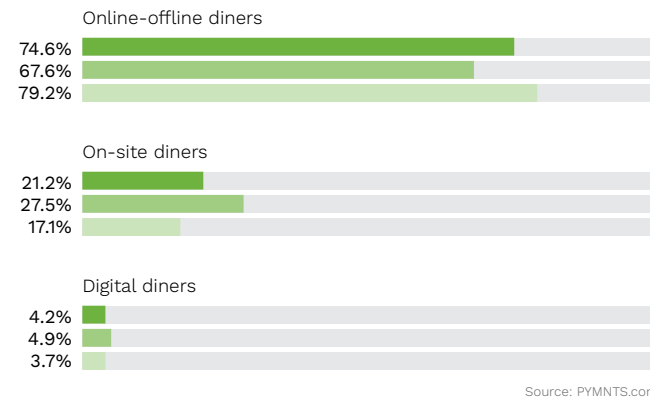
There are still some customers who stick to ordering food over the phone or on-site, but they are in the minority. These on-site diners are most common among consumers who order from independent restaurants and QSRs. Twenty-eight percent of both independent restaurant and independent QSR customers do not order online in any capacity. This compares to 17 percent of chain full-service restaurant customers and 18 percent of chain QSR customers using exclusively analog purchasing channels.

Delivering On  
Restaurant  
Rewards

FIGURE 1:

**U.S. diners' three personas**

Share of consumers who make dine-in restaurant purchases and fall into select persona groups



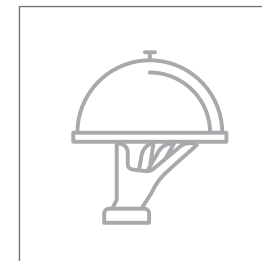
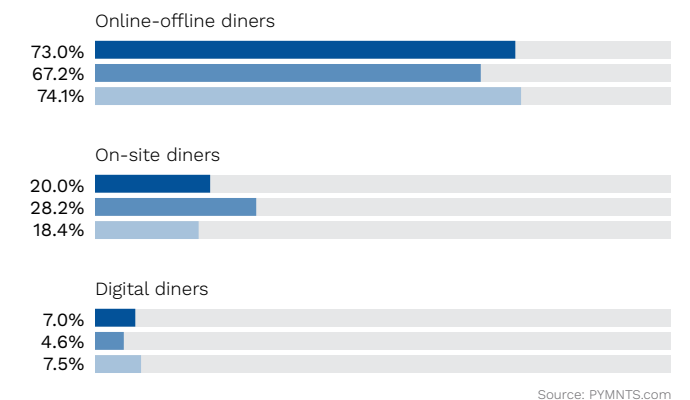
**ON-SITE AND ONLINE**

Three out of four restaurant customers use a combination of both digital and analog channels to place food orders.

FIGURE 2:

**U.S. diners' three personas**

Share of consumers who make QSR purchases and fall into select persona groups



**DINING OUT**

Even as more restaurant customers than ever order online, one in five still do not use digital ordering channels.

# Loyalty and rewards programs are still the most effective way restaurants can encourage customer spending.

Our survey indicates that the top three features restaurants can offer to encourage customer spending are loyalty and rewards programs, online payment ability and online ordering ability.

Thirty-nine percent of respondents say loyalty and rewards programs would encourage them to spend more at restaurants that offer them, making it the most frequently cited way restaurant customers say they would be encouraged to spend.

Consumers also continue to place a premium on their ability to order and pay for their food online, with 38 percent saying they would be encouraged to spend more if restaurants allowed them to pay online and 37 percent saying the same if restaurants allowed them to order online.

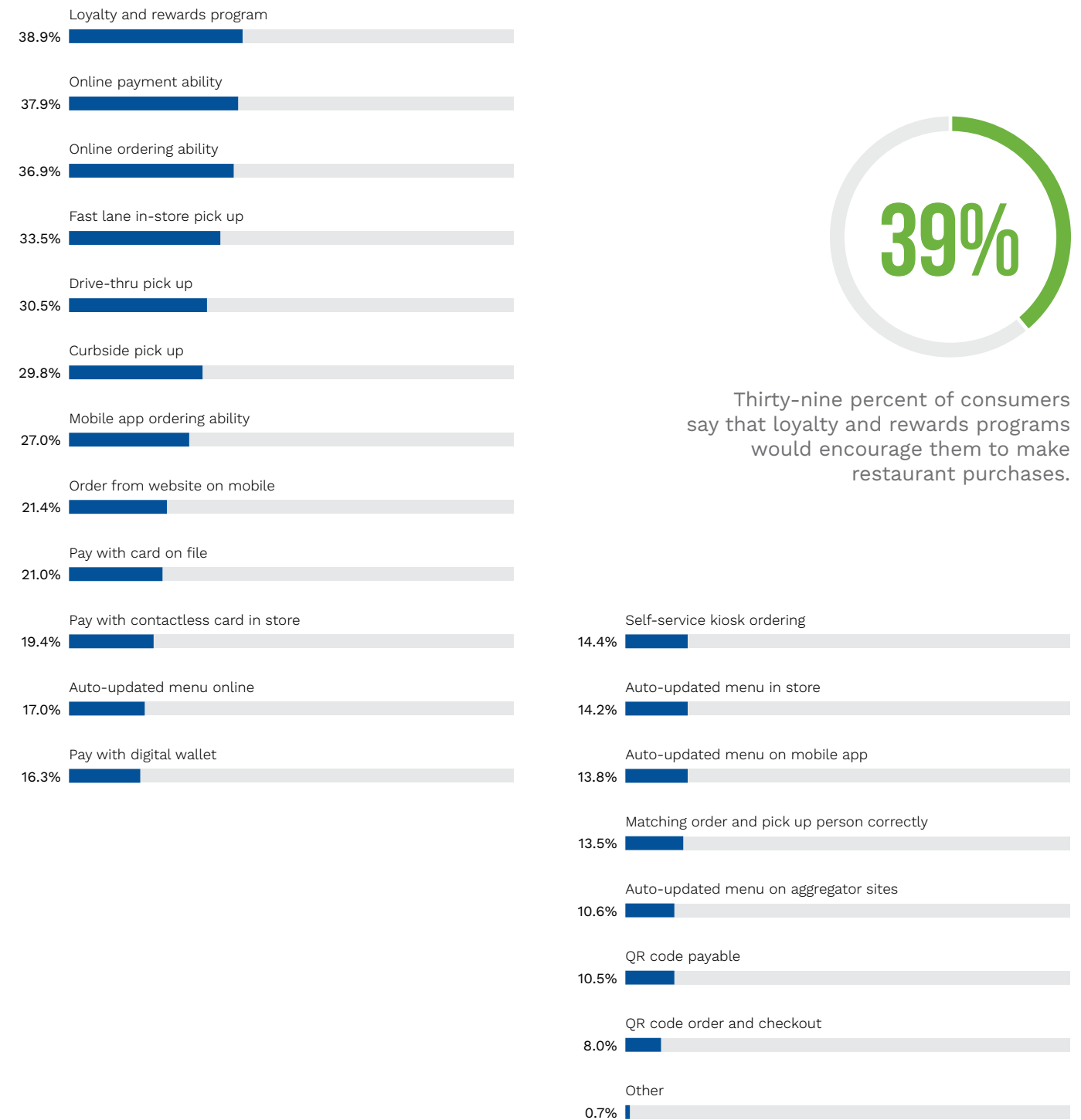
Other key features that would encourage customers to spend more on their food orders include being able to pick up orders via drive-thru, order using a mobile app and pay with QR codes. The more of these features restaurants provide, the more they will encourage customer spending.

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FIGURE 3:

### Which features go the furthest in encouraging consumer spending

Share of consumers who say select features would encourage them to make restaurant purchases



Source: PYMNTS.com

**Restaurant customers want to receive rewards on their mobile phones, whether they are ordering food online for pickup in-store, on-site or exclusively online.** Customers who order only offline want to receive rewards on credit, debit and punch cards.

**R**estaurant customers express interest in very different types of rewards programs depending on the channels they use to interact with restaurants. Customers who either use a mix of both online and offline channels to order food or order exclusively on digital channels are far more interested in using restaurants' mobile apps to access rewards programs, for example. Fifty-nine percent of dine-in restaurant loyalty program users and 70 percent of QSR loyalty program users who order both online and offline say they would like to access rewards through restaurants' mobile apps. Sixty-two percent of dine-in restaurant loyalty program users and 88 percent of QSR loyalty program users who order only online said the same.

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TABLE 1:

**How different personas would like to interact with restaurants' rewards programs**

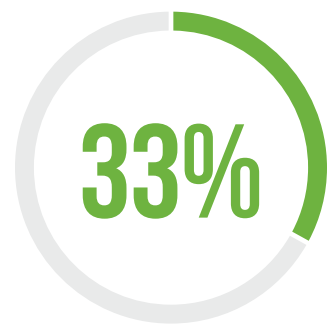
Share of table-service restaurant and QSR customers who are interested in interacting with rewards programs in select ways

	PERSONA		
	Online-offline diners	On-site diners	Digital diners
<b>RESTAURANT</b>			
• Restaurant's app	<b>59.0%</b>	29.6%	<b>62.4%</b>
• Provide phone number	42.6%	<b>47.3%</b>	42.6%
• Text message	37.8%	27.9%	35.2%
• Physical loyalty card	29.5%	38.5%	35.2%
• Digital wallet	24.4%	4.5%	33.2%
• Reward punch card	20.2%	29.2%	22.1%
• Third-party app	13.4%	5.3%	12.2%
• Other	2.6%	0.8%	2.6%
<b>QSR</b>			
• QSR's app	<b>70.1%</b>	30.0%	<b>87.8%</b>
• Provide phone number	38.2%	<b>56.4%</b>	40.2%
• Text message	32.5%	15.6%	24.0%
• Physical loyalty card	32.0%	36.4%	28.7%
• Digital wallet	28.3%	4.9%	16.9%
• Reward punch card	19.5%	17.1%	13.0%
• Third-party app	18.2%	2.1%	18.4%
• Other	0.5%	0.0%	5.7%

Source: PYMNTS.com



These same groups are also the most interested in being able to access rewards via digital wallets and through third-party mobile apps, such as Grubhub or Uber Eats. Twenty-four percent of dine-in loyalty program users who order both online and offline and 33 percent of those who order exclusively online would like to access rewards via a digital wallet. The same can be said for 28 percent of QSR loyalty program users who order both online and offline and 17 percent of QSR customers who order exclusively online.



Thirty-three percent of dine-in restaurant customers who order exclusively via digital channels want to interact with loyalty programs via digital wallet.

Restaurant customers who order food exclusively offline, such as over the phone or in person, are more interested in being able to access rewards by providing their phone numbers to cashiers, by paying using plastic cards and on physical punch cards. Forty-seven percent of customers ordering from dine-in restaurants over the phone or in person who use loyalty programs would like to interact with restaurants' rewards programs by providing their phone numbers to the cashier, for example, as would 56 percent of offline diners who order from QSRs. This compares to 43 percent of digital diners ordering from dine-in restaurants and 40 percent of digital diners ordering from QSRs.

The diversity of consumer preferences for different types of rewards programs underscores the importance of providing an array of different rewards options to meet consumer demand. There is no one rewards program that will appeal to all restaurant customers. Food vendors must offer an assortment of options if they want to meet their customers' expectations.



## Consumers are growing less concerned about the pandemic, but they plan to keep many of their new digital ordering habits long after it is over.

Consumers have become increasingly reliant on digital channels for shopping, working, socializing and ordering food since the pandemic began, but their concerns about the pandemic’s impacts are fading. Our research shows that 62 percent of all U.S. consumers now say they are “very” or “extremely” worried about the pandemic — down from 68 percent on August 31. This shows that, although concerns about the pandemic remain high, they are on a slow and steady decline.

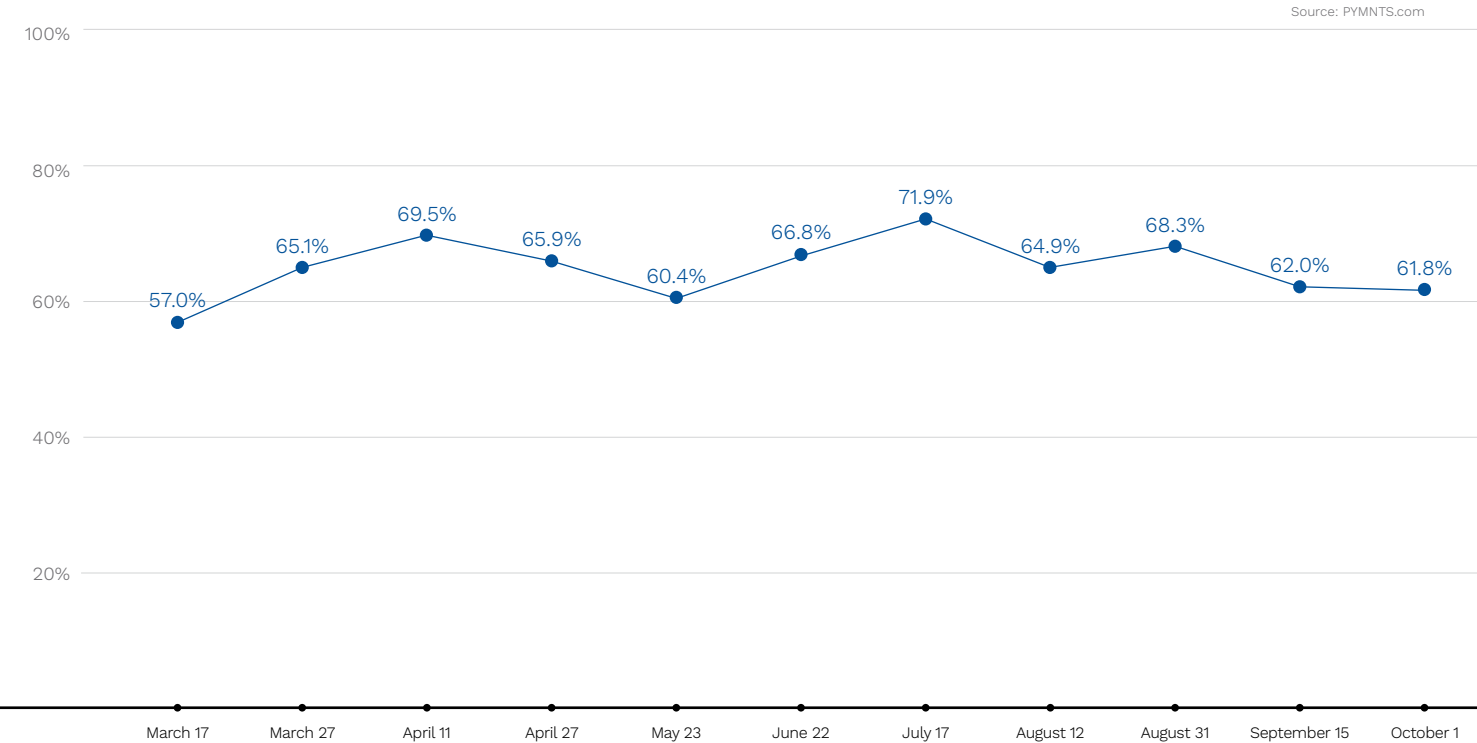
Consumers are certain to return to dining in restaurants once they feel as though they can do so without risking exposure, but this will not stop them from ordering food online. Consumers are more likely to stick with the digital food ordering habits they have acquired since the pandemic began than any other digital activity, in fact. Eighty-seven percent of all consumers who have shifted to ordering food online since the pandemic began plan to keep doing so at least “somewhat” as often as they do now. This compares to 78 percent of digital shifters who plan to keep retail shopping online and 71 percent who plan to keep grocery shopping online. It is therefore clear that digital food ordering features, including digital rewards options, will continue to play a critical role in restaurants’ engagement strategies for the foreseeable future.

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**FIGURE 4:**

**How consumers’ concerns over the pandemic are changing over time**

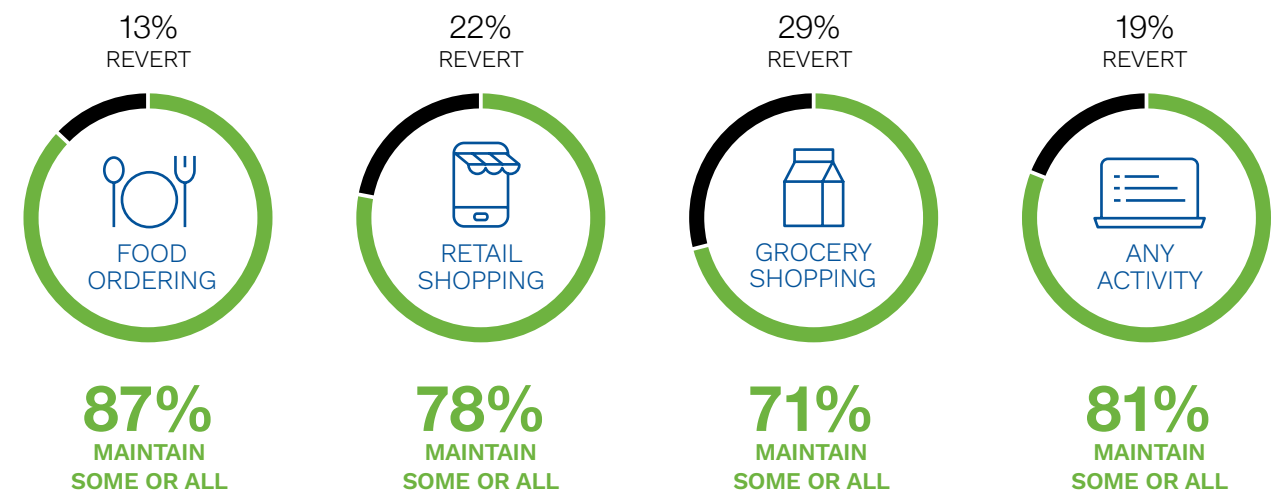
Share of consumers who are “very” or “extremely” worried about the pandemic, by date



**FIGURE 5:**

**Consumers’ plans for post-pandemic food orders**

Share of consumers who plan to keep performing select activities online after the pandemic is over



Source: PYMNTS.com



# Conclusion

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**R**estaurant customers want to be able to receive loyalty and rewards points with the same ease as they browse menu options, order food and have it delivered or picked up. This means restaurants must enable access to rewards on mobile, whether their customers are placing orders directly or having them delivered via third-party apps. Doing so can not only help encourage consumers to spend more on their food orders but also win their long-term loyalty.

## Methodology

Delivering On Restaurant Rewards, a PYMNTS and Paytronix collaboration, draws from a survey of a census-balanced panel of 2,123 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 years of age, 32 percent had college degrees and 36 percent earned more than \$100,000 in annual income.



# ABOUT

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