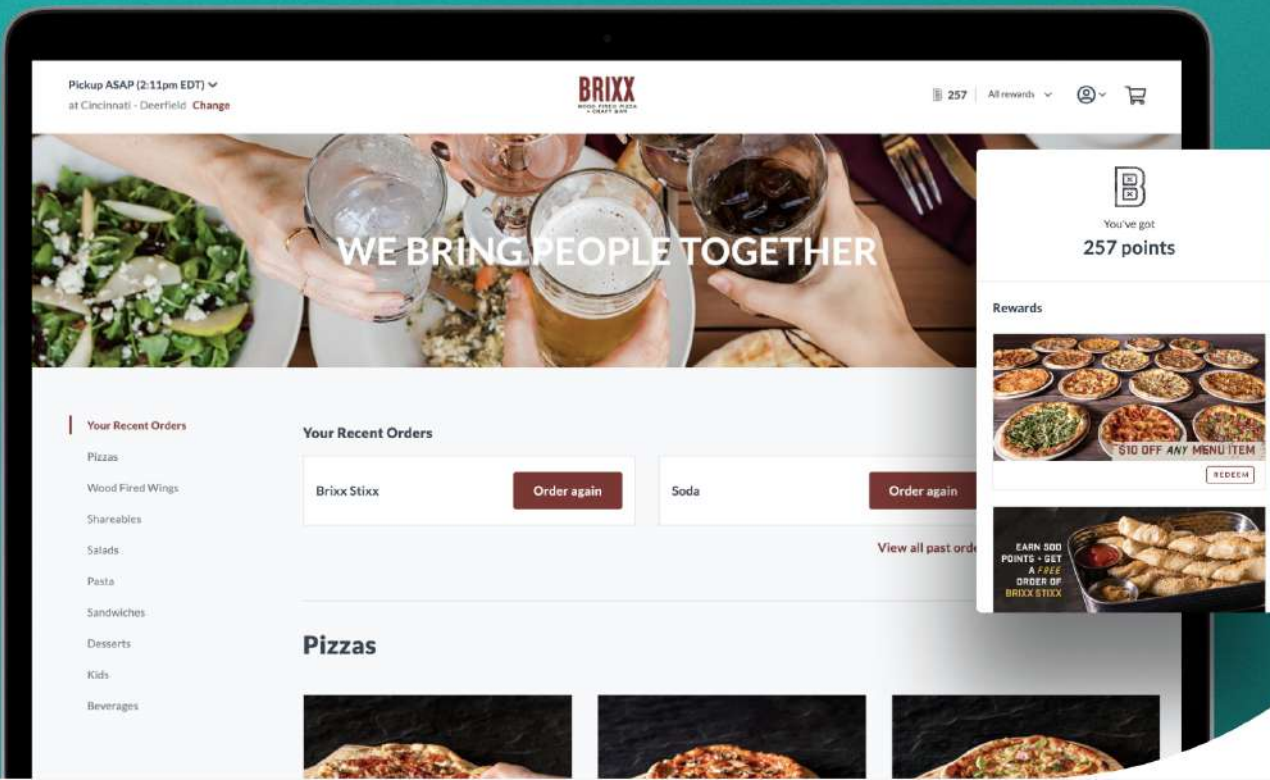**Thanx** | **OLO**

THANX + OLO: BETTER TOGETHER

How to Drive Revenue with Loyalty-Integrated Ordering

Win and retain guests on first party channels with a best-in-class online ordering and loyalty solution.

Introduction

Online ordering has become table stakes for restaurants. When nearly every brand has an online ordering channel, offering a modern ordering experience can be a critical differentiator. But modern ordering alone is not enough. Brands must ensure that their ordering experiences are optimized for data capture and loyalty in order to retain guests long-term and grow their competitive advantage.

Integrating your loyalty program deeply into the ordering experience, as industry leaders such as Chipotle, Starbucks, and Domino's have done, is essential to driving customer lifetime value (cLTV). Without this integration, restaurant loyalty programs risk becoming disjointed from online ordering channels, in-store dining, or both. This results in missed opportunities for data capture which can lead to lost revenue, unnecessary discounting, and ineffective marketing.

With a best-in-class loyalty-integrated online ordering solution, restaurants can mitigate these risks while uncovering meaningful opportunities to drive incremental revenue. Olo's online ordering solution alongside Thanx's digital experiences, loyalty, CRM and marketing automation platform is a leading solution for restaurants seeking to grow digital revenue and drive guest engagement and retention.

Table of contents

The Importance of Digital Revenue for Restaurants

Since the COVID-19 pandemic, digital ordering channels have become an essential part of the restaurant industry. The pandemic accelerated the restaurant industry's adoption and reliance on digital ordering channels. Many consumers adapted to the convenience of digital ordering channels, altering consumer behaviors indefinitely.

With the growth and popularity of third-party platforms like Grubhub, Uber Eats, and DoorDash platforms, it has never been more essential for restaurants to have their own digital ordering experience. Although they provide restaurants with the ability to reach a wide audience, third-party delivery channels come at a high cost to restaurants due to steep commission fees and a monopoly on customer data. In response, restaurant brands must prioritize the development of their own first-party digital ordering channels and loyalty programs to compel customers to order direct.

➤ From the start of Q1 2020 to the end of Q4 2020, Olo saw order volume increase by about 120% and ticket averages increase by 12.8%.

➤ In 2022, Olo continued to see an increase in digital adoption as order volume increased by 7% and ticket averages increased by 4.6%.

➤ When comparing the start of 2020 to 2022, Olo order volume increased by 172% and average ticket size increased by 23.2%.

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Overall, digital ordering channels offer restaurants many benefits. Restaurants can streamline their operations, improve customer satisfaction, and increase revenue, making digital ordering channels an essential revenue stream for brands today.

Increased efficiency

Digital ordering channels, such as mobile apps and websites, can help reduce the time and resources required for manual order taking. Eliminating the reliance on on-premise means to take orders, such as waiting in lines to order with a cashier or place a phone order, results in faster and more accurate order processing.

Improved customer experience

Digital ordering channels offer customers a convenient and hassle-free way to place orders, enhancing their overall experience with the brand. Many digital ordering platforms even offer the option for customers to leave feedback so operators can take action on negative or positive reviews, aiding in customer retention.

Increased revenue

Digital ordering channels allow restaurants to grow order volume. By providing customers with more ways to order food, restaurants can increase their sales and revenue by reaching more customers across digital channels. Revenue-centric KPIs such as same-store sales are often directly tied to digital sales channel performance.

Better data collection

Digital ordering channels allow restaurants to collect valuable data on customer behavior and preferences, which can be used to improve marketing and menu offerings. Moreover, when guests create accounts through online ordering or loyalty, restaurants can attribute more revenue to known customers and better personalize guest engagement.

Cost savings

By reducing the need for manual order-taking, restaurants can save on labor costs and reduce errors and waste associated with traditional order-taking methods. Increases in order volume on digital channels can be managed with minimal disruption to FOH staff.

The Rise of Loyalty

Loyalty is not a new concept. Retail brands, the travel industry, and restaurants have all leveraged the power of loyalty to grow customer affinity and retention. However, prior to the COVID-19 pandemic, loyalty programs for restaurants were often associated with discounts or rote-rewards programs and restaurants hesitated to embrace them at the risk of devaluing their brand. As the restaurant industry struggled to survive the economic headwinds of the pandemic, marketers realized the importance of having a direct relationship with their customers. Throughout 2020 and 2021, countless brands launched or revamped their loyalty programs, including enterprise brands like McDonald's, to better capture customer data to build personalized relationships and drive direct ordering over third-party.

More and more brands have adopted loyalty programs in order to leverage these benefits.

Increased customer retention

A well-designed loyalty program helps restaurant brands retain their existing customers by encouraging them to come back, allows restaurant brands to differentiate itself from competitors, and protects customers from churning. Additionally, loyalty programs offer customers a valuable reason to order direct versus on third party platforms, allowing restaurants to retain more digital revenue and customer data.

Higher customer lifetime value

By encouraging repeat business and rewarding customers for their loyalty, restaurant brands increase customer spend over time, which in turn, grows their customer lifetime value (cLTV). Loyalty can also drive important metrics like customer frequency and average check size that also contribute to cLTV.
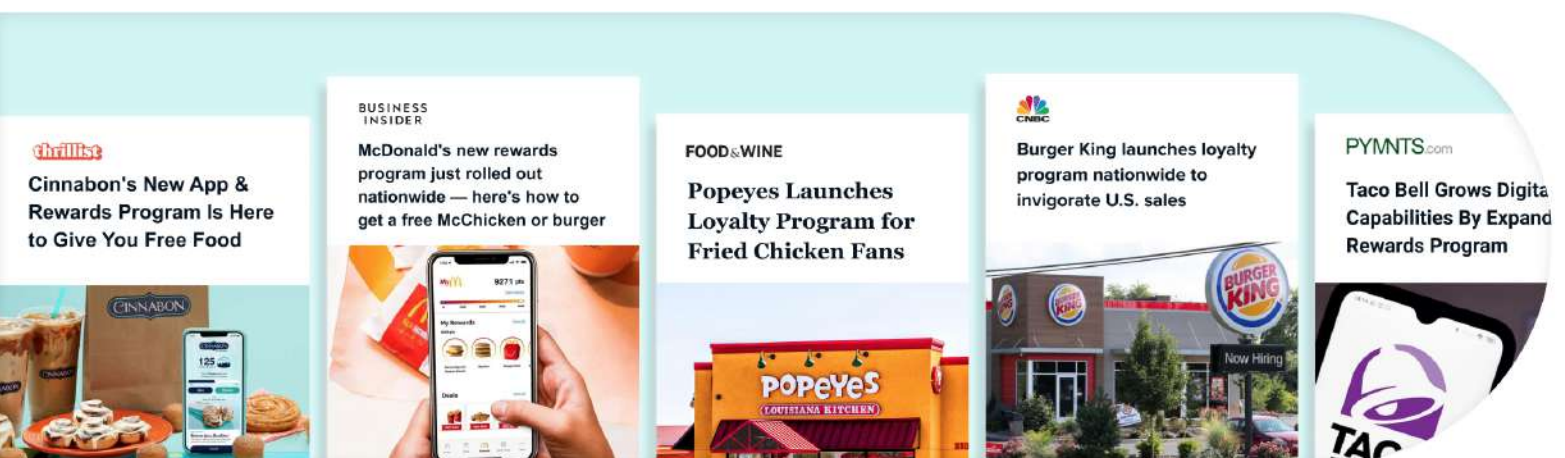
Valuable customer data

When customers identify themselves to enroll in loyalty programs and earn progress, valuable data is captured on customer behavior and preferences. This data can be used to inform marketing and promotional strategies as well as operational initiatives. The more revenue that can be attributed to known customers through loyalty, the bigger impact the program can have.

Improved customer engagement

Data captured by loyalty programs can help restaurant brands engage with their customers on a deeper level by providing context for personalized messaging, exclusive rewards and offers, and other perks. Loyalty programs also give brands additional channels to reach and communicate with members whether through email, SMS, or push notifications, helping to keep brands top of mind.

Cost-effective marketing

Loyalty programs can be a cost-effective way to market to existing customers, as it can cost anywhere from five to twenty-five times more to acquire a customer than to retain one you already have according to the Harvard Business Review. Additionally, loyalty programs can drive additional purchases without expensive promotional costs, a critical area of concern especially during volatile and inflationary macroeconomic environments.
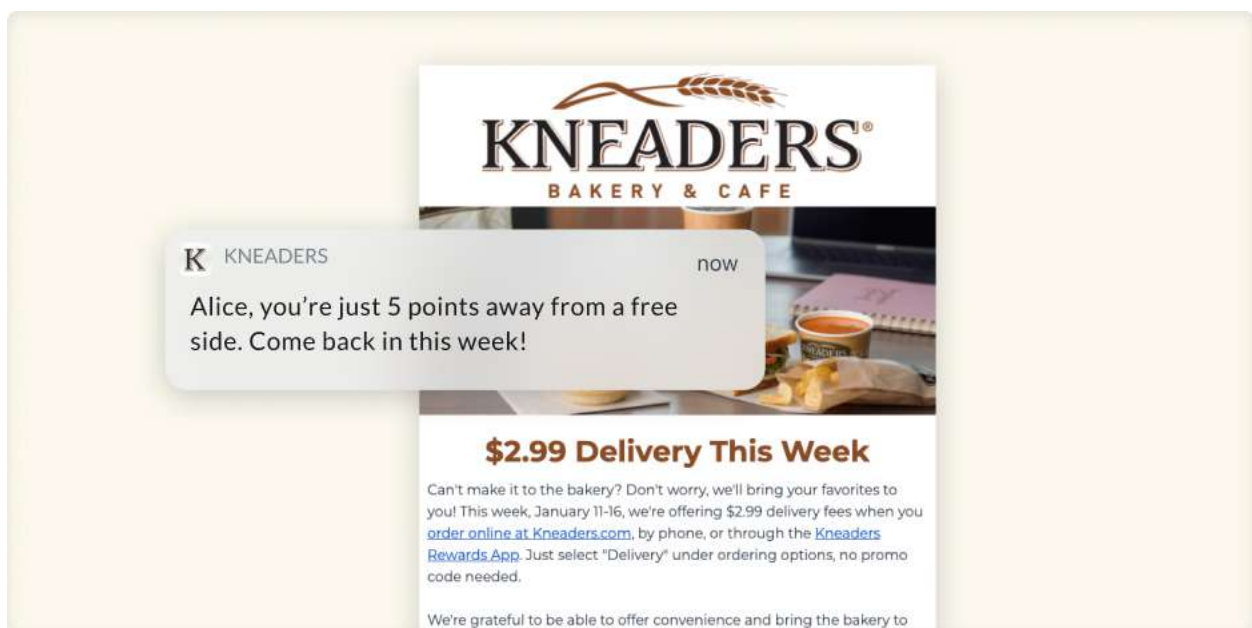
Why Deep Loyalty Integration is Critical

In examining the impact of loyalty-integrated online ordering, it is helpful to first look at what is missing when digital ordering is not deeply integrated with loyalty. Without a loyalty experience that is thoughtfully woven throughout the customer journey, brands miss out on key opportunities for incremental revenue due to the following:

No differentiation from Third-Party Delivery (3PD) ordering

From a customer's perspective, when ordering direct or through a third-party, there is usually no material difference between the product (your food). Accordingly, brands must differentiate on price or other benefits. Trying to meet or beat 3PD prices is often a race to the bottom for most brands. A well-constructed loyalty program offers a compelling reason for customers to order direct, especially when the loyalty benefits, such as discounts, free delivery, exclusive experiences, and other perks are clear and visible within the user experience.

No data capture, generic and impersonal marketing

In the digital age, customer data is invaluable. But when customers order anonymously, or worse - through a third-party, that opportunity for data capture is lost. When loyalty is not integrated with digital ordering, there is no clear reason for guests to identify themselves by registering for loyalty. A lack of data capture puts brands at risk of sending irrelevant communications to customers, over-discounting, or missing out on valuable revenue-driving insights. Without data capture, marketing is less effective. **In fact, Thanx data shows that targeted messaging is 6x more effective than send to all campaigns.**

Lack of consistent loyalty experience on mobile and web

The impact a loyalty program can have is heavily weighted on overall program participation. Eliminating friction associated with enrolling into loyalty and tracking purchases should be a primary consideration for restaurant brands. When loyalty is not seamlessly integrated within the digital ordering experience on both mobile and web, this creates a confusing experience for customers looking to take advantage of program benefits when ordering online. This disjointed experience causes gaps in participation, customer churn, and general dissatisfaction.

Online ordering must be purpose-built with loyalty in mind.

Loyalty-integrated online ordering should do more than just check the box. It is essential that the integration makes it easy for guests to digitally enroll in loyalty, view and earn points and rewards, and redeem points or rewards for orders right within the online ordering and checkout flow.

When loyalty enrollment is integrated into the online order experience, guests are given a clear incentive to enroll and engage with the program, driving first-party digital ordering and ultimately, superior data capture. This increase in both the volume and quality of data captured drives participation rate (the percentage of revenue that can be attributed to a known, reachable customer. Participation rate can be a leading indicator of same-store sales growth. Better data capture in turn, means marketers have more reachable customers and can be even more targeted in their offers and communications, improving conversion rates and driving repeat purchases. Other benefits include:

➤ **Enhanced digital guest experience**

➤ **Increased direct, first-party ordering**

➤ **Superior data capture**

➤ **Better personalized marketing**

➤ **Improved conversion rates**

➤ **Growth of cLTV**

Many enterprise restaurant brands credit the growth of digital ordering revenue to their loyalty-integrated online ordering experiences. Chipotle's loyalty-integrated online ordering experience helped the brand surpass $2 billion in digital sales in 2021. In a Q1 2023 earnings report, Starbucks reported that active Starbucks Rewards membership in the US totaled over 30 million members, up 4 million members or 15% over last year. Starbucks loyalty program members drove a record 56% of total sales with the brand crediting "increased customer engagement" to growing convenience channels, including mobile order and pay, to 72% of US sales.

Thanx + Olo: Better Together

A leading loyalty-integrated online ordering solution.

When combined, Olo and Thanx are uniquely positioned to provide superior business outcomes for restaurant brands. Olo's online ordering solution powers restaurants with 100% ownership of their guest data, a 190% increase in same-store sales YoY* from 2019 to 2022, and 5x the amount of guest data captured with on-premise ordering.

Thanx is the only Olo partner that upgrades both loyalty/marketing and digital UX on both mobile app and web. Thanx-powered digital experiences come complete with a self-service CMS allowing brands to make changes to the front-end experiences any time. Alternatively, restaurants can build their own custom experiences powered by Thanx's APIs and Olo's order processing on the back end.

With over 50+ shared customers, Olo and Thanx have built a deep partnership. Thanx is Olo's only platform-certified gold Olo Connect loyalty partner**. For restaurants looking to take advantage of the benefits of loyalty-integrated online ordering quickly, Thanx is 40% faster to launch on average than other Olo loyalty partners**.

With Thanx and Olo, restaurants achieve a complete 360-degree view of the customer. This robust capture of both in-store and online purchase data enables targeted, personalized marketing, driving customer retention and repeat purchases.

* source: olo.com/ordering
** as of February 2023
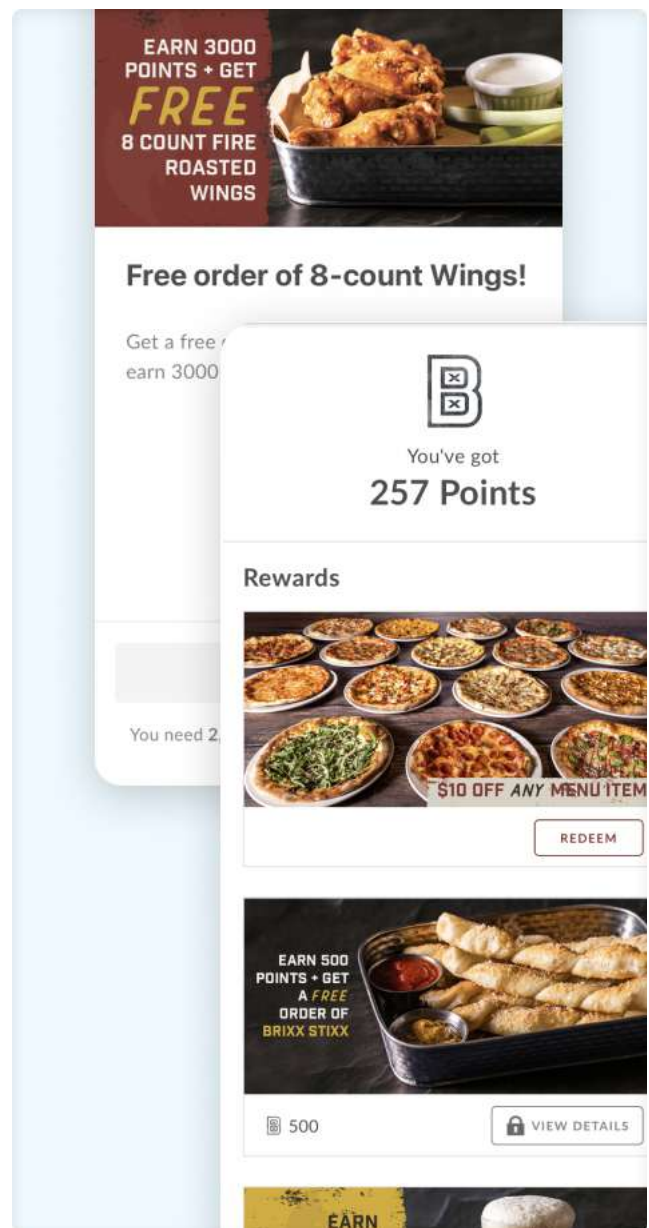
Key benefits of the Olo and Thanx partnership:
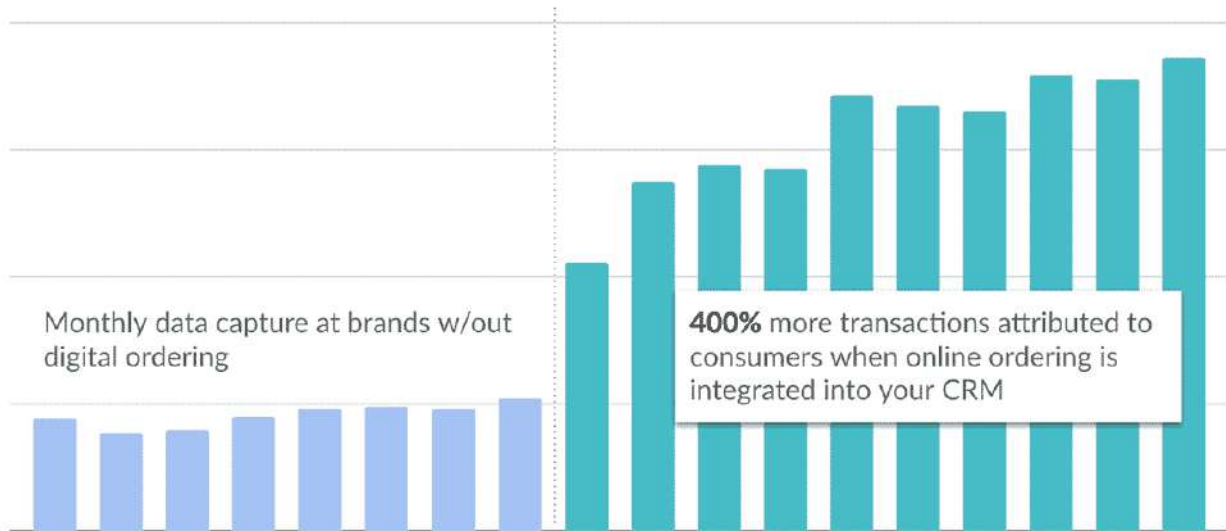
Grow your CRM faster

Thanx captures more consumers than traditional loyalty. **When combined with Olo, shared customers see 10x the number of signups vs. traditional loyalty.** Signup is effortless because guests are enrolled automatically during online ordering checkout. Thanx also offers omni-channel guest engagement together with digital ordering with web ordering or mobile app ordering, broadening access to loyalty.

Omit data gaps with better on-premise visibility

Thanx offers proprietary credit card integrations that remove friction from loyalty engagement both digitally and in-store. **Purchase transactions are automatically tracked via secure credit card tokenization resulting in 57% better data capture.** Digital customers are subsequently tracked on-premise, offering a more complete picture of customer behaviors and preferences. **Personalization within ordering experiences based on loyalty data adds a 10%+ lift to digital revenue and a 5%+ increase in average check.** Restaurants further benefit from more tracked purchases as more data mitigates the risk of over-discounting or sending irrelevant messages due to missed transactions.

Impact of loyalty integrated online ordering on data capture

Monthly data capture at brands w/out digital ordering

400% more transactions attributed to consumers when online ordering is integrated into your CRM

Source: Thanx customer data before and after integrating online ordering with their CRM

Higher conversion to 2nd purchase

Together, Thanx and Olo offer an online ordering experience purposefully designed to increase conversion. With Thanx's front-end ordering experience on top of Olo's online ordering platform, guests stay logged in which increases subsequent purchases. Other features, such as password-less login and one-click reordering, further streamline the ordering flow. Thanx's suite of marketing automation tools effectively drive purchases across the entire customer lifecycle journey. **Thanx UX experiences on mobile app and web generate a 80-95% average order conversion from ordering landing pages.**

Olo restaurants gain access to Thanx innovations

Restaurants on both Olo and Thanx have access to a growing platform of loyalty features unique to Thanx's ordering UX. Thanx's non-discount reward innovations like hidden menus drive engagement without costly promotional discounts. The rewards marketplace gives customers an endless option of items and experiences to choose from when redeeming points, creating a more personalized loyalty and digital ordering experience. **Non-discount loyalty features such as Hidden Menus, Access Pass, and Tiers drive 275% higher redemption than generic discounts.** Bonus points and challenges gamify the experience for users, driving first-party ordering adoption over third-party channels. **Customers using Thanx UX see first-party digital outpace third-party revenue 2:1.** Thanx also offers comprehensive lifecycle marketing reporting designed to uncover insights into the conversion funnel, recommend automated campaigns to drive incremental revenue, and easily A/B test offers and rewards.

Thanx + Olo: 2nd purchase conversion increase

KNEADERS
BAKERY & CAFE
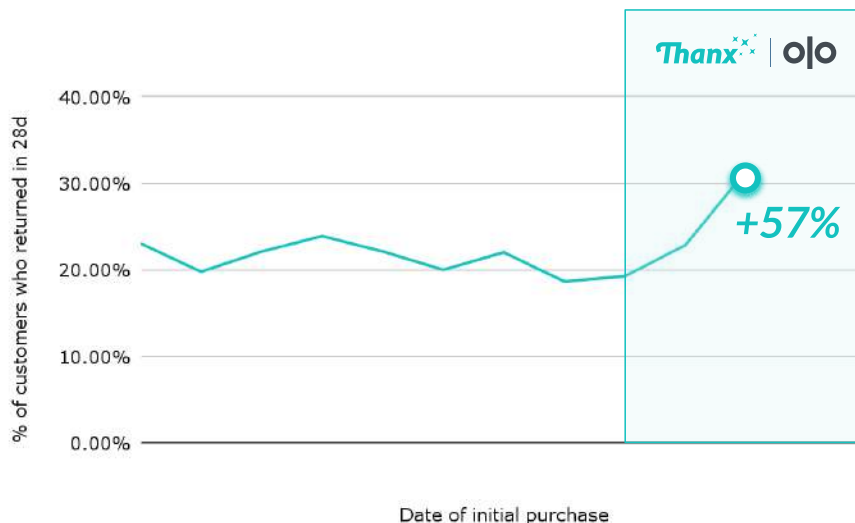
Kneader's Bakery and Café is a 49-unit family-owned and operated chain of bakery café restaurants, specializing in sandwiches, hearty soups, refreshing salads, handmade pastries, and hearth-baked breads. Prior to launching with Thanx, Kneader's had a loyal customer base but their existing traditional program was not effectively engaging their guests.

After launching a new loyalty program with Thanx plus Olo online ordering, Kneaders:

➤ Saw a 331% increase in their customer database in just 6 months, and their average guest check increased by more than 11% ($3).

➤ Maintain above industry average activitation (convert to 3rd purchase) rate of new loyalty members.

➤ Increased participation with their older customer demographic, who were less comfortable with mobile app loyalty.
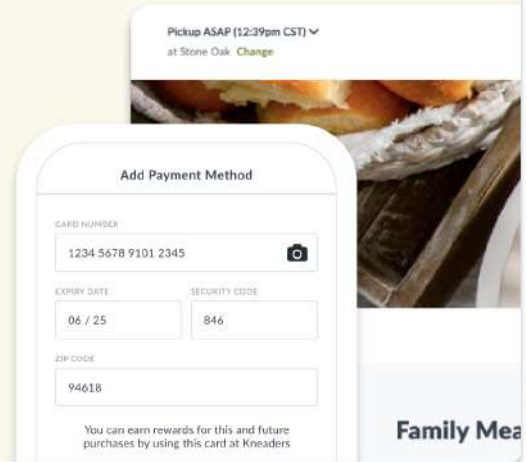
Velvet Taco is a Dallas-based, 40-unit fast-casual restaurant serving inventive and globally inspired tacos. Founded in 2011, the Velvet Taco brand elevates the traditional taco through inventive recipes and the freshest ingredients.

After launching loyalty-integrated online ordering with Olo and Thanx, Velvet Taco:

➤ 37% of revenue now attributable to "known" guests (6 months)

➤ 220% increase in weekly return rate (from 6% to 14%)

➤ 750+ sign-ups per location per month (~4x industry leader McDonald's)

➤ Velvet Taco's loyalty program offers **no discounts.**

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Starbird

Starbird is super-premium fast-food restaurant, backed by industry-leading restaurant consultants from The Culinary Edge out of San Francisco. The brand upgraded their digital ordering UX to Olo + Thanx's web ordering front-end and saw a massive improvement in conversion, loyalty sign-ups, and CSAT.

**After launching with Olo + Thanx's front end digital ordering experience, Starbird:**

➤ 23x higher loyalty participation rate

➤ +5% increase in avg check

➤ 62% conversion rate

➤ "By switching to Thanx, we are better able to convert guests, track second purchase rates, and have more accurate data on our customers." -Casey Hilder, Director of Marketing

AMERGENT
HOSPITALITY GROUP

Amergent Hospitality Group, Inc. owns, operates and franchises fast casual and full service restaurant concepts. With iconic burger brands spanning 40 locations around the country, Amergent Hospitality Group needed an enterprise-level partner to help modernize their digital ordering and more effectively engage guests across several of their brands.

After launching with Thanx's front-end ordering experience with Olo:

➤ +575 average loyalty sign-ups/week

➤ 7.5x increase in loyalty enrollment

➤ **+12.1% same store sales growth**
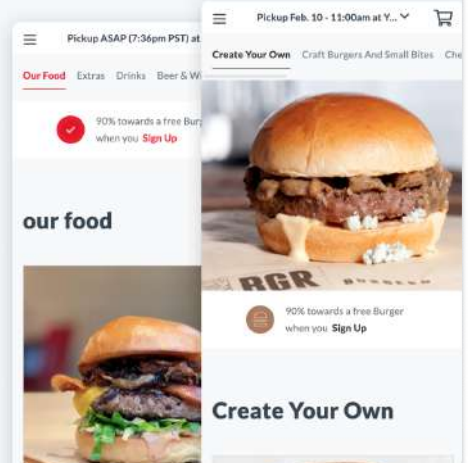
Conclusion

A best-in-class digital ordering experience is requisite in today's competitive landscape. Additionally, the power of loyalty programs to convert unknown customers to known and drive customer lifetime value has never been more critical. However, to get the most from online ordering and loyalty, combining the two in a thoughtful and intentional way is key to unlocking customer data to drive online revenue. Together, Olo and Thanx offer a leading online ordering and loyalty solution to deliver measurable business results that outperform legacy online ordering and loyalty providers.

Learn how Thanx supercharges loyalty without expensive discounts.

Request a Demo

Or reach out to Thanx at:
thanx.com/request-a-demo/olo
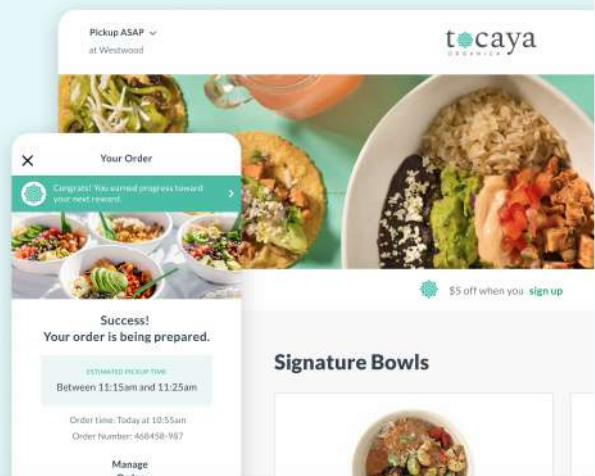
Learn more about Olo's digital ordering and modern hospitality solutions.

Talk to Sales

Or reach out to Olo at:
olo.com/contact/sales