PayiQ

The Tightening Vise: How QSR Executives are Responding to Seismic Shifts in the Loyalty Landscape

Tom Byrnes, SVP Marketing
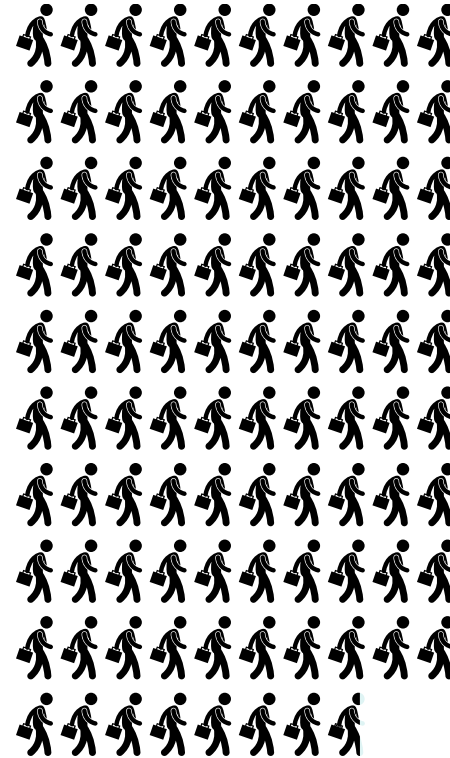James Becker, Head of Business Development

www.pay-iq.com

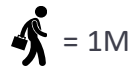# The Labor Market is Shifting Dramatically

There was an exodus in 2020 of three million baby boomers from the workforce—many from senior positions that younger generations are eager to fill.

As millennials move up in seniority, there's currently a labor shortage of six million jobs for front line workers.
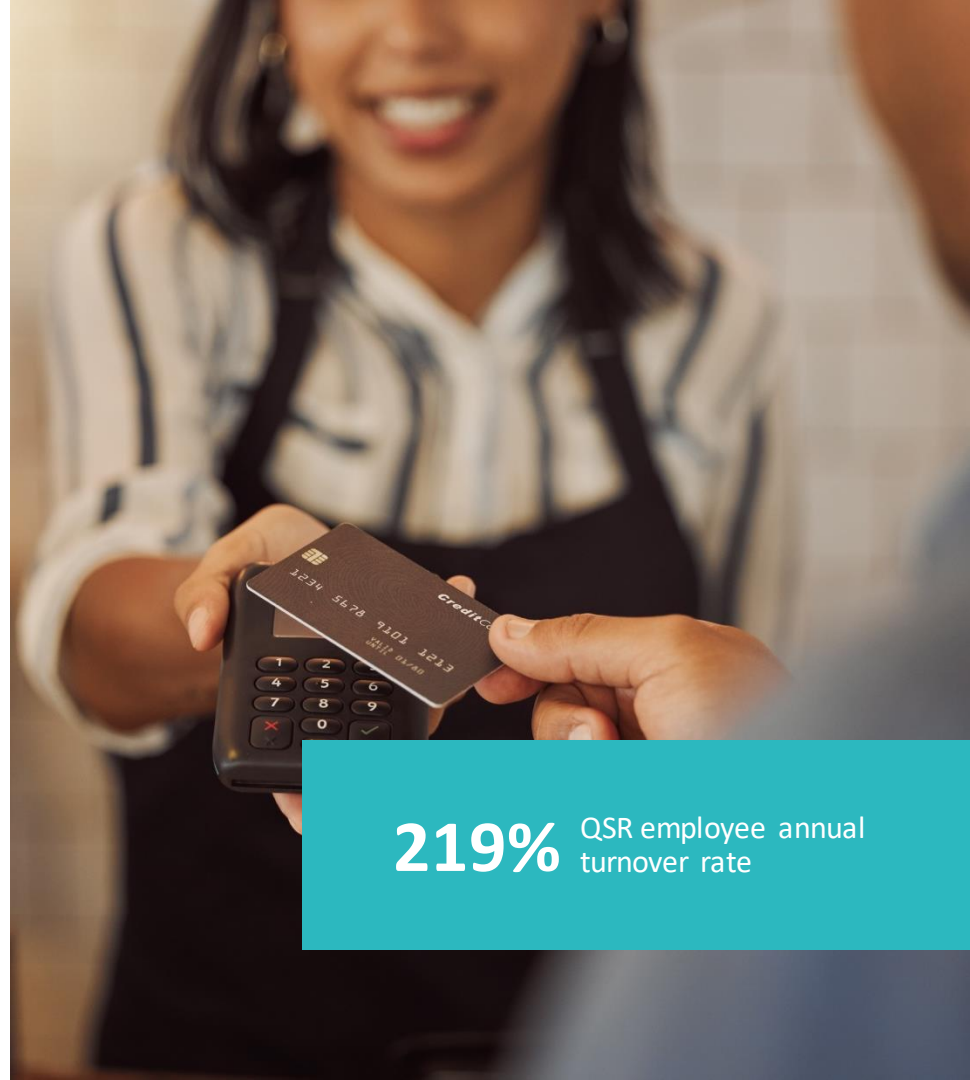
97.8 Million

workers quit their jobs in 2021-2022

= 1M

Unskilled Minimum Wage Positions are Getting Harder to Fill

- The industries most impacted by labor shortages are those looking for unskilled minimum-wage workers.

- Competition for new workers is fierce, so filling empty positions is becoming more and more difficult.
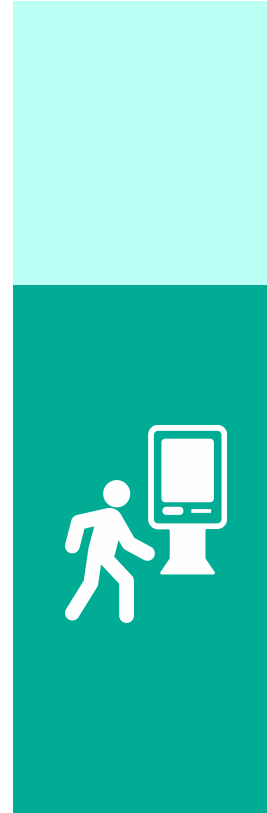
219% QSR employee annual turnover rate

How QSR Owners are Responding to Labor Pressures

Businesses are scrambling to find ways to replace people with technology, leading to the rise of unattended technology.

This tech is being used to replace workers, but it's also what consumers want.

65%

of customers said they would visit more often if
self-service kiosks were offered

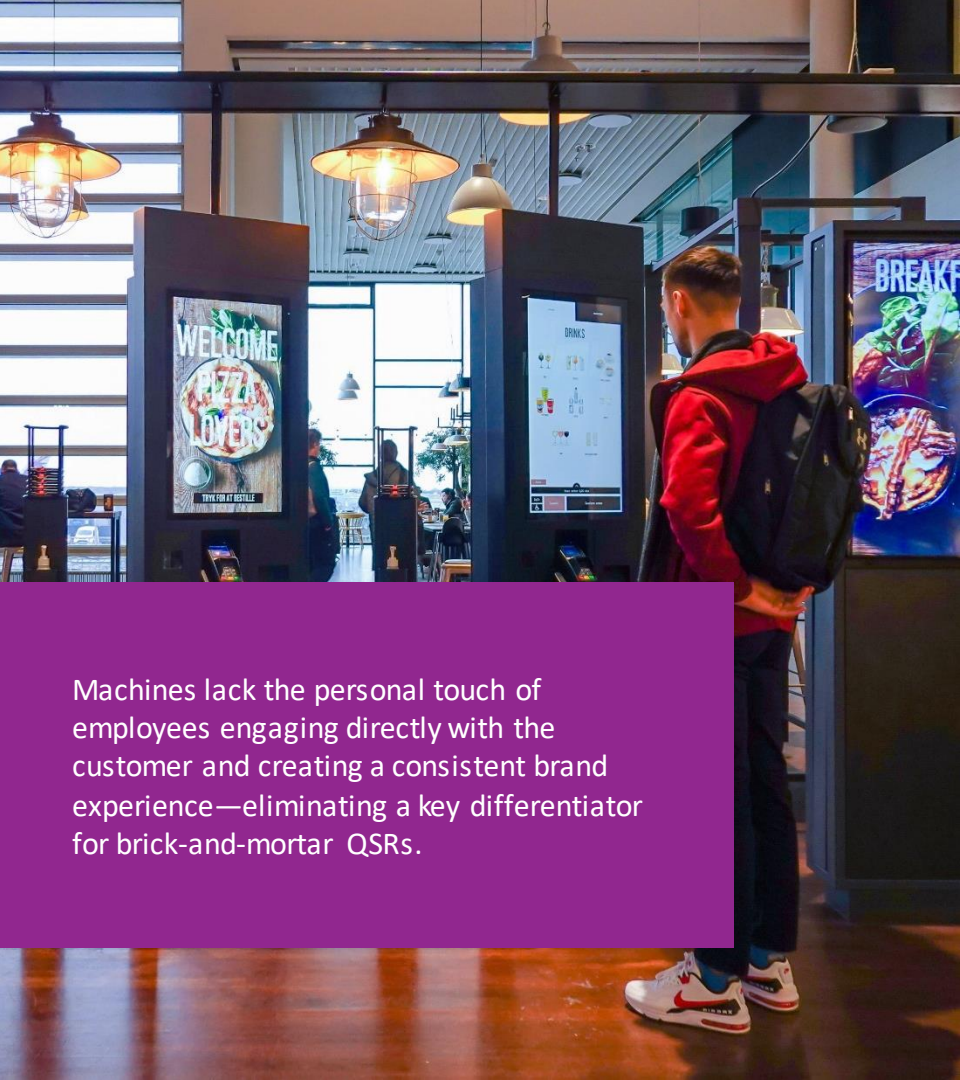# Customers Are Ready for an Unattended Future

75% of customers are willing to leave a line that they perceive as long

Self-service kiosks take 40% less time to process—improving checkout speed

Self-service kiosks increase average ticket size by 15%-20%

Unattended Tech Changes the Customer Experience

Thanks to the success of unattended POS systems, many QSR owners are adopting them.

This has served to offset some of the pressure of labor shortages.
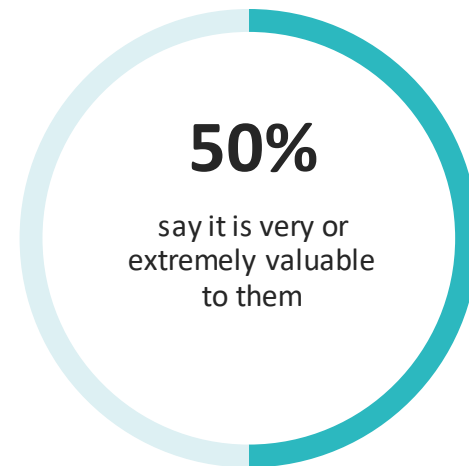
But it has also had some negative consequences in terms of personalized customer experiences.

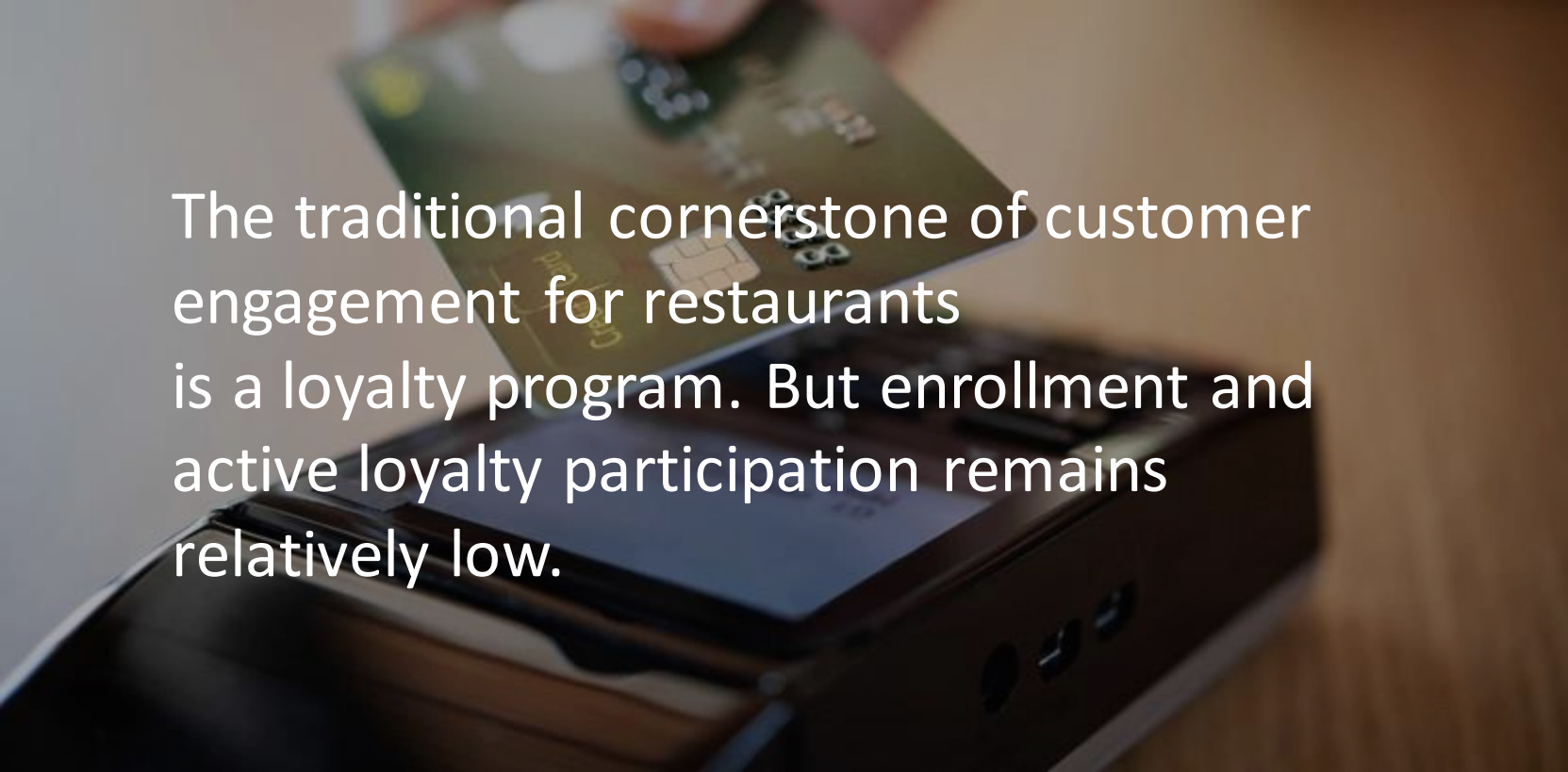Kiosks limit engagement, can be difficult to use, and create a non-dynamic customer experience.

Machines lack the personal touch of employees engaging directly with the customer and creating a consistent brand experience—eliminating a key differentiator for brick-and-mortar QSRs.

Changing Customer Expectations

- Customers have become keenly aware of their value in the marketplace.

- The last few years of shopping online have subtly shaped consumer expectations because digitally native merchants can continually personalize the shopping experience based on past shopping behavior data.

- The result: Most customers now seek personalized experiences that include relevant offers based on transaction history.

91%
of consumers agree that a personalized experience is valuable to them

50%
say it is very or extremely valuable to them

The traditional cornerstone of customer engagement for restaurants
is a loyalty program. But enrollment and active loyalty participation remains relatively low.

Bottom Line on Loyalty

Loyalty is expensive and works, but it has limitations:
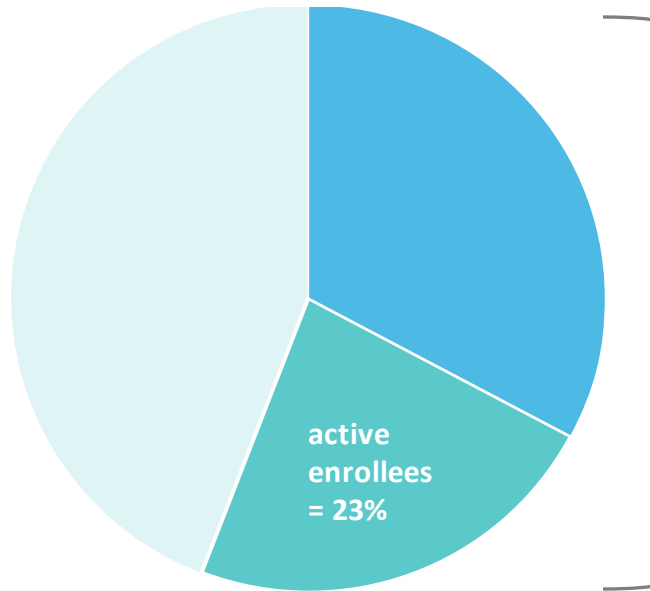
**Customers
enrolled = 56%**

**active
enrollees
= 23%**

Bottom line: To maximize ROI and increase customer engagement levels, businesses must modernize their loyalty programs to keep up with customers' evolving expectations.

The Investment Conundrum

- Companies recognize the importance of loyalty programs and allocate an average of **10% of their company budget** to them.

- That's a significant spend, but from a fiscal and operational perspective it makes total sense.

It's **9 to 11 times** more expensive to recruit a new customer than retain an existing one.

A boost of even **7%** in loyalty can increase lifetime profits per visitor by **85%**.

An increase of **3%** of engagement is comparable to a **10%** OPEX cost reduction.
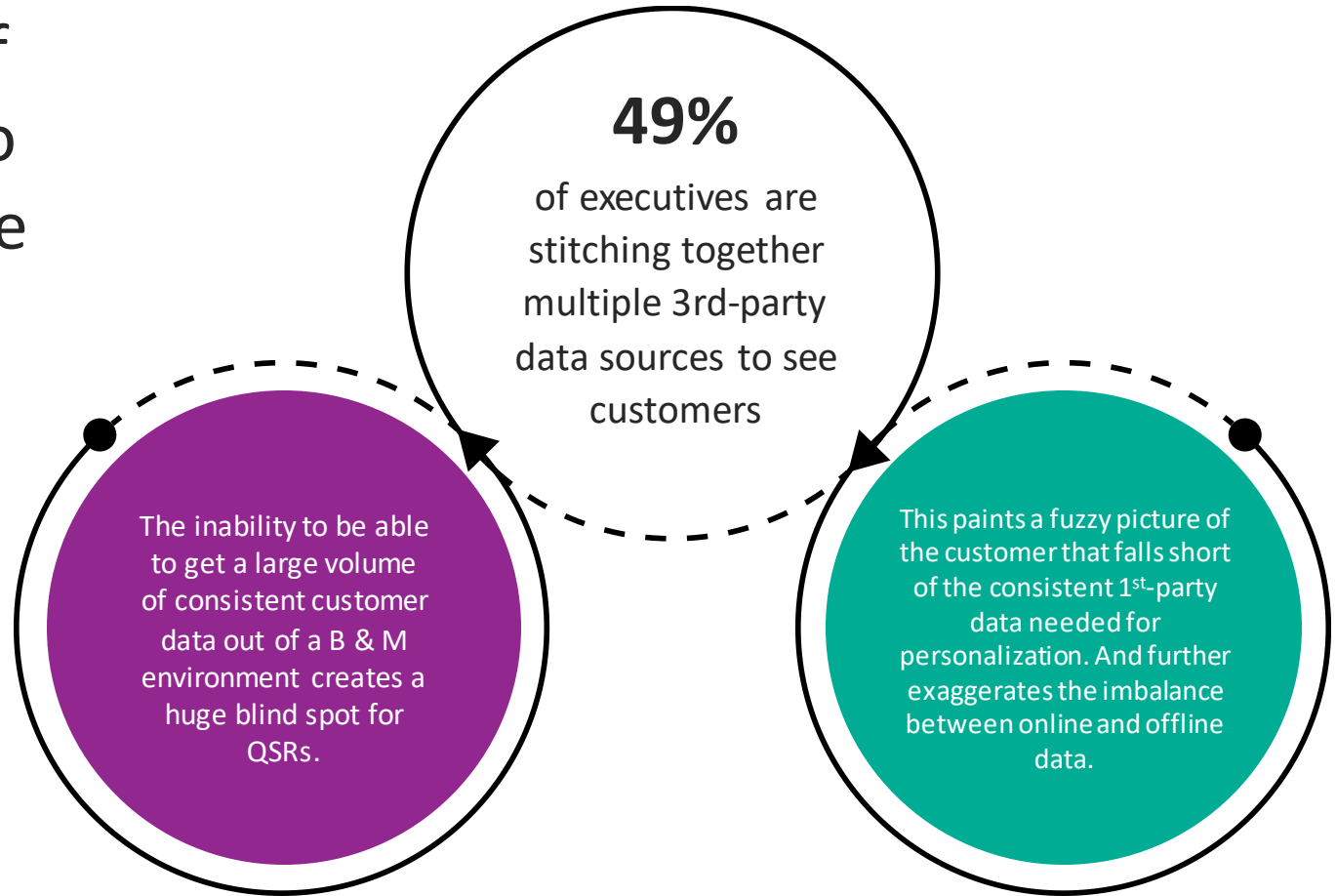
Loyalty Growing Pains

- Without the help of employees getting loyalty sign-ups, it's difficult for QSRs to grow their programs.

- This lack of growth means a lack of personalized experiences for customers—and missed revenue opportunities for QSRs.

- But that doesn't change the fact that customers want personalized loyalty.

Customers Want to Share Their Data, But Businesses Can't Capture It

- A whopping 71% of customers would share their personal information with a loyalty program to get a more personalized experience.

- But executives in an omnichannel environment are unable to capture the data they need across all channels because online spaces offer much more consistent data than brick-and-mortar stores.

- Even the 23% of customers actively using loyalty programs aren't totally consistent with their use.

71%

would share PII for a
personalized loyalty experience

The Failure of Technology to Provide a True Omnichannel Experience

49%

of executives are stitching together multiple 3rd-party data sources to see customers

The inability to be able to get a large volume of consistent customer data out of a B & M environment creates a huge blind spot for QSRs.

This paints a fuzzy picture of the customer that falls short of the consistent 1st-party data needed for personalization. And further exaggerates the imbalance between online and offline data.

Payments Intelligence® provides first-party customer data, insights, and engagement opportunities previously unavailable to brick-and-mortar chains.

For the first time, you can leverage those insights to engage your customers in personalized ways that drive behavior with no extra effort.

Safely and Securely Track Every Previously Anonymous Customer

Unequaled access and visibility to all customer transaction data. Payments Intelligence® securely identifies and tracks each customer that pays with a card.

Because there is no need for consumers to provide personal info or download an app, merchants have access to secure SKU-level data from every customer that pays with a card.

SKU-level Purchase History
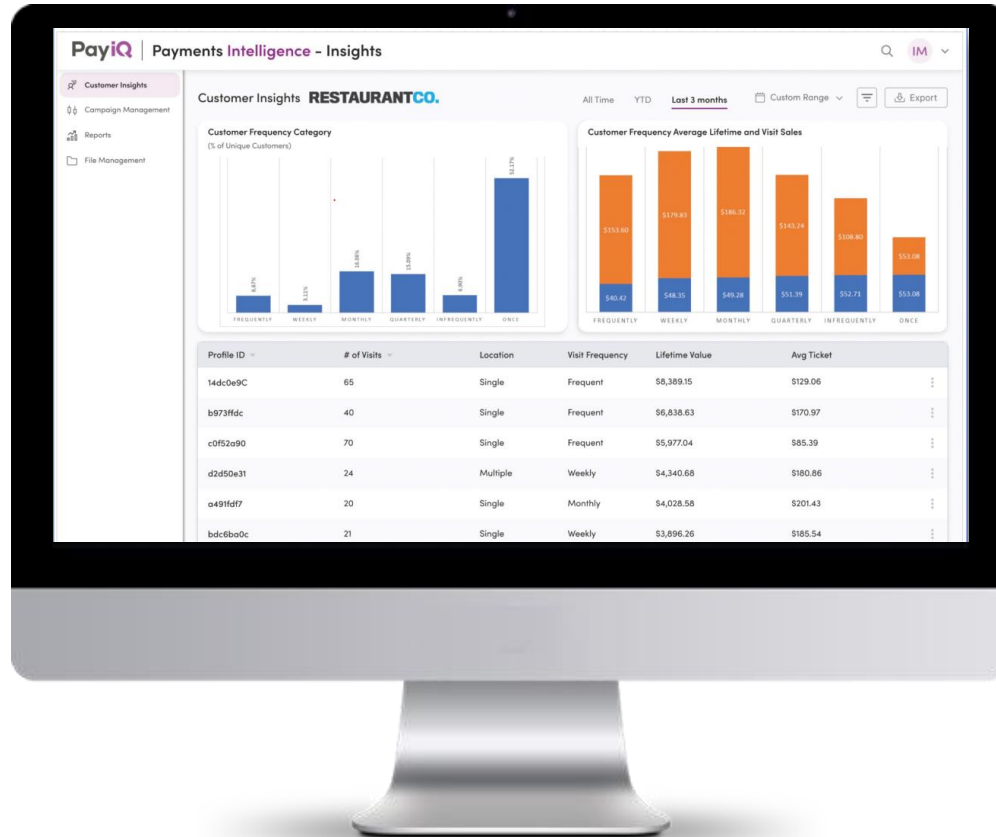
Frequency & Time of Visits

Average Ticket Size

Locations Visited

Payments Intelligence® | Customer Insights

Identifies and tracks every customer that pays with a card via an advanced, anonymized token… with no need to self-identify.

Customer profiles are automatically created for every cardholder based on SKU data and purchase patterns with every purchase in every channel. Over time, detailed profiles of your customers grow with every order they make.

We empower merchants by providing previously inaccessible customer insights in a secure format designed for immediate action, results, and revenue.

The Current State of Omnichannel Loyalty

- Labor shortages have caused rapid adoption of unattended technologies.

- The big problem is unattended tech leaves a gaping chasm in the race towards offering Amazon-level personalization—which customers are increasingly expecting.

- The loyalty program is the battleground of personalization, but only 23% of customers are actively using the program.

- Meanwhile, businesses are spending 10% of their company budget trying to extract value from a loyalty program.

- But customers won't engage because 91% want a personalized loyalty experience.

- In fact, 71% of customers would part with their data for a personalized experience.

- Despite this, 89% of executives don't believe their current technologies can meet personalization demands.

- Executives would love consistent 1st-party omnichannel data, but the best many can do is stitch together 3rd-party data sources.

- This creates an environment where in-store technologies lag far behind online systems.

- Leaving executives scratching their heads wondering how they can offer a truly omnichannel loyalty experience.

- Enter PayiQ's Payments Intelligence: a system that captures 1st-party data for all card-paying customers–giving businesses a window into customer behavior as wide and consistent as what any digital player can offer.

- Best of all, it's consistent across all channels.

PayiQ

PayiQ transforms everyday payments data into seamless customer engagement for brick-and-mortar and multi-channel merchants.

Thank you.

For more information visit us at **www.pay-iq.com**