Mobile Invasion:
MOBILE PAYMENTS IN RESTAURANTS

NATIONAL RESTAURANT ASSOCIATION
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Overview

When it comes to mobile, the future is now. A mobile app that offers online-payment features, loyalty or even order-ahead capability—a rare find just a few years ago—no longer turns heads in the fast-paced mobile space. In fact, it’s beginning to be expected.

The runaway success of the Starbucks app, the launch of other single-merchant apps and the rollout of Apple Pay are only the latest examples of what lies ahead in the complex, converging mobile arena. There’s also Google Wallet, Samsung Pay, LevelUp and MCX. There are a myriad of order-ahead solutions, digital gift cards and even devices to help restaurants communicate with nearby app users.

Customers are moving from paying with cash and plastic to using their phones as payment devices and that creates opportunities and challenges. The average smartphone today has more processing power than the Apollo 11 spacecraft that landed on the moon. So the resources are there for you to build an incredible mobile experience for your customers.

But where do you start?

How does a busy restaurateur make sense of new product offerings and emerging technologies? What do customers really want? Which solutions have staying power, and which are a flash in the pan? More important, can mobile streamline your operations, lower your costs and increase your revenue?

This paper will help you understand the benefits that mobile can offer and how you can intelligently leverage this mega-trend to grow your business.

It’s important to understand that every restaurant is different and will have its own unique requirements. Whether you’re a fullservice, quickservice or fast-casual operation will shape your decisions about mobile apps. Your customer demographics will play a large role in the mobile solutions you choose, too.

For this paper, we’ve taken a look at how some restaurant companies are using mobile. We’ll share what has worked, what hasn’t and what questions to ask so you can successfully ride the mobile wave.
Why Mobile Really Matters

We can theorize about the power of mobile all day long, but nothing is more compelling than a case study of what mobile success can mean for a business. There is no better example than Starbucks. The success of the Starbucks app has been unparalleled. Starbucks CEO Howard Schulz reported on an April 23, 2015, earnings call that 16 million customers are now using the app, accounting for 8 million transactions per week! That makes it one of the most successful mobile programs on the planet. The key to this success is blending payments and loyalty into one simple action.

But not all mobile apps have seen Starbucks’ level of success, and Starbucks has changed its app many times. In the current app, payments and loyalty are one.

Other restaurants have followed in Starbucks’ footsteps, some with great success, some less so. Dunkin’ Donuts launched a similar program and has reported that their app exceeded expectations. Smaller, up-and-coming brands like Chop’t, Spark Coffee Co., Groucho’s Deli and Freshii have launched mobile payments and loyalty apps with partner technology providers. Some restaurants have reported upwards of 30 percent mobile-payments usage and increases of 5 percent to 7 percent in same-store sales, according to LevelUp, which powers many merchant mobile apps. Other brands have chosen to keep loyalty and payments separate, including Panera with its well-known “surprise-and-delight” loyalty program.

Different methods have succeeded with different customer bases, and that is even before considering all the other features a brand’s mobile experience can have: order ahead, gift cards, menu, nutrition calculators and more.

There is no doubt that mobile matters and that a mobile initiative may be a key business driver. But which features matter? Why have some mobile payment and loyalty programs seen enormous success while other brands have not? In the following pages, we’ll identify the core features you should consider incorporating into your mobile program.
Feature Overview

The features your mobile app can offer are limited only by your imagination and, of course, your budget. Even with the explosion of innovation in the mobile space, we’ve seen a core set of features routinely emerge in most mobile solutions. These features can drive value in clear and quantifiable ways.

Here’s a summary of eight core features. In the pages that follow, we’ll take a deeper look at each one.

1. CRM (Customer Relationship Management)
A mobile option can provide detailed, actionable customer data such as age, demographics, favorite orders, visit-time preferences and frequency. In short, your mobile app can help you get to know your customers better.

2. Mobile Payments
In-store mobile payments are on pace to pass $800 billion in the next four years, according to a Business Insider Intelligence report. If you’re exploring a mobile option, you should seriously consider tying it to a payment method that provides consumers with the fast, convenient experience they’ve come to expect at other foodservice operations that offer mobile payments.

3. Order Ahead
With buying behavior moving toward mobile, customers will want all facets of their transaction to be mobile-friendly.
If it’s appropriate for your type of restaurant, enabling your customers to order ahead from their mobile devices, ideally with just a few taps, is a key benefit mobile can offer your business.

4. Gift Cards
As you consider your mobile payments strategy, don’t neglect other potential streams of income for your operation. Gift cards are a $124 billion industry and growing. Successful brands like Dunkin’ Donuts are using mobile to facilitate and promote gifting.

5. Rich Campaign Delivery and Tracking
Mobile can become your tool for delivering and tracking highly targeted promotional campaigns. Many brands are moving their entire promotional budgets to mobile where they can engage on social media and move from home ads to in-store transactions.

6. Beacon Messaging and Geofencing
Email filters and recent changes in email platforms make it less effective to target audiences through traditional email marketing campaigns. Beacons and geofencing are location-aware technologies that allow you to communicate directly with customers who are near or in your store.

7. Mobile Loyalty Program
Mobile loyalty drives higher adoption and customer satisfaction. Beyond convenience, mobile loyalty programs virtually eliminate loyalty fraud, provide data to help you calibrate your rewards, fine-tune loyalty structures and allow for automatic redemptions. Not to mention, mobile enrollment is easier and faster than linking to a plastic card online.

8. Receipt Notifications
Mobile payment and loyalty programs can deliver receipts right to a customer’s mobile device. Nearly 90 percent of consumers read transaction-receipt notifications! Merchants are using these mobile receipts to steer customers to their social media pages, announce new menu items, ask for feedback and more.
1. CRM and Customer Database

One of the legacies of the digital age is the all-powerful email list. Email fast became the building block for Customer Relationship Management systems, allowing controlled, scheduled outreach to a targeted customer base. For many brands, email remains the backbone of their CRM.

But without personalized data to segment your customer list, you’re left sending mass email blasts that beckon the dreaded unsubscribe button. Email has gotten better, with tools like A/B testing, but even open-rate optimization only gets you halfway to your end goal of driving transactions. With mobile technology, smart merchants are now tracking their email campaigns, from open rate to completed transaction, on an individualized basis.

Mobile can provide email information tied to a customer’s transaction data, giving you the ability to engage your customers more completely. You’ll know which customers visit most often, spend the most, what day they come in and more. Placing a survey within your mobile solution that ties to an email address can supplement your quantitative data from payment patterns with evaluative data you could previously only surmise anecdotally. This turns janessmith@gmail.com into Jane Smith, a 27-year-old musician who comes in every weekday between 8:50 a.m. and 9:05 a.m., orders a large coffee and muffin, loves this season’s coffee selection but wishes there were a large-sized beverage option. Now you have a way to customize your outreach and better engage your customers. Keep in mind, though, that you’ll need to develop and follow a privacy policy so that your guests know how their data may be used.

As long as you protect guest privacy, your mobile solution can require an email address at opt-in, eliminating the drudgery of manually collecting contact information. Plus, most customers will be more at ease entering their email address into a secure, private login screen than trusting it to a publicly visible sign-up sheet or an unfamiliar staff member.

The marriage of contact information and payment data allows for more intelligent outreach and the ability to instantly reward customers. If you see that one of your best customers just spent more than $1,000 at your business this year, a CRM tied to your mobile option can provide that customer with a surprise reward and notify him that he’s received a gift in his account, delighting and incentivizing him to keep coming back—all in a matter of seconds.
2. Mobile Payments

When a customer places an order, there is one action you can be certain of: payment. Everything else is optional. Swiping a loyalty card, joining your email list, entering your sweepstakes to win a free office lunch—these are additional actions the customer may or may not take.

But payment is inevitable. That’s why so many operators are integrating payment into their loyalty and mobile offerings. Not only does it drive consistent usage, it also provides fact-based proof of the performance of campaigns.

As Richard Crone of Crone Consulting LLC, a payments consultancy, puts it, “Payment credentials are known and verified.” Crone Managing Partner Heidi Liebenguth adds, “Until you have payment as part of that mix, you don’t really have that grounded data.”

Not only will mobile payments invigorate your CRM, it will also boost adoption of your loyalty program, accelerate checkout times, seamlessly apply promotions and more.

Let’s take a look at some of the benefits that mobile payments can provide to a restaurant.

**Seamless Redemption Of Coupons**

**NEW MODEL**

Consumer walks into store and presents coupon. Coupon is scanned, and POS is updated. Customer pays and receives receipt.

**OLD MODEL**

Customer walks into store and pays. Coupon is applied automatically, and check is updated. A receipt is sent to the customer.

**Increased Adoption**

- **ADOPTION OF TRADITIONAL LOYALTY PROGRAMS**
  - 5% to 12%
- **ADOPTION OF MOBILE PAYMENT LOYALTY PROGRAMS**
  - 18% to 28%
  - 15% to 35%

*ADOPTION OF MOBILE PAYMENT LOYALTY PROGRAMS + ORDER AHEAD*
Preloaded Funds & Interchange Savings
Along with driving increased sales and loyalty-program adoption and simplifying in-store operations, mobile payments can help pre-commit customer spend and drive down interchange fees. One of the hidden benefits of the Starbucks and Dunkin’ Donuts apps is that users are encouraged to reload their accounts with higher amounts than what they would pay in-store. Instead of four to eight small transactions with higher minimum interchange charges, users load $25 to $50, meaning only one large-ticket transaction.

Before you get too excited about replicating this in your own business, it’s worth pointing out that these restaurants are uniquely situated to do this. Customers at these establishments make frequent transactions (often daily) and understand the rewards of preloading their mobile app.

LevelUp and Paydiant are two mobile solution providers that give operators the flexibility of offering preloaded funds or simply using pay-as-you-go from a credit/debit card. This gives you the best of both worlds: preloaded funds for customers ready to commit and high adoption/lower interchange from all customers.

Habituated Base For Other Features
Mobile payments can also condition customers to buy through your app, enabling you to add other features such as gift cards and order ahead. Argo Tea’s LevelUp-built app used mobile payment and loyalty to drive initial adoption and then order ahead. With a large, established app base, Argo Tea was well positioned to introduce order ahead. Its utilization was kick-started by the existence of a mobile payment feature and is now growing quickly.

TAKEAWAY
Mobile payments can drive increased customer adoption of your loyalty program and provide seamless in-store redemption of campaigns along with greater trackability. Other benefits include increased visits from preloaded funds and training your customers to use your app for purchases, giving you a valuable active user base ready for your next innovation. It’s no surprise that more and more brands—Starbucks, Dunkin’ Donuts, Wendy’s, Pinkberry, Chop’t, sweetgreen, Dunn Brothers Coffee and countless more—are using mobile payments as the anchor for their mobile app’s functionality.
3. Online and In-App Ordering

Mobile apps have given operators a valuable new asset—retail space on their customers’ smartphones. Restaurants are using this digital storefront to do exactly what you’d expect—sell things! But this time it’s all about ordering ahead, not ordering at the counter.

Sarah Owen, senior vice president at Heartland Payment Systems, says restaurants that are using Heartland’s mobile-ordering solution powered by ToGoTechnologies have seen greater operational efficiencies and a 20 percent increase in the average ticket.

Mobile ordering, she adds, reduces time in line and improves order accuracy, resulting in faster service, larger purchases and increased efficiency.

“The increase in the average ticket is simply a matter of putting order creation into the hands of the consumer,” Owen says. She notes that the convenience of ordering and paying from an app reduces the anxiety that can occur “when you’re standing in line and not sure what you want or what it costs. It also assuages the guilt of ordering extra-large French fries or a dessert.”

Online ordering isn’t a perfect fit for all industry segments, and it poses a challenge where food quality degrades quickly. No one wants a cold hot chocolate or melted ice cream. But even those challenges are solvable with technology—for example, using beacons to know when the customer has arrived.

In a world where more and more customers are never more than a few feet away from their smartphones, restaurants that offer online ordering are meeting very real customer needs and expectations.

LevelUp research shows that order ahead accounts for nearly 5 percent of sales in the first three months after a restaurant has introduced the feature. According to the company’s consumer research, customers who have placed an order online visit the restaurant 67 percent more frequently than customers who haven’t. This is why online ordering is a core feature of mobile apps.
Offering guests the ability to order online is a profitable option for some restaurants, but let’s take a look at some of the choices you need to make:

**Desktop, mobile or both**
Will your customers be able to order from their desktop computer, their phone or both? And will you offer the same menu options? With screen size in mind, many merchants choose to offer limited menus for mobile customers.

**Delivery, takeout or both**
Can customers order ahead and pick up at the store, have it delivered or both? Pizza giants such as Pizza Hut, Papa John’s and Domino’s are effective at offering both options.

**Aggregator or going it alone**
Aggregators like Seamless, GrubHub and Foodler are one way to drive online orders, but they charge a fee to both the restaurant and the customer. Offering your own ordering solution saves money, but you may have to work harder to get customers to use your app than if you used a service like GrubHub. Consumers may not care either way: According to a LevelUp user survey, customers say they are just as likely to order from a merchant’s website as from a third-party portal. Whatever choice you make, position your option clearly so your customers know where to find your order form.

**Catering**
Catering is its own online-ordering challenge. Most merchants offer a different user experience and flow for catering versus consumer ordering. For example, instead of ordering 70 individual sandwiches, you might offer customizable platters instead.

**POS-integrated or stand alone**
Some online ordering systems integrate right into your point-of-sale system, making it as seamless as a customer ordering at the counter. Others use tablets to deliver the order to the front of the house, which is more operationally complex but faster to implement.
4. Gift Cards

Gift cards remain a significant revenue source for businesses, accounting for billions in sales, pushing holiday numbers up and introducing waves of new customers to businesses across the country. No wonder gift cards have become one of the core features cropping up in mobile apps.

Over the 2014 holiday season, Starbucks sold $1.3 billion in gift cards, and it’s estimated that 46 million Americans (about one in seven) received a Starbucks gift card, according to reporting by Bloomberg and Fortune.

Half of customers surveyed by LevelUp said that they are more likely to buy a gift card if they have the option to do so online. And while people tend to associate plastic cards with gift cards, Bankrate.com reports that gift cards increasingly are being sold online (or as e-gifts). A mobile solution that supports both the purchase and redemption of gift cards directly in-app, then, is an ideal facilitator of this e-gift market, creating new digital storefronts on your customers’ phones.

Merchants with physical gift-card solutions are launching apps to provide their customers with a seamless mobile option—one that allows new purchases, gifts sent to friends and the migration/uploading of existing gift card values into the merchant’s digital gift-card system. A key point is that a brand’s gift-card strategy is unified instead of split and competing with itself.

Gift cards are no longer an ancillary service designed to accommodate customers. They’ve become an important, sellable product. As a result, you need to think about how to creatively position your physical and digital gift cards.

A case in point: Keith Graeve, owner of Crane Coffee in Omaha, Neb., introduced a mobile loyalty program in 2014 but still offers customers an opportunity to purchase gift cards during the holidays. “We’re not ready to discontinue the regular gift program, but those customers who use the app are beginning to see the advantages of a year-round, 24/7 rewards program. Each program serves a purpose, and one can complement the other.”

Sarah Owen at Heartland Marketing Solutions advises restaurants looking at a gift or loyalty program to “make sure that data can easily flow from one system to another.”

There are other ways to use these tools. For example, you might motivate customer spending through a bonus campaign (spend $20 for $25 in gift cards) or a competition (the day’s 100th customer will receive a $10 gift card). A mobile option tied to your CRM, payments and gift cards could completely automate a competition campaign.

The launch of the Gregorys Coffee mobile app is a good example of app integration driving gift-card sales. The New York City-based company saw a 17 percent increase in weekly orders, a 21 percent increase in weekly spend and a 23 percent increase in new customers per week following its launch of digital gift cards.
You might partner with a national gift-card distributor to distribute your gift cards in large retailers. You’ll also want to position your digital gift-card program on your website, social media pages and anywhere else your customers and potential customers might search for your business online.

A final word of caution: Before you count funds as revenue, keep in mind the laws that govern unspent funds remaining on gift cards, also known as breakage. Make sure you are familiar with your state’s unclaimed property or escheat laws, since the state may have a legal claim to those funds.
5. Campaign Tools and Tracking

Merchants are using mobile apps to take their marketing strategy to the next level—designing promotional campaigns that can be instantly launched and tracked from end to end. Here are examples of creative, well-implemented mobile campaigns:

**Time shift**
Motivate customers to come in during a novel day part. Starbucks uses “treat receipts” to encourage morning coffee customers to revisit the store later in the day. Crane Coffee in Omaha also uses its loyalty program to drive customers to the slower parts of the day or slower days of the week.

**Let it rain**
Entice customers to brave the elements during bouts of bad weather.

**Re-engagement**
Offer lapsed customers credit if they haven’t returned in 30, 60 or 90 days. LevelUp reports that re-engagement campaigns run on its mobile solution have brought back, on average, 29 percent of a merchant’s lapsed user base.

**Surprise and delight**
Reward individual customers with a gift and a message for any type of purchase.

**Make my day**
Reward customers for coming in on a specific day each week. For example, one LevelUp-powered eight-week campaign to improve traffic on slow days increased spend among customers 30 percent during the lifetime of the promotion.

**Refer a friend**
Increase your customer base through a refer-a-friend campaign that offers your guests an incentive if they get others to download your app and visit your business. Crane Coffee gives customers a $6 credit if a friend downloads the app and makes a purchase. Some operators have reported as much as $20 in profit returned for every $1 spent acquiring referred customers. During seasonal slowdowns, you can supercharge your customers’ brand-ambassador potential by pairing refer-a-friend with a limited-time offer. Referrals during such promotional weeks have been shown to increase up to 800 percent!

**Birthdays**
Ask customers for their birthday when they sign up for your app. This key demographic data can help you understand the age breakdown of your customers and which groups you should target. It also provides the perfect opportunity to celebrate your customers’ birthdays and surprise them with a small gift. This sort of highly social engagement is an effective strategy rarely available to most businesses, and your customers will certainly speak positively to their friends (as well as their social networks) about the experience.

**Time-Shift Campaign Example:**

![Time-Shift Campaign Example](image-url)
Melissa Telsrow, executive director of marketing for the 89-location coffee chain Dunn Brothers Coffee, explains that her company’s mobile platform allows Dunn Brothers to “run our loyalty program seamlessly across our franchise and corporate locations. We can track the lifetime value of customers from first visit through their ongoing purchases. We are now able to build a stronger connection with our loyal guests through more targeted and relevant campaigns.”

Operators are using the data collected through mobile payments to fine-tune their marketing in very discrete ways. An operator who notices a trending pattern of busy mornings and slow afternoons can quickly deploy a time-shift campaign, with a limited lunchtime incentive sent exclusively to those who transact only in the morning (no need to provide an existing lunch crowd the incentive). Time-shift campaigns such as these can bring 14 percent of customers on average into a slow day part, according to a recent Fortune article. Half of those customers will convert and continue to transact during the new time, even without future incentives.

Tightly integrating your app with campaign delivery and in-store redemption (often tied to the payment) is a critical way to monetize your mobile investment.

“**We can track the lifetime value of customers from first visit through their ongoing purchases.**”

Michelle Telsrow, Dunn Brothers

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6. Geofencing and Beacons

So far, we have talked about how mobile can push your storefront into your customers’ pockets through a digital gift-card portal, and to the web and beyond with online ordering and a robust CRM. Mobile can also increase your real estate in a more literal way.

“A mobile app is the new front door to the restaurant,” according to Heidi Liebenguth of Crone Consulting LLC. Location-awareness technologies can make that front door more accessible than ever before.

Your mobile app is always in your customers’ hands, making it the perfect vehicle for communicating with them with locator technologies like geofencing and beacons. These technologies let brands engage customers well before they are at the physical storefront. A welcome alternative to standing out on the sidewalk and passing out flyers, geofencing and beacons allow you to say “hello,” promote an item or and highlight a campaign to a passerby without leaving the restaurant.

Here’s a summary of the differences between geofencing and beacons, and some examples and benefits to using the technologies:

Geofencing

Geofencing uses GPS coordinates to virtually enclose or “fence off” an area. An administrator can set up triggers so that when a mobile device enters or exits the boundary, a text message or email alert is sent via the restaurant’s mobile app. Customers opt into geofencing by allowing an app access to their phone’s location services. Geofences rely on satellites and cellular towers to pinpoint a cell phone and can cause large drains on the phone’s battery.

Beacons

Beacons use Bluetooth low energy (BLE) to approximate a smartphone’s distance to a device known as a beacon. This aptly named version of Bluetooth requires little energy, so beacons cause little drain on a cell phone’s battery. Beacons have a range of up to about 100 feet.

Customers opt into the system by switching on their phone’s Bluetooth services and allowing notifications. Apple has developed a popular system called iBeacon for iOS devices, but there are beacons for Android devices, too.

Once in place, these location technologies can be used to promote your store to brand-new customers, engage customers who haven’t visited in a while, wish someone a happy birthday, alert a customer that she’s close to earning a loyalty reward and more.

According to LevelUp, merchants who have deployed beacons to reach new guests report that beacons now account for between 8 percent and 12 percent of the new customers they see each week.

Beacons and geofencing are not just messaging tools; they also can be used to collect data such as how many mobile-ready customers are walking by your storefront and how long your lines are.

Intelligent and reactive location-based technologies could radically change the restaurant and retail landscape. Many businesses have already jumped at the opportunity. Starbucks is using these services to remind patrons of their favorite nearby stores, Cava Grill, based in the Washington, D.C., area, is messaging customers to create a more personalized experience. With more customers carrying smartphones, geofencing and beacons are one more reason to take your business mobile.

As always, restaurants need to protect guest privacy and only use data in accordance with well-thought-out privacy policies. The Federal Trade Commission recently settled charges against a mobile-tracking company for not informing customers when their devices were being tracked and not allowing them to opt out of such tracking as promised. Make sure any vendors you contract with for location-awareness services can meet your guest-privacy requirements, including a customer notification and opt-out.
7. Mobile Loyalty

Customers may love your brand, but they don’t necessarily want to carry your plastic card in their wallet. That’s why more and more merchants are moving to mobile loyalty programs. Let’s take a look at mobile loyalty and see how it compares to its predecessors—the punch card and plastic loyalty card program.

Punch cards work for many restaurants that operate a low-value/high-margin business or don’t have the resources or interest in investing in an electronic program. But punch cards are often lost, easily counterfeited and aren’t tied to transaction data in any way. Redemption rates are estimated, relying on physical tracking of paper slips (if they are even tracked), and there is no differentiation in purchased product—each visit earns the same punch.

Plastic loyalty card programs solve many of the problems of a punch-card system but are subject to some of the same pitfalls. Plastic cards stick with a customer across reward cycles (unless/until they lose them). However, customers can forget to use these loyalty cards or simply shy away from using them in a crowded line—self-conscious about an extra step or friction point in the transaction process. Or the customer may not be self-conscious about it at all and insist upon the extra step to earn his reward, causing the line to back up.

Mobile loyalty, however, completely erases the dropout problem of lost cards and counterfeiting. Participant login information is unique. Participants are not likely to lose their phone, and even if they do (or get a new phone), their account information remains unchanged. They simply log in to their new device and continue on their way.

Remember, mobile loyalty also ties your loyalty program to a mobile device rather than a scrap of paper or piece of plastic. Customers can track their progress in real time, and you can remind lapsing customers that they haven’t been back in a while.

Hale and Hearty, a 34-unit soup, salad and sandwich chain in New York City, has a new mobile loyalty program that solves many of the problems that plagued its punch-card system (such as customers fumbling for their cards and causing lines to back up). Hale and Hearty Project Manager Ariel Page says the new app gives the chain more flexibility than a rewards card.

“Before, we only gave rewards on soups and salads. Now customers get credit for all their purchases. And for the first time, we have demographic information on who those customers are.”

Mobile loyalty tied to mobile payments also helps restaurants better measure success. LevelUp reports that across all restaurant-industry segments, restaurant spending increases 15 percent when customers redeem a loyalty incentive. LevelUp says spending increases 72 percent when customers stretch to reach their loyalty reward.

Gregory Zamfotis, CEO of Gregorys Coffee in New York City, points out that “competition in New York is pretty thick. Just a change in weather might mean our regular customers will go to a coffee shop in their building instead of going outside. Our loyalty app gives them an extra incentive to walk a few blocks to one of our stores.”

The company’s app, rolled out in mid-2014, also provides a host of demographic information to help track customer preferences and purchasing patterns.

When loyalty is tied to mobile payments, restaurant operators can easily see where customers are on their loyalty continuum. LevelUp reports restaurants can use targeted incentives to re-engage 29 percent of “stuck” customers, nudging them along their spend curve and converting them into regular customers. How regular? Customers participating in a loyalty program come back to businesses almost twice as fast as those who are not in a loyalty program, LevelUp says.
CUSTOMERS RESPOND TO LOYALTY INCENTIVES

Source: LevelUp merchant data, 2015
Mobile has a lot to offer your business at the point of transaction, but it can create even more value after the sale through digital proof of purchase.

Receipt notifications will give your mobile program an added boost, and your customers may appreciate the convenience. Customers often discard traditional receipts without even looking at them. With cash and payment cards, paper receipts are a necessity—and an annoyance.

With mobile, you can send a digital receipt directly to a smartphone, where customers can easily review their transaction data and leave your establishment satisfied and free of paper receipts. Your customers will appreciate going “paperless,” plus they will actually read their receipts!

Digital-receipt notifications also give merchants a powerful platform to advertise their products, position their brand and route customers to the rest of their digital real estate. Let’s look at some of the digital-receipt notifications a business can include with its mobile receipts.

From start to finish, mobile solutions need to provide value throughout the transaction and customer experience. Receipt notifications can ensure the guest experience is engaging and rewarding all the way through “until next time.”

ANNOUNCEMENTS
These simple, cleanly designed messages allow you to announce something new or of importance to your customers. It’s a great way to highlight menu items, alert customers to new hours, write a “thank you” note or provide a “did you know?” about your business.

FEEDBACK
With a quick survey right after the transaction, your customers have an opportunity to give you qualitative feedback they might not have otherwise provided. If you let your guests know the results are not anonymous, survey data can be imported into your CRM and tied to each customer’s record. You can then quickly follow up with a “make-it-right” or “surprise-and-delight” moment.

URL
Your mobile receipts can include links to your website, Facebook or Twitter pages—anywhere your business has a digital presence. With just a few quick taps, your guests can bookmark your pages, giving them the tools to become ambassadors for your brand.

CAMPAIGN CLAIMING / PRODUCT OFFERS
Your customer has just transacted a sale on her phone and is eagerly anticipating her purchase. It’s an opportune time to encourage further participation in your marketing programs by providing a campaign-claim receipt notification or a link to your digital gift-card storefront. Receipt notifications become even more valuable when they work in tandem with other marketing efforts.

RATE THIS APP
If you’re building your own mobile app, you know that app downloads and high ratings are important for widespread adoption of your program. Customers who have just paid with your app are clearly the best positioned and most motivated to share positive experiences. It’s a great time to ask them to rate your app rather than wait for them to go to an app store and rate it on their own accord.

YELP AND THIRD-PARTY REVIEW SITE LINKS
Killing it on Yelp or Google Plus? Receipt notifications can direct your customers to a third-party review site to share their experiences. Effortlessly guide your customers there to keep your ratings high!
Pursuing a mobile payment strategy raises privacy issues since the technology allows for the collection of precise geolocation information on consumers, along with valuable payment card information and detailed data on purchasing habits.

As you collect this data about your customers and build profiles about them, you have a responsibility to protect that data so it can’t later be used for identity theft or other fraud. You should only collect, use and store guest data in compliance with applicable laws, regulations and best practices. In addition to these obligations, you should also avoid the “creepiness” factor—the uncomfortable feeling that consumers experience when a marketer knows more about them than the consumer might want or expect.

Setting standards for protecting customers’ privacy includes, but isn’t limited to, letting your guests how their data is being collected and used. You need to give customers a real choice about whether they want their data to be tracked, and let them know that the data you collect is stored and adequately protected.

Here are four steps to take to protect your customers’ privacy:

**Develop a privacy policy and privacy notice**

A privacy policy is your restaurant’s internal governance document, designed to guide the people who handle and manage data collection and analytics in your business. For example, your policy should outline the steps your company will take to respond to customer opt-out requests in a timely fashion. It should spell out how you will inform guests about data breaches. A privacy notice is a public statement that discloses the information your company gathers, how it’s gathered, how it’s used, who has access, whether it’s disclosed to third parties and, if so, for what purpose. It should be posted on your website, at a minimum, and your mobile app should link to it. Your notice should describe how customers can opt out of having their information tracked and collected. The opt-out process should be easy, allowing guests to call a toll-free number, send an email or turn off tracking on their mobile device.

**Comply with the standards you’ve set**

Regularly audit and refine your privacy policy and notice.

**Investigate third parties**

If you use third parties to collect or analyze guest data, be sure to ask them about their data-protection measures and how they adhere to applicable laws, regulations and best practices.

**Understand the law**

As data breaches grow more common, more states are regulating in this area. Make sure you know the laws and regulations about breaches that cover your customers. Respect for customers’ privacy isn’t just good for your business and your reputation. Often, it’s the law. Consulting with legal counsel about your obligations will protect both your business and your customers.

Regardless of the type of mobile solution you choose, security needs to be a consideration to protect the data you have collected. A Federal Reserve study reported recently that 42 percent of consumers were concerned about data security when it comes to mobile payments and was the most cited reason why consumers have not used mobile payments. Consumers appear to be worried about hackers intercepting their payment data. To address this concern, be sure that your mobile payment system uses tokenization and encryption technologies—not just for payment card data, but also for the demographic data you’ve collected.

Remember, mobile commerce and security are still evolving, so you need to be especially vigilant in guarding against new types of fraud. Fraudsters are constantly looking for new ways to attack these technologies and prey on a merchant’s security vulnerabilities. A recent NexisLexis Risk Solutions report noted a spike in mobile fraud last year as mobile became more integral to the shopping experience.

Take the time to understand your levels of exposure, and make sure you have safeguards to detect mobile fraud. While it’s true that the major payments players are developing new ways of combating online and mobile fraud, individual merchants must still bear responsibility for protecting their customers’ personal data and privacy.
Evaluating Mobile for Your Business

As you embark on your journey to find the perfect mobile solution, here are some questions that you should be asking yourself and vendors:

1. **Does your mobile option ...**
   - ☐ provide or enhance your CRM?
   - ☐ enable customer feedback and surveys for qualitative data?
   - ☐ allow you to accept mobile payments? Pay-as-you-go? Preload mode?
   - ☐ encourage or provide access to online ordering?
   - ☐ support digital gift cards? Physical gift cards?
   - ☐ provide a campaign engine to create custom campaigns built around strategic data points?
   - ☐ offer custom receipt notifications?
   - ☐ provide a loyalty program? Is loyalty tied to payment?
   - ☐ support beacons or geofencing?

2. **What is your mobile payments option saving you on processing costs?**

3. **Is your mobile option secure?**

Now that you have a sense of what mobile can do for your restaurant, the next step is to check out the key players in the mobile space. You can do that by visiting Restaurant.org/PaymentsHQ, where you will find a list of companies and their features.

Remember to ask providers about privacy and security, as well as their ability to support all of the benefits of mobile, from custom campaigns to beacon messaging.

And, of course, contact NRA for help at [mobilepayments@restaurant.org](mailto:mobilepayments@restaurant.org)