

## Loyalty Lessons: A Recipe for Restaurants



## Summary

Amber Collins and Scott Sherson discuss restaurant loyalty programs with Olga, focusing on tech, CRM, and personalized marketing challenges.

### Questions Answered

- What are the biggest challenges facing restaurant loyalty programs today?
- How has technology changed the way restaurants approach loyalty programs?
- What are some common mistakes restaurants make when implementing loyalty programs?

### HIGHLIGHTS

**On Restaurant Loyalty Programs:** "About five years ago, I've started restaurant loyalty specialists, which is a consulting company that helps restaurants fix underperforming loyalty programs." — Olga [00:39 - 00:47]

**On Technology in Restaurants:** "In the last five to ten years, all of this has changed. There are a lot more providers on the SAS space that are accessible to restaurants." — Olga [03:30 - 03:38]

**On the Necessity of Technology:** "You just cannot run the restaurant anymore without relying on a very significant technology layer." — Olga [05:28 - 05:34]

**On Fine Dining Loyalty:** "It's actually interesting how many people that are parts of loyalty programs in fine dining actually are very, very attached to their points." — Olga [11:51 - 11:58]

**On Loyalty Program Challenges:** "When you're looking at the ROI on those types of events, you essentially have to show the tension of a tremendous number of customers to justify those types of activities." — Olga [21:11 - 21:21]

**On the Importance of CRM in Restaurants:** "Restaurants absolutely need more loyalty in a sense of having more CRM and having more personalized marketing." — Olga [27:01 - 27:10]

## TRANSCRIPT

- Amber Collins [0:05 - 0:35]:** Welcome back to CX Anonymous, the series where we provide tactical advice on successfully executing customer experience. We don't care who you work for, just how it got done. I'm your host, Amber Collins, senior marketing manager with Scott Shurson, Product solutions director and a host of guests in the second season. Today we're joined by Tuin, head of product management here at Annex Cloud. Welcome, Tuan. We're so happy to have you tell us a little bit about your role when you get involved and how you're involved in the annex cloud.
- Tuhin [0:35 - 1:35]:** Yeah, great to be here and thank you for inviting me to this series. As head of product management at Annex Cloud, my role really multifaceted, right where I'm doing some work with our existing customers, I'm working with prospects in terms of the issues and problems and the solutions that are important to them and how do we bring that to life. At the same time working with our product management team as well as our engineering and quality assurance team to make sure how do we provide value to our customers on a consistent basis and at the same time how do we innovate and keep the product up to date. So those are kind of like on a very high level, some of the work I do, I do a fair amount of work with our product marketing team as well as our go to market team to make sure that we are telling the right story about the capabilities of our product, learning from the market to see which innovations areas may be important, essentially making sure getting to the right folks and people are working on right priorities. Yep.
- Amber Collins [1:35 - 2:02]:** I've worked with you closely on our marketing messages around the product, around our monthly releases and you're always so helpful and knowledgeable about why we are doing what we're doing here at Annex Cloud. And I think it's really important to have you on the show today with all of that great oversight that you do, this big role that you've got here. Can you tell us a little bit about the structure of your team, what that looks like and what it really means to have a robust product development team?
- Tuhin [2:03 - 3:54]:** Yeah, so I'll answer that in a couple of different streams. So that my first immediate team, I have a team of nine product managers and two product operations manager. The product managers are distributed all over the world. I have a couple of folks in North America as well as a majority of my team located in Pune, India. So they're essentially executing the roadmap and the strategic item that we are building. And the product operations team is really focused on enabling our larger internal team use. Case validation or really solutioning through any customer problem.

So the product management team defining and creating new solution and the product operation teams doing more of the enablement. And in terms of the day to day work, the majority of the work is essentially focused with our engineering team and our QA team to make sure that we're providing, we're working on the right priorities, building the right things. We are focusing on the right bug and making sure that customer operations are successful and they are getting the right value from the system as much as possible. So that's that stream of work. But also at the same time, on the other hand, making sure we are talking to customer, we are doing continuous discovery in terms of not where they are today, but where they would like to be and making sure our platform staying up to date to meet them there. So how does the loyalty program for our customer looks like 24 months from now, 36 months from now, right? And not that they're successful today and they can continue to be successful and how our platform needs to grow in order to support those aspirational use cases. So execution as well as planning based on customers business objective.

**Scott Shurson [3:54 - 4:34]:**

So if you think about the whole process, like the development process, there's a conceptual idea. In a product organization like ours, we try to solve problems with existing tools first before we start to develop. So I have kind of a two part question here. First, how does your team first kind of push back and say, there is a tool, there is a way, how do you handle those situations so that we are not just continually evolving a singular item for singular customer based approach? How do you approach that?

**Tuhin [4:34 - 7:37]:**

Yeah, and I think there's a couple of different ways we think about it, right. And usually like, let me just begin by saying, right, the customer's longer term success is always in our mind when we say no to a request. It's not because that we don't want to develop a piece of functionality in a particular way or, you know, because if we do something very narrow and custom that we don't think that is going to get widespread adoption in the platform. At the end of the day, I believe that we are doing disservice to the customer because that may not get as much focus in feature innovation or that feature, although we will fully support it, it will be supported in a narrow use case. How do we enable and solve, as you are mentioning, customer use cases using the toolset that we think is going to improve over time, they get those added benefits. Right. So that's consideration, the first consideration. Another thing that I always want to refocus the discussion with our customers and with our internal team. It's not so much of that. I want a particular thing solved in a particular way, but, you know, going back and like, really asking, working with the customers, like, okay, what are you trying to achieve, right? And maybe like, you know, hypothetical example,

maybe they want to run a promotion, and based on what they have seen about our platform, they think if they had this green button, that promotion would be better. Right. But instead of talking about focusing on that green button, what's your strategy? Are you trying to run a new promo on a channel that you haven't picked? Because what I think happens oftentimes that we see a better, robust solution presents itself. Maybe we introduce them to a product module they might not have considered that we can offer to them. Or at the same time, if an idea is really good, we'll work with the customer and we'll give them a temporary solution, but we'll put that holistic idea as part of the core solution rather than giving them such a narrow path which doesn't get added benefit from additional innovation. So those are the discussion I think I like to have with customers. And my experience has been like, once we phrase the discussion that way, rather than saying like, no, you cannot have that. But when we reframe that discussion, saying, okay, what's your business outcome? What are you trying to achieve? My general experience has been nine out of ten times, the customer is very willing to go with that longer term approach because they don't necessarily want to just get a single thing done today and not get the additional benefit down the road. So I think reframing those discussion and having an honest discussion with the customer, showing that we are there for them in the long run, is the right way to go. And that's kind of how I personally communicate with the customers, and that's also what my product managers do. Those kind of scenarios comes up.

**Amber Collins [7:37 - 8:43]:**

I love that because I think that what you've just explained is, I think most people think the art of the possible comes in before they've made this election, when they're talking to Scott, and Scott is solutioning out what their strategy will look like, but it doesn't end. It doesn't end. Your team is totally part of this art of the possible and the evolution of our clients programs, the evolution of the, of the platform, so that it benefits the greater good, the greatest good, and therefore everybody benefits from some of these requests that are coming from clients, that you wouldn't necessarily get that innovation if you were using a homegrown or a very customized and singular instance of a different type of technology. So why don't we talk a little bit about the benefit, the advantage of us with this robust product development process, team solutioning, the art of the possible. What is the advantage of working with somebody like Annex Cloud us, a platform like this that has this type of process and development going on built into it just automatically happening all the time.

**Tuhin [8:44 - 14:04]:**

Yeah, I think this is an analogy when going outside of Annex Cloud that what I like to tell people and when I choose product

for my day to day use or when I'm buying it to for my team, this is kind of the heuristic that I look into. The story goes like this. If you go back in 2000 and even in early 2010s, every software company used to have a data center. They used to put their cloud there. There was maintenance cost around it and that's a piece of infrastructure that they needed to support. Now you fast forward late 2010s or even early 2010s when the adoption of this hyper scalers becomes really important. And why do almost all the companies, technical companies host their solution on the hyperscale? Because that's their subject matter expertise. They are going to invest in the latest and greatest tools AWS is going to. And as a software company, you may not buy the latest piece of infrastructure because you are a loyalty platform or you are a retailer. That's not what your day to day focuses on, right? If you're a retailer, you're trying to innovate in that spot. If you're a grocer, you're working on your customer satisfaction, you're looking at the selection of the produce that you have and how do you bring a good experience. So like really specializing and like, you know, that's why going back to that story, that's why it makes sense for companies to go to Azure or AWS or Google Cloud to get the infrastructure solution right because they're the expert that right, a homegrown solution for loyalty or for any, any product in general it's possible to do. And in some cases it may make sense for an organization. But I think what happens a lot of the time people underestimate how much overhead and work it is to maintain a solution like that. Because it's not, when we're scoping for a project of any type of solution, it's not just building and deploying and testing that there's this ongoing maintenance that has to be there. So if I bring in an outside team to build the custom and the perfect loyalty solution that I want today or any solution for that matter, we could probably get it done and we could probably get it done in a reasonable expenditure amount or two. But one of the things that we often do not consider, okay, what is the maintenance look like? What happens when I want to increase my loyalty offering? Because my loyalty solution that I have built custom is work. So great, now I need to expand my promotion offering or I have to expand to different channels. Then going back and doing those work in a piecemeal manner, whether through an internal IT team or on a contractual basis, bringing in, you're losing a lot of the knowledge. No one's really thinking about how this feature will have to increase like, you know, will have to expand over time. So I think those are some of the pitfalls people need to think about, right. And in a loyalty setting. Right. You know this, our entire organization is focused on solving those use cases around loyalty and the trends in loyalty. We are from, from the marketing team, go to market team, from our customer success team, right. Everyone's living and breathing loyalty. So that's our focus and that's what we want to entertain hands and our customers rightfully so, like,

needs to work on that, what their core competency is. Right. And usually juggling those two things, it's possible. But you know, I think people just need to realize it's not just the initial deployment. Right. You really need to think about two, three years down the road and take those costs into consideration, not just in a monetary manner. Right. Do you want your loyalty program managers to run the loyalty program and work on the tactics that's going to be helpful? Or do you also want them to build the solution constantly and meet the need of whatever use case that you may have to do? And I think that has to be considered. And you know, that's why SaaS solution, often time is a better solution for most of our customer. But you know, in some cases it may be that a niche solution is better. I haven't seen a lot of use cases in loyalty arena, but if I kind of look at other market, I really do think if you are looking into a solution where you may not want to use managed service or take a software from someone else, especially if it's something very proprietary, your ip depends on it and it's an ancillary piece of solution that you need to have in place, might make sense to build it in house. Right. But if your goal is to evolve with the market and evolve with the trend and how loyalty is evolving from just a coupon based system to an experiential system and how consumers thinks about it. It's quite a bit of a big lift for the customers to maintain it.

**Scott Shurson**  
**[14:04 - 14:40]:**

Let's talk a little bit about that. Maybe it's a little bit of a scare for anybody looking to build custom. What would a stand up zero two system to get going? So they would need to consider an infrastructure. So they would need an infrastructure that can scale to their transactional volume. Right. So they would need to select the hyperscaler of their own, potentially to at least host this on. So now we've got a foundation. Right? So build on top of that. What else, what other skills and roles would they need internally or through a system integrator? Nsihndemdeh.

**Tuhin [14:40 - 14:56]:**

Yeah. So the system integrator and Si, you also have to take care of all of the integration touchpoint that you have. Even if you're building it. Like, is it talking to your point of sale? Is it talking to your, talking to your e commerce side or your mobile app? So all of those things comes into.

**Scott Shurson**  
**[14:56 - 14:59]:**

Your markom, to your ERp, to your PIM.

**Tuhin [14:59 - 15:57]:**

Yep. And those things like we provide, we build native integration and other loyalty softwares due to. That's where you get that scale. But one of the things that I also wanted to mention, right. So you need the right skill set. Right. You know, you need to make sure that you built it right. And it's scalable. Right. That's the

other big piece. If you built a solution and you had in mind that, you know, you're going to have 100,000 members in your loyalty program and, you know, and that's, that's what successful looks like. And we, what if your loyalty program is so successful, you got millions of members, right. Is the product that you build and is going to scale? Let's not talk about any other features or function. Right. Can your software scale and provide that delightful experience? So there's lot of things from a technical point of view, product design point of view, that would have to be considered as well as the integration and maintaining those integrations. I think that's a good call out. Scott.

**Scott Shurson**  
[15:58 - 16:30]:

So now we need a base developer set based on whatever framework is typically selected by them. So two to eight just base developers to build that out. And that's just basic functionality, processing a transaction and getting a reward. Then we start to layer in front end, back end development because you'll need some sort of interface for them to interact with. So you need front end developers who build out the interface, potentially ux personnel to make sure that it's usable across the business.

**Tuhin [16:30 - 16:44]:**

You probably need architects or to work with the developers. So you need technical architects, you probably need a project management team to keep all of these people on track. Right. You know the list can grow scary big. Right. Really quickly.

**Scott Shurson**  
[16:44 - 17:23]:

Right. And all of these people are not always going to be involved in the care and feeding of it like you mentioned as well. Right. But a lot of them are. So are you pulling resources off of another project to build this or are you, you know, all of these things that, you know why we consider sas to be important. But if you are going custom things to consider, who are these people, how many of them are we inviting to the company picnic and what are we doing with them when the project's done? Are we going to the next version of this? Are we growing this project or are we just going to hold on to it for the next five years?

**Amber Collins**  
[17:23 - 17:38]:

I think there's an element of time there too that you have to consider as a cost, the cost of getting those people to build that and up to speed. And then I don't have statistics on hand, but I have a feeling that it's longer than it takes for SAS.

**Scott Shurson**  
[17:39 - 18:27]:

Yeah. Because first of all, let's assume you hired them all day one, right. And all at the exact same time. Now they got to figure out how to work together. Now they have to figure out, you know, how to, you know, what is the loyalty project and all of that stuff. So there just getting people ready for that project is a significant time investment as well. So tune with that. Take me through when you are gathering requirements. If a customer could come

to you with a perfect set of requirements, what does it include? What are the basic features of that requirement? Because I know that there's a time component, there's a priority component, there's a requirement component. But what would a perfect customer like handover look like to you?

**Tuhin [18:28 - 20:50]:**

Yeah, I think for if we are building anything net new and again, I'll just kind of go back like the framework that I kind of want to work with. It's, it may sound like from the playbook of like management consulting. Right. But you know, I really want to focus on the situation. Right. And based on that situation, what problems do we have, right. What is the solution we are going to propose against those problems and what outcome we want to achieve. Right. And that's why I think working on the business outcome and the problems that is being faced rather than, oh, it relates to campaign or it relates to segmentation, it relates to group account, I think those things will fall in naturally. I think focusing on that business why is important, right. Then obviously everything that you just have defined, right. If I have ten set of use cases, right, what is the level of priority? Is it a business blocker and things of that nature. And we'll prioritize that with the customer and with our internal teams as well, and we'll look at against our backlog. But again, what we notice when we frame it that way, the solution becomes a little bit more holistic and it also puts the customer in a frame of mind where they might think use case number nine is super high priority. But once we frame the discussion in terms of, okay, what outcome are you trying to achieve with that? Well, a lot of the time we see that the two priority emerges rather than starting off with a list of use case, which may be very well thought out. But when we frame that, and once we start to ask them those kind of questions, they usually come back and they tell us what's important to them. And from there we just have to take a look at what's the timeline of that delivery looks like. If we have to build something new, is there one piece of integration that has to go out to unblock another team dependencies? So all of that things comes into play. But as always with any use case, I think it's very important for us to understand the why with the customer and do that discovery so that we are solving the most problem that's going to bring the biggest value. You essentially, if we kind of think about the Roi of a particular feature.

**Amber Collins [20:50 - 22:15]:**

Well, thank you so much. I think with that, it's a perfect time to wrap up this conversation. And as always, we take, do our three, two to three takeaways. Doesn't have to be three, but today I would love to just call back that the art of the possible does not stop. Just because you have built a strategy and selected a vendor, it does not stop. There's a constant evolution of, of our clients programs that we are here for the entire step through



from our customer success team all the way through to product development. So that part of the possible does not stop. I also wanted to call back in grad school, it was sort of like, you know, do what your core business functions are and outsource the rest of it. So I want to call back that loyalty is our core, that's our core business function and retail or manufacturing or distribution or any of those other things that our clients are doing, that's your core business. Loyalty is our core. So this type of relationship that you would have with annex cloud allows us to hyper focus on making sure that your loyalty program is performing its best, is evolving. It's constantly meeting the business need. And then that brings me to my third one of understanding the why and just circling back to the art of possible. Start with the why. And working backwards from that I think is, is how amazing things get built rather than trying to prescribe before you diagnose. So those are my top, those are my top three. I'll pass it over to Scott.

**Scott Shurson**  
**[22:15 - 22:55]:**

I think I've only got one today. It was a big and really good reminder of the scale of the overhead of like a custom or from zero solution. You always think about feature set in what's available when you build towards an mvp for custom, but just some of that infrastructure that goes into that development. It was a good reminder to me to think more broadly about hosting and data requirements and all of the just foundation of a software solution that has to be built. Thank you. Tuan, your turn.

**Tuhin [22:55 - 24:13]:**

Yeah, I mean, I'll just say only one takeaway or recap for our listeners. Essentially. I think when we are evaluating any solution, it doesn't have to be a loyalty solution. It could be a project management tool or anything like that. The checkbox of our requirement or what we think is important for a success of that project is absolutely required and everyone should pay attention to that. But at the same time, I think also choose a team. Choose a vendor that's going to work with you, that's going to grow with your business, and that's going to solve your future need. And that's the way, way you can become successful. Because if you pick a vendor that checks all of the check boxes today, but they're pivoting in a different direction where your business is not going and, you know, asking those questions and making sure that you are aligned with them is going to ensure longer term success. So we don't run into a situation like 40 years down the road and you feel like that your use cases are no longer getting innovated on. So I think that's very important in picking any vendor. Make sure that they are part of your success journey. And not necessarily they're going to just make you successful today, but are they going to make you successful three years from now?

**Amber Collins**  
**[24:13 - 24:21]:**

Absolutely, wholeheartedly agree. Thank you so much for joining us today too. And to our listeners, look out for the next CX. Anonymous take care.