California coffee company uses loyalty data to capitalize on customer trends

Customer acquisition is always a hot topic, but the fact is that capturing new customers is more challenging than retaining existing customers and keeping them happy. And one of the best ways to do that is through loyalty programs.

Better Buzz Coffee was started in 2002; today it has six retail outlets in the San Diego area, offering coffees from around the world.

As Better Buzz grew, it began capturing customer information and integrating it into its database. It initiated a gift card program, but decided it needed a better way to connect and build relationships with its customers, especially high-frequency regulars. That meant getting a good handle on exactly who those customers are, including how recently and frequently they had visited, specific purchasing patterns and other data.

“It is very hard for business owners to understand their customer base. You may think you know all about them but really you don’t,” says Operations Manager Jennifer Garden. “We could look at analytics and social media information but those things can’t tell us how much our customers spend at what store, what they buy, if they buy once a week or every day. We needed to get all of that actual detailed information to allow us to gear our marketing toward the future.”

The company also wanted a loyalty program that would allow customers to load money on their cards, use them for payment, accrue points and receive benefits, as well as access their accounts to see what they have accrued — in real time.

ENHANCING CUSTOMER VALUE
Designing and implementing a system to monitor and “mine” a database and initiate and implement a loyalty program are specialized tasks. To facilitate those tasks, Better Buzz brought customer management company Clutch on board.

“Instead of piecing all of the pieces together separately, we offer a single solution platform,” says Joe Pino, director of client insights and strategy with Clutch. “We bring everything together with the goal of identifying, understanding, engaging and motivating a brand’s customers and increasing their lifetime value.”

Clutch sifts data down to develop customer profiles, including who they are, what they buy, when they buy, where they buy and other information to enhance the value of the customer for the brand.

“We take the information and can communicate with those customers in traditional ways or add new wrinkles, all from a single platform that brings it all together,” Pino says. “We concentrate on what works and what doesn’t work, what the right content is, the best subject line, what the triggers are and then we can hone in even finer.”

Using Better Buzz’s existing gift card program as a springboard, Clutch designed a customer loyalty program called “Better Buzz Black” with a different card. This coincided with the brand’s “billboard in a wallet” marketing strategy designed to build top-of-mind customer awareness.

The Better Buzz Black card (for which there is a fee) allows customers to load funds for purchases and provides member benefits such as earning points for rewards, a free drink on their birthday, free refills on brewed coffee, members-only promotions and events and other perks.

Better Buzz members earn points with every swipe; those transactions provide the company with additional, up-to-date information that can be directly linked to promotions. For example, if a customer buys a small coffee Monday through Wednesday and adds a pastry on Thursday, that information is available.

“We can match purchase transactions with buying behavior and look for trends and capitalize on them,” says Garden. “If we run a special promotion where all
customers who load $50 will get a free drink, we can track who and how many from each location actually took advantage of the offer."

IDENTIFYING BEHAVIOR

In addition to giving brands insight into customer behavior, motivation and engagement, a loyalty program can provide baseline data. For example, Better Buzz learned that approximately 25 percent of its client base accounts for 75 percent of its sales. Knowing that allows them to drill down deeper on an individual store basis and customize the purchasing experience even more.

“It really depends on the location and what the composition is of that specific store customer base,” says Garden. “If it’s more vacation-oriented, then ‘regulars’ may be a smaller portion of the store count.”

“Loyalty programs help drive a brand’s best customers and, from an operational perspective, let them know where their customers are coming from, what and when they are purchasing and at the same time, reward them," says Pino. “It is also a good way to identify behavior and is a tool to help brands forecast upcoming business.”

He emphasizes that Clutch is always looking down the road and designing its platform “for what is coming next. We try to stay two to three years ahead of what other people are thinking about and are continuously working on updating and improving our foundation and putting in new solutions.”