NRF Center for Retail & Consumer Insights

Seeing Beyond Your Storefront: How New Data Sources Can Supercharge Your Loyalty Program

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NRF Center for Retail & Consumer Insights

The National Retail Federation's hub for data-driven insights into the modern retail industry and the consumers who drive it.

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National Retail Federation (NRF), the voice and authority of the retail industry for over a century.

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Pyxis by Bain & Company, a global leader in analytics-driven insights and value creation.

Seeing beyond your storefront

WEBINAR TOPICS

1. **Key benefits** of using third-party transaction data
2. **Case Study:** Understanding the impact of your loyalty program
3. **Q&A**

SPEAKERS

Kyle Goldman
Partner
Bain & Company

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VP, Retail & Brand Strategy
Affinity Solutions

Why internal data alone isn't enough

Incomplete Customer Story

Consumer **Misassumptions**

Churn and Acquisition Causes

Suboptimal Marketing

Types of third-party data

DETERMINISTIC

Purchase Based

- Credit/Debit Card
- E-receipts/Receipt Capture
- Loyalty Card Purchases

Behavior Based

- Survey
- Website Traffic
- Search Traffic

NON-DETERMINISTIC

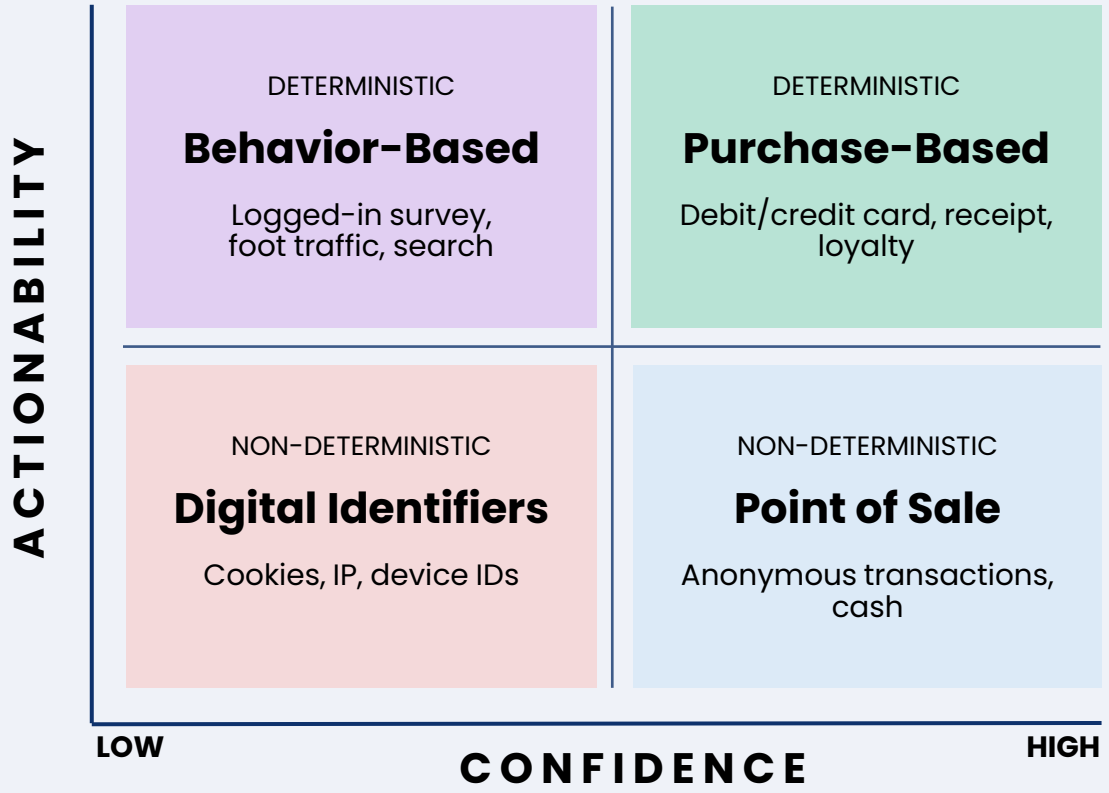
Point of Sale

- Anonymous Retail Transactions
- Case payments without Loyalty ID
- Foot Traffic

Probabilistic Digital Identifiers

- Browser based i.e. cookies
- IP Addresses
- Device IDs

Mapping the value of third-party data



Pyxis supported a consulting case on loyalty program effectiveness for a National Restaurant Chain

Situation

A National Restaurant chain **developed & launched a loyalty program** with the objectives of:

(1) Driving incremental traffic / check-size (and driving customer LTV)

(2) Improving 1P customer data capture & create a channel to **directly engage with guests**

(3) Strengthening brand love & retention by delighting guests

Despite investing significantly in the program within the first year, they were **unable to quantify the program's financial success.** The program was one of several **candidates for cost-cutting measures**

Approach

A Loyalty program incrementality analysis

Utilized 3P transaction data from Pyxis to…

- **Measure uplift of spend and visit frequency** for loyalty members in '23 (pre-Loyalty) vs. '24 (post-Loyalty)
- **Track changes in active customers** in pre-Loyalty and post-Loyalty period

B Spend uplift and visit frequency by segment

- Analyzed **variance in behavior between different loyalty participants –** including spend / visit changes from redeemers vs. non-redeemers
- Analyzed **difference in behavior between early-enrollers vs. late-enrollers**

Result

Financial Benefit from Loyalty Program

~$100M

Top-line Impact

~$5M

Profit Impact

Client made decision **to invest further in Loyalty program**

We used data attributes to uncover deeper insights by cohort (e.g., enrollment group, redeemer vs. non-redeemer)

Analyzed various data attributes…

Loyalty Member Type: Non-member, Member (employee associated), Member (non-employee associated)

Enrollment Month: Month of program enrollment

# of months since enrollment: Number of months prior to or after loyalty program enrollment

Reward Redeemer: Whether customer had redeemed rewards

…building a deeper understanding of loyalty program impact

Analysis of spend / purchase frequency incrementality by **enrollment cohort**

→ **Later joiners showed greater incrementality** vs. spend baseline

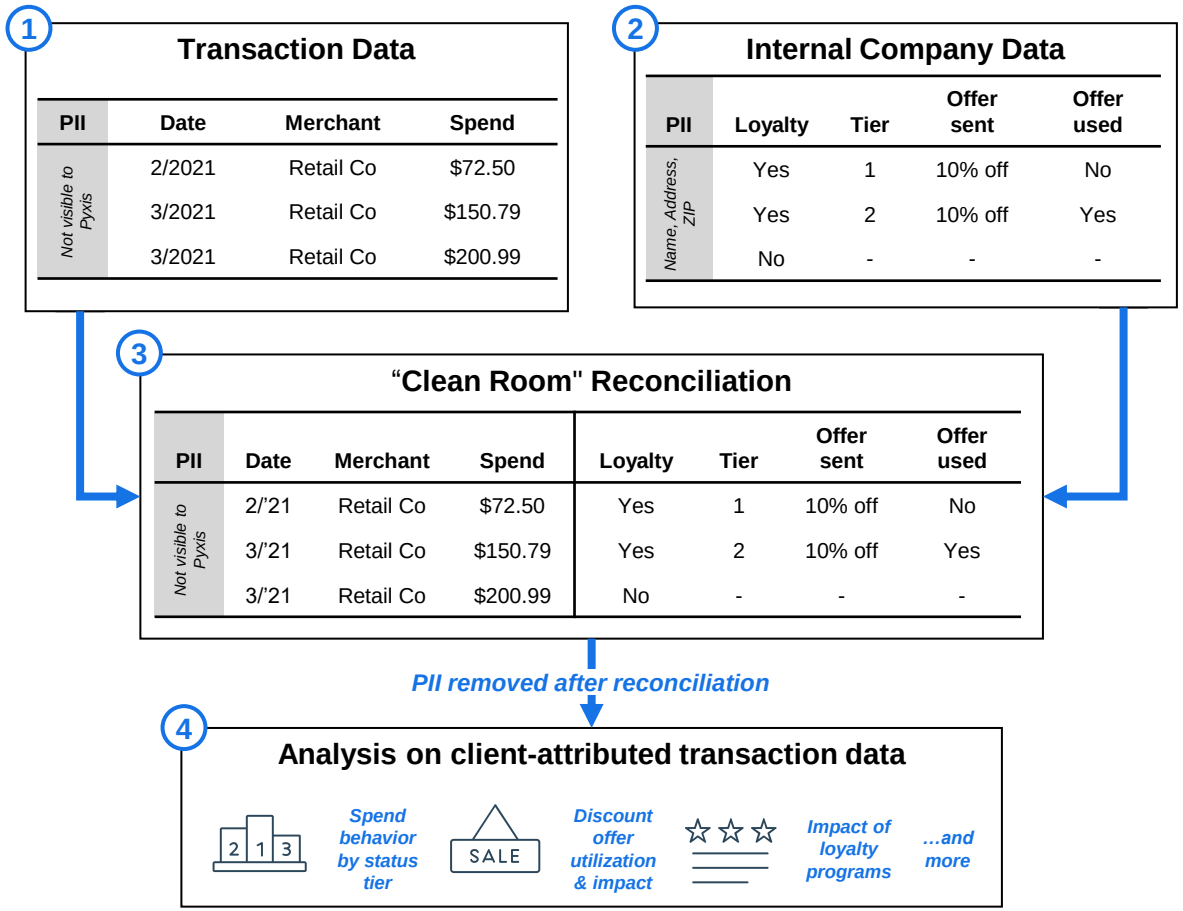
Analysis of loyalty member **incrementality over time**

→ Most significant spend uplift happened **closest to enrollment,** with incrementality vs. spend baselines tapering over time

Analysis of loyalty member **"redeemer" incrementality vs. non-redeemers**

→ **Loyalty members who redeemed rewards tend to spend more** than non-redeemers

Pyxis can reconcile transaction data with client-designed attributes for a range of client-specific analyses



APPROACH & METHODOLOGY

1. **Pyxis offers customer-level transaction data over time**

2. **You supply internal company data / attributes** tied to select "unique identifiers" (PII) like name, address and zip code

3. **Pyxis transaction data and client attributes are reconciled** in a "clean room" environment (PII removed)

4. **Range of analyses can be conducted on the resulting dataset** – ranging from, but not exclusive to:
   - Measuring impact of Loyalty Program participation on overall spend
   - Measuring spend trends for different customer cohorts (e.g., highest reward tier)
   - A/B testing the impact of various discount or other promotional offers


Question & Answer
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