

Problem

New York Fries is a fast food chain with 150 locations that specializes in premium French fries and poutine. The 30-year-old-chain wanted to migrate from paper gift certificates and stamp loyalty cards to a solution that would

help them connect with their customers more deeply. This project would be the company's first major technology upgrade since purchasing POS systems.

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The company didn't know who their frequent customers were, how often they purchased, what they bought, and what inspired them to come back more frequently. Like many QSR's, they had no customer data and the ROI for their promotions and marketing activities were hard to measure.

They spent a significant amount of money on traditional media advertising, such as radio.

New York Fries wanted and needed to reach customers where they spend most of their time: on mobile devices.

New York Fries wanted an engaging mobile relationship with the youth. Customer data was also important to them

The company spent 18 months looking at various solutions in the market. They considered launching their own apps but soon scrapped the idea after realizing their users wouldn't likely download and keep the apps on their phones.

"At some point, we were thinking about apps. Then we realized that no one in our office or our children had a restaurant app on their phones. Starbucks was the only exception and since we don't have the frequency that Starbucks has, we wouldn't be able to replicate their app strategy" says Warren Price, the Executive VP at New York Fries. Warren adds "So, we decided apps were not the right mobile strategy for us and that we should look for something else."

New York Fries needed a solution that was easy to manage, worked with their existing POS systems, and offered the capacity to set up simple promotions without a lot of work.

Solution

The company decided to go with Virtual Next's app-free mobile solution as the platform for their mobile loyalty, promotions, gift cards, and payment programs.

"We understand the challenges with launching an app and getting adoption in the crowded app market. We decided to go with something that is simpler and more effective to launch our Fry Society program," says Warren Price, Executive VP at New York Fries to the reporter on Loyalty360.



Once the decision was made, Virtual Next and New York Fries began testing the new branded Fry Society program in eight corporate locations and building a business case study and training materials to share with franchisees.

The pilot allowed head office and staff to provide feedback and optimize the program messaging, logistics and training. After one month of testing, the company felt comfortable with rolling the program out nationally beginning November 1, 2014. The national rollout was simple: each store manager received a scanner and an instruction sheet, along with a box of marketing POS materials to promote the Fry Society program. Installation was simple – managers just plugged the scanner into their POS system and followed a few simple steps to install the program on their systems.

The rollout was executed in stages. The west coast stores came on board first, followed by central locations. The majority of the stores, located on the east side of the country, came on board in phase three. Within two weeks, all stores across the country had joined the program.

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During this time, Virtual Next spoke daily with the New York Fries management team and stores, had a 1-800 number for any questions, and worked closely with the company to ensure the rollout was a success.

New York Fries decided to have two groups of rewards program members. Regular members called “Fry Society” members who were using the digital cards to earn points, and a more VIP group of members called “Fry Society Aficionados”, who loaded money on their cards for pre-payment. The New York Fries’ Fry Society program offers one point for each visit with a purchase total of over \$1.50. Ten points can be redeemed for one free menu item. Fry Society Aficionados are eligible for more rewards, have opportunities to earn double points and receive a free regular fries on their birthday. Virtual Next gave New York Fries an interesting insight: prepaid customers spent 50 per cent more frequently than other customers.



Since the launch of the program, Virtual Next has been attending weekly calls with the company's marketing manager to update the team on any new customer insights and program performance, discuss new ideas on how to grow the number of members and sales per customer, and to execute promotions accordingly.

Virtual Next is now a key part of New York Fries' marketing program

Results

Five months after the launch of the program, New York Fries has over ten thousand Fry Society members. Over 90 per cent of these users have kept their Fry Society cards in their digital wallets. The program is currently growing at double-digit rates on a monthly basis and user feedback has been positive.

For the first time, New York Fries has been able to learn more about their frequent customers' purchasing habits. They know when, where, and how often their customers are purchasing their favorite New York Fries items. For example, data has shown that their customers are twice as likely to take advantage of a mobile promotion if it is offered for the weekend.

For Valentine's Day, New York Fries offered an opportunity for each user to earn double the points for one purchase. This resulted in a 55 per cent increase in sales per Fry Society member. New York Fries' Fry Society promotions generally receive double digit redemption rates, which are higher than standard paper coupons that, at a typical redemption rate of between one and two per cent, don't provide any customer information and are expensive to print and distribute.

New York Fries saw a 55% increase in sales among frequent customers during promotions. Coupon redemption rates are in double digits

To drive sign-ups, New York Fries used the Virtual Next platform to offer a special promotion. Fry Society members could share a unique promo code with friends who were not yet members. If those friends signed up and used the code, they would receive two free points and the referring member would receive one free point.

New York Fries has also partnered with Coke to offer a promotion on the Virtual Next platform. Any new Fry Society member received a free Coke when they signed up in the month of April. This was set up easily using the Virtual Next platform. The result? An astonishing 25 per cent increase in the number of Fry Society members. This promotion required no coding for Virtual Next and was easy to set up because there was no app involved.

New York Fries also introduced a Fry Society 1-800 phone number and a complementary email address to handle customer questions, built and powered by Virtual Next. All Fry Society related customer inquiries are responded to by Virtual Next within 24 hours. This communication channel is monitored by New York Fries and is branded according to their guidelines.

Franchisees have also been very pleased with the mobile experience. They receive monthly performance summaries that explain how their store is performing in the Fry Society program. The company's controller also receives monthly store summaries and overall store summaries that help him to quickly complete reconciliations at the end of each month.



Virtual Next is a provider of digital store cards that work with digital wallets for restaurant chains and retailers