

Welcome to another edition of Profit Points for Restaurants. Each expert interview was chosen to help you increase profits, decrease costs so to make running your restaurant a whole lot easier and more fun. Our goal is for you to walk away with just one point that'll translate into extra profits for your restaurant. So, sit back, relax and be prepared as Michael Attias picks the brain of this month's expert.

Michael: Hello again this month's members. We are very fortunate to have on the line with us Dyson Barnett. He is President and founder of Lift Network. Dyson has got a very unique background. He's a techy that's also a marketer and Lift Network sort of marries the best of both worlds. They specialize in gift and loyalty cards; they do e-mail marketing; they do text message marketing and direct. Have I hit it all, Dyson?

Dyson: Yes, I think you have.

Michael: Welcome. How are you doing?

Dyson: I'm doing well thanks. Thanks for having us on the call today.

Michael: Our pleasure. So why don't you give everybody a little bit of your background, how you got into this and anything else you want to tell us about your company and yourself and we'll get into it.

Dyson: Sure, thanks. Real briefly in a nutshell, my background is in retail marketing. I got into retail services or managed services through a mass merchant called Tandy Corporation that has Radio Shack's [inaudible] other stores through loss prevention and managed services in there. Tom Grew started a point of sale company with software and just started selling it to independent retailers and as time went on we developed loyalty programs and that just evolved into a product that's now called Lift Network. Our products and services are pretty specific. They're the combination of gift and loyalty card programs; with that, e-mail marketing to follow up on those services to make better use out of the gift and loyalty program that you'll have in your store front. Text messaging to just go one further step in keeping connected or staying connected with your customers. And then, of course, promotional products through direct mail on follow up services through the mailbox. We literally touch your customer in four different ways.

Michael: So let's just jump into marketing. Obviously, as we record this we're in a very challenging economic environment, so why don't you sort of lay out your vision of what you're seeing as working out there for the restaurateur, the retailer, if you will, and what your technology brings to the table.

Dyson: Sure. In today's climate, obviously we all know we're in a downward economy and there's been a lot of talk about what do I do, where should I save my money, what should I cut back on. A lot of retailers and restaurateurs are turning the corner and looking at advertising and marketing as being that specific pinpoint as to where they want to decrease spending. We say, obviously, don't do that. What's working for retailers or restaurateurs when you are marketing using a product like Lift that will give you the opportunity to connect to with your customer. You're going to be that primary focus if your competitors are stopping or laying back on their marketing esthetics or programs that are out there and it's going to give you a greater opportunity. Using gift and loyalty products, that's an obvious solution right there to go and increase your sales, guarantee some future sales for you, but most importantly, keep your customer not satisfied, but returning to your store front. The other services like your direct mails, e-mail marketing and text messaging campaigns, you want to use those services as a retailer or restaurateur to make sure that your customer is constantly keeping you in mind, getting to the top of the pick list of where I will dine when I have a special occasion. We all know that people today are going to be cutting back a little bit and where they spend their extra monies and obviously if you're a restaurateur you want to go and make sure that any time there's a special event, you're that tech. So that's why you want to go ahead and keep on marketing. Choosing alternatives through marketing and making sure that they're working solutions.

Michael: What's your theory on why people cut back on marketing when things get tough?

Dyson: Well, theory — I don't know that it's actual theory — there's a lot of case studies out there that talk about independent retailers and restaurateurs. The theories or ideas and white papers that are out there say that 90% of the marketing that we do is basically a repetition of somebody else's marketing effort. And you don't really have any idea as to whether it's working or not working, so that at the end of the day 90% of that really is just not working. You recognize as the owner or the restaurateur and before you know it you get this idea that marketing just doesn't work and that's just not true. It's just the person that came to your store front that gave you that idea what to do didn't really have you in mind or your restaurant in mind and they just told you what other people do.

Michael: So basically, if I understand you correctly, the guy that's selling yellow page advertising, he's just doing the cookie cutter approach for pretty much everybody.

Dyson: Yes. He doesn't really have a mindset as to your restaurant and really doesn't dig in deep enough with you to qualify, whether or not the people in your area are your customer and he really doesn't do anything to go and help support the best advertisement. I'm sure if we were taking yellow pages, for instance, and looking at the yellow page at every restaurant they all say about the same thing, we accept these cards for payment. This is where we're located and fine dining or great dining, great food. They all say the same thing. What they're not asking for is they're not asking for that customer to come there. So that's one example. If you're using couponing, everybody that comes to your door selling a coupon is going to tell you what other people did and that's that buy one/get one. But you don't even know if the customer's even receiving that and you're challenging to go and buy you on price instead of your food.

Michael: That makes plenty of sense. So if you were going to lay out a vision for everybody listening based on what you've experienced and working with restaurant owners, why don't you walk us down the path. In your experience, where should an operator get started?

Dyson: Well, an operator should get started, if you're looking at the Lift product, an operator should get started with doing a couple of things. First things first is for those on this call or that will be listening to this call you should acknowledge that it is going to cost you five to ten times more to get a new customer in your door, it just is. So obviously you have people currently eating at your establishment or if you're going to go down the road of doing any exterior services like catering, you're going to want to identify with those customers quickly and provide something tangibly to them like a loyalty application or a loyalty card and get them enrolled being your customer that you can touch all the time.

Michael: I hate to interrupt you, you're on a roll, but lets talk about royalty programs because you hear two things out there. I think this is the biggest fear restaurant owners have. Aren't I just going to be rewarding somebody who's eating from me anyway, so I'm just giving away money that I don't need to give away?

Dyson: That's an interesting conversation and it's always the argument when you're talking about loyalty rewards. But I said two words there, loyalty rewards. The difference between them is yes, we all, as a restaurant, understand that we have loyal consumers but we're not earning 100% of their purchase power, we're earning a percentage of the purchase power compared to our competition that's out there. So yes, in fact, you do want a loyal tie to that customer. Giving them the reward options, it doesn't have to equate to any monies really because what we need to do when you're looking at any type of loyalty or reward program is use it in the respect of a reward that should I increase how much they're consuming that's when I give those rewards, not simply because you came in here and every time you come in here I'm going to add a point for your spend and then sooner or later I'm going to be coughing something up.

Michael: So how do you differentiate? Where do you get your baseline? If I come in every Friday for lunch and I spend \$12, how are they going to know that now I'm a \$15

customer or I come in twice a week so I need to be rewarded on those incremental sales.

Dyson: The way that you would know that, number one, is by having a loyalty rewards program. Those programs typically help you as a restaurateur or the business owner know who's buying and how much are they buying because you're literally taking the total dollar and you can watch that dollar balloon, hopefully outward, in the total dollar. So if you're average ticket is \$20 and you as the owner want that to be \$25, working with our loyalty—we call ourselves loyalty coaches—working with us we would help you achieve that increment of the \$5 on the spend.

Michael: But if I don't increase my spend, can you differentiate and say you're not spending more so you're not getting it?

Dyson: Absolutely. Loyalty programs and reward programs, you should be picking a program that has the ability to help your business acknowledge who is your best customer and who is a loyal customer.

Michael: Literally, are you saying in the materials join our loyalty program and if you start spending more you're going to get more? Sort of lay out the tiers if you will. I'm still a little...because normally.

Dyson: You have between four or six, ours just happens to have nine levels, of appreciation or redemption. So when you're working with this program the loyalty advisor that you're working with should be able to sit down with you and critique that program to go help your consumer elevate his or her purchases. That should really be the focus when you're looking at a rewards or loyalty based program. It's not just based on frequency that you're dining, it's based on the spend. So that's how you start working more into rewards. If you're talking about loyalty, then yes it is about frequency, it's not necessarily about rewards in that spend. So you could have in effect a program that has two or three, maybe even four or more, functions that not overwhelming to you as a retailer. You should definitely look at it as a pilot program. Hopefully the solution provider you've selected knows how to do those things with your business and really capture what you're looking for. So if you're looking for frequency, obviously that will grow your sales, everybody can tell you that. But if you're looking for not just frequency and you're looking for how much are they spending through that frequency, then yes you'll be choosing a better program and that's called rewards.

Michael: So can you reward for increased frequency and increased dollar spend?

Dyson: Absolutely.

Michael: So basically, you set out the criteria you're looking to do. I'm looking to get people to come in more often. I need to get them to spend more when they're here and if they spend it—if they're averaging \$10 a visit and we get them to \$20 a visit, maybe instead of getting a 5% rebate they get an 8% rebate. Is that how it works?

Dyson: Absolutely. That comes down to if you look at other programs that are out there, for instance we'll look at specifically—it's probably the oldest one in the book and that's dining products from cart blanche or from dining rewards products. If you look at those credit card vehicles, give a reward to the consumer for where and how often they were using that card to purchase dining products or services, that's where all these things come in. It's obvious that if there's a reward level appreciable, that you're going to get more purchases there. One thing that I do want to stress to everybody that will listen to this or are listening is I also want to stress to them that when you're doing something like this, you're creating a loyalty or rewards program, always remember one size does not fit all, meaning that your consumer—every consumer is different in the way that he or she buys. So always, when you're looking at a loyalty or reward program; one, keep it simple; two is, make sure that you have open slots in your program that allow you to mining reward your consumer because they will, from time to time, give you feedback, if you're listening, as to what I want my rewards to be.

Michael: So you say, what did you say *mindly* reward them?

Dyson: No, no, when you're rewarding them.

Michael: You said *mine*, as in...

Dyson: When you're mining them, yes.

Michael: Mining them. So give me some examples of different types of rewards.

Dyson: Different types of rewards, if we're talking specifically to restaurateurs, some of the rewards would be to make sure that when the customer comes there your rewards point may be — let's say that it's to increase your average purchase — so let's say a table for two costs you \$40 and you want to get that to \$50. The way that you do that is by building a strong enough rewards program that says for every you spend you're going to get a value, you're going to get maybe an appetizer, maybe it's your drinks instead. If you have a full liquor license, that's obviously one of the highest profit centers inside of your restaurant. So you would definitely want to hone in on that. So you could say buy any drink and get double the reward. You're forcing that average spend to go up.

Michael: So you can have multiple business rules as far as whether it's on food, it's on liquor, it's come in on a Monday you get triple points, whatever it is. You can reward the action you want taken.

Dyson: Exactly.

Michael: So what's the best way to get — so somebody says, "Okay, I believe what you're saying Dyson that a loyalty and reward program is — I'm not just blindly rewarding people who would be eating here anyway, I'm going to increase my sales incrementally," once you've decided on who you're going to use how do you go about promoting that and getting as many people signed up as possible and getting them excited?

Dyson: The one thing is, first off, the business owner needs to definitely set the ground rules. That is, this is not the program of the month, this is a strategy inside of my business, that's the very first thing that I recommend to every business owner, that you have to have once you develop that strategy that your entire employee base is amplifying that strategy, it's very important. That's how most programs fail, that's how most products don't get sold in your restaurant, including your specials, including your products that you could like to see most; obviously, setting that strategy. The next thing is, in rewarding your employee base, making sure that your employee base is incented well enough to go and make sure that this thing works. I'll give an example. One of our customers that is a restaurateur set a program for his or her employee and said, "Okay, if you go out on the floor I'm going to give you — each chef — I'm going to give each one of you fifteen cards. They captured the card number and their incentive program was you go to the table and you make sure that every table that you're serving has the opportunity to enroll or purchase, or put a value on that card. So that's the very thing that they did and it worked out well. That's what I would do, I would have a plan in action as how I read my customers and making my reward or loyalty program, or for that matter any marketing program, be a part of the dining experience.

Michael: And do you give bonus points for signing up?

Dyson: Yes. There's a lot of people that follow those rules that says the most common way to go and get people immediately enrolled is to go and turn around do such things as, "Hey, you know what, tonight's specials are...and if all of you are doing this special, go ahead and make sure you enroll in that program and we'll go ahead and put fifty points on your card or if you buy it you'll get a hundred." That seems to be a big novelty right now.

Michael: What do you mean if you buy it?

Dyson: Exactly. That seems to be a big novelty right now in the retail and restaurant space, buying points. So consumers are today are receptive to, or receptive I should say, to buying cards. We buy credit cards on annual fees, especially if you're an AMEX card holder we all know that, you're literally buying into a rewards program. So you can set up your program from the beginning to be a profit center inside of your business instead of it just being a points program.

Michael: So some people are paying for the privilege of giving you money?
Dyson: Absolutely.
Michael: And what do they get for that? What are they charged and what are they getting for that?
Dyson: Same card right now through our company. We've seen it as low as \$5 for the card all the way up to \$50 for the card. Again, the strategy of the proprietor or owner is going to be there and understand how that consumer is participating. So we'll choose one — let's say it was a \$20 purchase. When you purchase a card not only will we put the \$20 back on the card, that obviously forces them to return again or it's breakage, complete breakage meaning that no one's going to use it. So you just won as the restaurateur. And then they may also combine that with applying points too. They do that obviously with telling that consumer in the bill pocket, they could be doing it the actual greeting when your host or hostess is introducing the restaurant for the first time or multiple time in the purchase, or it could just be at table side too.
Michael: Are you finding or do you have the ability to do sort of like a continuity program so if a restaurant wanted to sell a membership so to speak and do these cards and say Dyson's going to come in and for \$50 a month he gets \$70 worth of gift certificates, two appetizers and a cocktail?
Dyson: Absolutely.
Michael: So that can be done automatically?
Dyson: Yes.
Michael: We interviewed somebody who built a nice little side business, I forgot the dollar amount, but at the first of every month she had collected all this money from people and they ended up with all these—
Dyson: We've seen restaurateurs develop programs with our application called *Dinner of the Month Club* that allows you to do exactly what you just said. You're literally pre-purchasing all your drinks and then you get appetizers, because that's obvious. You may be sitting down and before you actually get your meal you may actually go through one or two adult beverages before your meal actually gets there. What's the most common thing? The most common thing is whether or not they're consuming an appetizer at that point or not, you want them to. And what does that do for any restaurant? What it does is number one is it puts money in your pocket right now; number two is it guarantees the return of your customer; number three, your word of mouth on steroids, literally. They're going to tell people, hey, this is a great opportunity that if you want to sit back, relax, not be bothered and get a great value while your dining experience is going there, this is the place to go; and the fourth thing that it's going to do is it sets a tone that maybe next month or the month after that they didn't buy their dinner of the month club, what they will do though is buy the appetizer again. So obviously we all know in the restaurant business where our heaviest profit margins are and we want to capitalize on those things, utilizing card programs. And obviously when you get somebody locked in, that takes away the opportunity of them going someplace else. Because even though I might come to your restaurant every Friday, if I'm not locked into you I might say the next Friday, "Oh, Bob wants to go eat at this restaurant, so I won't go to your restaurant this week." But if I know that I've got these points or dollar value on my card that I've pre-paid for at a discount, I'm going to use them up. It's just one of the things that we do. I'm going to give a little bit of fact. Being a restaurant it's obvious one of the heaviest cards used inside of a restaurant is an American Express card. All of us on this call, I'm sure we can agree that at least one-third of our sales or purchases are on an American Express card. So the relevance to that is going to be what I'm about to provide for everybody, and that is American Express put out last year a report about reward programs and frequent diner programs inside of a business and the findings are that frequent flyer programs that are obviously you jump on a jet you go somewhere is they're going to deliver that; 28% of people are going to participate with that. When it comes to diners program, 19% participate with it. When you look

at it, obviously not too many people fly every single day, but everybody has to eat every day. So capitalizing on your customers is huge. It also says that in one year from when you start a rewards program to the following year, 54% of your customer base will enroll. Now think about that. And that's a report, for everyone listening to this call, published by American Express in 2008 I believe it was. It also talks about 43% of the customers coming to your restaurant already are already in someone else's reward program.

Michael: Interesting.

Dyson: So if we're not currently there, we strongly suggest —there are many programs out there. Obviously, we'd like you to be part of our network. It's a great network for a lot of reasons but if you're not part of one, I strongly suggest that you do one and get involved. One thing that I will tell all the listeners as you're going through this, listen to it multiple times, there's something that you will pick out of it often. The one thing that I do want you to know is if you're doing a loyalty or reward program that is not like Lift, you are going to be finding that — be prepared that each customer — obviously you have a cost of overheads for serving them, for they plate that they're consuming, and for every other services, including your wait staff. The typical for loyalty or reward program is you're going to be paying some form of transaction fee. Our programs are an "all you can eat" application.

Michael: So you don't have to worry about getting started at a low fee and then all of a sudden you wake up and you're boiling in water.

Dyson: Exactly. Obviously, that is a great problem to have if your program is enormously successful and that you are operating at a strategy. If you're letting this thing run away from you, obviously you are going to have a booming pot of water, yes.

Michael: Can you share any loyalty strategies, rewards strategies that really stand out as a case study? Is there really anything that comes to mind as somebody who's really—

Dyson: I'm not sure that I want to mention the specific restaurant for it, but actually I'll give one that we would all know on this call and it's a major chain and that's TGI Fridays. TGI Fridays reports over a 34% increase in sales when loyalty cards are used.

Michael: So their check averages are 34% higher?

Dyson: That's correct.

Michael: As a matter of fact, our customers report to us through our testimonials, they report that often the consumer comes in and they want their points, not their food — they want their points. That's the interesting thing that we as consumers have been trained for these things now.

Michael: You're absolutely right. Is anybody following up with direct mail? A sign of today; am I going to get a letter and a card in the mail? Do I get them the time that I sign them? How does that work?

Dyson: Our program, again, is an all-in-one application. So that allows you as a restaurateur, a proprietor, to really not have to roll up your sleeves and get hard at work at our program. You get hard at work at what you do, we'll do the rest or you can do it yourself. We have the ability to acknowledge you who's perfect in your environment or if you're just getting starting. So that's that piece. But when you as a customer are filling out your card at the table side instantly, your loyalty membership card, instantly you're issued a real durable plastic card and the beautiful thing with our system compared to others is that it's a card that doesn't look like any other card inside of that customer's wallet. We don't mean just because it's private branded to your location, we mean because it has a chip on it. Most of us, if you open up your wallet right now you're not going to find one card in your wallet that has a microchip on it, not one. Ours is prevalent, its gold facing that customer. Big deal, right? So you've got this card and now all of a sudden the followed up services — and again, if you're doing it yourself you can log into, we've provided a great service dashboard online that you can access through your phone, you can access at your home, at the back office of your restaurant, wherever you are and manage those relationships or cardholders. If you don't want to do that, those are services that we also offer that will from three hundred templates, select one, create it up for you, it automatically

takes your customer list and broadcasts. The direct mail function we highly recommend. Look in your mailbox; most restaurants do not mail you unless it's a coupon through a val pack or something, they're not mailing you individually so that you can stand out, whereas with the Lift products and services you can choose a template. It's saying thank you to your customer. Again, your dinner club, if you have one, I highly recommend that you do. And then of course, the birthday promotion, which by the way we have found, American Express even reports, 64% of your customers will return on their birthday. So I highly recommend that that is a function—

Michael: You mean if they're sent out a birthday card or a birthday offer?

Dyson: Yes. If they send a birthday card and 64% of them—

Michael: On average? Some more, some less. I've seen probably as low as 25% and I've seen it upwards to 75 or 80. So that's definitely incredible. And they're bringing people with them and they're spending money and they're excited. So your direct mail, is it automated? Do they have to mail it out? How does that work?

Dyson: Again, we operate on the principle that some of us on this call are just great in their environment and your kingdom of your land. So that's great, you could probably do it yourself. There are others that really just don't have the time to. We find most retailers do not have the time to, so what we do is we do have a trigger system that we would go in, pull out – you would tell us the frequency which we do it. We also, of course, advise you on frequency and we do it for you. So yes. It could cost you as little as you doing it yourself; probably in the neighborhood of about .90¢ per customer all the way up to about \$1.70.

Michael: You are doing direct mail just for people who have cars, loyalty and reward?

Dyson: That's correct. We also have direct mail services for consumers that are in your area that meet... One of the beautiful things about our application, it allows us to get to know your customer so that when you're doing direct mail campaigns you're hitting your customer. That is one of the biggest arguments that people have in advertising is that I'm not getting customers and that's typically because you're not marketing, we're target marketing.

Michael: What I hear you saying is you do something that I preach, you're helping them analyze their loyalty and reward card members to find customers like them.

Dyson: Absolutely.

Michael: Why don't you walk us through how that process works.

Dyson: How that process works is the capture of data, whether you're using the loyalty card form that your customer would fill out at that tableside, or if you have a registration area which many merchants do have where the consumer can literally come up, swipe a driver's license and instantly it will capture their demographic, that's all it captures including birthday. Or, the consumer, when they have a card and is going to go to the internet and register their card. Obviously, when you have a rewards program you want to have some form of incentive for those things to occur. But once you do those things, the analytics and the metrics of the use of the card starts providing information to us. For instance, zip code, what's the prevalent zip code coming to your location, there are five of them, ten of them. The next one is age. How old is your average customer.

Michael: So they have to put in their date of birth?

Dyson: Yes. They put in their date of birth, absolutely, because the obvious is on your birthday we'd like to say Happy Birthday. And then of course, male/female. And the last part is, one of the new toolsets that we're bringing as well is business class.

Michael: What do you mean by that?

Dyson: Business class, in most restaurants a good percentage—12% or more— of the restaurant's purchases are typically by local business people. And using those cards inside of your business, like a business Visa or a business American Express or something. We can actually capture analytics and help you understand how to build a business program that is a business special application that would say "Business

Rewards” or “Business Gift Giving Applications.” One of our customers here actually, local in Tampa, owns one of our programs and the way that they do it is they built a program using their card program that they give it out to their local businesses that have twenty or more employees and instead of you turning in an expense report, it’s managed through the card program.

Michael: So this is geared to corporations?

Dyson: Yes. You can gear it toward corporations or you can gear it toward to the consumer.

Michael: So is it rewarding them or is it a credit card?

Dyson: It’s both.

Michael: Is the restaurant owner responsible for collecting or do you have a processor that does all that?

Dyson: We have a processor that could do that.

Michael: Basically, it’s like a private labeled credit card?

Dyson: That’s correct. We call it a private labeled debit card, just like American Express does.

Michael: Oh, so it’s a debit, like it comes out of the checking account?

Dyson: No, they can auto load those cards or they can actually come right into — we like the philosophy of you come in to the location. We’re a big believer in building foot traffic to the location, getting that customer to your location on contact, because obviously if they’re there that means they’re spending; as opposed to stay away from the store and load me at home. Not too good for your establishment.

Michael: Correct. But as far as how the money gets back to the merchant. If I’m the business, is it coming out of my business checking account? Is it coming out on my corporate American Express?

Dyson: Yes. Whatever card you associate to your debit frequent diner club card or whatever; whatever card or...

Michael: But you’re not billing them and waiting to collect the money?

Dyson: No. It’s all instantaneous.

Michael: But they just have their own private label, so if they want all their employees to dine at this restaurant because the company’s getting discounts and there’s benefits. You might say, “Look, if you send over all of your corporate business we’re going to give you a 15% discount on everything you buy.” And so they go, “Well, all things being equal, we need to eat it.”

Dyson: Exactly. We got that philosophy by the way, for everyone listening, from the obvious and that is franchisees of businesses of larger chains. One of the things that you have to do is go out at least every week and create a catered event. So we just brought those philosophies into our program as well and that’s exactly we’re also joining this call too.

Michael: It’s very interesting. Do you want to mention some of the types of — you mentioned just regular contact, birthday clubs, what other type of direct mail—

Dyson: The biggest one that you could do, the one that we find a huge opportunity for most restaurateurs that don’t even do this, and I’m surprised, we do polls across the nation and find out things that you do and don’t do. But the biggest one is new movers, it’s huge. Obviously, when somebody settles into your neighborhood or your ten mile area of your restaurant, obviously they should know about your business and here’s why. It’s proven that within the first seventeen days they will eat out at least four times.

Michael: Okay, because they’re unpacking.

Dyson: Right. Why aren’t they eating at your place?

Michael: Very good. So when you do the new movers programs, are you trying to match the demographics to the loyalty end reward club member’s demographics?

Dyson: What we try to do is yes and no because it’s a little broader brush obviously. When you first move in there, there may not be that much analytics, but obviously we can tell by housing and stuff like that that we can get the mean income.

Michael: What kind of redemption rates are you seeing with the new movers?

Dyson: New mover's redemption rates, you'll be seeing somewhere upwards of 28-40% depending on the message and also depending on when did you hit them.

Michael: And obviously the offer as well.

Dyson: That's correct.

Michael: And when you're doing other cold mailings, looking at the list, what type of offers are you putting out there and what kind of responses are you seeing?

Dyson: The biggest offers that we suggest to most people is instead of doing a coupon of buy one get one, not too excitable – cash is king. We're finding out that any time you add an incentive based on the dollar value that that has the highest traction for the restaurateur or for that matter a retailer as well.

Michael: What do you mean by that?

Dyson: What I mean by that is let's say come in and get your \$25 card.

Michael: So basically you're going out — Lets see if I've got this right. Lets say I sign up with you and six months from now we have a good database built for a loyalty and reward club, we are going to go out to the marketplace and find out who within the zip code or this three mile radius matches our demographics and psychographics, and we're going to say come on in and you get a \$5 gift card or a \$10 gift card.

Dyson: Or \$20, or \$30, yes.

Michael: And so what kind of redemption are you seeing on that?

Dyson: Redemption rates can be as high as 58%.

Michael: And what percentage of those people will become loyal customers?

Dyson: The percentage of that would be between 18-23%, so you're nearly getting half of that half that you got from the very beginning.

Michael: So for every few people that redeem that offer, one of them will become a customer?

Dyson: Absolutely. Why we can say that versus other card programs is our card program is a 4 in 1 application. So they don't need multiple cards, they don't need multiple moments, they don't need a lot of things.

Michael: So when you say it's 4 in 1, what do you mean?

Dyson: We mean that it's a gift, a prepaid, a loyalty and rewards card all in one vehicle. So when they hand it over to you as a method of payment because I have \$25 on this card and I want to use it now, you can instantly turn it into loyalty and give it right back to your customer and say, "Great! We just added a hundred points onto your card. Thank you by the way. When did you move here?" Or whatever that conversation is and just let them know on your card you can put money on it if you want to; "Here's our dinner club program," or, "You've just now been enrolled in our frequent dining program." So the usability of that card is reloadable, restorable, function that allows multiple things to occur simply because they go there.

Michael: And that's because you have the smart chip in there?

Dyson: That's correct.

Michael: It's basically a computer chip that has...

Dyson: That's what it is.

Michael: It's not just a magnetic stripe?

Dyson: Yes.

Michael: So anything else direct mail you want to share with us, because a lot of our members are big into direct mail and definitely understand and appreciate it.

Dyson: Really, I would sit down with —One of the big things that we have found with direct mailers that are out there, again, they're an advertising guys and gals; so obviously they're going to say give us the artwork, we'll print it, we'll send it for you. Maybe they'll do the postage and all that stuff. If you're designing it on your own, there's a lot of us out there that believe in that method, there's nothing wrong with it. If you're designing it on your own think hard about the message that you're sending to that person. Make sure that that offer isn't toning them to look for a new offer in the mail. In other words, do yourself a favor, if they're already a customer of yours don't do a buy one get one, not at all. You're toning them to look for that 50% off.

Michael: You might say, "Come on in. We've got a new entrée this month, at least three new entrees. Come in and get one on us." So they don't perceive it as a coupon, it's more like you want to get their opinion on this new dish or you want them to be one of the first to experience it and help you spread the word about it. It's all about the reason why.

Dyson: Another one that on speaking reasons of why, the other one that works real well and — we've all heard this one before, most of us don't use it, tell a friend.

Michael: So how does your "tell a friend" program work?

Dyson: Tell a friend, you can of course use it through a direct mail service, the e-mail service, the text message service or a card. This is simply how it works. Obviously, educating that proprietor or restaurateur to make it part of his strategy again. So you tell a friend and you get \$10 or \$20, stored on the card, the important thing.

Michael: How do they know you've told a friend?

Dyson: That's great. Simply because they do it through the data center. One of the huge things that's becoming more of an asset to businesses is the internet. Most internet services that are out there, which by the way comes with our program as well, is local advertising to the retailer online.

Michael: When you say local advertising, you mean you've got a directory or you've got traffic?

Dyson: A directory portal called *shopanddinerwards.com*, which all of us on this call at some point in time you're going to become aware of in your neighborhood very soon. But this product, what it does is it allows a consumer to land on a page, look at your business, find out what it feels like, your menu. Even possibly in the future having the opportunity to order online in advance. Or, set that reservation and of course tell a friend. So when that tell a friend function happens it will ask you are you a current cardholder, if you are, enter in your number now.

Michael: Basically, you're giving them \$5 whether that friend comes in or not.

Dyson: Well, not necessarily, no. Because if that friend doesn't come in and get that redemption or get a card from you then no, they're not going to get it.

Michael: So basically, are you rewarding them on an ongoing basis for their friend's purchases?

Dyson: No, I would not. I would not suggest any retailer do that.

Michael: You get a friend that comes in here, we're putting \$5 on your card.

Dyson: Exactly.

Michael: As a consumer, how do I know when I have points? Do I get e-mailed a once a month statement?

Dyson: It's beautiful. You get e-mails. You can go online at any time. Again, linking up on regional and national directory with that they'll be able to go to a balance center called *balance@shopanddinerwards.com*. So obviously it's keeping your locale visible to them, but more importantly they cannot only just check their points, they can check their transactions, they can check how many dollars they have in gift or loyalty dollars, those are huge assets to any business. And by the way, what's really nice about it is you can also integrate it. A lot of people that are restaurateurs, if you haven't done this I highly recommend you contact either us or someone and get your menu online, it's a huge asset. I can't tell you how many multiples in returns you'll get for the small investment that you make to do that. But we do also offer you the ability for your customers to check their balances on your site as well.

Michael: I guess in the beginning it was a magnetic card and it's basically swipe it, it records sales and you get some reward. And now, you've really taken a whole cradle to grave approach 360 degrees, what is everything that needs to happen to make this a perfect program and to maximize the returns.

Dyson: And not only that, but what we've also done is listen to members. It's really important. You're the ones digging in deep, you're in the trenches, you've got the customers and you're telling us what your customer feedback experience is and we amplify your application all the time to go and serve your business a better opportunity of keeping your customer and of course growing your sales. So yes, that's a constant effort on our behalf.

Michael: So let's transition the last two pieces of the puzzle, e-mail and text. There's a lot of people doing e-mail marketing, I've interviewed some of them. What makes you different?

Dyson: What makes us different is we've actually combined — our e-mail marketing is a combination of our services with the largest and best in that class, constant contact. We've combined the services with them because they have great applications. They have an easy to use interface and it couldn't be any easier now because instead of you having to sit there grueling over a keyboard and entering your customer's information, if you're rapidly capturing your customer information through our technology and software, if you're doing it online as the consumer registering his or her card, we can take that data and with a click you say "all my customers with a birthday; customer with a zip code; hasn't been here; has been here," whatever that purport function is or query, with a click you can send that over to constant contact and have pre-billed lists and there's nothing better than your lists.

Michael: And do they have templates?

Dyson: Yes, they over three hundred templates that you can choose from to suit your need. If they don't, simply connect up with our friends at constant contact, they'll help you build one. And you can do this unlimited in a month, unlimited as many times as you want. Obviously, there's ideas and rules of frequency that you want to do. Not only that, it tells you if people did receive it, if they deleted it, if they opted out, if they did something. So if you have a call to action in there...

Michael: And what are you going to pay for something like that?

Dyson: To pay for something like that you'll be paying as low as \$15.

Michael: Based on the size of your list?

Dyson: That's correct. There's even, at the most including our program, you wouldn't be paying — you could start literally under \$100 a month, literally.

Michael: That's great. There's obviously benefits to the e-mail, the cost.

Dyson: Yes. Obviously, it's the cost. One of the big assets to e-mail marketing is that you can actually whether people read or perform an action with it, that's a beautiful thing as far as retailing. One of the biggest complaints that we have when we advertise our businesses is that we can't feel or see what happens, now you can. So that's a huge asset to you. And then of course, it all boils down always into how much does it cost me to not reach you but get you to spend money.

Michael: It's all about the return.

Dyson: Absolutely. We've coined, instead of saying "the ROI" or "return on investment," we call it retailer on ignition using our applications.

Michael: So let's talk about text messaging. That's starting to become more prevalent?

Dyson: It's huge right now. Ladies and gentlemen, this is *the* best offering you can have to promote your business, it really is. I'm very excited about it. I believe in the next couple of years it's going to be explosive, so get on now, be that trendsetter and the restaurant that reaps the rewards right now and this is how it works. Obviously all of us, when you look down to your right or left hip or maybe even your pocket you're going to find this out; so we all use that. The key that you need to know about this product is a great key. First things first, 96% open rate, no other product out there has such a thing. What we're talking about is when that customer receives that tax from a trusted source, they must be opted in, you can't just buy a list of cell numbers, so they are opted in and you can do that through a rewards form, you can do that online and you can do that at our terminal as well. But either way, when you're doing this thing, now it's an opt-in, it's a trusted source, it goes out to the customer. You can design that frequency again. And then what you get is you can acknowledge whether or not they received it, just like the e-mail. You can actually, coming very soon, be able to push a value to their card when they do open it. So let's say that you said to the customer, "Hey, special steak today is brand new. If you'd like to receive that plus \$5 offer from us press 1." Instantly that customer will have \$5 on their card and you'll know they're coming to dinner.

Michael: Now you say \$5. What if they don't use it for that type of purchase?
Dyson: Well that's great, then you know that you're customer's going to return in the future anyway.

Michael: So the \$5 is good for whatever?
Dyson: Yes, it's good for whatever.

Michael: What's to keep them from constantly adding \$5 and then saving it up?
Dyson: They can't actually constantly add \$5 because you're in the driver's seat, you control the frequency, you control the message, and you control the activity. So as a proprietor that is probably the best marketing tool. Technology is a beautiful thing but I think this is probably *the* thing.

Michael: Let me ask you about that. How many people want to get advertising on their cell phones?
Dyson: You'd be amazed. You get it everyday and don't even realize it.

Michael: What do you mean?
Dyson: Verizon, if that's your carrier, they have the ability to send you a text message if you're enrolled in that; it happens every day. Some of us, as consumers, have realized from the very beginning to opt out. Some of us are getting into it. But no matter what, if you have a PDA and then some e-mail carrier as well or webcast product or a V Cast product, or any of the other aggregators or carriers that are out there, you do have the ability to receive if you're using music, if you're using the V Cast product or a video over your cell phone, if you're going out to the web, you're definitely being challenged with advertising. So as that retailer, make it unique, make it your own.

Michael: And obviously the benefit is the instant nature of it. If I call you up today and I want to send out a text message, how long does it take to get one out?
Dyson: Seconds.

Michael: So you could literally text message everybody at 10:00, let them know what your lunch special is.
Dyson: And know that you're going to have a great lunch crowd, yes.

Michael: That's great. Well Dyson, as we wrap up, any closing thoughts?
Dyson: Closing thoughts is I hope everybody that is going to be listening to this or is listening to this, that you do start investigating quickly about these things. Don't join late to the crowd about me too, that just does not — it never worked for you in the past, it won't work for you next year either. So go ahead and look for something that's going to do it if it's not Lift. The other thing is I strongly suggest that you talk to your customers a little faster, a little better and again, make sure that it is a strategy not a program.

Michael: And for those listening that are interested to learn more about what you offer, how can they get a hold of you?
Dyson: They can get a hold of our company, even myself personally, I welcome anybody's call really. They can contact us by going online at www.liftbusinesssolutions.com. They can call us toll free, (866) 701-7106. Or they can call me direct if they'd like to, I don't mind at all. My office number is (813) 864-4710.

Michael: Perfect. Dyson, this has been great. You've been a power house of not only energy, you've got me feeling like I've had two cups of coffee! And just the information has been invaluable. A lot of great nuggets for the members to learn from and hopefully they'll listen to this again because I think there was a lot that was covered that definitely a second lesson.

Dyson: I thank you too.
Michael: Have a great day.
Dyson: You too.
Michael: Thanks. Bye.

[END RECORDING]

On behalf of Michael Attias, thanks for listening to this month's edition of Profit Points for Restaurants. We look forward to having you back next month as we share another expert with another profitable point of view.