



CASE STUDY

Velvet Taco

With Thanx, Velvet Taco delivers on-brand loyalty perks without discounting their brand.

Industry:

Fast Casual Restaurant

Locations:

34

Launched with Thanx:

November 2021

“ We found a partner in Thanx because they were equally as passionate about building a program that improved our bottom line without relying on traditional discounts, and instead moving towards offering exclusivity and access to our guests.”

Cassie Cooper, Director of Marketing
Velvet Taco



Velvet Taco is a Dallas-based, fast-casual restaurant serving inventive and globally inspired tacos. Founded in 2011, the Velvet Taco brand elevates the traditional taco through inventive recipes and the freshest ingredients. In addition to dozens of local and national accolades, Velvet Taco was awarded “Hot Concept” (2016) and received the Menu Masters Award (2020) by Nation’s Restaurant News.

The Challenge

Velvet Taco understood the importance of loyalty in delivering on their brand’s aggressive growth plan. Data capture powered by a sophisticated loyalty program would be the key to understanding their guests’ behaviors and to delivering messaging and incentives that were personalized and relevant, ultimately increasing spend and frequency. While most loyalty providers depend on discounts to drive engagement, Velvet Taco determined that an over-reliance on discounts would put their brand positioning at risk and fail to deliver on guest expectations.

The Approach

Velvet Taco describes their guest experience as “anything but ordinary” and needed their loyalty program to reflect that spirit. In addition, driving direct ordering and retaining critical revenue from 3PD was an important initiative for the brand. Accordingly, it was imperative that their loyalty program integrate seamlessly with their digital channels and elevate essential guest experiences through an improved mobile app, online ordering, and digital tableside ordering. With a fast-growing brand and lean marketing team, the evaluation team needed to prioritize an easy-to-use platform with data-driven campaign automations to help maximize customer lifetime value that didn’t require spending valuable time on manual segmentation or reporting analysis.

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Cassie Cooper, Director of Marketing, Velvet Taco

Preview of results

Since launching with Thanx



30% PARTICIPATION RATE

30% of weekly revenue tied to loyalty purchases.



5K SIGN UPS PER WEEK

On average, 5k sign ups per week since the launch of the loyalty program



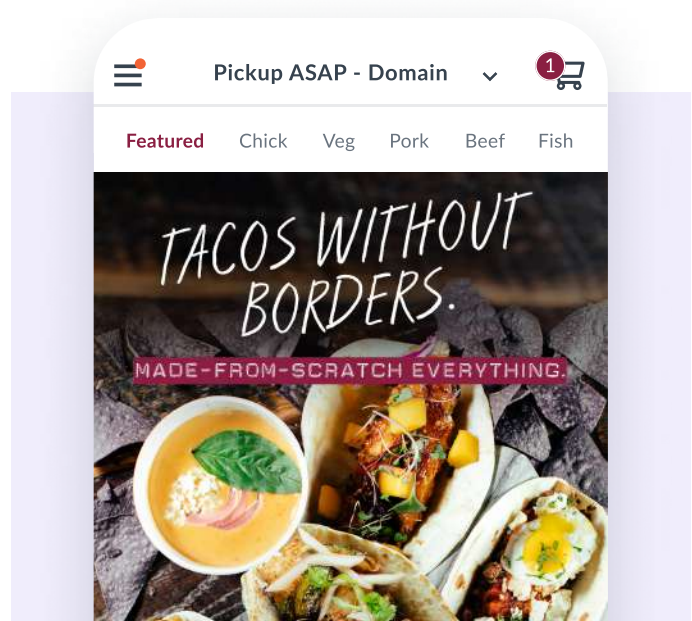
13% TIER UPGRADE

A hidden menu campaign available only to top status members resulted in 13% of members progressing to the next tier.



+6% DIGITAL CHECK AVG

Digital check average increased 6% vs. other channels



The Solution

Velvet Taco selected Thanx, a leading loyalty and guest engagement platform, to be their partner in developing their first ever loyalty program. With Thanx, Velvet Taco knew they could create a differentiated and exciting loyalty program for customers that integrated experiential rewards and exclusive perks instead of discounts and rote rewards. The Thanx platform provided innovative non-discount reward capabilities for Velvet Taco so that every touch point of their loyalty program would be a distinct representation of their brand identity.

Thanx and Velvet Taco launched The Velvet Room, a program that rewards Velvet Taco's guests with unique offerings and VIP experiences without leaning into traditional discounts.

A loyalty program that could only be Velvet Taco

Velvet Taco saw generic loyalty programs with a rote "spend X get Y" rewards structure pop up all over the restaurant industry. With imaginative flavor combinations and their innovative WFT "Weekly Taco Feature", Velvet Taco customers have come to expect more from the not-so-average taco-concept so the marketing team wanted to create a loyalty program that would stand out as well. The Velvet Taco team loved that Thanx makes it easy to design a flexible rewards program that embraced the brand's look and feel from the tier names to the perks. Customers can earn "Kick Ass" or "Bad Ass" status while surprise and delight rewards include the chance to fly to Dallas and attend an exclusive Weekly Taco Feature tasting with the brand's Director of Culinary.

"From the name of our program to the experiences we provide as part of our incentives, The Velvet Room is distinctively tailored and personalized to our guests."

Cassie Cooper, Director of Marketing, Velvet Taco

Exclusive perks that go beyond discounts

Incentivizing customers to order direct instead of through third party delivery was a company priority. Velvet Taco wanted to avoid paying costly commissions while retaining valuable customer data to inform their marketing strategy. Velvet Taco leveraged Thanx's hidden menu capability to build a "Secret Backdoor Menu" featuring items like Nashville Hot Chicken and other special dishes, exclusively available through the menu to loyalty members who order directly. Since the launch of hidden menu, loyalty members have increased their spend, with a simple campaign achieving stand out results: 13% of recipients reached a higher status tier with a single campaign. The flexibility of Thanx's rewards marketplace also allows Velvet Taco to give VIP customers access to other fun perks such as exclusive merchandise and a chance to win a trip to Dallas to meet the executive chef.

"We are excited about the additional loyalty perks we can now offer our fans through the mobile app, which has proved successful especially in locations with drive-thru or pick-up window locations by allowing them to order off-menu without having to come inside."

Cassie Cooper, Director of Marketing, Velvet Taco



Digital innovations that enhance data capture

Velvet Taco also launched a new branded app and online web ordering interface with Thanx. Both digital channels are optimized for an easy-to-use ordering experience for guests with technology like password-less login, linked credit cards, and reward redemptions and management; they can also easily give feedback and view order history details.

For on-premise customers, data capture is just as easy. Tableside from Thanx, the latest in on-premise digital dining innovation, gives guests the ability to place orders directly from their table via QR code. Technology advancements like Tableside help streamline team member operations while offering additional opportunities for data capture, even after an initial order.

All of these technologies work to capture better data for Velvet Taco so that the brand has a more complete picture of their customers' spending habits and preferences. Thanx makes the data capture actionable for Velvet Taco's marketing team directly in the platform's dashboard with advanced capabilities like Customer Lifecycle Insights and Recommendations, A/B testing, and automated campaigns.

"A loyalty program just turns into a discount program unless we first understand guest behavior. With The Velvet Room, we are tying transactions to guests regardless of their order mode, and then using data to understand behavior. With this data capture, we can personalize our loyalty program—building personal relationships with our guests, not just with typical rewards, but memorable experiences."

Cassie Cooper, Director of Marketing, Velvet Taco

Conclusion

Thanx's digital experiences for Velvet Taco removed friction for customer and staff alike. It is now easy for customers to enroll in loyalty, earn progress, and build emotional connections with the Velvet Taco brand. Since launch, Velvet Taco has seen an average of nearly 4k sign ups a week across almost 30 locations with as much as 30% of their revenue each week tied to loyalty transactions. For the Velvet Taco brand, this means more known customers and less data breakage to inform business decisions and strategy. With an easy to navigate digital ordering flow and experiential perks tied to engagement, app usage has grown since launching with Thanx. With more customer data for increasingly impactful marketing, digital check averages have grown 6%, nearly \$2 vs. other channels.

With Thanx, Velvet Taco has been able to drive more revenue with fewer discounts, reducing promotional spend and supporting their overall growth strategy without compromising on their brand values. "The Velvet Room" program has exceeded customer expectations with a loyalty program that surprises, delights, and most importantly delivers results.



Want to learn more about creating a distinct loyalty program without discounts?

Talk to the loyalty experts at Thanx.

Schedule a demo