White Papers

Repeat-purchase programs: the mistakes that bleed margin and the method that holds in *2026*


By **Diego F. Parra** · Updated 2026-09-15 · Marketing & Growth

QUICK VERDICT

Verdict: a repeat-purchase program pays only when the incentive is costed against the CONTRIBUTION MARGIN of the dish you give away, never against its menu price, and when the incremental frequency it produces beats the incentive plus the cost to serve that extra visit. Most operators cost the two-for-one against full ticket and then celebrate visits that were already on the guest's calendar.

One figure frames the whole discussion: customer acquisition cost rose 222% over the eight years through 2025 (Marqii, 2025), while value per customer climbs 23% where a well-built rewards program exists (Paytronix, 2024). Buying a new guest got expensive faster than keeping the one who already walked in.

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This paper is written for whoever signs the marketing budget and answers for EBITDA: the owner of a sub-500K USD operation building a first formal program, the finance director of a 3-to-10 unit group in the 1-to-5 million band, or the CFO of a chain above 10 million that already runs an app, points, and a spend line nobody can defend.

The lens is financial, not promotional. You do not judge a repeat-purchase program by redemptions or app downloads; you judge it by incremental contribution margin, measured against incentive cost, platform cost, and the cost to serve the extra visit. Everything else is vanity reporting.

Toast (2026) puts 33% of industry professionals naming guest attraction and retention as their top challenge. The gap is not awareness. Operators cost repeat purchase with the menu price in their head instead of the theoretical plate cost, and that single habit decides whether the program funds growth or quietly eats it.

SIDE-BY-SIDE COMPARISON

Side-by-side comparison

	MIS-COSTED PROGRAM (THE MISTAKE)	MARGIN-COSTED PROGRAM (THE MASTERESTAURANT METHOD)
Costing base for the incentive	✕ Booked at menu price: a two-for-one on a 12 USD dish is logged as 12 USD of marketing cost	✓ Booked against contribution margin: at 30% food cost the free plate costs 3.60 USD in inputs and sacrifices 8.40 USD of margin, not 12 USD
Declared success metric	✕ Total redemptions and app installs, with 100% of redemptions counted as sales won	✓ INCREMENTAL frequency: visits per guest/month in the enrolled group minus the control group, typically 15% to 25% of everything redeemed
Target LTV/CAC ratio	✕ Never calculated; CAC is watched only on acquisition campaigns, with acquisition cost 222% above 2017 levels (Marqii, 2025)	✓ LTV/CAC of 3.0 as the decision floor, with LTV measured in cumulative contribution margin rather than gross sales
Costing the contact channel	✕ Email and SMS assumed free; neither platform fees nor writer hours are charged to the program	✓ Cost per contact charged against a 25.1% average open rate (Omnisend, 2024) and +26% opens on personalized messages (Stripo, 2025)
Treatment of high-frequency guests	✕ Same discount as the occasional visitor, subsidizing trips that were already happening	✓ Frequency segmentation: regulars get access and recognition, monetary incentive is reserved to wake dormant guests
Menu engineering impact	✕ The most popular dish gets discounted, and it is usually the best-margin one too: the menu star is cannibalized	✓ Incentive anchored on high-margin, low-popularity dishes (menu engineering puzzles), which gain rotation without ceding contribution

	MIS-COSTED PROGRAM (THE MISTAKE)	MARGIN-COSTED PROGRAM (THE MASTERESTAURANT METHOD)
Evaluation horizon	✕ Judged at 30 days on total monthly sales; if sales rise, the program is renewed with no decomposition	✓ Cohorts read at 3, 6 and 12 months on cumulative margin per guest; the real verdict lands in month six
Effect on online reputation	✕ Disconnected from reviews; promotional traffic exceeds kitchen capacity and ratings slide	✓ Sized against real capacity, because each extra review star is worth 5% to 9% of revenue (Harvard Business School, Luca)

Chapter 1 — The incentive comes out of contribution margin, not menu price

Giving away a 12 USD dish at 30% food cost costs you 3.60 USD in product and sacrifices 8.40 USD of contribution, and neither figure is the one most operators book. Whoever charges 12 USD to the marketing budget is reporting a cost that never happened, because that money was never in the till; whoever charges 3.60 USD ignores the margin forfeited at a table that was in fact occupied. The number you decide with is the sacrificed margin, and it is the one that almost never reaches the P&L. With customer acquisition cost up 222% over the eight years through 2025 (Marqii 2025), getting the costing base wrong by a factor of three or four stops being an accounting detail and becomes the difference between a program that funds growth and a spending line nobody can defend. Without a deliberately withheld control group, you cannot tell whether you bought frequency or subsidized guests who were returning anyway.

Chapter 2 — How do you know the program produced the visit rather than paying for one already coming?

Set aside 5% to 10% of the base, leave it without access to the benefit for two full quarters, then compare frequency and check against the exposed group:

that difference is the only thing you may call incremental. Paytronix (2024) reports customer value rises 23% with rewards programs, but that 23% describes exposed populations, not a net lift in your operation. Diego F. Parra presses this point because the mistake recurs in every Masterestaurant review: an 18% jump in member visits gets celebrated when it lands squarely on high season, and the program takes credit that belongs to the calendar. The control group costs a few points of redemption and saves the entire budget. In an operation below 500 thousand USD in annual sales, any platform with a fixed monthly fee eats the margin before producing a single extra visit.

Chapter 3 — Under 500 thousand USD a year: run it by hand before you buy an app

At 480 thousand USD in revenue, a reasonable prime cost and operating profit between 6% and 10%, you are looking at 28,800 to 48,000 USD of yearly EBITDA: a 350 USD monthly license is 4,200 USD, somewhere between 9% and 15% of all profit, committed before anything gets measured. The recommendation for this band does not change and it is no consolation prize: your own email and messaging, a list segmented by frequency, and an incentive charged against the dish with the best margin. Omnisend (2024) measured a 25.1% average email open rate, and Stripo (2025) reports 26% higher opens with personalized messages; across a base of 1,500 guests that means hundreds of monthly touches at near-zero marginal cost. Platforms begin to justify themselves above 1 million USD in annual sales, not before, and the arithmetic is uncomfortably plain. Between 500 thousand and 1 million, that same 4,200 USD license represents 5% to 8% of EBITDA and demands incremental frequency that few bases under 3,000 guests produce.

Chapter 4 — From 500 thousand to 1 million, and 1 to 5 million: where the platform starts to pay

Past the million mark, and especially in the 1 to 5 million band where the three-to-ten-location group lives, the fixed cost dilutes below 1.5% of sales and consolidated cross-site data starts earning its keep. A four-location group at 3.2 million in sales moving average frequency from 2.1 to 2.4 annual visits across 12,000 active guests generates 3,600 extra visits; at a 22 USD check and 62% contribution margin, that is 49,100 USD against 50,400 USD of license plus incentives. Breaking even is not winning. Once the operation clears 5 million USD and, all the more, 10, the incremental visit you bought carries labor and capacity costs that smaller bands could safely ignore. The National Restaurant Association (2024) documented a 35% rise in labor costs since 2019, and 7shifts (2024) measured base pay at 14.20 USD per hour after a 4% increase: pulling 8,000 extra visits into a location already running at 85% occupancy during peak does not fill empty tables, it forces another shift open.

Chapter 5 — Above 5 and 10 million: the cost of serving the extra visit stops being zero

There the correct calculation subtracts three things from incremental margin — incentive, platform and extra service hours — and the result frequently turns negative precisely in the daypart where the program reports its best performance. The fix is not switching the program off, it is dating the incentive toward Tuesday and Wednesday, where idle capacity makes the extra visit cost barely more than its ingredients. A celebrity restaurant or a large-format themed venue above 5 million USD does not buy repeat purchase: it buys demand distribution. Its problem is not that guests fail to return — with a waiting list, repeat business happens on its own — but that acquisition cost is already paid by the name and by outside creators, with bookings up 30% the week after a creator posts (Marketing LTB 2025). Giving product away there destroys value perception and competes against its own waiting list. What does work at that tier is a non-discountable benefit: early access to menu changes, the chef's table, a seating slot ahead of general opening.

Chapter 6 — The celebrity-chef and large-format themed restaurant play with different numbers

It costs valley-hour capacity rather than margin, and it holds price. One additional review star moves revenue between 5% and 9% (Harvard Business School, Michael Luca), and that channel returns more than any coupon. A repeat-purchase program is profitable when incremental contribution margin exceeds the sum of three costs, and that comparison fits on one line: margin per additional visit, minus the incentive sacrificed, minus the prorated platform, minus the labor cost of serving. Toast (2026) reports that 33% of industry professionals name attracting and retaining guests as their top challenge, ahead of anything else, and that consensus is exactly what makes the spending dangerous: nobody argues with a budget everyone considers a priority. At Masterestaurant the test we require before renewing a license is two quarters with an active control group and costing based on contribution. If the incremental delta fails to reach 1.8 times the program's total cost, it does not get renewed and the money goes back into menu and service.

Chapter 7 — The profitability threshold that belongs on the committee's first slide

Run that ratio on last closed quarter's numbers today, before you sign the next annual contract. The first is pure arithmetic and explains most of the rest: costing at menu price versus costing at contribution margin shifts reported spend by a factor of three or four. At 30% food cost, a free 12 USD dish consumes 3.60 USD of inputs and sacrifices 8.40 USD of contribution; the operator logging 12 USD is reporting a cost that never existed, and the one logging 3.60 USD is ignoring margin never collected. The decision-grade number is margin sacrificed, and almost nobody tracks it. The second is methodological: without a control group you do not have a program, you have decoration. Unless you deliberately withhold 5% to 10% of your base from the benefit for at least two quarters, you cannot separate the visit your incentive caused from the one already on the guest's calendar.

Chapter 8 — Five differences that decide whether the program funds EBITDA or eats it

It is uncomfortable, and someone on the committee always wants it gone by month two; it is also the only line that turns a marketing report into a financial document a board can defend. The third lives in the menu and few people see it: which dish you give away matters more than how much you give away. Menu engineering sorts dishes by popularity and contribution margin, and the incentive belongs in the high-margin, low-popularity quadrant — the puzzle — never on the star. Discounting the star cannibalizes sales you already had and sacrifices the highest margin in the house; discounting the puzzle buys rotation for a dish that was occupying menu space without paying rent. The fourth is frequency segmentation, where commercial instinct usually gets it backwards. The high-frequency guest who already comes three times a month gets no discount: they get access, recognition and priority, which cost close to nothing in inputs and buy real loyalty.

Chapter 9 — Five differences that decide whether the program funds EBITDA or eats it — in practice

Monetary incentive, which does burn margin, is reserved for the dormant segment with no visit in 90 days, where sacrificed margin actually purchases a trip that was not going to happen. A flat program subsidizes precisely the guest who needs no subsidy. The fifth is horizon, and it settles most arguments: the verdict on a repeat-purchase program arrives in month six, not month one. Month one the whole base redeems accumulated balances and spend spikes while incremental revenue lags; by month three the noise drops; by month six the frequency curve by cohort reads cleanly against control. Paytronix (2024) puts value per customer 23% higher where a well-built rewards program runs, and that 23% is a cumulative effect no monthly close can show.

POINT BY POINT

Criterion-by-criterion comparison

COSTING BASE FOR THE INCENTIVE

A · MIS-COSTED PROGRAM (THE MISTAKE)

Full menu price of the dish given away

B · MASTERESTAURANT Contribution margin sacrificed, on current theoretical cost

Verdict: B wins. At 30% food cost, the gap between booking 12 USD and booking 8.40 USD of sacrificed contribution flips the decision to scale or shut down.

EFFECT MEASUREMENT

A · MIS-COSTED PROGRAM (THE MISTAKE)

Total redemptions, no control group

B · MASTERESTAURANT Incremental frequency against a 5% to 10% control

Verdict: B wins outright. Without control you cannot separate the visit you caused from the one already booked, and serious cases place incremental share between 15% and 25% of redemptions.

CHOICE OF INCENTIVIZED DISH

A · MIS-COSTED PROGRAM (THE MISTAKE)

The best-selling item on the menu

B · MASTERESTAURANT High-margin, low-popularity dish (puzzle quadrant)

Verdict: B wins. Discounting the star cannibalizes existing sales; the puzzle gains rotation while the house keeps its highest contribution.

TREATMENT OF HIGH-FREQUENCY GUESTS

A · MIS-COSTED PROGRAM (THE MISTAKE)

Same discount as the occasional visitor

B · MASTERESTAURANT Access, recognition and priority, with no monetary discount

Verdict: B wins. Flat discounts subsidize guests already paying full price, while recognition costs near zero in inputs and sustains the 23% higher value per customer Paytronix (2024) reports.

CHANNEL AND CONTACT CADENCE

A · MIS-COSTED PROGRAM (THE MISTAKE)

Quarterly blast to the entire base

B · MASTERESTAURANT Segmented and personalized, sized on real open rates

Verdict: B wins. At 25.1% average opens (Omnisend, 2024) and +26% from personalization (Stripo, 2025), base size predicts nothing; segmentation does.

EVALUATION HORIZON

A · MIS-COSTED PROGRAM (THE MISTAKE)

Monthly close on total sales

B · MASTERESTAURANT Cohorts at 3, 6 and 12 months with a 3.0 LTV/CAC kill rule

Verdict: B wins. Month one always looks bad from the redemption spike and month two always looks good from the rebound; the deciding number sits in month six.

SIDE-BY-SIDE COMPARISON

What most operations do, and why it destroys margin **DIAGNOSIS**

- ✕ Costs the incentive at menu price, inflating reported spend and killing a program that was actually profitable.
- ✕ Counts every redemption as a win, with no control group: 75% to 85% of those visits were already going to happen.
- ✕ Gives away the star dish — high popularity, high margin — converting its contribution into sunk marketing cost.
- ✕ Ignores cost to serve: the extra visit consumes labor, energy and table occupancy that appear in no calculation.
- ✕ Confuses a database with a program: 14,000 emails used once a quarter against a 25.1% average open rate (Omnisend, 2024).
- ✕ Skips frequency segmentation and ends up subsidizing the Tuesday regular who was paying full price without complaint.

What a financially sound program does **MASTERESTAURANT**

- ✓ Models the incentive as contribution margin sacrificed per redemption and caps that figure as a share of incremental revenue.
- ✓ Measures against a deliberately withheld control group, even when leaving out 10% of the base for two quarters stings.
- ✓ Anchors the benefit on high-margin, low-rotation dishes, using the menu engineering matrix to decide what gets given away.
- ✓ Charges platform cost, contact cost and cost to serve into the unit economics of the incremental visit.
- ✓ Scales by cohorts read at 3, 6 and 12 months, killing any mechanism below 3.0 LTV/CAC at month six.
- ✓ Ties repeat purchase to reputation, sizing promotional traffic against real kitchen throughput so ratings hold.

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THE NUMBERS THAT MATTER

The numbers framing the decision (2024-2026)

222%

rise in customer acquisition cost over the 8 years through 2025: retention got cheaper than buying new traffic

23%

higher value per customer in operations running a well-built rewards program

33%

of industry professionals name guest attraction and retention as their top challenge in 2026

35%

increase in US food input costs since 2019, the real ceiling on any in-kind incentive

25.1%

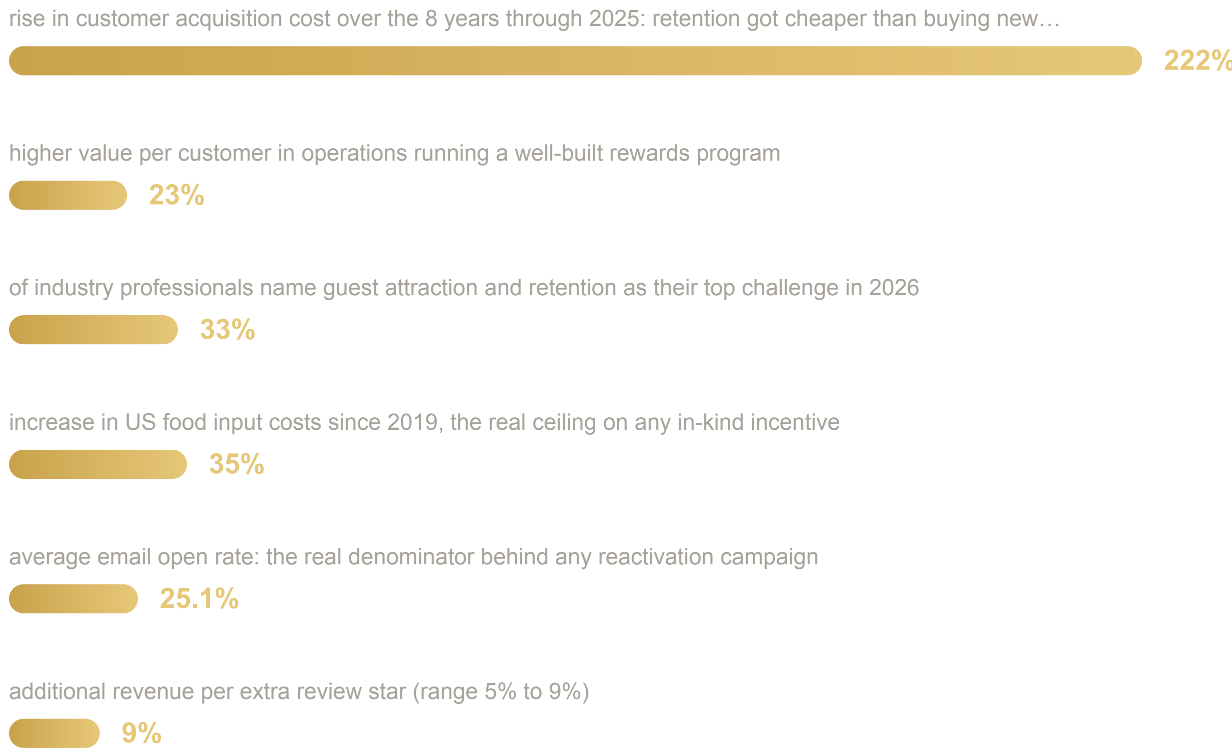
average email open rate: the real denominator behind any reactivation campaign

9%

additional revenue per extra review star (range 5% to 9%)

VISUALIZATION

The numbers, visualized



Sources: Marqii 2025 · Paytronix Loyalty Trends Report 2024 · Toast 2026 · National Restaurant Association 2024 · Omnisend 2024

Chart by masterestaurant.com

REAL CASE

> *"We had 11,400 emails and a Tuesday two-for-one we had been funding for fourteen months; the report said 640 redemptions a month and everyone read that as 640 sales won. Costed against contribution margin instead of menu price, real spend was 5,376 USD a month of sacrificed contribution, and once we withheld an 8% control group we found only 19% of those visits were incremental. We moved the incentive off the menu star onto two high-margin, low-rotation dishes, cut the discount for high-frequency guests and replaced it with priority seating: six months later monthly contribution margin was 41,000 USD higher on 2.3 million USD of annual revenue, with 9% less incentive spend."*
>
> **— Finance director of a four-unit casual dining group, 1-to-5 million USD annual band, working with the Masterestaurant framework**

HOW TO APPLY IT IN YOUR RESTAURANT

A 90-day roadmap to build the program (or rescue the one you run)

1. **Days 1-20 · Unit economics baseline and theoretical cost**
   Before designing anything, compute contribution margin per dish with a current theoretical cost, not a two-year-old recipe card. Working formula: Contribution margin = Selling price − Theoretical input cost, and its share of revenue is exactly what the incentive will sacrifice. Close the gap with food cost variance: Food cost variance = (Actual cost − Theoretical cost) / Sales; if that variance runs above 2 points, fix purchasing and portioning BEFORE giving anything away, because you would be amplifying a leak. Document average ticket by channel and last quarter's prime cost too. Without this baseline, everything downstream is opinion.

2. **Days 21-40 · Frequency segmentation and control group**
   Sort the base into four recency-frequency segments: high-frequency active (3+ visits/month), regular active (1-2), at risk (no visit in 30-90 days) and dormant (beyond 90 days). Withhold 5% to 10% of each segment as control, with no access to the benefit, across two full quarters; write it into the committee minutes so nobody deletes it in month two. Set the objective per segment now: access and recognition for high-frequency guests, sacrificed margin only for the dormant ones. This decision moves more EBITDA than any platform, and it costs nothing.

3. **Days 41-65 · Incentive design on the menu matrix**
   Plot popularity against contribution margin dish by dish, then place the incentive in the high-margin, low-popularity quadrant. Set the financial ceiling with this rule: Margin sacrificed per redemption ≤ 30% of the contribution margin of the expected incremental visit. On a 26 USD ticket at 68% contribution margin, contribution per visit is 17.68 USD and the incentive ceiling lands at 5.30 USD of sacrificed margin. If the mechanic you want does not fit under that ceiling, do not negotiate it — redesign it. And where digital menus are involved, keep the PHYSICAL menu alongside the QR: print governs service pace and suggestive selling of the benefit, QR adds price updates and analytics.

4. **Days 66-90 · Instrumentation, contact cadence and dashboard**
   Build the dashboard with five lines and nothing more: incremental frequency versus control, incremental contribution margin, total program cost (incentive + platform + hours), LTV/CAC by cohort, and average review rating. Set contact cadence on honest assumptions: 25.1% average open rate (Omnisend, 2024) rising 26% with personalization (Stripo, 2025), which forces you to size sends against expected redemptions rather than base size. Lock cohort reviews at months 3, 6 and 12, with an explicit kill rule: below 3.0 LTV/CAC at month six, the mechanic goes off.

FAQ

Questions that reach the finance committee

How do you calculate the real cost of a repeat-purchase program?

Add three lines: contribution margin sacrificed per redemption, platform fees plus the hours of whoever runs it, and the cost to serve the incremental visit. The common error is booking the free dish at menu price; at 30% food cost on a 12 USD plate, inputs are 3.60 USD and sacrificed contribution is 8.40 USD. That last figure is the one that decides.

What LTV/CAC ratio should I require before scaling the program?

A floor of 3.0, with LTV measured in cumulative contribution margin per guest rather than gross sales. Below 3.0 at month six, switch the mechanic off and redesign it. With customer acquisition cost 222% above where it sat eight years ago (Marqii, 2025), repeat purchase holds a structural advantage over acquisition — but only if the incentive fits inside the margin.

Does a repeat-purchase program work in a restaurant under 500K USD a year?

Yes, and it often outperforms the big chain version because the owner knows guests by name. Start without a platform: a contact list, four frequency segments, and a non-monetary benefit for regulars. At a 25.1% average email open rate (Omnisend, 2024), a well-segmented 900-contact list beats 14,000 cold addresses.

Should every guest in the program get the same discount?

No, and that flat design destroys the most margin. High-frequency guests get access, recognition and priority seating, which cost almost nothing in inputs; the monetary discount is reserved for the dormant segment past 90 days without a visit. A flat program subsidizes trips that were already happening and merely changes the price you charge for them.

DATA & SOURCES

Sector data 2026 (official sources)

Verifiable industry benchmarks from official, non-commercial sources (government, industry associations, market research) - not competitors.

Metric	Benchmark 2026	Source
Búsquedas 'cerca de mí'	**Las búsquedas de 'food near me' crecieron 99% interanual**	Restroworks — Google Restaurant Search Statistics 2024
Lectura de reseñas	**92% de los comensales lee reseñas antes de elegir dónde comer**	Restroworks — Google Restaurant Search Statistics 2024

Metric	Benchmark 2026	Source
Impacto de una estrella en la reseña	**Subir 1 estrella en Yelp eleva los ingresos entre 5% y 9%**	Harvard Business School (Michael Luca) — Reviews, Reputation, and Revenue: The Case of Yelp.com
Participación de mercado en delivery (DoorDash)	**DoorDash lideró con 60.7% del mercado de delivery a fin de 2024**	Earnest Analytics — US delivery market share 2024
Participación de mercado (Uber Eats y Grubhub)	**Uber Eats 26.1% y Grubhub 6.3% del mercado de delivery a fin de 2024**	Earnest Analytics — US delivery market share 2024
Costo real del delivery de terceros	**El costo efectivo llega a 30%-40% del total del pedido con comisiones y tarifas**	Restaurant Business — Third-party delivery charges, 2024

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