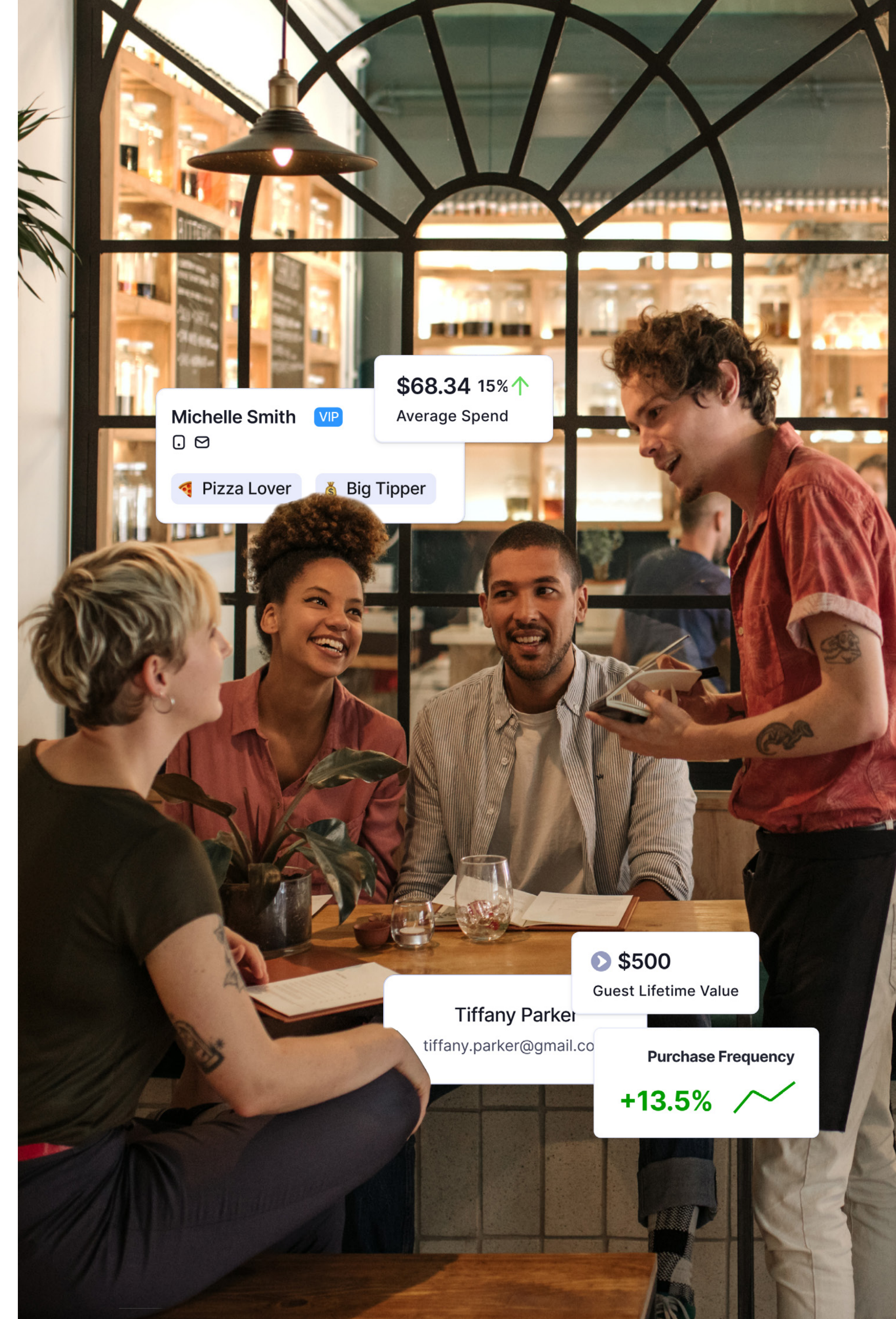olo

Guest Lifetime Value: The Real North-Star Metric for Restaurants

Why and how leading brands are using data to drive profitable growth

A **new way to win** in the restaurant industry

Restaurant success used to be determined by same-store sales, so leaders were singularly focused on driving transactions. You didn't need to know who was dining with you, why, or how often. Some employees would recognize regulars, but guest preferences and purchase behavior didn't get disseminated throughout the business.

Now 53% of consumers expect companies to anticipate their needs and 65% will remain loyal to those that offer personalized experiences. As guest preferences have evolved, restaurants have begun to recognize the value of truly knowing their guests—and what's at stake when they don't.
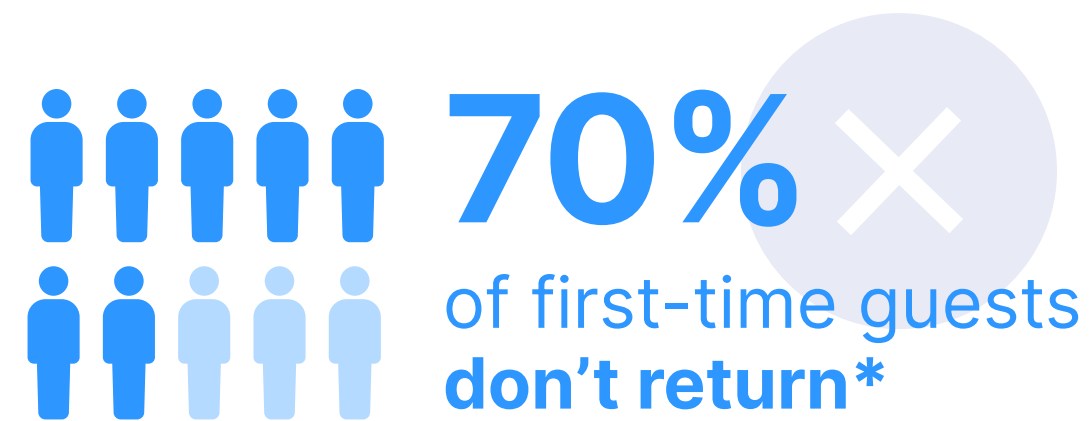
With numbers like that, it's clear hospitality needs to be scalable. And it's why brands are investing in technology to help them better understand their guests and personalize the dining experience by harnessing data from multiple touchpoints and making those insights available to all departments.

This fundamental shift has given rise to the real north-star metric: guest lifetime value (GLV). **Winning restaurant brands in every category are personalizing the guest experience to maximize GLV so they can drive profitable acquisition, retention, and growth.**

70% ✕
of first-time guests **don't return***
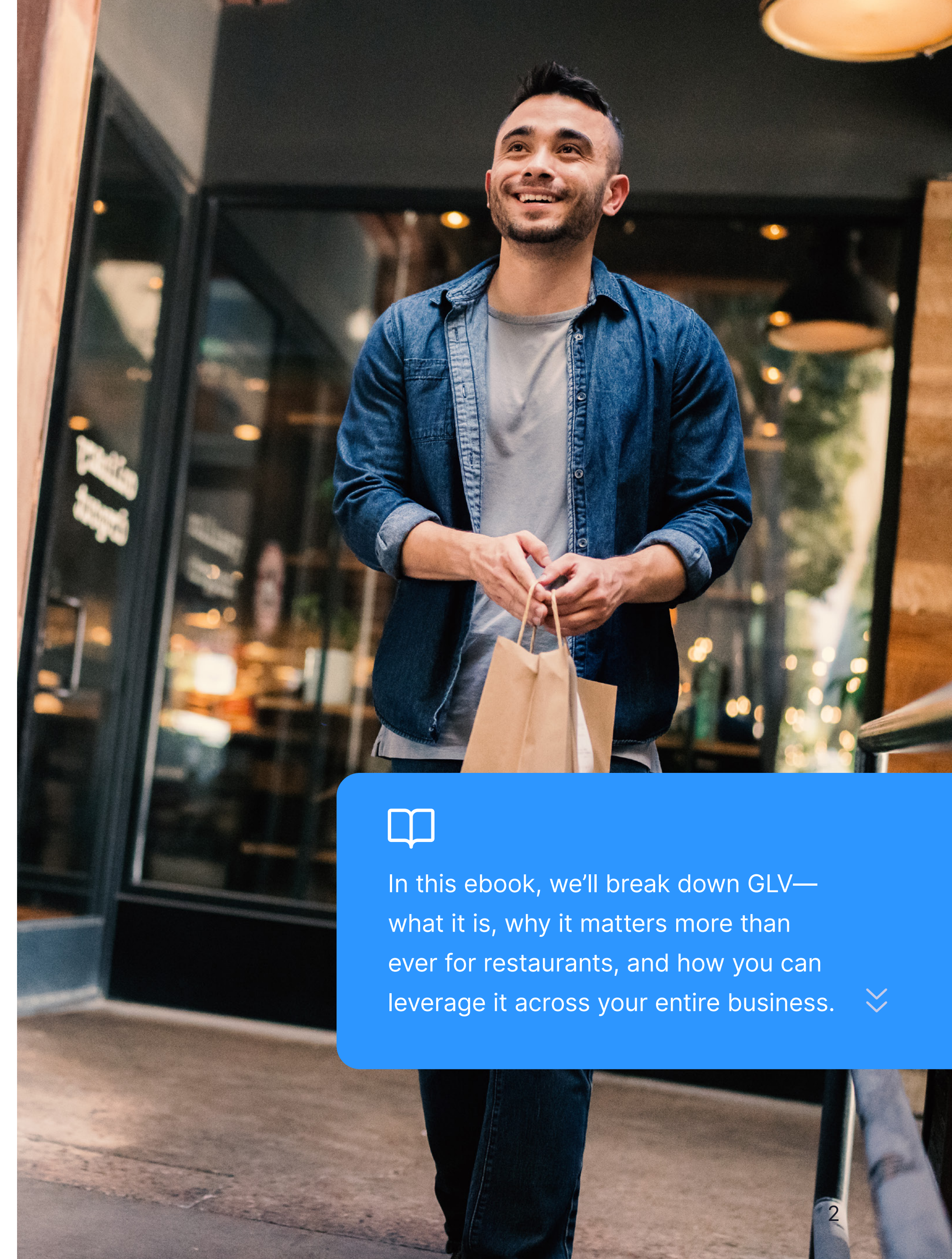
In this ebook, we'll break down GLV— what it is, why it matters more than ever for restaurants, and how you can leverage it across your entire business.

What's inside

To stay competitive and scale in this time when personalization is everything, restaurant brands must harness and act on guest data. **This ebook will give you a deeper understanding of guest lifetime value—one of the most critical guest insights—and how it can be used to power restaurant growth.**

01

What is GLV + why it matters

02

How to get GLV data

03

Data deep dive: Quantifying the impact of repeat guests

GLV benchmarks across service models and food types

04

How to apply GLV across your business and achieve hospitality at scale

Case Study: Sonny's BBQ

05

9 ways to increase GLV

Case Study: First Watch

06

How to build a profitable future with comprehensive guest data

What is GLV and why it matters

What is GLV?

Guest lifetime value (GLV) is the revenue generated from each guest throughout their relationship with the brand. In other words, it's **how valuable a guest is to your business**, not just on a transaction basis, but with regard to their recency, frequency, and spend.

Why it matters

According to Olo data from more than 100 million guest records**, the top 5% of restaurant guests by guest lifetime value drive ~30% of restaurant revenue. And 60% of revenue is driven by the top 20% of guests.

This highlights the immense impact a small portion of your guests can have on your bottom line—and underscores the importance of fully understanding and catering to them.

Given the high cost of acquiring new guests, increasing the value of your existing guests is critical for driving growth. And one of the best ways to do that is with the support of comprehensive guest data.

30%
of restaurant revenue is driven by the **top 5%** of restaurant guests by GLV

60%
of restaurant revenue is driven by the **top 20%** of guests
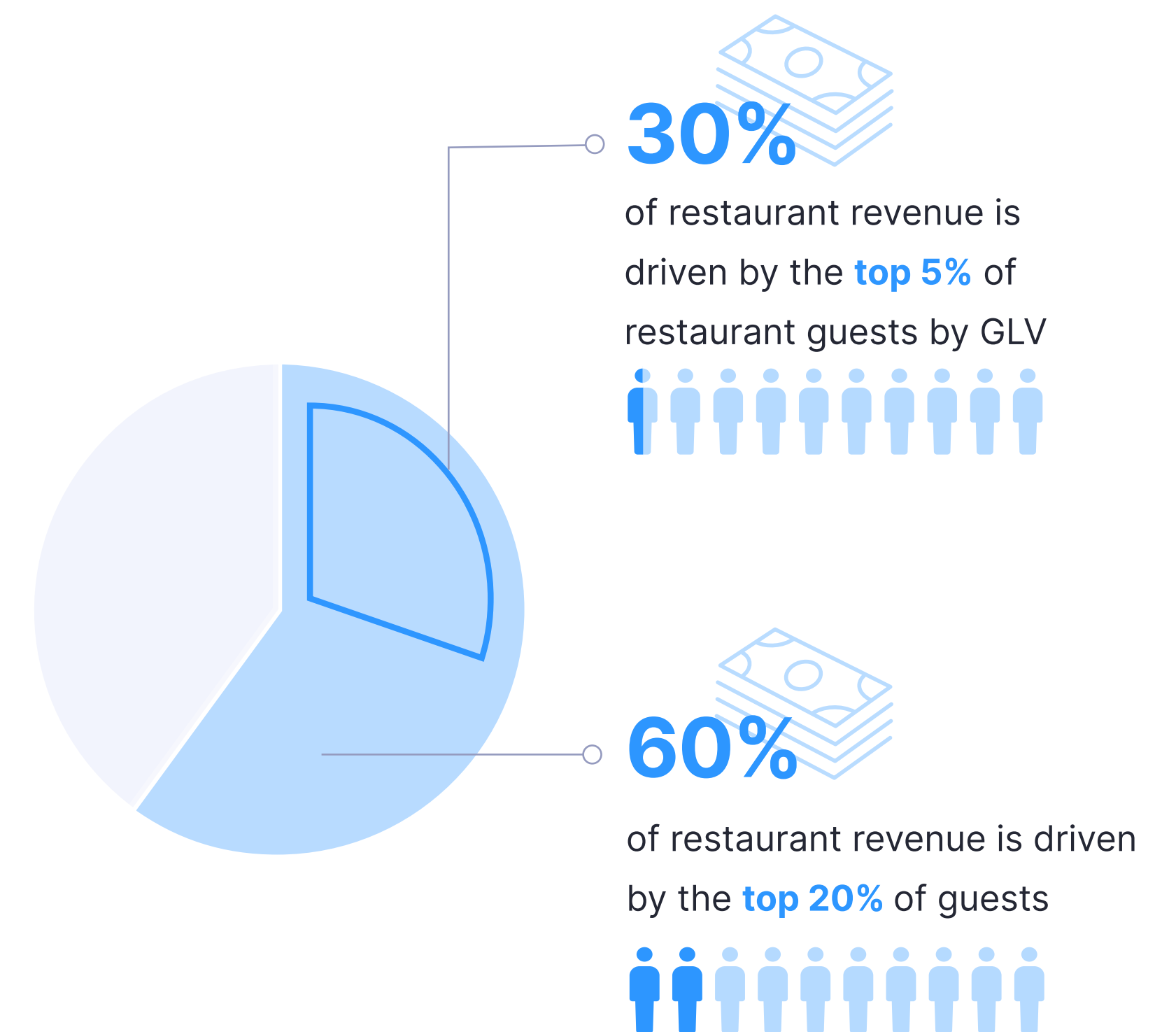
How to get GLV data

Borrowing from the e-commerce playbook

It's important to note the concept of guest lifetime value isn't new. Retail and tech giants like Amazon and Netflix have been leveraging customer data to power hyper-personalization and maximize GLV for years.

Yet the restaurant industry is lagging on this front, largely because of legacy POS systems, third-party marketplaces that own guest data, and other fragmented point solutions.

These blockers make it impossible to know the value of each guest because the data lives in disconnected—and, in some cases, inaccessible—silos.

The next frontier of restaurant growth

When COVID forced restaurants to digitize their business practically overnight, brands were forced to confront these obstacles. This set the stage for the next frontier of restaurant growth—specifically guest centricity and the ability to create an on-to-off-premise experience that is seamless, personalized, controlled by the brand, and driven by data.

Industry leaders now recognize the road to restaurant success in the digital age begins with a fully integrated tech stack that enables you to collect data from ~100% of guests and identify which guests are the most valuable to your business—not just on a transaction basis, but by recency, frequency, and spend over time. But to actually use insights like GLV to drive retention, acquisition, and other business objectives, restaurants need a guest data platform (GDP).

What is a GDP?

A GDP is a single solution that ingests data from any source in your restaurant tech stack (POS, online ordering, loyalty program, payment processor, etc.), merges that data into a comprehensive guest profile, and then sends it to destinations where you can act on it (marketing and ad platforms, business insights tools, data warehouses, etc.).

Online orders	GDP	Host
Reservations		Marketing
Mobile apps		Labor
Loyalty		Real estate
Payment processor		Analytics/BI
Feedback		Menu development
Guest identifiers		Media

With a GDP, you can discover exactly where and why your guests spend money—and measure the impact of repeat orders, marketing dollars spent, and beyond. Furthermore, you can execute data-driven business strategies, like building conditional messaging flows that drive guests down the funnel to habituation based on their interactions with your brand.

DATA DEEP DIVE

Quantifying the impact of repeat guests

+ GLV benchmarks across service models and food types

To help illustrate the power of a GDP and just how valuable repeat guests are to your business, Olo analyzed data from over 85 million guests who ordered digitally across nearly 500 restaurant brands in the last year. **We segmented those guests into four cohorts.**

85M
guests

ACROSS

500
restaurant brands

1 Guests who ordered in the recent 6 months

2 Guests who ordered in the recent 365 days

3 Repeat guests who ordered in the recent 6 months

4 Repeat guests who ordered in the recent 365 days

The following charts show how factors like **order recency, frequency, and average spend can significantly impact guest lifetime value**—and therefore restaurant success—and how purchase behavior can vary by service model and food type.

Average all-time orders

The chart below shows how order recency and frequency correlate to all-time average orders.

ALL-TIME ORDERS

2.2x

8.42	5.53	12.36	9.21
Ordered in recent 6 months	Ordered in recent 365 days	Repeat orders in recent 6 months	Repeat orders in recent 365 days

ORDERS PER GUEST BY COHORT

KEY FINDING

On average, repeat guests in the last 6 months are ordering 2.2x more than the average guest.

TAKEAWAY

Getting guests to return at least once more can greatly impact their GLV.

Orders by service model and food type

Given guest purchase behavior can vary across the industry, Olo analyzed average all-time orders of guests for 7 service models and 18 food types.
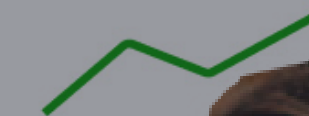
No matter the service model or food type, restaurants need to understand the business impact of order frequency to make data-backed decisions that drive revenue.

$$42.10 \quad 9\%\uparrow$$
Average Spend

Purchase Frequency

+15%

Alex White
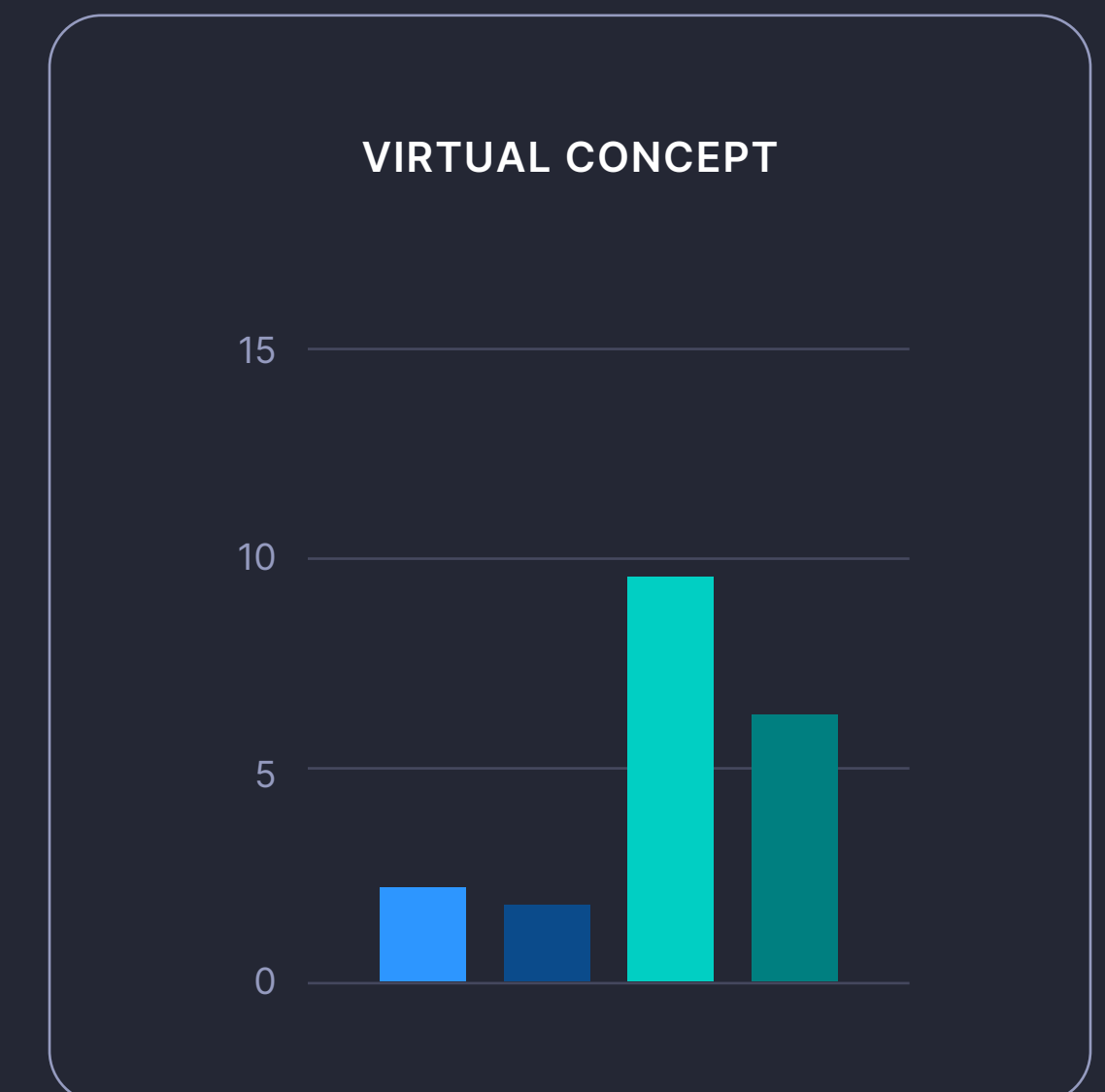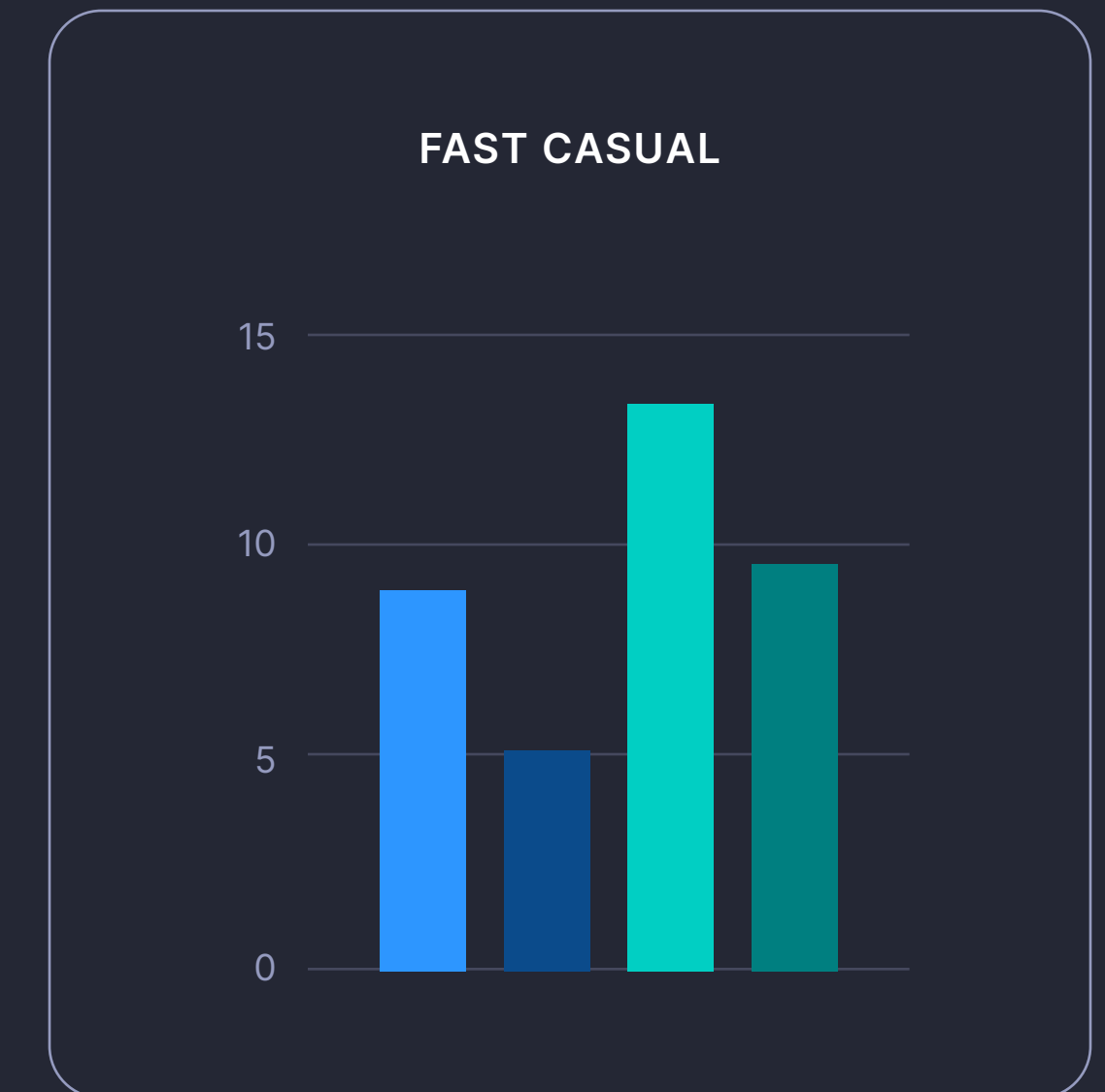alex.white@gmail.com
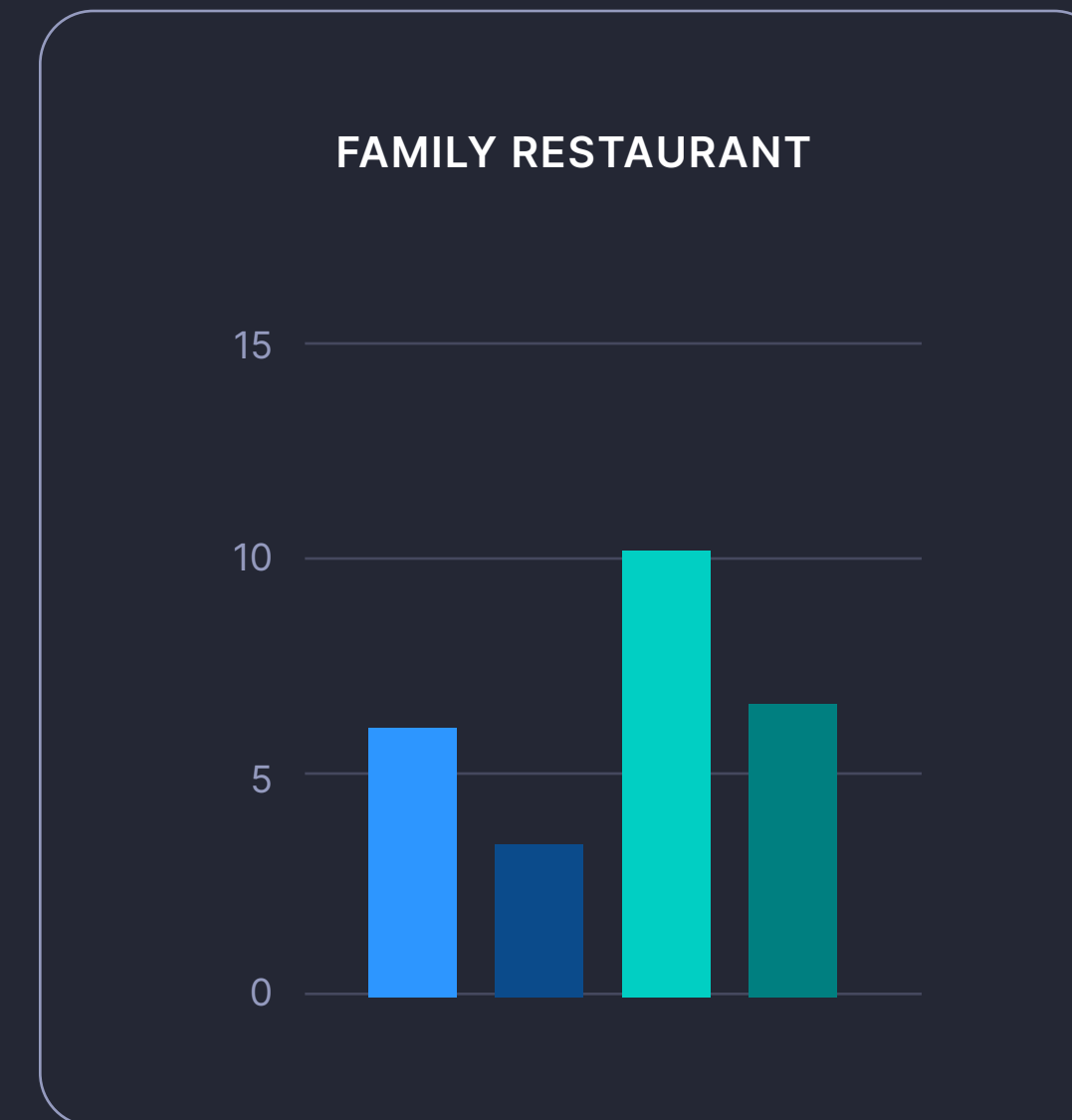
Purchase Frequency
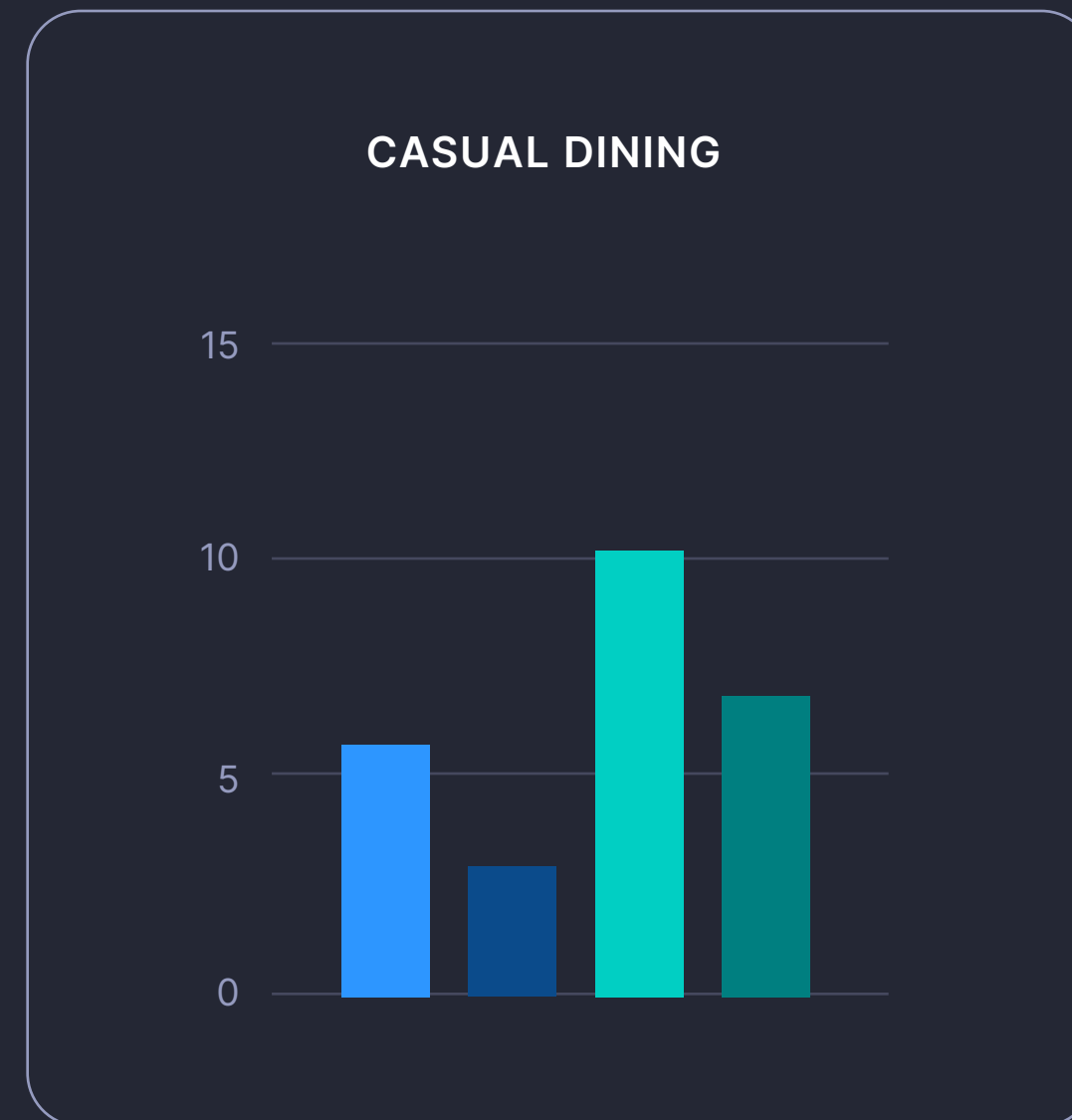
+5.8%

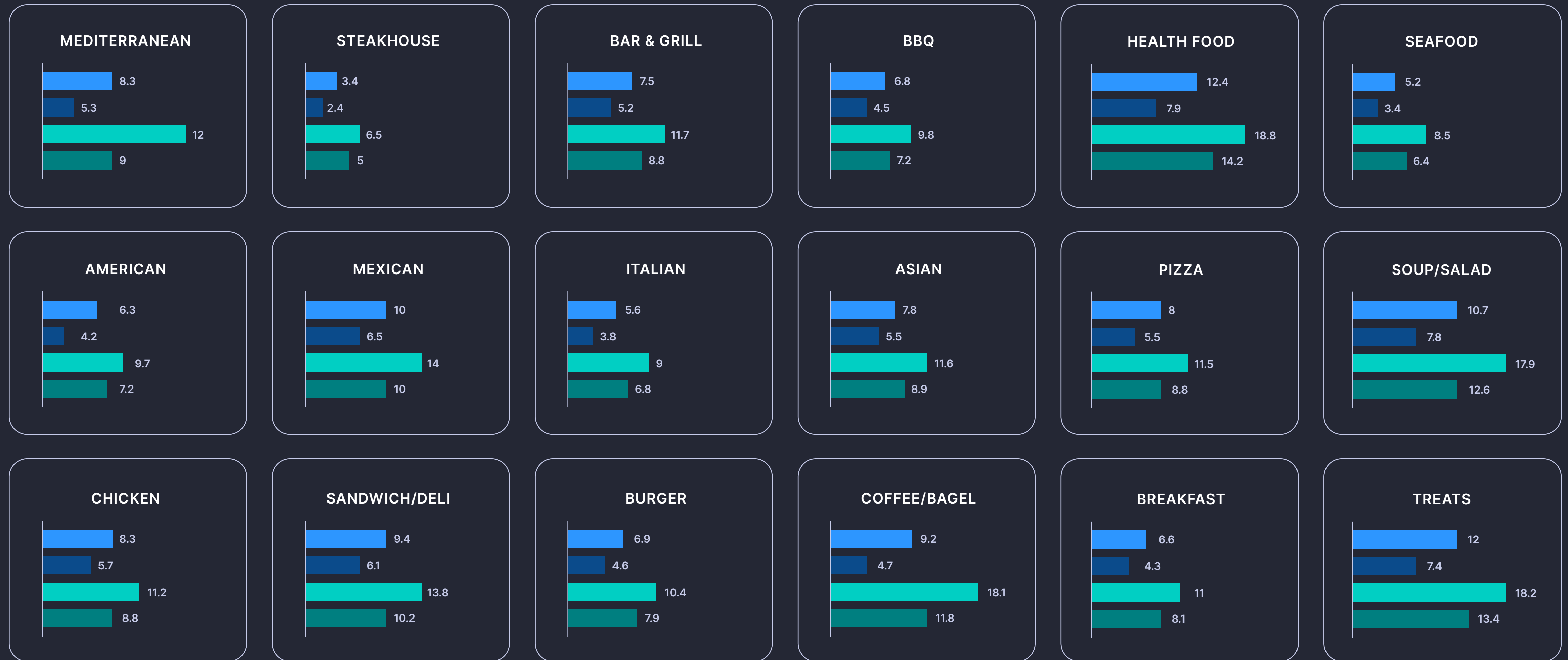# Average number of orders per guest/year by service model

This data shows how order frequency relates to number of orders

- 🔵 Ordered in recent 6 months
- 🔵 Ordered in recent 365 days
- 🟢 Repeat orders in recent 6 months
- 🟢 Repeat orders in recent 365 days

CASUAL DINING

FAMILY RESTAURANT

FAST CASUAL

FINE DINING

POLISHED CASUAL

QSR

VIRTUAL CONCEPT

Average number of orders per guest by food type

● Ordered in recent 6 months   ● Ordered in recent 365 days   ● Repeat orders in recent 6 months   ● Repeat orders in recent 365 days

MEDITERRANEAN
- Ordered in recent 6 months: 8.3
- Ordered in recent 365 days: 5.3
- Repeat orders in recent 6 months: 12
- Repeat orders in recent 365 days: 9

STEAKHOUSE
- Ordered in recent 6 months: 3.4
- Ordered in recent 365 days: 2.4
- Repeat orders in recent 6 months: 6.5
- Repeat orders in recent 365 days: 5

BAR & GRILL
- Ordered in recent 6 months: 7.5
- Ordered in recent 365 days: 5.2
- Repeat orders in recent 6 months: 11.7
- Repeat orders in recent 365 days: 8.8

BBQ
- Ordered in recent 6 months: 6.8
- Ordered in recent 365 days: 4.5
- Repeat orders in recent 6 months: 9.8
- Repeat orders in recent 365 days: 7.2

HEALTH FOOD
- Ordered in recent 6 months: 12.4
- Ordered in recent 365 days: 7.9
- Repeat orders in recent 6 months: 18.8
- Repeat orders in recent 365 days: 14.2

SEAFOOD
- Ordered in recent 6 months: 5.2
- Ordered in recent 365 days: 3.4
- Repeat orders in recent 6 months: 8.5
- Repeat orders in recent 365 days: 6.4

AMERICAN
- Ordered in recent 6 months: 6.3
- Ordered in recent 365 days: 4.2
- Repeat orders in recent 6 months: 9.7
- Repeat orders in recent 365 days: 7.2

MEXICAN
- Ordered in recent 6 months: 10
- Ordered in recent 365 days: 6.5
- Repeat orders in recent 6 months: 14
- Repeat orders in recent 365 days: 10

ITALIAN
- Ordered in recent 6 months: 5.6
- Ordered in recent 365 days: 3.8
- Repeat orders in recent 6 months: 9
- Repeat orders in recent 365 days: 6.8

ASIAN
- Ordered in recent 6 months: 7.8
- Ordered in recent 365 days: 5.5
- Repeat orders in recent 6 months: 11.6
- Repeat orders in recent 365 days: 8.9

PIZZA
- Ordered in recent 6 months: 8
- Ordered in recent 365 days: 5.5
- Repeat orders in recent 6 months: 11.5
- Repeat orders in recent 365 days: 8.8

SOUP/SALAD
- Ordered in recent 6 months: 10.7
- Ordered in recent 365 days: 7.8
- Repeat orders in recent 6 months: 17.9
- Repeat orders in recent 365 days: 12.6

CHICKEN
- Ordered in recent 6 months: 8.3
- Ordered in recent 365 days: 5.7
- Repeat orders in recent 6 months: 11.2
- Repeat orders in recent 365 days: 8.8

SANDWICH/DELI
- Ordered in recent 6 months: 9.4
- Ordered in recent 365 days: 6.1
- Repeat orders in recent 6 months: 13.8
- Repeat orders in recent 365 days: 10.2

BURGER
- Ordered in recent 6 months: 6.9
- Ordered in recent 365 days: 4.6
- Repeat orders in recent 6 months: 10.4
- Repeat orders in recent 365 days: 7.9

COFFEE/BAGEL
- Ordered in recent 6 months: 9.2
- Ordered in recent 365 days: 4.7
- Repeat orders in recent 6 months: 18.1
- Repeat orders in recent 365 days: 11.8

BREAKFAST
- Ordered in recent 6 months: 6.6
- Ordered in recent 365 days: 4.3
- Repeat orders in recent 6 months: 11
- Repeat orders in recent 365 days: 8.1

TREATS
- Ordered in recent 6 months: 12
- Ordered in recent 365 days: 7.4
- Repeat orders in recent 6 months: 18.2
- Repeat orders in recent 365 days: 13.4

Predictive GLV across all brands

Another element of GLV is what guests will spend in the future. Olo analyzed predictive GLV—an algorithm that accounts for overall purchasing behavior, including recency, frequency, and spend—across all brands to see how valuable these guests will be in the next year. We then found the average predictive GLV of guests across the same four cohorts as before, weighted by each restaurant's guest volume, for accuracy.

PREDICTIVE SPEND BY COHORT

$99.36

+125%

$71.83

$69.52

$44.02

Ordered in recent 6 months | Ordered in recent 365 days | Repeat orders in recent 6 months | Repeat orders in recent 365 days

11

KEY FINDINGS

Repeat guests in the last 6 months will likely spend 125% more in a year than average guests

TAKEAWAY
Even a small lift in recency and frequency can generate significant incremental revenue. And driving recency and frequency together can boost guest lifetime value.

POTENTIAL IMPACT
A $55 increase (the average across service models) could produce an incremental $550,000 for every 10,000 guests in your guest book.

Repeat guests in the last year will likely spend 58% more than average guests

TAKEAWAY
The likelihood that a guest will spend more increases with each subsequent order.

POTENTIAL IMPACT
A $25.50 increase (the average across service models) could produce an incremental $255,000 for every 10,000 guests in your guest book.

Predictive GLV by service model and food

To help you better anticipate guest spending in the coming year, Olo looked at predictive GLV across 18 food types and 7 service models.

Locate your service model and food type to see the potential impact of order recency and frequency on your specific business.

$42.10   9% ↑
Average Spend

Purchase Frequency
+15%

▶ $560
Guest Lifetime Value

Jessica Dorsey
jdorsey@gmail.com

One-year predicted spend by service model

This data shows how order frequency relates to spend

- 🔵 Ordered in recent 6 months
- 🔵 Ordered in recent 365 days
- 🟢 Repeat orders in recent 6 months
- 🟢 Repeat orders in recent 365 days

CASUAL DINING

FAMILY RESTAURANT

FAST CASUAL

FINE DINING

POLISHED CASUAL

QSR

VIRTUAL CONCEPT
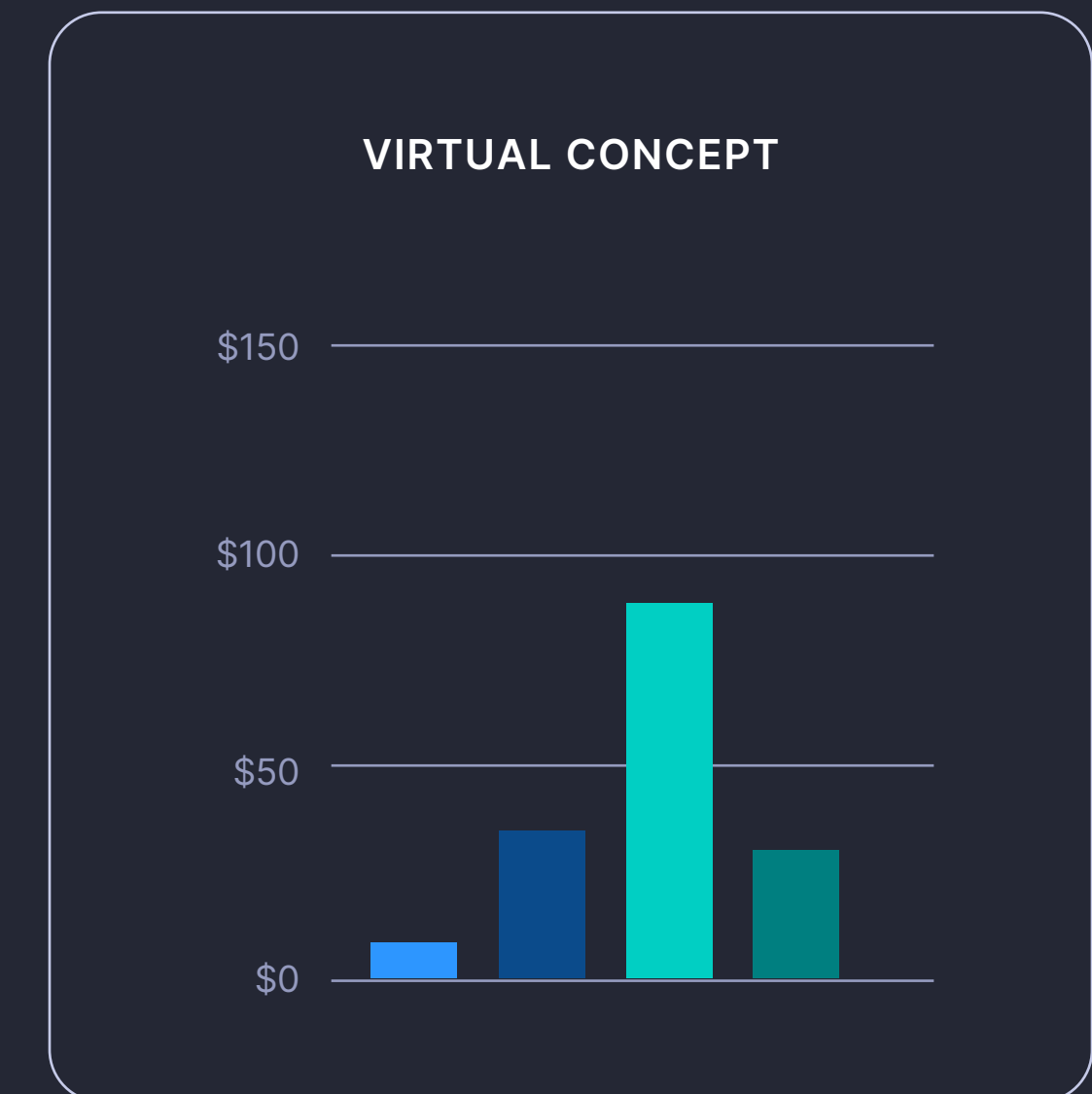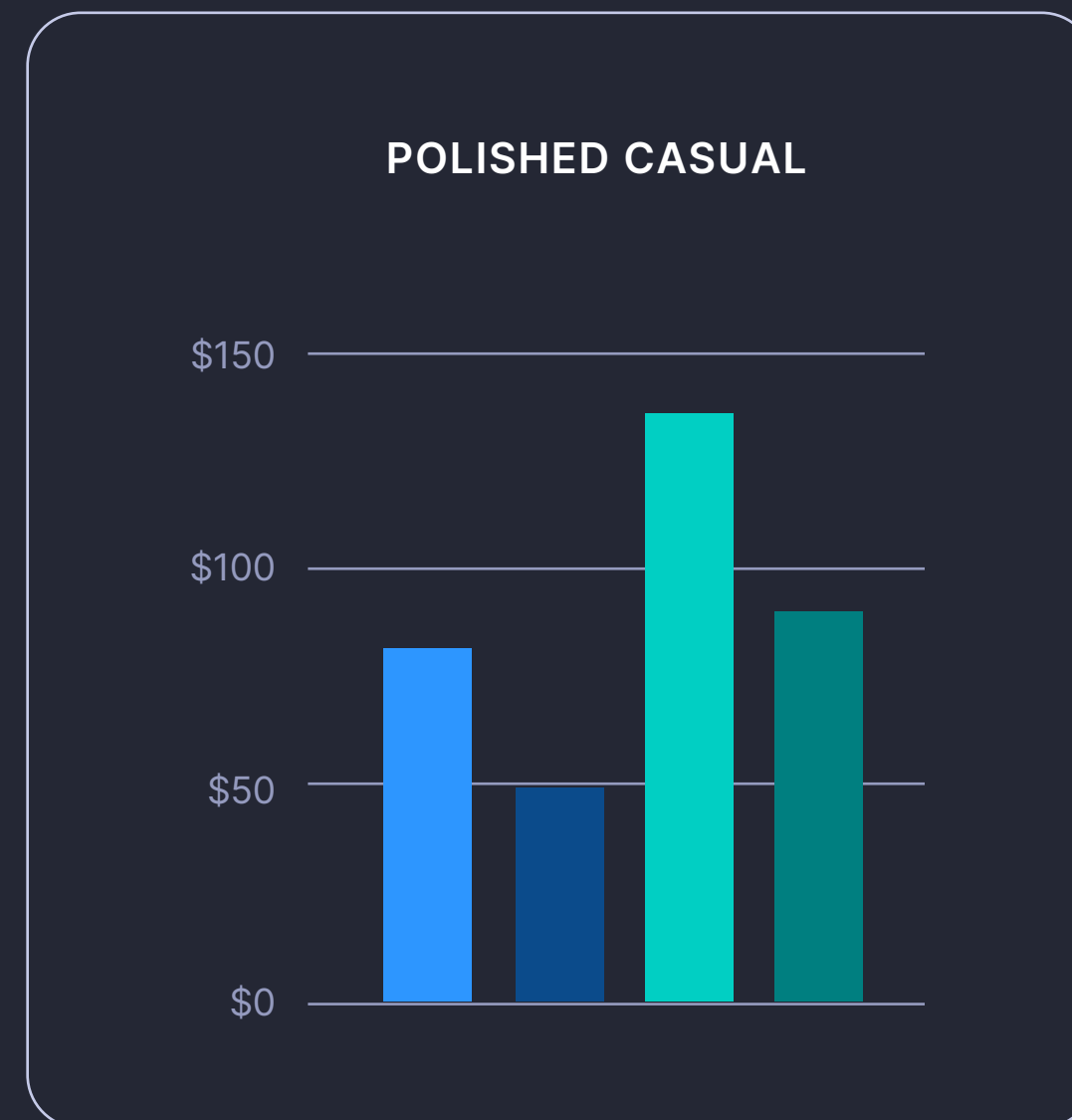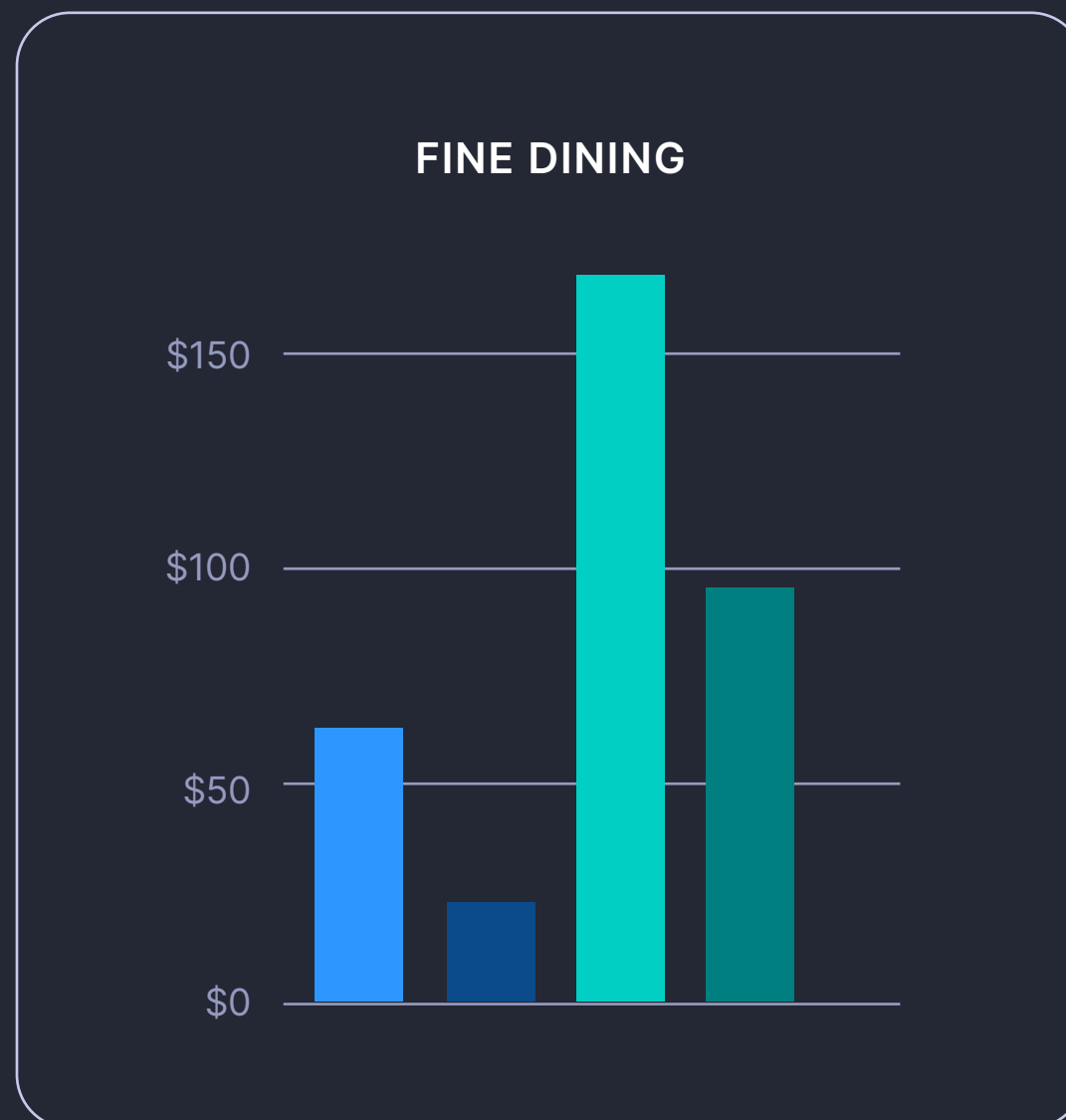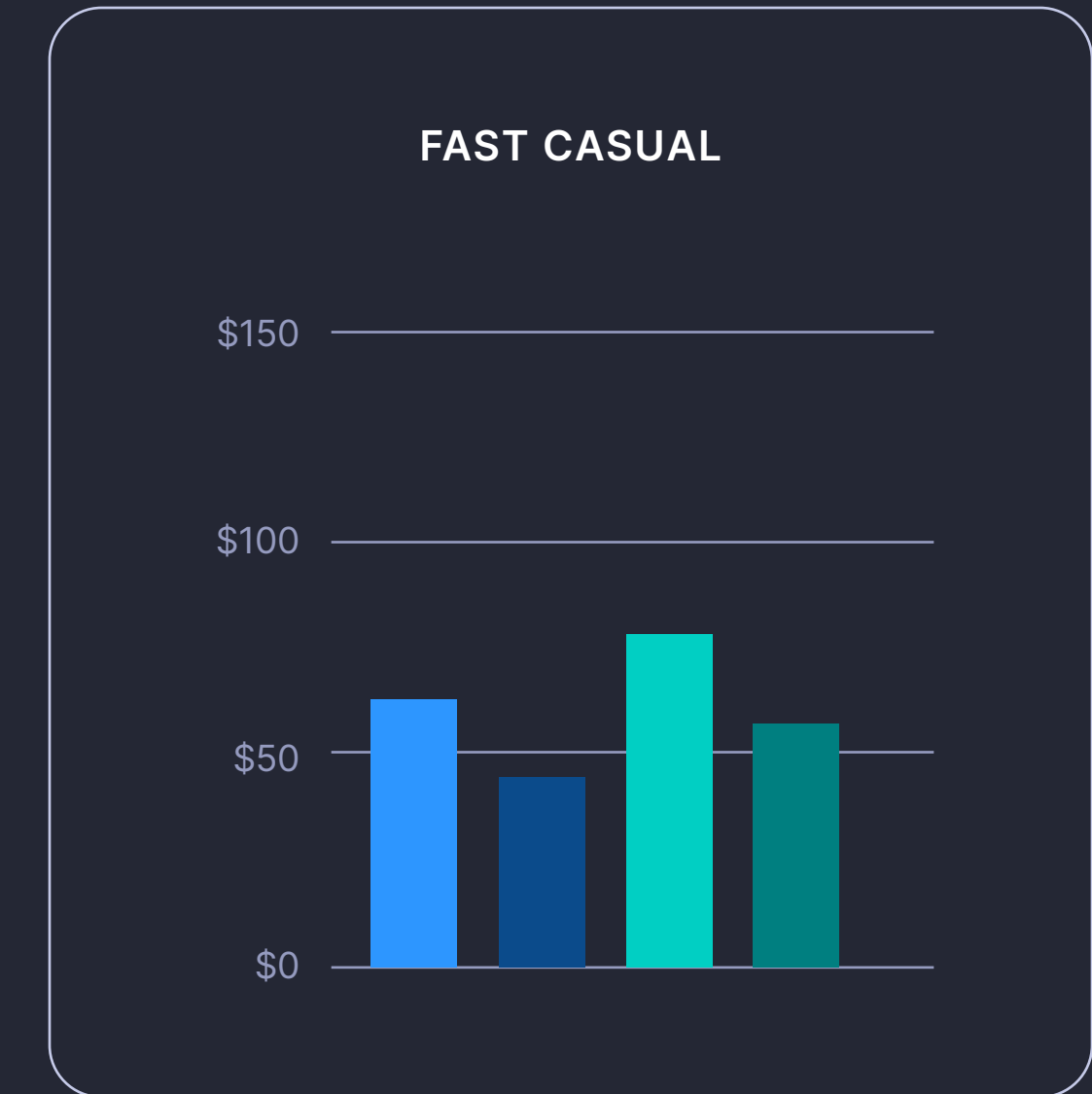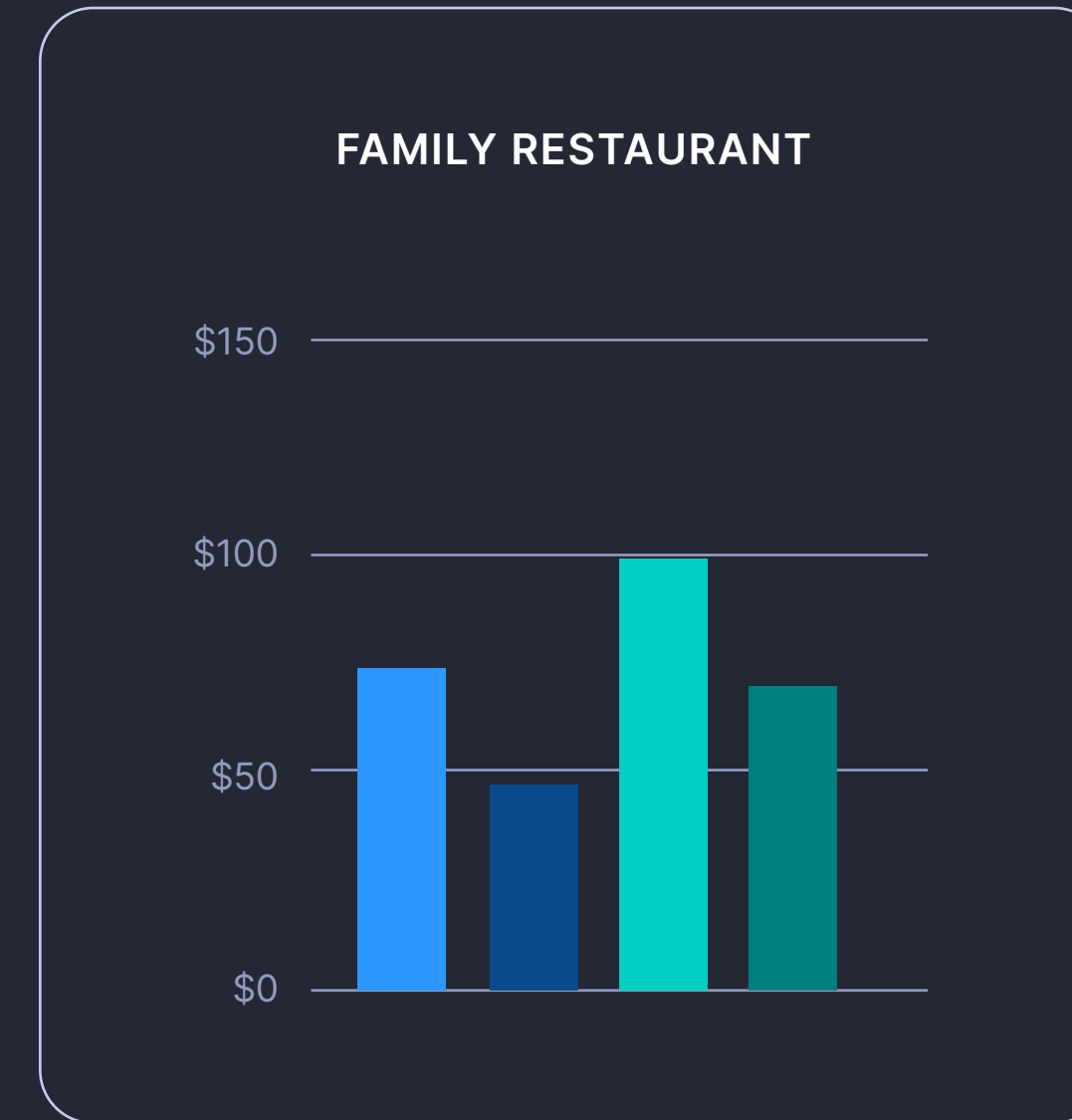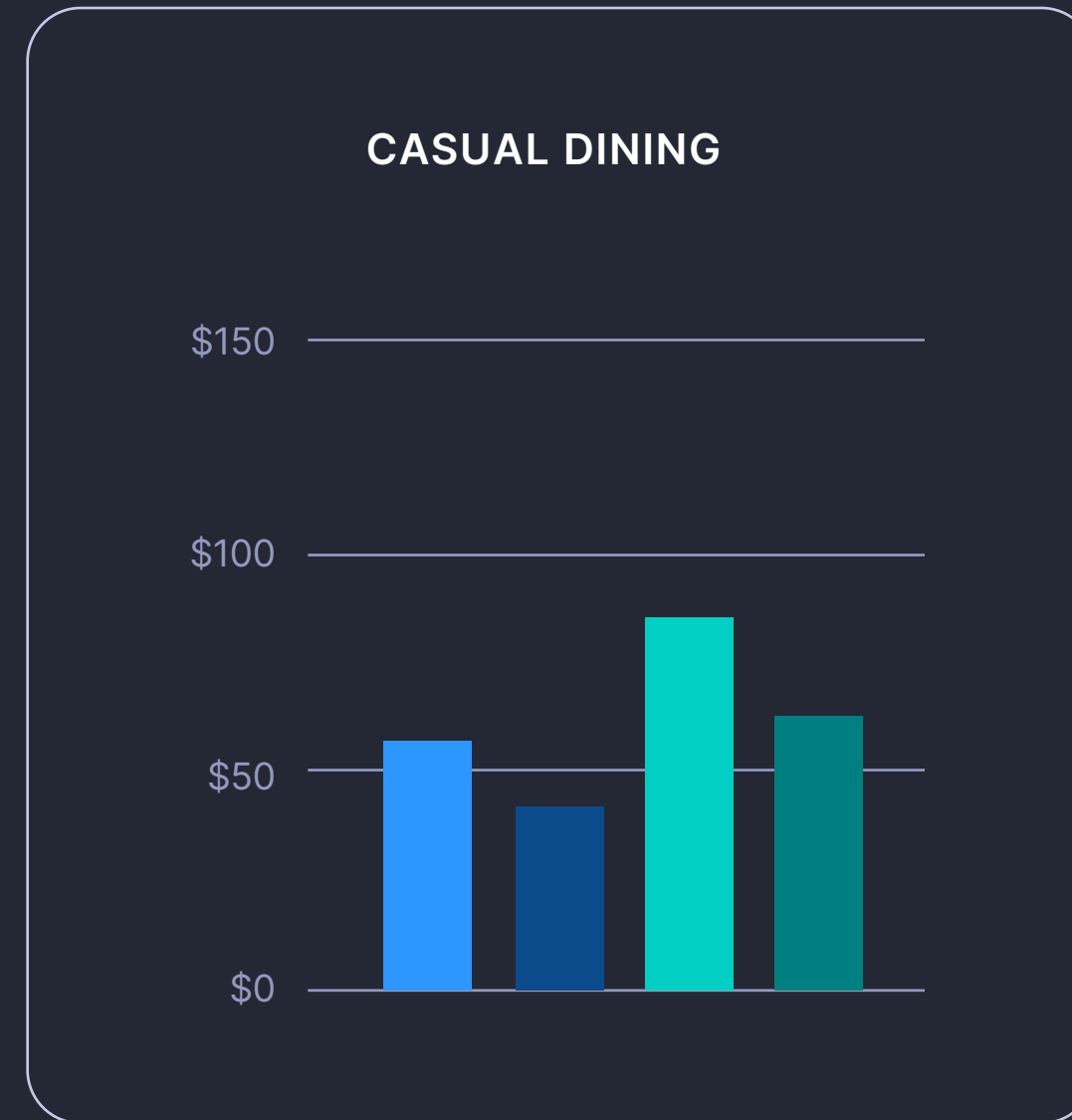
One-year predicted spend by food type

"
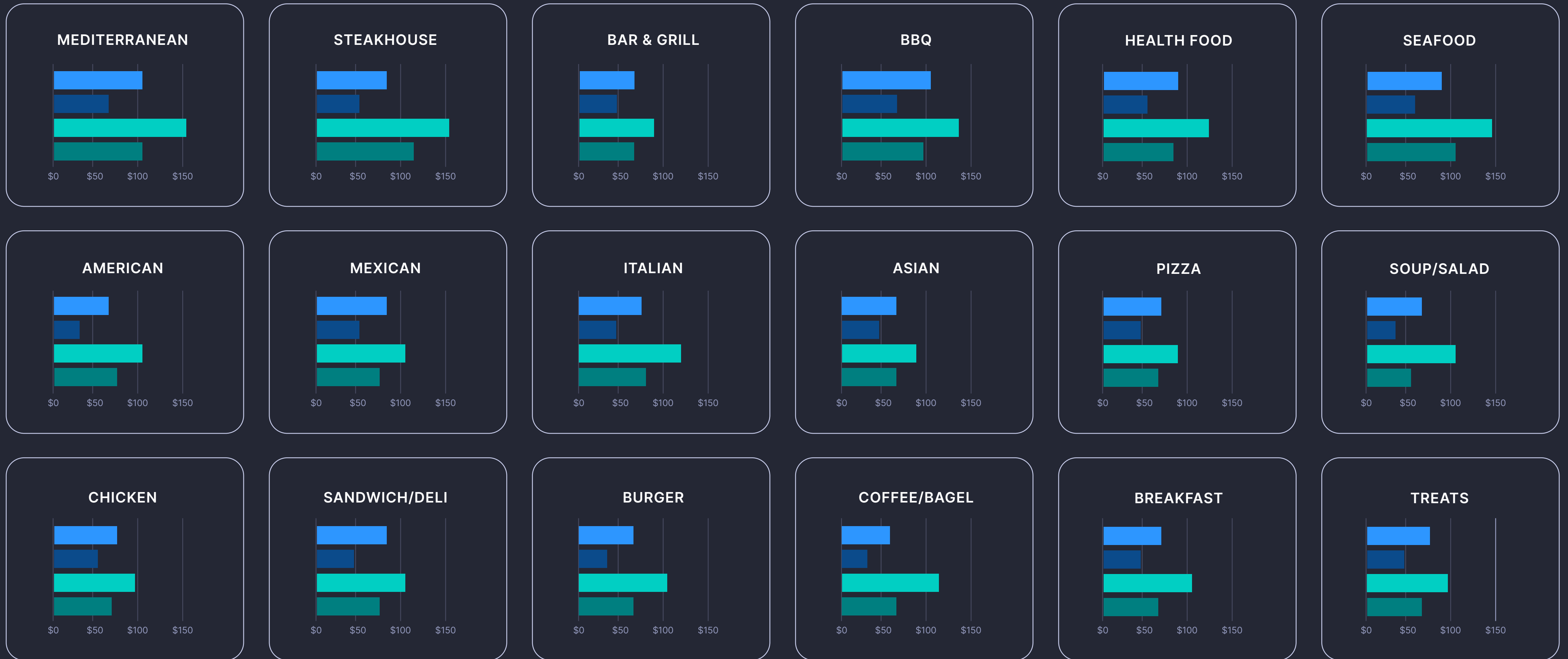
We don't want to drive incremental revenue by upselling. We'd rather focus on frequency. How many times can we get [guests to return] in the next six months? **Frequency is a hard thing to measure if you don't have the right technology. With all of this data, we can start to measure that.**

SCOTT LAWTON, CEO

bartaco

How to apply GLV across your business and achieve hospitality at scale

This analysis of guest purchase behavior and what it means just scratches the surface of what restaurants can learn and do using unified guest data. **With access to GLV, you can identify your best guests, replicate the best guest experience, and find more guests who exhibit those same behaviors and preferences.**

✓ Identify your best guests

✓ Replicate best guest experience

✓ Find more guests

8 things restaurants can do with GLV

Here are a few ways to use data to improve the guest experience and fuel business growth.

1 Discover exactly when your best guests order, what they order, how much they spend, preferred communication, and more

2 Leverage what you know about your best guests to put first-time or infrequent guests on a proven path to high-GLV

3 Personalize every guest interaction—menu recommendations, acknowledging an anniversary, etc.—to foster long-term loyalty

4 Drive repeat orders with marketing automation journeys and campaigns tailored to preferences and behavior

5 Acquire more guests who share attributes with high-GLV guests via targeted ads

6 Use data to inform real estate decisions, menu optimization, and beyond

7 Figure out which guest feedback deserves the most attention

8 Test and learn at scale

In fact, every restaurant department can make smarter, data-driven decisions when they have GLV data. **Here's how** ⌄

How GLV can impact marketing

With GLV, restaurant marketers can drive down advertising costs using advanced guest segmentation, launch lifecycle automations, tailor loyalty offers by purchasing behavior, optimize campaigns, and more easily quantify the results of marketing dollars spent.

For example, you might discover your high-value guests prefer weekly email communications, are motivated by loyalty rewards, order online at least twice a month, spend $20+ per meal on average, and are unmoved by LTOs. With all that valuable insight at your disposal, you can craft highly strategic marketing campaigns for that segment with a high probability of conversion.
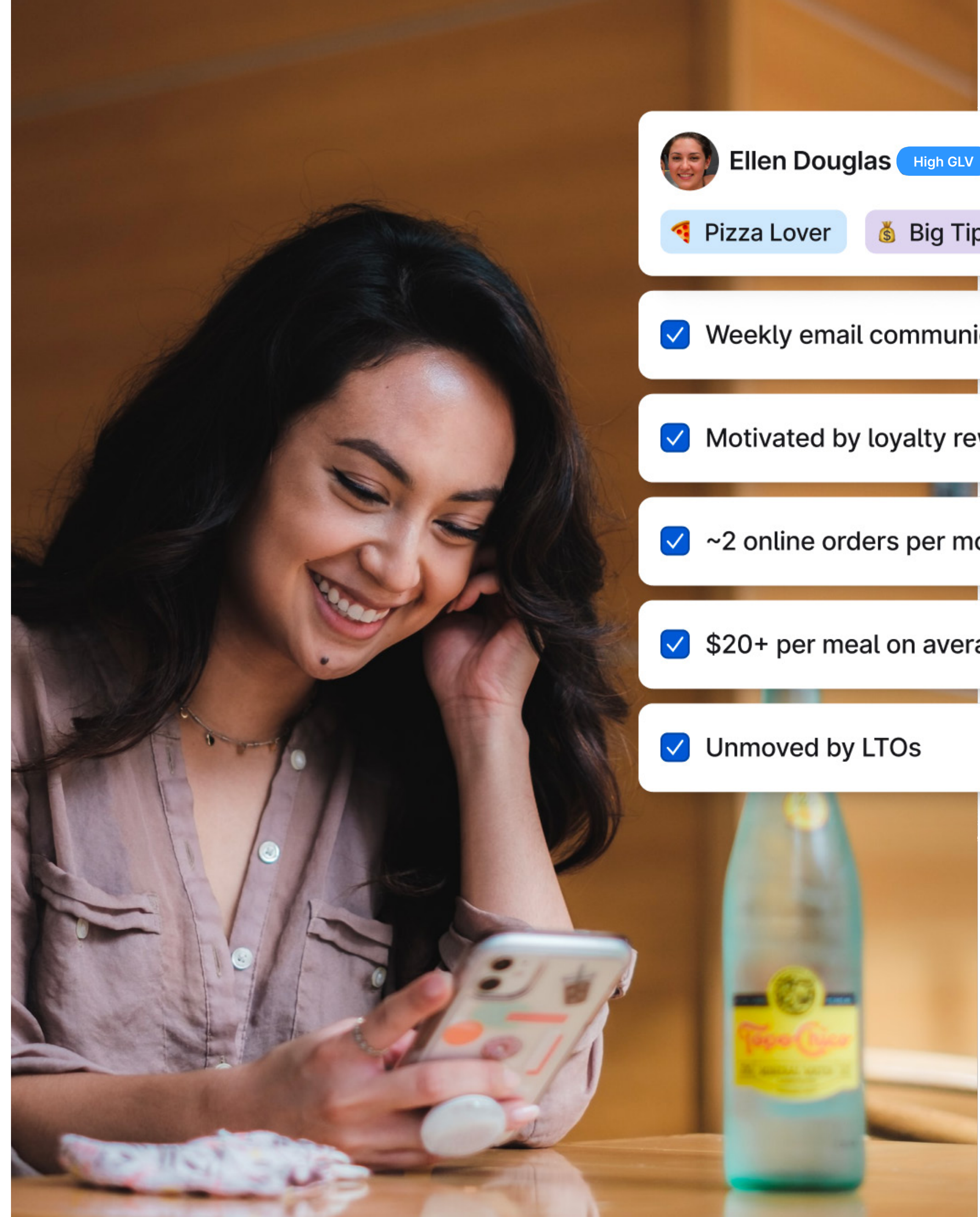
Ellen Douglas High GLV

🍕 Pizza Lover   💰 Big Tipper

☑ Weekly email communications

☑ Motivated by loyalty rewards

☑ ~2 online orders per month

☑ $20+ per meal on average

☑ Unmoved by LTOs

The loyalty program use case

For years, loyalty programs were the only way for restaurant brands to capture guest data. As a result, the industry is heavily reliant on them. While loyalty programs can be a good source of incremental revenue, a recent study found [55% of all restaurant guests do not use them](#).

A restaurant loyalty program is commonly considered high-performing if it accounts for just 20–30% of your guest base—and that may not include your most valuable guests.

What about the other ~75%? Who are they? How do they engage with the restaurant? And how valuable are they to the future of the business? You can't impact what you can't measure.

When you design a restaurant loyalty program around GLV, you can promote and incentivize behaviors that high-value guests are known to exhibit instead of relying on "Buy 10, get 1 free"-style blanket discounts. For instance, you could use your loyalty program to motivate guests who only eat on-premise to also order off-premise, and vice versa.

By leveraging data from ~100% of guests, you can make your loyalty program work smarter and harder, guiding average guests on a proven path to high GLV.

TRADITONAL LOYALTY PROGRAM

25%
of your guest base accounted for

GDP

100%
of your guest base accounted for
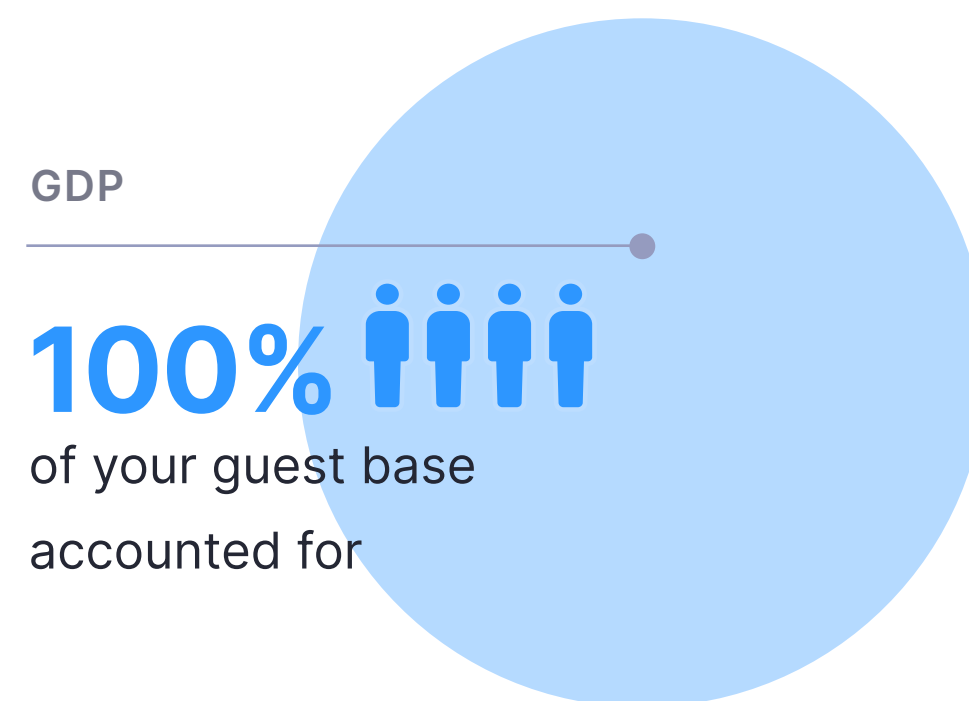
Your interactive loyalty checklist

Follow these steps to level up your loyalty program with GLV and use the toggles to track your progress

Identify which of your guests have high GLV

Note similarities and patterns in behavior and preferences

Use insights to power campaigns guiding average guests to high GLV

How GLV can impact operations

To ensure guests keep coming back, even when staff turnover occurs, brands need an institutional memory rooted in data. With a restaurant-specific GDP, every employee can spot your regulars—whether they're in the building or ordering online—as well as guests who had a bad experience, haven't returned in a while or might like a new menu item.

All of this information can be displayed in the host stand system and pushed into the POS in real time so your staff can give recommendations based on previous orders, offer congratulations on loyalty program milestones, show appreciation for survey feedback, and more.

"
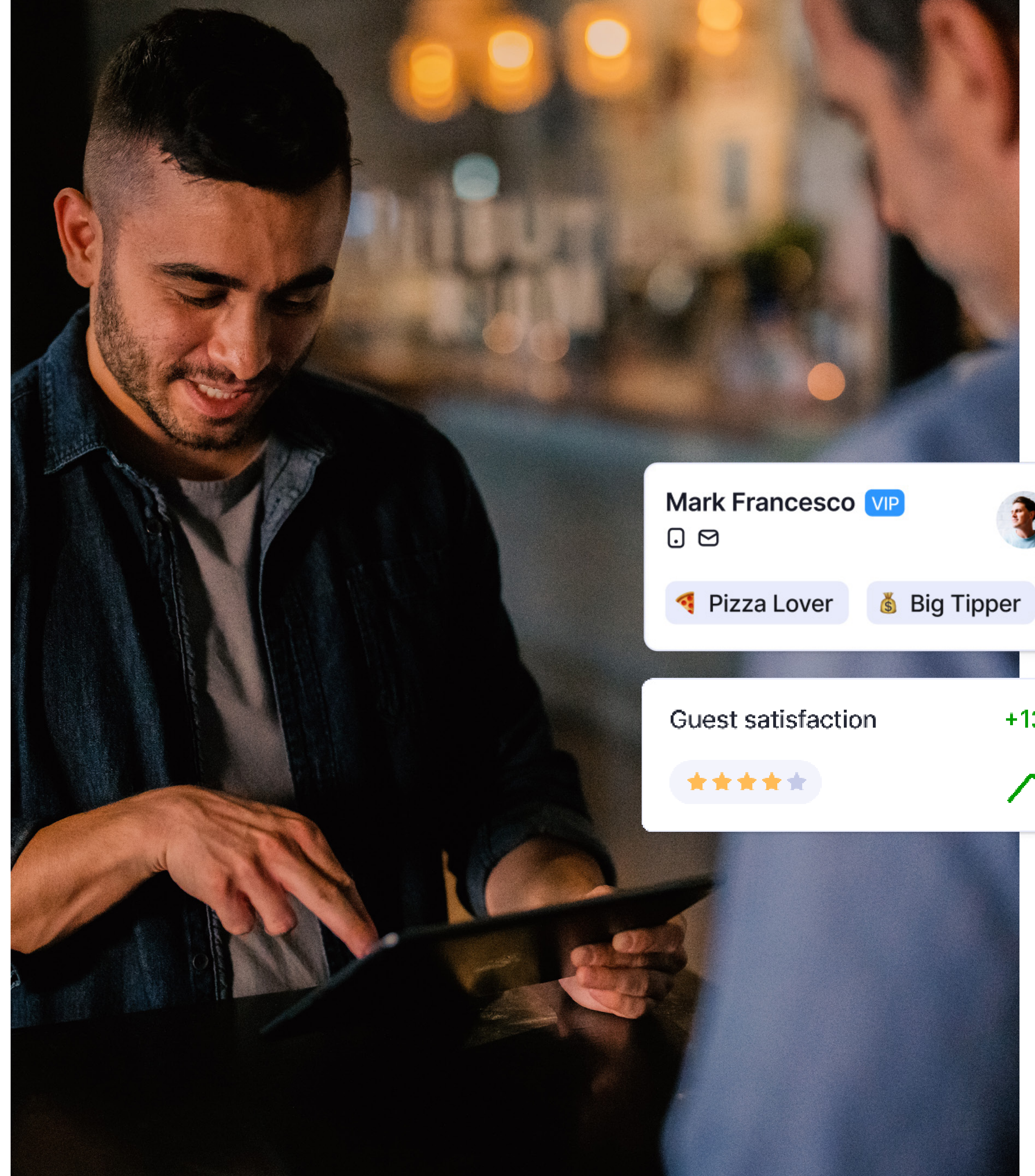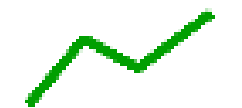
At California Fish Grill, we enjoy the visibility we get through Engage, particularly around the guest experience. It crosses over from marketing into our operations and our finance team. **We're looking not only at the number of opt-ins and email opens but our NPS score and our predicted lifetime value.** We're all now talking the same language about our customer base.


MARK HARDISON, CMO

California
FISH GRILL
CASUAL KITCHEN
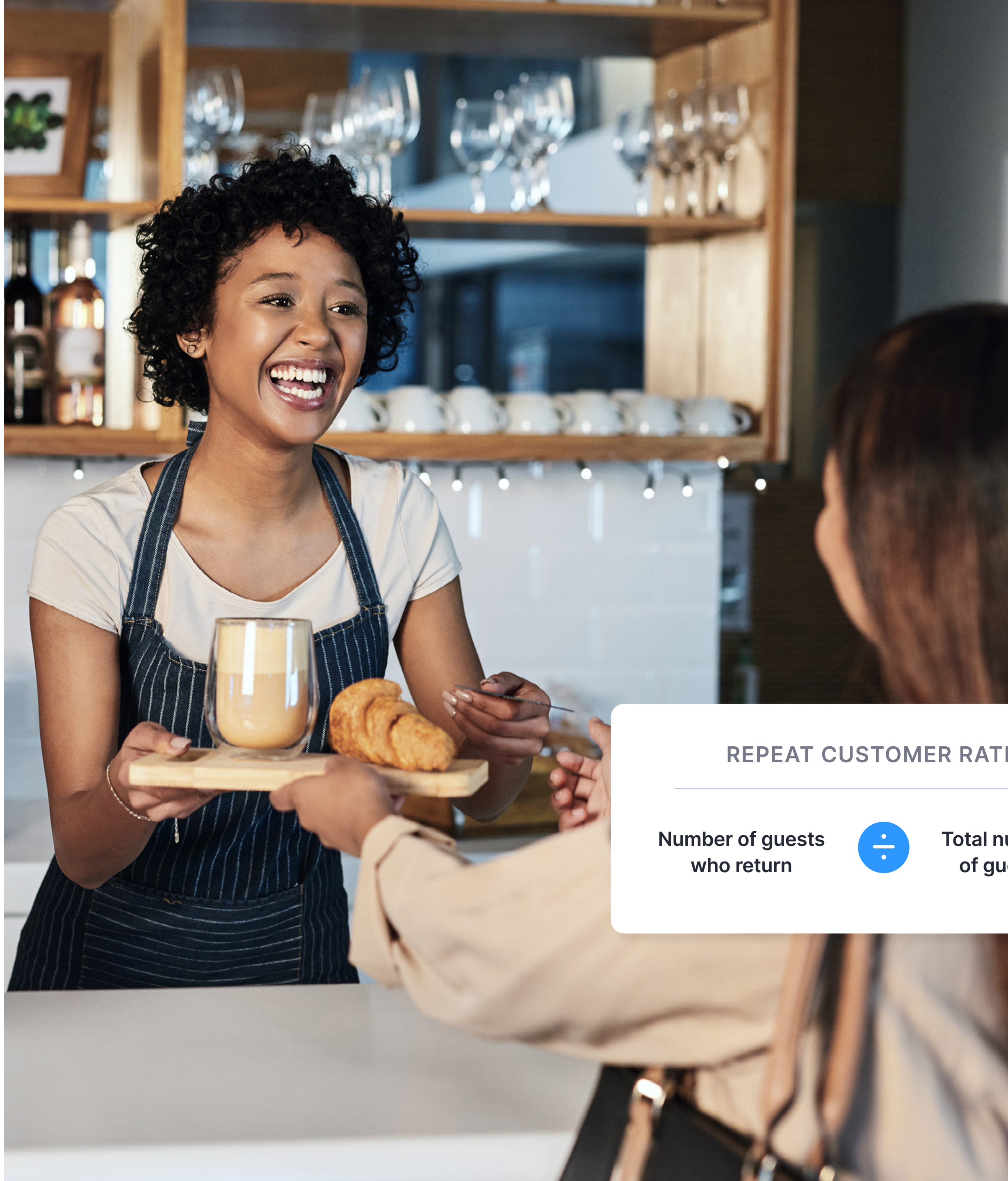
How GLV can impact labor

If a server or cashier gets guests to return more than the average employee, they should get rewarded. Depending on your service model, that could mean better hourly pay, schedules, or sections.

To remove subjectivity, managers should be provided with an employee's Repeat Customer Rate: the number of guests who return divided by the total number of guests they see. Managers should know an employee's Repeat Customer Rate within their first 90 days.

Repeat Customer Rate is a simple, transparent, fact-based metric to align employee incentives with those of guests and shareholders.

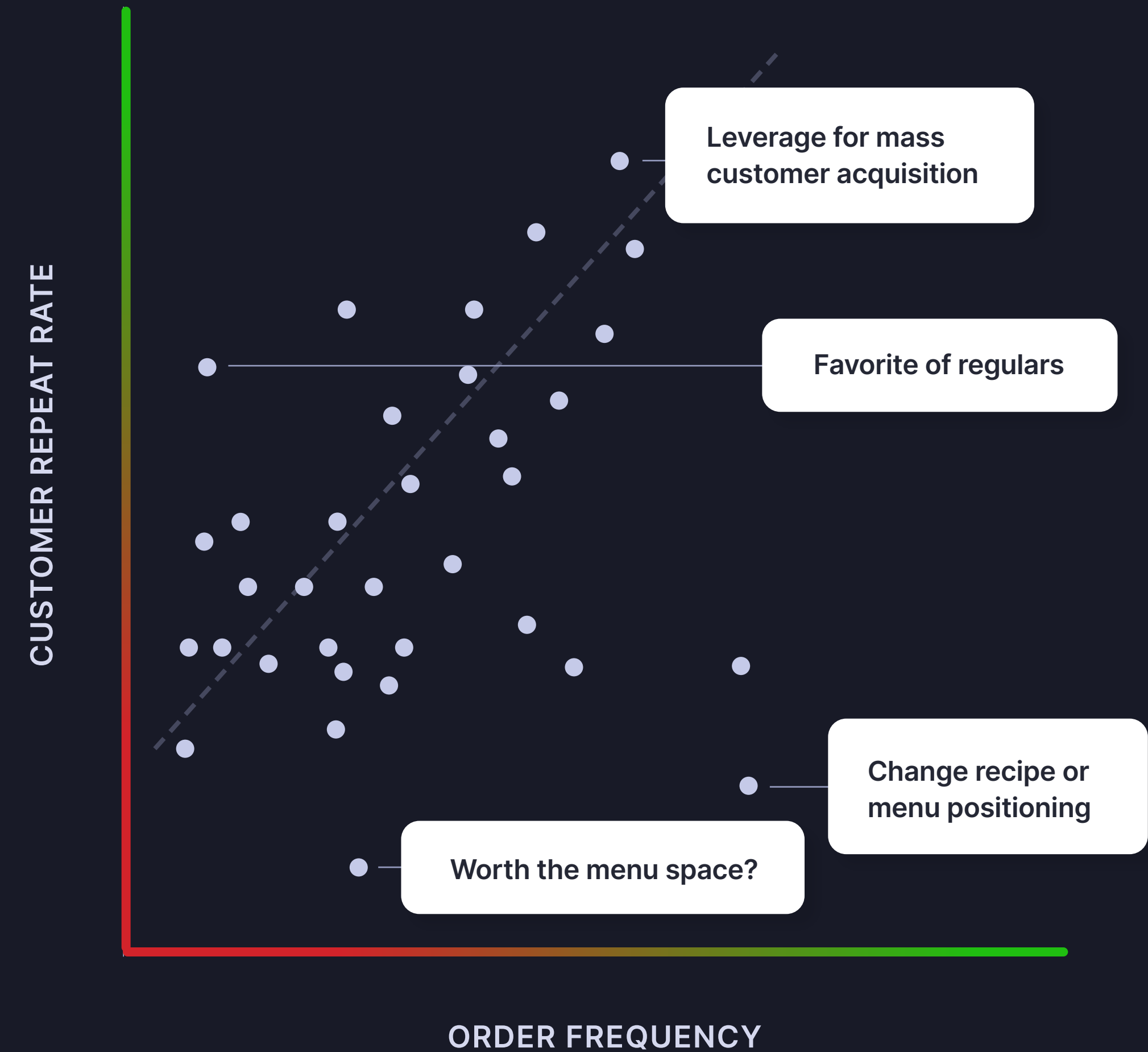**REPEAT CUSTOMER RATE**
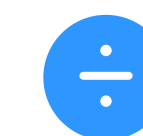
Number of guests who return $\div$ Total number of guests

How GLV can impact
menu engineering

One of the best ways to keep your high-value guests happy and turn first-timers into repeat guests is by engineering your menu according to retention and order frequency.

Here are some tips for determining which menu items you should keep or scrap:

⟰ **HIGH FREQUENCY**
⟳ **HIGH REPEAT** › All-stars. Put these in your acquisition campaigns.

⟰ **HIGH FREQUENCY**
⟳ **LOW REPEAT** › Guests want to love this item but don't. These items can turn off new guests, so test new recipes here—fast!

⟱ **LOW FREQUENCY**
⟳ **HIGH REPEAT** › It may seem like a bummer of an item, but your regulars are the ones who buy it. Resist the urge to take it off the menu.

⟱ **LOW FREQUENCY**
⟳ **LOW REPEAT** › Not worth the space on the menu. Axe these items.

CUSTOMER REPEAT RATE

Leverage for mass customer acquisition

Favorite of regulars

Change recipe or menu positioning

Worth the menu space?

ORDER FREQUENCY

How GLV can impact real estate

Every restaurant brand wants to pick locations where highly prospective guests live, work, and play. To do that, you need to know your existing guests and how valuable they are to your business in terms of recency, frequency, and spend.

You can identify sites with high ROI potential using a GDP that provides actionable insights rooted in data—including demographics, GLV, purchase history, preferred sales channels, etc. Give your real-estate team a spreadsheet with this intel to ensure your newest locations are successful.

BBQ brand unlocks lifetime value data and personalizes guest experience

By ingesting data from multiple sources across Sonny's tech stack, Olo's GDP has surfaced essential insights like guest lifetime value, order frequency, average spend, preferred daypart, and more. With that intel and Olo's Marketing solution, the brand has built advanced guest segments, launched dozens of behavior-based SMS and email automations, targeted guests by behavior through different media channels, optimized the menu, and fueled its business intelligence.

50%
growth in marketing subscribers

32%
increase in engaged contacts

50%
of sales are driven by the top 15% of guests

9 ways to increase GLV

Leading brands have proven restaurants can grow GLV and, therefore, revenue by focusing on individual guest behavior. Here are some ways you can tailor actions and communications to the behaviors of your most valuable guests so you can increase recency, frequency, and spend across your entire base.

COMMUNICATIONS

1 Send a friendly, automated SMS reminder to your VIPs who are past their average order frequency.

2 Ask regulars with high check averages to submit a Google review.

3 Create hyper-personalized emails based on purchase behavior and preferences (vegetarians, weekend warriors, catering regulars, etc.).

TAILORED ADVERTISING

4 Target lookalike audiences on paid search and social media for the top 20% of your guests.

5 Spotlight a growing guest segment's favorite dish in a retargeting ad to drive repeat orders.

6 Encourage social media followers to download your user-friendly app for rewards perks.

PERSONALIZED INTERACTIONS

7 Ensure managers give high-GLV guests extra face time when they dine in-restaurant.

8 Prepare a high-value guest's favorite drink ahead of their reservation or include extra packets of dipping sauce in their to-go bag.

9 Tailor recommendations by leveraging guests' order history and dietary restrictions.

When restaurants use data to personalize and streamline the dining experience, both guests and the brand benefit. Guests feel valued and well taken care of when their specific needs and preferences are anticipated and accommodated. In turn, brands can expect this boost in guest satisfaction to positively impact sales, order frequency, reviews, recommendations, long-term loyalty, and overall growth.

Driving online orders with guest frequency campaigns

[First Watch](#) leveraged its unified data to drive guests who ordered online to make a repeat order—within a shorter-than-average guest frequency. The brand was able to determine, based on average visit frequency, the optimal timeframe in which to hit a guest's inbox for conversion. With this intel, First Watch created a marketing email that would automatically be sent to guests 14 days after they placed an online order, inviting them to order again. The result?

20%
lift in spend for
email recipients

$2.7M
spent by 48K email
recipients in first 90 days

75%
of recipients who clicked
email transacted in 90 days

Build a profitable future with comprehensive guest data

Given the accelerated adoption of data-driven technology across the restaurant industry, any brand that doesn't prioritize GLV risks losing guests and revenue to the competition. It's essential for truly understanding and better serving all of your guests and unlocking sustainable growth.

To effectively drive and leverage GLV, you must be able to access ~100% of guest data from a single view and inject it into every part of your business—from operations to marketing. Only then can you personalize each guest interaction and make data-driven business decisions that increase orders, streamline operations, and improve the guest experience, all while bringing guest acquisition costs down.

The path forward for restaurants is building a profitable future with data—and those who focus on guests (and their lifetime value) will win.

28
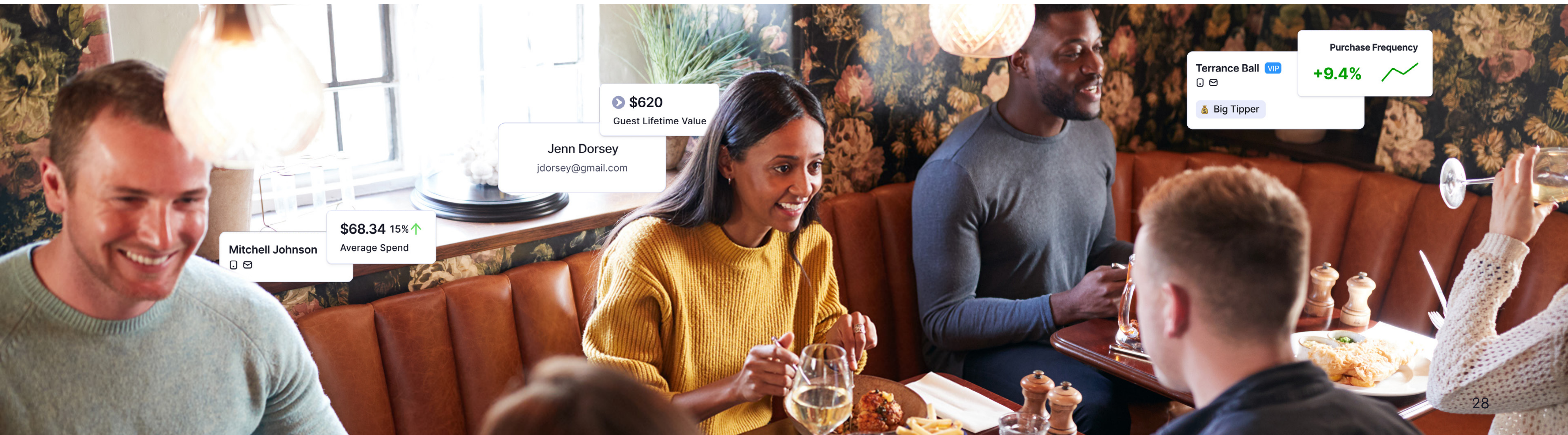
Ready to use GLV to grow your business?

With Olo Engage you can collect, analyze, and act on data from across your tech stack in real time to make every guest feel like a regular—and propel every aspect of your business forward. Leading brands use Olo's restaurant-specific GDP and marketing tools to unlock critical metrics like GLV and drive profitable acquisition, retention, and growth. Learn how Olo's powerful guest data and engagement solutions can help you achieve hospitality at scale.

Learn More →

Learn more at **olo.com** →