

A guest lecture on CRM

Loyalty by an Engineer.

Why Starbucks is quietly a \$1.8B bank, why the goldfish statistic is a lie, and how a café with one location can own its customers instead of renting them from a marketplace.

23 slides

3 cases · 1 formula

Starbucks FY25-26

Every outside number sourced

You've seen 100+ slides this semester.

So here's yet another one. The difference: this one comes with caffeine, and every number on it has a name attached to it.

This isn't a CRM theory lecture. It's what building customer relationships looks like from inside a startup that runs ordering and loyalty for thousands of coffee shops — including what we got wrong.

You don't have an 8-second attention span.

The "humans 8 seconds, goldfish 9" line came from a 2015 Microsoft Canada report, which cited a website called Statistic Brain. When the BBC and the Wall Street Journal went looking in 2017, the sources Statistic Brain listed had no record of the numbers.

Researchers they asked called an "average attention span" meaningless — it depends on the task. You'll sit through a three-hour film. You won't sit through a boring slide.

Steal this

Attention isn't short, it's selective. Before you repeat a statistic, find the person who measured it.

Source: BBC World Service, 'Busting the attention span myth' (Mar 2017); WSJ, J. C. McGinty (Feb 2017).

8 sec

the claim about you

0

studies behind it

3 hrs

a film you'll happily finish

Who's talking

Hi, I'm Doron.

Co-founder and CTO of **Per Diem** (YC W21). Before that: Apple and Beats Music, OpenTable, Saildrone — and two earlier startups, both acquired.

Builder at heart. Husband, father of three, and I live in Israel's Arava desert while the team works from every continent.

What I'm obsessed with: small businesses beating giants at the one thing giants are supposed to own — the relationship with the customer.

YC W21

Per Diem's batch

2,000+

live locations on Per Diem

5

countries: US, CA, UK, FR, AU

Sourced, not remembered.

Every outside number comes from a filing or a named publication and is listed on the last slide. Merchant numbers come from Per Diem's own data, anonymised. Where I add my own framing, the slide says so.

Part one

The giant

Starbucks: a coffee company whose balance sheet looks like a bank's, and what that buys it.

Part two

Everyone else

Why local businesses rent their customers from marketplaces, and what owning them takes.

Part three

The two loops

B2B and B2C CRM in one company, and the formula that turns a \$6 latte into \$288.

Part four

Cases and your move

Three campaigns from our merchants, what not to copy, and your first 90 days.

Starbucks is a bank that sells coffee.

In fiscal 2025, U.S. customers loaded **\$11.9B** onto Starbucks cards — money handed over before a single drink was made. At year end, the line on the balance sheet that holds unspent card money stood at **\$1.84B**.

That's an interest-free loan from customers, and a reason to come back that no ad can buy: the money is already theirs to spend, and it only spends in one place.

Steal this

Prepaid value is float and a commitment at the same time. Sell the next visit before the customer leaves this one.

\$11.9B

loaded on U.S. Starbucks cards, FY2025

\$1.84B

stored value card liability + current deferred revenue, Sep 28, 2025

42%

of U.S. transactions paid by Starbucks card, Q3 FY26

Source: Starbucks Q4 FY25 earnings release (balance sheet); Starbucks Digital IR Dashboards, Q1-Q4 FY25 and Q3 FY26 (card loads, card share).

59 cents of every Starbucks dollar is a loyalty member.

35.8 million Americans used Starbucks Rewards in the last 90 days. One in three U.S. orders is placed in the app before the customer walks in.

People think Starbucks sells coffee. The dashboard says it sells a relationship — the coffee is how the relationship gets paid.

Steal this

The app is not a channel. It is the relationship, with a payment method attached.

Source: Starbucks Digital IR Dashboard, Q3 FY26 (U.S. company-operated stores).

59%

of U.S. tender from Rewards members

35.8M

90-day active U.S. members

33%

of U.S. transactions are mobile orders

Everyone else rents their customers.

The marketplace owns the receipt

Order dinner on Wolt or DoorDash and you know the app, not the kitchen. The restaurant took the risk and cooked the food; the platform kept the email address.

The brand shrinks to a logo

Your café becomes one tile in someone else's grid, next to the competitor across the street, ranked by an algorithm you don't control.

Loyalty built for the average store

Generic points and generic coupons, designed for nobody's customers in particular — so they move nobody in particular.

Starbucks and Domino's spent years and engineering budgets most cafés will never see building their own digital channel. Everyone else got left behind — until the tooling got cheap.

Per Diem: relationships, per day.

Per diem is Latin for "for each day". For us it means the relationship a local business has with its guests, renewed every morning they order.

- A branded mobile app and web ordering — Starbucks-grade, launched in minutes, no code
- Upload a logo, pick colors, connect Square POS: menus, inventory and loyalty stay in sync
- Loyalty, gift cards, subscriptions, push, banners, QR ordering, catering and group orders
- A franchise dashboard for groups with 100+ locations



2,000+

live locations

Minutes

from logo to a live app

1

relationship the merchant keeps

Two loops, one relationship.

Loop one · B2B

Per Diem, to merchants

We sell the platform, so we live and die by our own CRM: retention of stores and franchise groups.

MRR · churn · NRR · LTV

Loop two · B2C

Merchants, to their guests

We hand the merchant the CRM tools — push, points, coupons, behaviour — so their guests come back.

CLV · repeat purchase rate · AOV · engagement

Loop two feeds loop one: a café whose guests return doesn't churn from us. We're teaching small businesses to do CRM without them ever needing to learn the word.

How a \$6 latte becomes \$288.

$$\text{CLV} = \text{average order} \times \text{orders per month} \times \text{months active}$$

One guest, no loyalty

$$\$6 \times 4 \times 12 = \text{\textbf{\$288}}$$

A latte a week, for a year.

Twice as often

$$\$6 \times 8 \times 12 = \text{\textbf{\$576}}$$

Double one lever, double the value.

Twice as often, 1.5× as long

$$\$6 \times 8 \times 18 = \text{\textbf{\$864}}$$

Two modest levers, three times the value.

Steal this

The levers multiply; they don't add. Nudge frequency and lifetime a little before you chase a bigger basket.

Illustrative arithmetic — my framing, not a merchant's data.

A café sold \$18,000 of coffee nobody had drunk yet.

A New York specialty coffee brand launched its own app and loyalty program on Per Diem with one offer up front: **pay \$25, get \$35** in store credit. Points on every order, and perks that only exist in the app.

First month: \$18,000 in prepaid credit. Over four months, app orders went from about 200 a month to about 750, and the app basket ran ~13% higher than the counter.

Steal this

Convenience plus a reward beats either one alone. **Make the first prepaid load the obvious deal on day one.**

~3.75x

monthly app orders: ~200 to ~750

\$7.70

app order vs ~\$6.80 at the counter

\$18K

prepaid credit in month one

Per Diem merchant data, anonymised. App downloads +619% and sessions +329% over the same period.

What that \$18,000 actually cost.

720 loads

$$\$18,000 \div \$25 = \mathbf{720}$$

Guests who prepaid in month one.

\$7,200 of bonus

$$720 \times \$10 = \mathbf{\$7,200}$$

Menu-price coffee owed on top of the cash.

A 28.6% discount

$$\$10 \div \$35 = \mathbf{28.6\%}$$

On every dollar of credit redeemed.

That's a steep discount — and it was worth it here because it bought frequency, not just a sale: monthly app orders nearly quadrupled. The same offer to guests who would have come anyway is just a price cut.

Steal this

Price a prepaid bonus like a discount, because it is one. Run it to change behaviour, then measure the behaviour.

My arithmetic on the case figures.

Why the cookie is free on the second order.

A fast-growing cookie brand already had regulars. It wanted walk-ins to become app customers without buying ads. The offer: **order your first cookie in the app, and the second one Friday is on us.**

- Owned channels only: push, in-app banner, QR codes on the packaging, guest referral links
- Segmented automatically: new, lapsed 30+ days, active regulars
- Push and email Thursday afternoon, a reminder Friday morning
- The reward applies itself — no promo code to type, no friction to lose people at

Steal this

A first order is curiosity; a second order is the start of a habit. Put the reward on the visit you actually want.

The funnel we measured

- 1 Install
- 2 Sign up
- 3 First order
- 4 **Second order — the free cookie**

September is when your regulars forget you.

A coffee chain watched sales drop about 20% every September. Most hadn't left; their mornings changed — back to the office, new commute, new routine. The fix was a campaign, not a discount war:

- Push and email introducing one new hot drink
- An automatic coupon on the third order in the same week
- A home-screen banner: “Back to routine? Your coffee's waiting.”

CRM doesn't have to be complicated. Sometimes it's the right message at the right moment — the difference between a one-time customer and a regular.

Steal this

Churn often looks like a calendar, not a decision. Find the week your guests' routine changes and be in it.

What 2,000 stores taught us.

Personalisation beats discounts

Their usual order, their name, their time of day — before any percentage off.

Consistency builds trust

The same reward, the same way, every time. Surprise is a bonus, not a system.

Make loyalty automatic

If a guest has to remember a code, you've already lost some of them.

Remove friction

Every extra screen between hunger and checkout is a customer you paid to acquire and then dropped.

Know when to let go

Re-engage once, well. A guest who left deserves one good reason, not a weekly nag.

It runs both ways

You can't force loyalty. You earn it with the experience, not the coupon.

Behind every metric is a relationship.

Metric	What it measures	How the relationship moves it
MRR / ARR	Predictable recurring revenue	Fewer cancellations, steadier growth
NRR	Revenue kept from existing customers	Upgrades, referrals and repeat purchases
Churn rate	Share of customers who leave	A better experience lowers it
LTV / CLV	Revenue per customer over a lifetime	Frequency × lifetime, multiplied
CAC	Cost to acquire a customer	Word of mouth and referrals lower it
Payback	Months to earn back CAC	Shorter when guests return early
Repeat rate	How often customers come back	The metric CRM moves directly

Retention is the new acquisition. You can buy reach; you can't buy loyalty.

Meet Shkedi. He has no CRM.

Shkedi's Camplodge sits in the desert near the Dead Sea. No Google Ads, no PPC, no dashboard.

He remembers your name, asks about your kids, and invites you to the fire at night. Guests come back, bring friends, and write five-star reviews nobody asked for.

Every tool in this deck exists to do at scale what Shkedi does by hand.

Technology doesn't replace human connection. It scales it.

Do things that don't scale.

Our first apps were built by hand for a few coffee shops in Brooklyn. We uploaded their logos, typed in their menus, and tested push notifications on our own phones.

Totally unscalable — and the reason we learned what a café owner actually needs before we automated any of it.

Steal this

Early unscalable work buys insight you can't get later. Do the first ten by hand.

From YC

- Make something a few people love, not something everyone tolerates
- Talk to every early customer yourself
- Build the relationship before you build the system

Source: Paul Graham, 'Do Things that Don't Scale' (paulgraham.com, July 2013).

What not to copy.

"Just run a discount"

A discount trains guests to wait for the next one. It buys a visit, not a habit.

Copying Starbucks' points table

Their rewards are tuned for daily visits. At two visits a month, the same reward goal is a promise you never keep.

Pushing daily because you can

Push is a direct line into someone's pocket. Abuse it once and they turn it off forever.

Buying a list

Contacts you didn't earn don't know you. Spam folders are where those relationships go.

Letting the marketplace keep the receipt

Every order through someone else's app is a guest whose name you'll never learn.

Measuring sends, not returns

Open rates feel like progress. Repeat rate is the only number that pays rent.

Your first 90 days.

Days 1–14

Own the list

Capture a name and a contact on every order you can. If a marketplace has it, you don't.

Days 15–30

Compute your CLV

Your average order $\times$ visits per month $\times$ months active. Write it on the wall.

Days 31–60

Reward visit two

One automatic reward on the second order. No codes, no forms.

Days 61–90

Win back, once

One message to guests gone 30+ days. Track repeat rate, not opens.

If you remember one slide

Build trust before transactions.

Relationships > reach

One guest who returns every week is worth more than ten thousand who scroll past your ad.

CRM is a mindset

Not Salesforce, not a dashboard. Do you see your customers as rows, or as people?

Loyalty is emotional

It isn't stored in your database. It's stored in how you made someone feel.

Think of your favourite brand. Do you go back for the discount — or because they make you feel seen?

Sources.

Starbucks — card loads, card share, Rewards, mobile orders

Starbucks Digital IR Dashboards, Q1–Q4 FY25 and Q3 FY26 (investor.starbucks.com). FY25 loads are the sum of four quarterly U.S. totals; mobile, tender and card share are U.S. company-operated stores.

Starbucks — balance sheet

Starbucks Reports Q4 and Full Fiscal Year 2025 Results, Exhibit 99.1 — "Stored value card liability and current portion of deferred revenue", Sep 28, 2025.

Attention span

S. Maybin, "Busting the attention span myth", BBC World Service (Mar 2017); J. C. McGinty, "Is Your Attention Span Shorter Than a Goldfish's?", Wall Street Journal (Feb 2017).

Do things that don't scale

Paul Graham, paulgraham.com (July 2013).

Per Diem cases

Per Diem merchant data, anonymised; merchant names withheld. Location count from Per Diem, 2026.

Caveats

The CLV arithmetic, the cost of the prepaid offer, "what not to copy" and the 90-day plan are mine. Starbucks figures change every quarter; check the latest dashboard before quoting them.

Thank you

linkedin.com/in/doronsegal · segaldoron.com