

The IT Innovator's Guide to Transformation in Quick-Service Restaurants



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Introduction

The quick-service restaurant industry continues to be a favorite among consumers who look to the sector for a wide variety of food served quickly and at a low price. The speed and efficiency of QSRs, which include the emergent “fast casual” restaurants, match today’s on-the-go lifestyle of consumers across all ages who often are too busy to cook at home.

That said, consumers expect their dining experience at a QSR to be comfortable with conveniences ranging from WiFi connectivity to ordering kiosks and dining area entertainment on large screens or even tableside tablets. They expect the information on menu boards to be accurate and up-to-date and their meal orders to be fulfilled quickly and accurately. Technology is a major enabler in meeting consumers’ expectations while simultaneously helping QSR locations increase operational efficiencies and quality of service.

➤ INTRODUCTION

Indeed, QSRs are relying on technology to help serve customers faster and better by keeping up with their changing expectations and desires, whether it be ordering via mobile app or playing Angry Birds at their table. Both customer-facing and back-room technologies are part of the digital transformation taking place in QSRs with the goal of attracting customers, new and existing, through a bevy of new services and a digital environment that is inviting and convenient.

The technology transforming the quick-service restaurant industry is only as effective as the network powering it, however. Speed, agility and flexibility all are critical in running the front-end and back-office systems necessary for QSRs to be able to provide a truly customer-centric experience that will keep diners coming back. Technologies including mobile, cloud and edge computing, and big data/analytics are being embraced by QSRs that understand the value they bring in providing new operational efficiencies and new customer experiences. Meanwhile, software-defined and automated processes help meet evolving customer expectations and empower front-line employees.



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Market Forces Driving Digital Transformation



It's a well-known fact that consumers today are more mobile and busier than ever. As such, it's not unusual for many consumers to eat on the run. In fact, nearly one-third of Americans eat fast food one to three times per week¹. Consumers, for the most part, no longer consider mealtime to be a time to relax and wind down; rather, for many it's now a quick break before moving on to the next task or adventure.

Indeed, consumers are putting a high price on the value of their time and, as such, they seek out value in their dining experience. However, value today has a different meaning than it did even 10 years ago—today,

value means perks in addition to price: while they're dining, customers want to be able to connect to the internet, watch television or play games and they will gravitate toward establishments that enable and provide those services.

Customers are looking for more personalized experiences in all areas of commerce, and dining is no different. Targeted marketing efforts and loyalty programs have emerged as ways to provide a

› MARKET FORCES DRIVING DIGITAL TRANSFORMATION

custom experience through special offers and incentives to keep customers coming back. Seventy-nine percent of customers enrolled in loyalty programs reported being very satisfied with those programs that provide a high level of personalization². Satisfied customers are more likely to be loyal customers and are more likely to recommend an establishment to their friends.

Additionally, our increasing reliance on digital devices is having an impact on the way consumers shop and pay for goods. Mobile payment apps are becoming ever more popular, enabling diners to pay for their meals from their mobile device with a simple click or scan and eliminating the need to carry cash or even credit cards. Plus, a growing number of mobile apps enable

customers to order their meal ahead of time, pay for it and have it waiting for them when they arrive, saving time and increasing the accuracy of orders.

Digital is indeed at the heart of the needs of today's value-driven, self-reliant diners who crave convenience yet desire an optimal dining experience, from ordering to eating.

Diners and Digital Trends



Nearly one-third of Americans eat fast food one to three times per week¹

79%

Percentage of customers enrolled in loyalty programs who reported being very satisfied with those programs providing a high level of personalization²

60%

Percentage of surveyed diners who said they would use a self-service technology to customize their orders⁵



Technologies Enabling the New Dining Experience

Digital transformation technologies are helping QSRs meet their customers' expectations for speed and quality while increasing their operational efficiencies and customer service effectiveness.



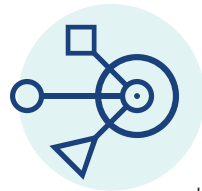
Restaurant mobile apps are now table stakes in the QSR space, providing all manner of information and services relevant to customers including rewards programs, online ordering, cashless payment, nutritional information and directions. Targeted marketing can be used within the app to send customers offers based on their previous orders or to provide directions to the location nearest to them. With online ordering and cashless payment, customers won't have to wait in line to order and pick up their food; rather, their order is waiting for them when they enter the establishment or go through the drive-through.

› TECHNOLOGIES ENABLING THE NEW DINING EXPERIENCE

QSRs have long recognized the importance of reward programs in building and maintaining customer loyalty. Besides the obvious benefit of free or discounted meals for customers, reward programs are key to the QSR in collecting valuable customer data such as demographic information, food preferences, most-visited locations and average order cost. That information can be used not only to provide customers with rewards that are most relevant to them, but also to uncover actionable intelligence like possible areas of expansion or potential menu changes based on social sentiment.

A growing number of chains are experimenting with tiered reward programs, as they seek to offer even more relevant rewards to customers and further increase loyalty. For example, in early 2018, Chick-fil-A introduced its Chick-fil-A One program, a points-based system under which customers earn points for every dollar spent. The

program enables customers to see their progress to achieving certain tiers and earning rewards. After spending \$100, program members earn silver-level status and \$500 will earn them the highest level—red—status. The higher their level, the more points they earn per dollar spent.³



In-restaurant connectivity and entertainment,

such as TVs or music on demand, are also now table stakes in today's digital-centric society. Customers expect to be able to connect to WiFi when they enter a restaurant and, increasingly, they also expect to be able to watch their favorite sitcom or catch the Sunday football game while they're eating their meal. Some restaurants are even letting customers choose their music playlist: Certain McDonald's locations in Los Angeles are using Social Mix to allow customers to influence in-store music.⁴



Kiosks also are making a huge impact. Customers are embracing kiosk technology—60 percent of surveyed diners said they

would use a self-service technology such as a kiosk to customize their orders⁵—so it stands to reason that QSRs are looking more seriously at kiosk technology to help them improve the customer experience and streamline their employees' tasks.

The ranks of QSRs using kiosks are growing as customers get used to placing their order on tablets or oversized touch screens rather than with a person at the counter. Currently, about 41 percent of QSRs are using kiosk technology in their establishments.⁶ Kiosks also allow order customization through a series of screen prompts, accept payment and, when integrated with the QSR's loyalty program, allow the user to swipe their loyalty card or tap their mobile device to record the transaction or even pay using the mobile app.

› TECHNOLOGIES ENABLING THE NEW DINING EXPERIENCE

Kiosks also help QSR locations better manage their workforce by reassigning employees to more value-added tasks, such as fulfilling requests for condiments tableside, providing drink refills and looking for ways to further improve the customer experience. Through kiosk technology, employees can shift their role—and their mindset—from order fulfiller to one focused solely on customer satisfaction.



Digital signage is another technology becoming standard in QSRs as locations realize the benefits of being able to change menu items and prices on the fly based on availability and popularity. Locations that serve

separate breakfast and lunch items can utilize less space for their menus by showing only the menu items available at different times of the day. And, when inventory is low on a particular item, that item can be removed from the menu until it is replenished.



Data analytics aggregated from all areas within the QSR can improve both the customer experience and operational efficiencies. Beyond providing more personalized rewards to loyal customers, QSRs can use data analytics to accurately staff employees based on historical traffic data, better manage their food and condiment inventories, extend or reduce their hours of operation and

more. For example, through data analytics, QSRs can determine when certain items sell better and use that information to inform the promotions they choose to run during peak sell times, such as a free small cone with the purchase of a chicken sandwich during the lunchtime hours.

Data analytics can be paired with social media and other online sites to gauge customer sentiment and determine a QSR's strengths and weaknesses based on diner reviews and comments. Based on the information gleaned from review analytics, QSRs can adjust their menus and plan improvements to their operations to better enhance the customer experience—and increase their revenue.

The Right Network and Solutions to Better Serve Customers



QSRs that understand the opportunities offered by digital transformation are embracing technologies that extend the quality of the customer dining experience even further. To do so, they need to ensure their networks are capable of handling the myriad devices and technologies necessary to provide a high-quality customer experience.

The ideal infrastructure environment is both on-premise and in the cloud and includes networking technologies such as SD-WAN and high-speed broadband to ensure data flows freely and provides the critical insights needed

for personalized experiences. Connectivity is critical in ensuring all locations can share necessary data and communicate with corporate headquarters. In addition, networking components such as WiFi and unified communications ensure all network users can interact using their preferred method of communication.

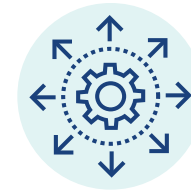
To help ease stress on a QSR's current network—not to mention the daily burden on IT managers—managed services can be utilized to offer certain

› THE RIGHT NETWORK AND SOLUTIONS TO BETTER SERVE CUSTOMERS

services without further impacting the network. Managed services are used to help tie disparate systems together and “fill in the gaps” as QSRs update their current infrastructure, but still prove useful even after networks have been upgraded.

Working with a third-party network services provider can help ease the burden associated with building and maintaining a network capable of handling the bandwidth-intensive

needs of various technologies today and in the future. By working with the provider, QSRs can leverage virtual and physical private Ethernet connectivity to assure there are no gaps in network performance and availability for critical applications. They also can receive all or some of their most critical connectivity functions as a managed service, including managed connectivity, WiFi, security, voice and business continuity, among others.



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provider can help ease the burden associated with building and maintaining a network capable of handling the bandwidth-intensive needs of various technologies today and in the future.



The IT Innovator's Guide to Digital Transformation in Quick-Service Restaurants, 2018

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