

Technology

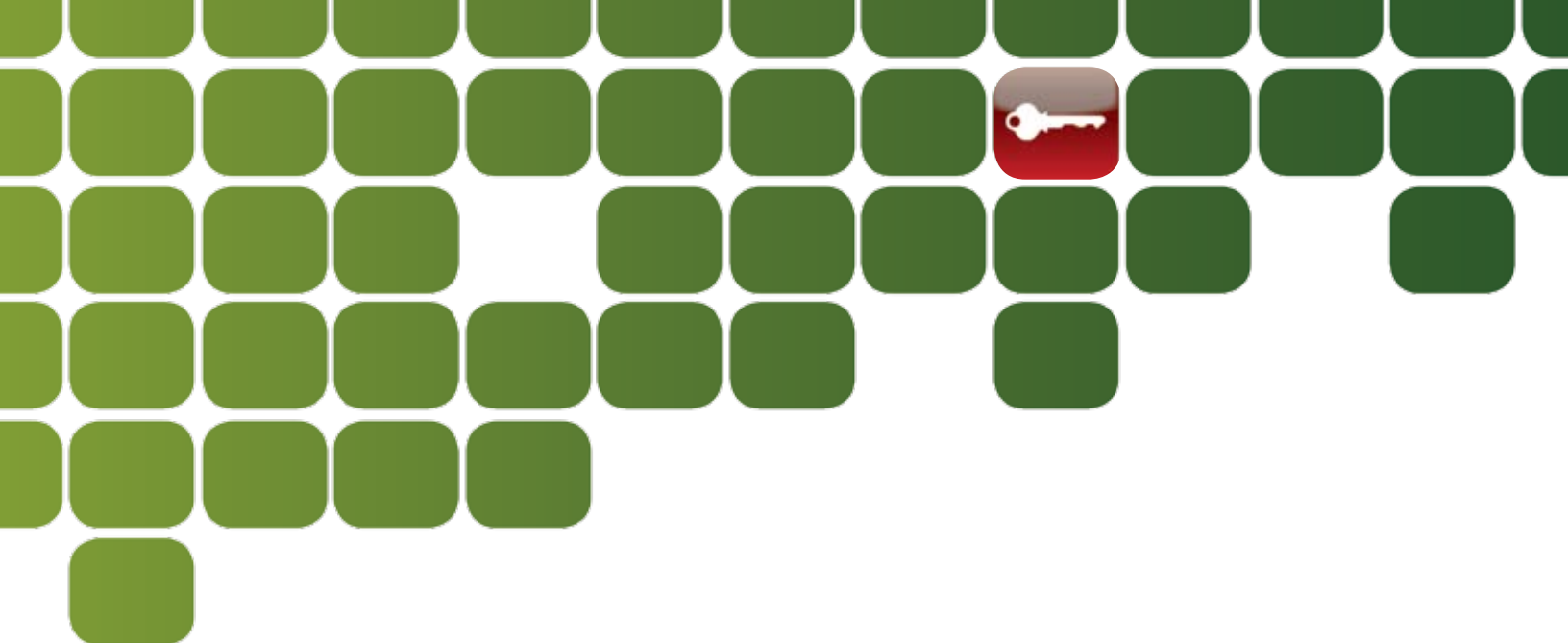


# ***TECHNOLO***

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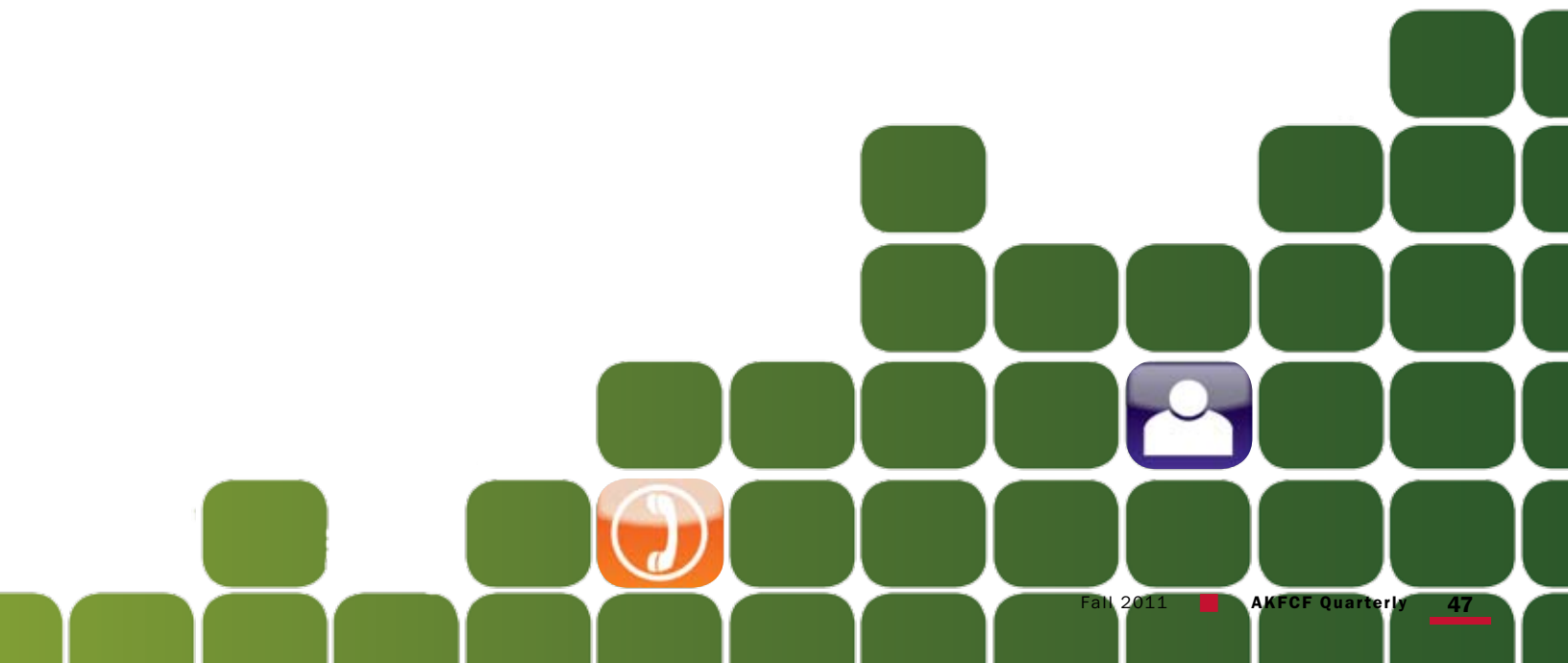
By Paul Gereffi





# ***RESTAURANT GY PLATFORMS***

STEMS NEARING EXTINCTION?



## Technology is forcing changes in our society at warp speed. What was cutting edge just a few years ago often now seems antiquated.

In the restaurant business, embracing new technology is proceeding slower than in other retailers. This is probably due in large part to the expense involved and the already thin profit margins. As always, for restaurant operators it's all about the food, and if the menu offerings are up to customer expectations, then that is enough to keep customers coming back. At least, that is what some owners think.

However, with more choices becoming available, customer expectations go beyond tasty foods and snappy advertising slogans. Increasingly, today's busy consumer is mobile-driven. The use of handheld devices such as iPhones, Android phones, BlackBerry devices, and other PDA's, puts the consumer in constant touch with family,

friends, and co-workers. In addition, they are bombarded by a constant influx of information and choose to receive a steady stream of content via the Internet, on social media such as Facebook and Twitter, and from text messages. Most consumers welcome this information.

It isn't just the younger generation that is undergoing this communication transformation. Increasingly, those over 40 years old also are embracing new technology and increased communication. A Pew survey in August 2011 shows that 51 percent of adult cell phone users access real-time information via their devices. Also, 84 percent use them to access the Internet, and 59 percent access social networking sites. In addition, *Mobile Commerce Daily* reports that two-thirds of smartphone owners use their handsets to make purchases, and 80 percent use them for market research.

Further, the use of other wireless technology is expanding rapidly. The popularity of tablet computers such as the iPad, Android-powered tablets, and other portable devices is exploding. An Internet analysis report released by Morgan Stanley expects the number of mobile device users to increase an astounding 4,000 percent in the next three years. Further, mobile Internet users will surpass desktop users by 2014.



### Mobile Ordering

What does all this mean for restaurant owners? There is an increasingly demanding customer, who expects to shop and purchase online or via mobile devices and, if taking out, expects to text in their orders and have their food ready when they arrive at



the restaurant. “There is a strong trend for ordering from mobile devices,” says Jim Garrett, CEO of Kudzu Interactive and Snapfinger.com. “Web-based online ordering is yesterday.”

Kudzu is a provider of POS integrated remote-ordering solutions for web, mobile and call centers. Snapfinger is powered by Kudzu Interactive and gives customers the ability to place and pay for take-out and delivery orders directly from their computer, tablet, or smartphone.

According to Garrett, consumer preferences have shifted from desktop and laptop computers to handheld devices. These “mobile” consumers expect unfettered access to merchants with total access and do just about everything online. “As a restaurant owner, you need to be where your customers are and that is online,” Garrett says. “If you don’t maintain a mobile or web presence you are just not relevant to these consumers.”

Integrating the online ordering with the POS system is crucial to its success, allowing operators to manage prep times and giving customers an accurate estimate of when the food will be ready. The company also maintains call centers to help restaurants manage their online ordering.

Kudzu Interactive has designed a mobile application called the Drive-Thru Extension (DTE) app that is specifically designed for QSR’s. With an application installed on the mobile device, it allows customers to order food, pay in advance, and receive an estimated pick-up time. Using GPS technology, it alerts the restaurant when the customer is approaching to pick up their food. This “geo-fence radius” can be adjusted from a distance of less than one mile in rural areas to a matter of yards in urban environments, depending on the restaurant owner. “We expect this to be a very popular application,” Garrett says.

Online and mobile ordering has proven to increase check size. With online ordering, the customer can peruse the menu at leisure, decide what he or she wants, then build an order. In office



The Granbury online ordering system features a sophisticated, four-level upsell program that enables restaurant owners to maximize profits from every order.

settings, everyone can add their orders to the mix. It is easier to add items in this relaxed atmosphere. “Online orders can increase ticket averages up to 30 percent because customers aren’t rushed,” says Charlie Jeffers, CEO of TakeOut Technologies, which provides online ordering and customizable call center integration. “It is also labor-saving for operators because they don’t need as many people to answer the phones.”

By contrast, many restaurant patrons feel rushed or pressured when ordering off the menuboard at a busy restaurant, and may quickly make decisions to keep the line moving. It can be even worse in the drive-thru.



Navigating a cluttered menu board while trying to determine what everyone else in the car wants is challenging enough. Add to that the pressure of the car behind you inching closer to your bumper and the team member asking if that will complete your order or attempting an upsell, and it can feel like you are on a shot clock to get that order in. Phone-in orders also can present logistical problems for busy team members, struggling to answer the phone while preparing orders and staffing the front counter or back of the house.

With online and mobile ordering systems, the orders drop directly into the POS system, which is interfaced with the online ordering process. It also offers users the ability to “save” their order and simply re-order their favorite menu items when revisiting. The re-ordering feature is critical for repeat business. It makes it easy for busy consumers who are always on the go and may well be ordering from their car. “All they have to do is press the ‘re-order’ button,” says Jorge Fernandez, CEO of DashOrder, a California-based provider of online ordering solutions. “It makes it easier and faster for both customers and the restaurant.”

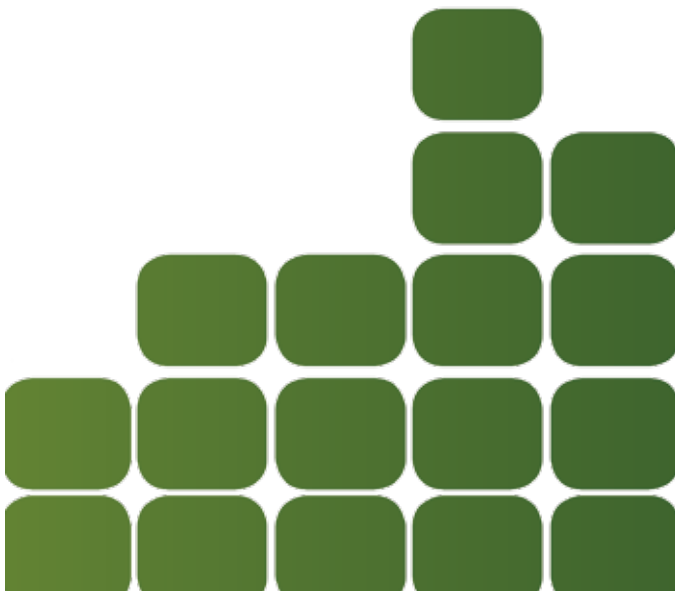
Upselling can be made easier and more efficient with online ordering, according to Jordan Kimberg, solutions manager at Granbury Restaurant Solutions. The Granbury online ordering system features a sophisticated, four-level upsell program that enables restaurant owners to maximize profits from every order. Customers are invited to add on items during the ordering process. Once the customer is ready to complete an order, the system is smart enough to realize what they have or haven’t added and again prompts for any missing categories, such as sides, drinks or desserts. And finally, after order confirmation, operators have one more opportunity to cross-sell, promoting a Facebook or Twitter page, a mobile download, a loyalty program, or inviting customers to take a survey.

“We have clients who effectively double their ticket average online versus in-store through strategic use of the upselling tools built into the online and mobile ordering solutions,” Kimberg says.

Taking advantage of social media is an important part of many restaurant strategies. Facebook has more than 500 million active users. Many QSR’s are incorporating online ordering directly through their fan pages via the Facebook interface.

ONOSYS, a leading provider of mobile and online ordering systems for more than 75 national restaurant chains, launched its restaurant ordering for clients through a full-featured Facebook application in August 2011. ONOSYS clients can now allow customers to place food orders through the restaurant’s Facebook page without ever having to leave the network’s social site. Users can order from the restaurant’s full menu, repeat previous orders, pay via credit card, and have it delivered, all while still on Facebook.

“Consumers are demanding this as a huge move towards convenience,” says Stan Garber, co-founder of



ONOSYS. The advantage of 'fast food' is going away for those [operators] who aren't set up for this."

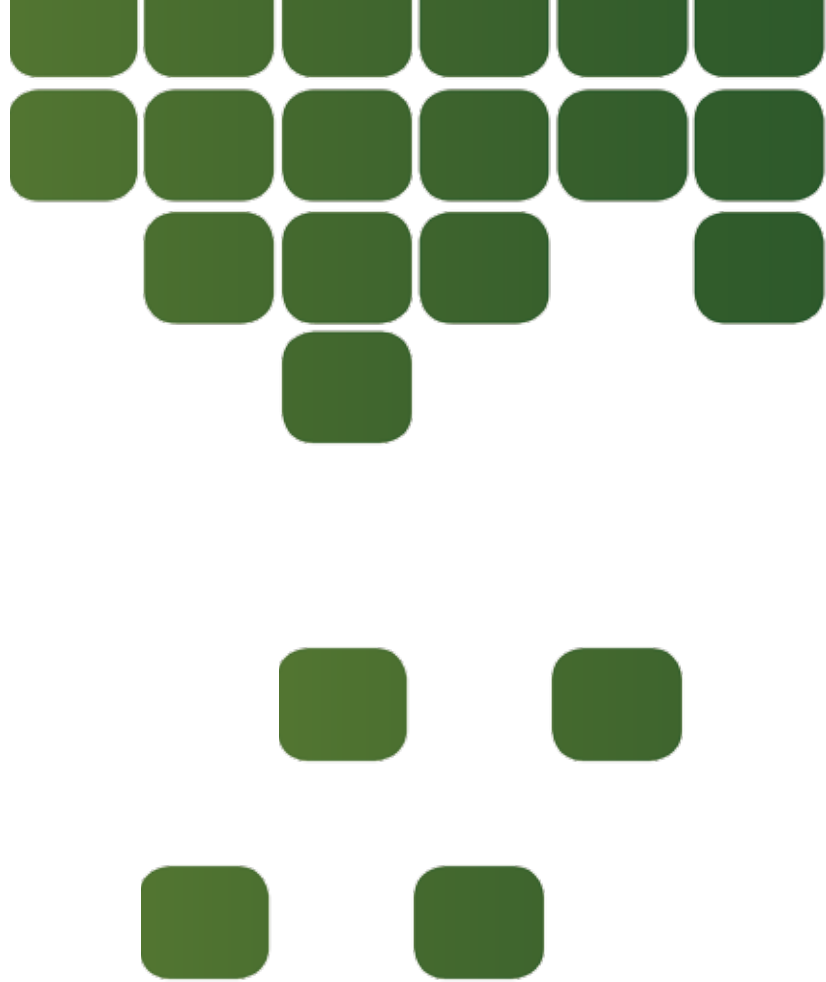


### Self-Service Kiosks

While mobile ordering is changing the way customers communicate what they want with their favorite restaurant, self-service kiosks may still have a place in the restaurant environment. The use of kiosks to check-in at airports, and touch-screen technology

have been commonplace for years. Now, the busy consumer can do their banking, order food from restaurants, shop at a variety of retailers, and communicate with others online or via a handheld device. To these customers, self-service is second nature.

"Not everybody has a smartphone. A kiosk is something everyone can use," says Lawrence Dvorchik, general manager of Customer Engagement Technology World, an organization that showcases emerging technologies for industry. "Most people feel very comfortable ordering from a kiosk."



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Some customers have difficulty reading a menuboard at a distance or want to be able to peruse nutritional or allergy information without being rushed, says Dvorchik. Others might be uncomfortable upsizing their order or adding menu items in front of others. Once the customer gets used to ordering on the kiosk, they often prefer the privacy that kiosks offer. With the kiosk, no one else need know what, or how much, the customer orders.

Kiosks also are commonly used in the drive-thru lanes as an option. Most kiosks accept only credit or debit cards. There are some kiosks that accept cash, but this can be cumbersome and noisy when change is provided. Besides bill jamming, the kiosk can run out of change. The trend is currently towards less cash.

“Kiosks give operators the ability to automate processes and make them more efficient, while saving money and building check averages,” Dvorchik says.



KFC's digital menuboards as seen in this Panama KFC outlet.

an easier way to comply with the pending demand to provide nutritional information as per the requirements of The Patient Protection and Affordable Care Act of 2010 passed by Congress.

Some technology providers tout their signage that provides bright graphics, scrolling text, and even animation. While all the bells and whistles can make for attractive and attention-grabbing theatrics, costs remain a concern. Static and plastic signage may still work for certain restaurants, but operators want to present their brand in the best possible image. For many operators, pursuing a hybrid menuboard strategy might offer the best of both worlds. Integrating some digital signage with existing static menuboards is workable for many operators. This blended approach can make use of existing menuboards to maintain consistency and familiarity, while letting the customer know that the restaurant is changing to enhance the customer experience and increase satisfaction.



### Digital Signage

Menuboard technology also is changing rapidly. Digital signage offers the ability to make price changes, alter the menu, promote special offers, and switch by daypart at the click of a mouse. These changes can be for certain restaurants or system-wide and can be done instantly. Digital menuboards also can offer

Outdoor digital signage also can drive sales. Unlike television or radio spots and print ads, digital signage can convey the brand message to potential customers as they pass the actual location. Digital messages are easily changeable and more compelling than static signage. Pictures and graphics can add to the curb appeal and can be more compelling, as pictures can be “read” much quicker than text. Depending on time of day or the demographics of the area, different messages or graphics can be targeted to different groups.

While digital signage offers a chance for additional marketing, television marketing also is undergoing a transformation. The advent of iTV offers viewers a chance to engage with commercials and gives retailers the ability to deliver coupons through the medium. The viewer doesn’t need a cell phone or other handheld device other than their remote control. These “Request-For-Information” (RFI) ads from New York-based Canoe Ventures are an ad overlay that invites viewers to respond to offers shown in commercials. By clicking their remote, viewers can request information, free samples, or coupons by mail. Networks and advertisers can interact with their consumers on a national cable footprint. This gives brands a way to apply direct marketing techniques to television.

The restaurant industry already maintains a large presence on television, and iTV could offer them a chance to reach those consumers who aren’t constantly on their cell phones or surfing social web sites. “This offers retailers a one-on-one connection with their customers,” says David Grabert, vice president of marketing and communications at Canoe Ventures. “This platform is growing.”

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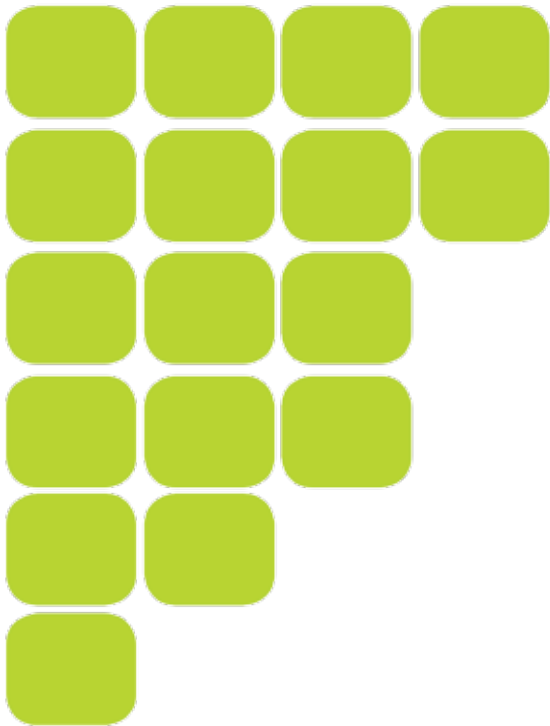
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**Breakthroughs for Loyalty Programs**

Loyalty programs also are changing with the times. The newest in digital technology allows for customers to interact with the brand via kiosks or signage displays inside the restaurant, or in the drive-thru. In the indoor environment, a touch-screen display or kiosk can allow customers to place and customize their own order. It also can offer the merchant a chance to engage the customer in personal marketing. For example, the device can prompt to voluntarily enter personal information and set up an account. This allows the restaurant to build a database on each customer. With the future use of a PIN number, code, or card swipe, the device can recognize the individual and their order history. This offers upselling and marketing based on previous orders. It also allows the restaurant to further communicate with their customer after they leave.

In addition, Near Field Communication (NFC) enabled smartphones or the use of QR (quick response) codes allows

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restaurant owners to communicate directly with each customer. Through the technology, owners can offer coupons or other incentives to keep customers coming back. This information can be stored in the restaurant database and on the customer's mobile device. It may be especially useful for the drive-thru lanes.

Further, facial recognition software technology is in its emerging stages. This can allow the digital device to recognize the gender and estimate the age of the user, while still protecting privacy. Potentially, at some point in the future, upselling or menu suggestions might be based on this information.





**Security**

Reducing fraud in the workplace can save operators money. Often, it is money that they didn't even know they were losing. POS applications with integrated fingerprint biometrics are increasingly employed by retailers, including restaurants. This can help reduce attendance fraud, promote adherence to policies for overrides and voids, and help with regulation compliance.


Fingerprint biometrics eliminates the potential for employees to falsify clock rings by having someone else punch them in or out, or do a void or override because a reader confirms the identity of the person performing the function. It not only provides accountability, but also serves as a deterrent. Time theft and inventory shrink can be some of the areas of loss that are hardest to pinpoint.

"Employee fraud or theft is not something anyone likes to talk about," says Gary Oberman, business development manager at DigitalPersona, a provider of authentication and endpoint protection solutions. "Some employees feel they are entitled to more than they are getting paid and they try to get it."

In addition, the costs of replacing time cards or tokens and the aggravation of issuing password resets are eliminated. The benefits of fingerprint biometrics often reveal themselves soon after installation, with many operators realizing

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DigitalPersona says the benefits of fingerprint biometrics often reveal themselves soon after installation.

benefits in as little as 30 days. In July 2011, DigitalPersona rolled out its U.are.U Fingerprint Biometrics solution at 118 Pizza Hut restaurants throughout the Southeast.

Clinging to what has always worked just might not be the answer for today's rapidly changing marketplace. As with the other equipment advancements, many operators don't realize the advantage of the latest in technology until they implement changes. "Then a light bulb goes off," Oberman says.

### Conclusion

Implementing all the possible changes all at once simply isn't practical for existing restaurants because of the costs involved and logistics. Gradually adding new technology to replace old equipment might be the best strategy. The key is staying relevant to customers.

"We take the approach that today's restaurant should offer total access to their menu and be ubiquitous to their customers," says Kudzu's Garrett. "Otherwise, you could become a dinosaur."

For most operators, just keeping up with the basic demands of a busy restaurant is challenging enough. But as technology advances in leaps and bounds, it is imperative for owners to keep pace to meet the expectations of customers. Adapting to these changes should not be considered an obstacle. Instead, it is an opportunity to increase your reach and broaden your customer base. Like most technological improvements, once embraced, we just might wonder how we ever got along without it. ♥

