

The Restaurant of the Future

Today the restaurant industry is one marked by change. The tools used to answer the billion-dollar question, “Where will I eat today?” are changing about as fast as ordering food from the drive-thru. Today’s quick service and casual dining customers are looking more like dining mavericks, forgoing the established norms of trusting advertising, promotions, and impulse buying. Instead, they are relying on online reviews (both by family/friends and complete strangers), word of mouth, social media, and amenities like free WiFi. According to Nielsen’s Global Online Consumer Survey, 90 percent of online consumers trust recommendations from people they know and 70 percent trust opinions of complete strangers. The study also found that a highly-rated product will increase the likelihood of purchasing for 55 percent of consumers.¹ According to a February 2010 EXPO survey of US Moms who use the Internet, consumer reviews are trusted nearly 12 times more than descriptions that come from the companies themselves.² Technology enables today’s dining customers to make their decisions based on what others within their self-defined “network” tell them about a particular restaurant or menu item.

According the National Restaurant Association, nearly 4 in 10 consumers say they’d be likely to use an electronic ordering system and menus on tablet computers at tableservice restaurants. About half said they would use at-table electronic payment options and a restaurant’s smartphone app to view menus and make reservations.³ Smart phones enable consumers to quickly research and make decisions about where to eat, giving new meaning to the popular term in the QSR industry “impulse buying.” Additionally, a majority of Americans now access the Internet wirelessly. According the Pew Internet and American Life Project’s Mobile Access 2010 report, 59

percent of American adults now go online wirelessly using either a laptop or cell phone, an increase over the 51 percent of Americans who did so at a similar point in 2009. Among the coveted 18-29 demographic, 84 percent go online wirelessly. The changing dynamic in how dining customers gather data and what they expect to experience when they go to a given eating establishment, means quick service and casual dining restaurants must utilize modern technology to stay competitive and attract dollars.



The Restaurant Response

Some restaurants have already begun to reach out to their customers using the same methods that their customers are

¹ eConsultancy, “Online consumers trust real people, not companies,” July 8, 2009

² eMarketer, February 2010

³ www.restaurant.org/News-Research/News/Technology-is-top-trend-for-restaurants-in-2012

using to find them. For example, the Pew study referenced above found 85 percent of all 18-29 year olds use text messaging. Subway and Burger King have recently launched pilots of nationwide text-to-order programs—offering rewards to customers who use texting to order.

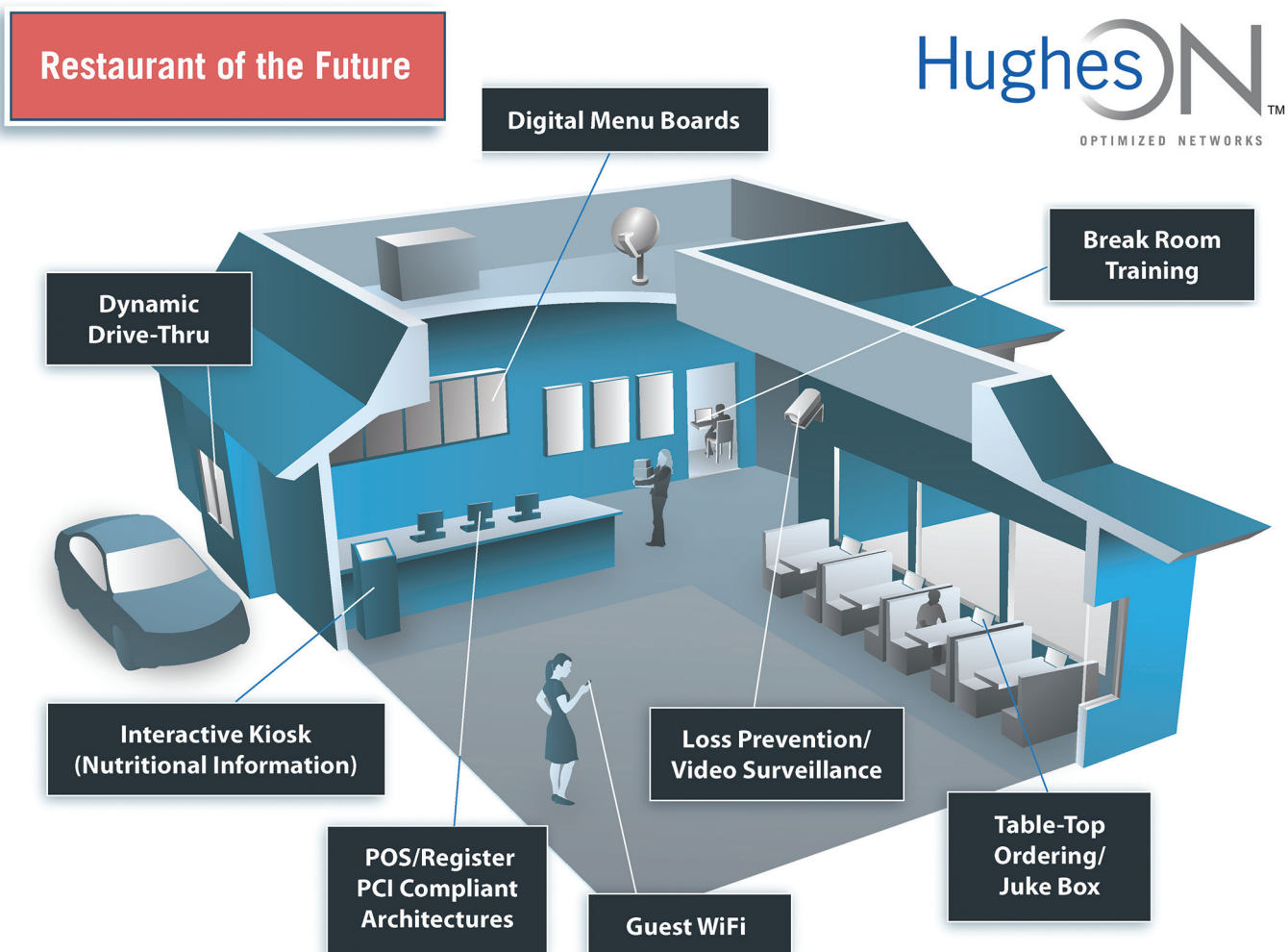
4Food, a new QSR in New York City, is turning the quick dining experience into a full-fledged social network and online game. Customers can place their custom burger order online and by mobile device and then pick it up. Once at the restaurant, a dynamic digital menu displays a leader board which tracks the most ordered burger or meal creation. Individual customers can broadcast their creations via Facebook and Twitter, and each time someone orders their creation, the customer receives a 25 cent credit towards their next order. And of course, the restaurant offers

all the amenities to keep their customers connected—free WiFi and dozens of power outlets.

Restaurants are also reaching their employees in new ways. Given the combination of mobile devices among young people who are the typical workers in the restaurant industry and high turnover rates, quick service and casual dining restaurants have a big incentive to deliver high-quality digital training that employees can take with them.

The examples above illustrate what once was considered a simple “order out” is becoming an entertainment destination and promotional experience that is driving greater customer interest, loyalty, and most of all, spending.

The enabling force behind these changes is technology. In a sector where competition is fierce, turnover among staff



is high, and consumer tastes are often fickle, enterprising restaurateurs are finding differentiation, employee retention, and customer loyalty through innovative uses of networking and application technologies. In fact, much of the future innovation in the restaurant business will be found in a store's effective use of its network and the technologies that enable business applications—not in the kitchen. At Hughes, we're working with many of the leading names in the restaurant industry enabling them to use their network as brand-building tools.

To be sure, quick service and casual dining restaurants always have to worry about the meals they are serving. But the future of the restaurant, and its ability to survive and thrive amidst white-hot competition and tough economic times, lies in the intelligent use and management of technology and how it directly impacts the customer experience.

Here are just a few technological items we see as being standard fare in the new world of the quick service and casual dining restaurants:

- **Digital menu boards for better demographic targeting** – Menu boards will be digital and will change based on the time of the day and the targeted demographic. For example, during the morning hours, the boards could highlight commuter breakfast options. Late morning menus could shift to items of interest to stay-at-home parents or retirees; mid-afternoon to items more appealing to after-school teenagers. Dynamic menu boards will anticipate traffic and optimize each selling moment for improved margins on sales and customer service. Or, in the example of 4Food above, menu boards can be used to track popular items as part of the effort to reach social network-minded customers.
- **Easy-to-use touch screen ordering and transactions at the table** – Table-based ordering and transactions will be as common as self-service gasoline. Every table will be equipped with touch screen digital ordering devices. Customers will order food and complete credit card transactions at the same place they eat their

meal. While the restaurant saves money from a staffing perspective, customers are happier as orders will be more accurate and tipping (if applicable) will not require extra time crunching numbers. Consumers can also learn about the specials of the day right as they arrive at the table—saving time re-educating staff each day about menu changes.

- **The table as an information and entertainment center** – Digital devices at each table will also provide information about ingredients, diet, and nutrition—something that is likely to soon be a legal requirement in all 50 states. These devices will not only be a way for customers to learn more about the food they are eating (and the brand they are buying it from), but also be used to entertain them with games and contests. Brian McKinley, vice president of marketing for DMX, a branding company, envisions a jukebox-like music and video player at tables with the ability to buy a song or video right on mobile devices. Anil Selby, vice-president of Nth Degree Technologies, says that in 20 years the technology will exist to put television screens on paper—opening a wide range of possibilities for quick service and casual dining restaurants to reach their customers at the drive-thru and in stores.⁴ On the flip side, restaurants will use information about entertainment choices to learn more about their customers and what they like to order at various times of the day—and how much or little they like the items sold to them.
- **Integrated digital training platforms** – The customer experience depends on well-trained employees. Restaurants will meet the challenge of high employee turnover with video training and education systems delivered through classroom, in-store, or mobile channels. To this end, information will be delivered to employees in ways that are easy to retain. Many restaurants will also have digital training rooms where employees can learn via text, video, and audio the latest on everything from food preparation, personnel management, and the regulatory requirements.

⁴ QSR Magazine, "What the Future Holds for Quick-Service Restaurants," July 2009

- **Intelligent drive-thru** – Restaurants will link mobile devices to the drive-thru window. By establishing a link between the store and the customer’s mobile device, restaurants will communicate with customers about promotions, sales, featured menu options, and loyalty programs. At the actual drive-thru, customers will swipe loyalty cards or scan a bar code from their phones allowing restaurants to track customers, incentivize, and reward brand loyalty. According to Jay Ward, communications manager for Ford, drive-thru lanes of the future will also move much faster as a result of automotive upgrades combined with mobile applications. Quick service and casual dining restaurants will need and eventually turn to technology that can process orders over this new, fast, and exciting channel.
- **Automated inventory management** – Managing inventory is a headache. It is particularly challenging if retailers are managing multiple stores in multiple locations with something as perishable as food—time is literally of the essence. In the future, all QSRs will have automated inventory racks so management always knows when and what to order.
- **Transaction-based video to reduce shrinkage and sales irregularities** – Video monitoring for security will be based on activity. For example, video capture would occur when there is a ‘no sale’ transaction at a register or when certain inventory is accessed. By making video capture based on activity, management will not have to weed through hours of tapes to try to determine what happened with inventory or at the cash register. This will not only reduce shrinkage, but save valuable time for management and store employees that can be better spent on reaching customers.

- **Multiple data streams running through multiple networks can be both secure and shared** – All the data running through multiple data streams and networks needs to be secure. Payment Card Industry (PCI) compliance requires a high level of security for each transaction and to guard against both wired and wireless threats. Information also needs to flow securely and efficiently with built-in redundancy. Self-configuring VPNs and firewalls using intelligent routers will make the whole process (and headache) of becoming and remaining PCI compliant easier.

At Hughes, we’re working with many leading restaurant brands to build restaurants with features and amenities like the ones described above. That’s why we’ve introduced HughesON™, a comprehensive set of managed solutions designed to meet the unique needs of distributed enterprises such as quick service and casual dining restaurants. From high-capacity access and high-availability solutions, to digital signage and training solutions, HughesON enables enterprises to cost-effectively delight customers, engage employees and streamline business operations. We strongly believe that these efforts will transform the restaurant from a simple dine-out experience to one that can rapidly adapt to customers’ preferences and entice them to remain loyal customers. As these companies move their brands and stores into “restaurants of the future,” Hughes will leverage decades of experience serving the industry to deliver innovative technology and networking solutions.

⁵ QSR Magazine, “What the Future Holds for Quick-Service Restaurants,” July 2009

For additional information, please call 1-888-440-7126
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