FIVE

KEY STRATEGIES

to become a more data-driven restaurant brand

a guide to harnessing digital tools and turning raw data into actionable insights

bottle rocket

From the bustling kitchens of local diners to the corporate boardrooms of global chains, digital transformation for restaurant brands is no longer an option but rather a necessity. In this guide, we will dive into five key areas of how technology and data are reshaping the future of dining experiences:

1. Embracing Digital Transformation and New Tools

2. The Power of Data to Shape Strategies

3. Overcoming Technological and Staffing Challenges

4. Data-Driven Marketing and Loyalty

5. Becoming Future-Ready

Join us as we explore the rise of digital tools and their impact on every facet of the restaurant business. Discover how kitchen display systems, self-order kiosks, and automated inventory management software are not just innovations but essential elements for success in today's market. Also, learn from the digital transformation journey of Outback Steakhouse and how it serves as a model for the industry.

Welcome to the future of dining – where data drives decisions, customer experiences are personalized, and every meal tells a unique story.

bottle rocket®

EMBRACING DIGITAL TRANSFORMATION AND NEW TOOLS

The restaurant industry is witnessing an unprecedented digital revolution. In recent years, there has been a rapid adoption of digital tools and technologies, transforming how restaurants operate, engage with customers, and make strategic decisions.

THE RISE OF DIGITAL TOOLS

Restaurants are increasingly leveraging digital tools to enhance various aspects of their business. From online ordering systems to digital payment platforms, these tools are creating a wealth of information at the operators' fingertips. Things like sales trends, customer spending habits, employee productivity, service times, and purchasing needs are now more trackable than ever, thanks to the latest technological advancements.

- **Kitchen Display Systems:** Linked to the restaurant's POS system, they display orders based on priority, flag special dietary requests, track meal delivery times, and monitor inventory. Providers like Toast and Square offer integrated kitchen display systems used by various restaurants to streamline kitchen operations and improve order accuracy.

- **Self-Order Kiosks:** Growing in popularity, these kiosks allow customers to order via digital displays, review and personalize their orders, and offer upsell prompts based on trends or weather conditions.

- **New Delivery App Features:** Apps like Uber Eats and GrubHub are developing innovative features, such as searchable pickup maps and ordering ahead for airport pickups, enhancing convenience for customers.

- **Automated Inventory Management Software:** This software helps restaurants track food and beverage stock, anticipate quantities, and schedule reorders, minimizing food waste and ensuring efficient operations. Marketman and BevSpot are examples of software providers offering automated inventory management solutions.

- **QR Codes:** Replacing traditional menus, QR codes allow customers to access online menus, order, and pay via their mobile phones, playing a key role in contactless service.

- **Autonomous Delivery & Meal Preparation:** Implementation of autonomous vehicles and drones in food delivery, as well as robots for meal preparation, are emerging as a trend to streamline processes and cut costs. Domino's has experimented with self-driving delivery cars, while chains like Chipotle are exploring robots for meal prep tasks.

- **Hyper-Personalized Ordering Experiences:** Custom apps and guest-centric recommendations are being used to offer personalization in ordering, remembering guest order histories and preferences.
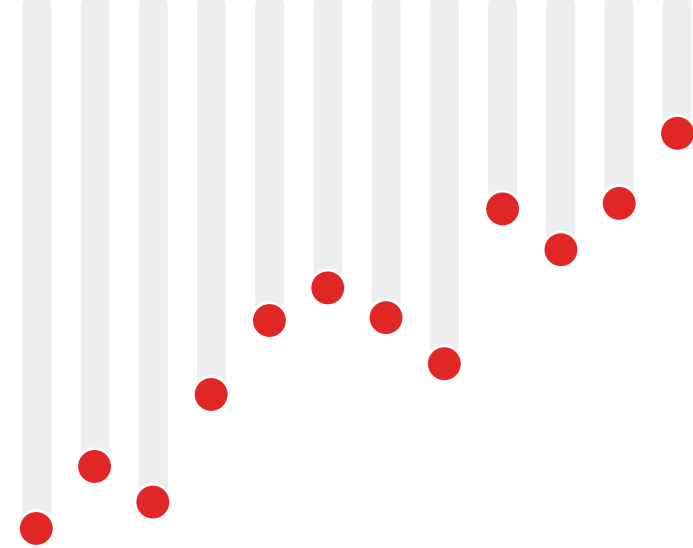
- **Table Ordering Systems:** Table ordering systems are digital solutions that allow restaurant customers to place orders and make payments directly from their table using their mobile devices or integrated hardware at the table. Restaurants like Buffalo Wild Wings have used table ordering systems, facilitated by providers like Presto and E la Carte.
- **Loyalty Programs:** Loyalty programs in the restaurant industry are marketing strategies designed to encourage repeat business by offering rewards to frequent customers. Loyalty program providers like Thanx and Punchh offer solutions tailored specifically for restaurants.
- **Digital Menu Boards:** Digital menu boards are electronic displays used in restaurants to showcase menus, prices, special offers, and other relevant information. Unlike traditional static menus or signage, digital menu boards are dynamic and can be updated in real-time. Providers like Raydiant and Samsung offer various digital menu board solutions.
- **More Restaurant Automation Trends:** Examples include Sweetgreen's Infinite Kitchen for food prep automation and self-service, touch-screen kiosks for ordering and payments.

DIGITIZATION: A NECESSITY, NOT A CHOICE

Digitizing as many parts of a restaurant's operations as possible is no longer a luxury but a necessity. This shift to a digital-centric approach is vital for collecting more and better data. It involves digitizing transactions, building robust loyalty programs, tying sales to known customers, and elevating marketing tactics. These digital integrations are crucial for separating successful restaurants from the rest, with limited-service chains often leading due to their heavy adoption of digital ordering and delivery platforms. However, full-service chains also have significant opportunities to incorporate technology into the dining experience, enhancing customer interaction and operational efficiency.

With a digital-centric approach now understood as a crucial factor for success, this naturally leads to the question of how the gathered data from these technologies can shape strategic decisions in the restaurant industry.

Every company finds itself at a different point on this journey toward optimization and efficiency. Such factors as leadership priorities and internal pressures may influence the pace and direction of this transition. Nevertheless, the trend is clear: **companies are expected to justify their roadmap decisions with data-driven insights.** For instance, a company like Starbucks or Chick-fil-A might scrutinize every feature on its roadmap, ensuring that each development is tied to an analytics-based insight that addresses its biggest deficiencies, such as low-loyalty penetration as compared to competitiors.

Most clients we talk to understand the importance of first-party data, but they often need help to successfully act on this data as a strategic decision-making tool. Lots of data is tracked, but very few insights are generated that lead to better decision-making. At Bottle Rocket, data is part of our DNA and is used in every discipline to enhance our decision-making capabilities.

- TIM DUNCAN
Principal Product Manager of Growth, Bottle Rocket

THE POWER OF DATA IN SHAPING RESTAURANT STRATEGIES

In the world of restaurants, data has emerged as a pivotal element in shaping effective business strategies.

UNDERSTANDING KEY DATA METRICS

Data-driven decision-making in restaurants revolves around understanding and analyzing key metrics. Customer satisfaction metrics, like online reviews and voice-of-the-customer feedback, provide invaluable insights into what guests appreciate and what areas need improvement. These metrics are not just numbers; they reflect real human experiences and preferences, guiding restaurants to tailor their offerings and services accordingly.

LEVERAGING LOYALTY AND DIGITAL MARKETING DATA

The data harvested from loyalty programs offers a goldmine of information. By analyzing points, tiers, redemptions, spending patterns, and visit frequency, restaurants can better understand their most loyal customers. This insight is crucial for personalizing marketing campaigns and enhancing customer engagement. A study by Bain & Company suggests that a 5% increase in customer retention can lead to over a 25% increase in profit, underlining the importance of loyal customers.[1] Furthermore, tracking digital marketing performance through metrics like text and email engagement rates helps in fine-tuning marketing strategies, making them more effective and targeted.

MENU OPTIMIZATION THROUGH DATA

Data also plays a crucial role in menu optimization, which is a critical factor for boosting a restaurant's profitability. It's been found that as much as 70% of a restaurant's revenue can come from just a small portion of menu items, so having clear visibility into menu-based data insights can be incredibly valuable.[2] Nearly half of the operators have utilized data in the past year to change prices or alter their offerings to improve the bottom line. A smartly optimized menu, informed by data insights, not only improves profitability but also enhances customer satisfaction by aligning offerings with customer preferences.

OUTBACK STEAKHOUSE®

A MODEL OF DIGITAL TRANSFORMATION IN THE RESTAURANT INDUSTRY

BACKGROUND

Outback Steakhouse, a signature concept of Bloomin' Brands, faced an urgent need to modernize its digital presence amid the tumultuous landscape of 2020. Recognizing the shifting customer expectations and the imperative of a robust digital strategy, Outback embarked on a transformative journey. This transformation was not just about adapting to the immediate challenges posed by the pandemic but also about rethinking how to serve customers in a rapidly evolving digital age.

THE CHALLENGE

Previously, Outback Steakhouse had a digital presence, but it was limited. The mobile app, a crucial touchpoint for customer engagement, was clunky and redirected users to an external site for orders. The need for a seamless, omni-channel experience that integrated a Dine Rewards program was evident. Additionally, the onset of the COVID-19 pandemic added pressure, making the digital transformation not just a strategic move but a necessity for survival and growth.

THE TRANSFORMATION

The journey began with a strategic engagement to chart a path for digital growth, which was expedited by the pandemic. The team at Bottle Rocket, specialists in building custom, native mobile experiences, rapidly executed the creation of a new Outback Steakhouse mobile platform. This platform was envisioned as a foundation for future digital initiatives across Bloomin' Brands.

KEY FEATURES OF THE NEW MOBILE EXPERIENCE

- **Simplified Ordering Flow:** Integrated with Olo API, the new app offers an intuitive ordering process, with features like recall of recent orders and easy reordering.
- **Integrated Loyalty Experience:** Designed to encourage loyalty participation and frequency, the app seamlessly integrates the loyalty program, powered by Cheetah.
- **Customized Home Screen:** The home screen includes daypart messaging and leverages single sign-on authentication, enhancing user convenience.
- **Analytics Integration:** The app is integrated with the company's analytics platform, enabling data-driven decisions for future enhancements.

OUTCOMES AND GROWTH

The launch of the new Outback Steakhouse app was a pivotal moment in the digital transformation of Bloomin' Brands. It not only revitalized the Outback brand's digital presence but also set a precedent for the other brands within the Bloomin' Brands portfolio. Following this, the launch of the new Outback.com in February 2023, built on a Sitecore/Vercel framework, further modernized the web infrastructure, addressing performance and maintenance issues and positioning the brand for future market differentiation.

Outback Steakhouse's digital transformation journey highlights the power of embraacing a data-driven approach in the restaurant industry. By focusing on customer experience, seamless digital integration, and leveraging data analytics, Outback has set a benchmark for others in the industry. This case study is a testament to the effectiveness of the tactics discussed in the earlier chapters and demonstrates how they can lead to substantial growth and customer loyalty in a mobile-first world.

Having seen Outback Steakhouse's example of harnessing data for digital transformation, the focus now shifts to the practical challenges of integrating technology and developing a tech-savvy workforce in the restaurant sector.
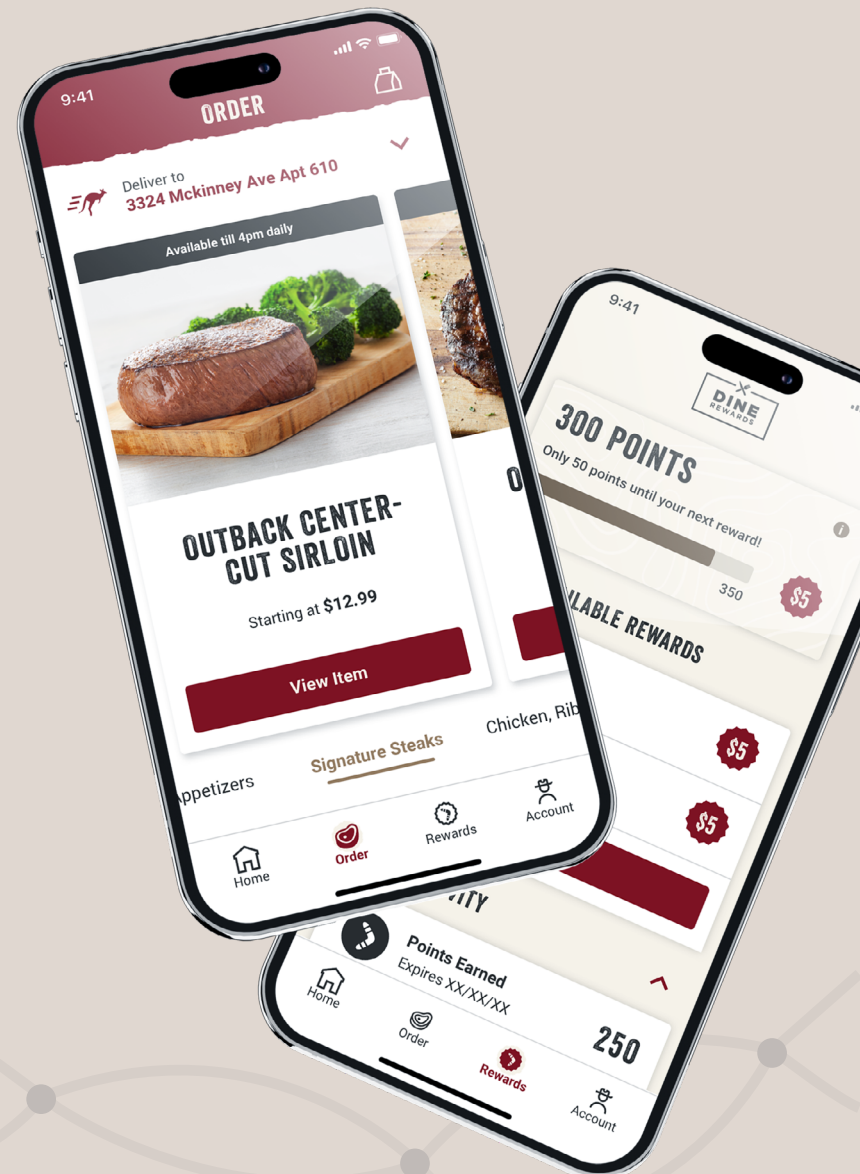
OVERCOMING TECHNOLOGICAL AND STAFFING CHALLENGES

Adopting a data-driven approach in restaurants is not without its challenges.

INTEGRATING DIGITAL TOOLS IN THE RESTAURANT TECHSTACK

A major challenge for many restaurants is integrating various digital tools within their complex tech stacks. The Point of Sale (POS) system, a staple in every restaurant, can be a rich source of sales and transaction data. However, the real benefit comes when the POS system can seamlessly integrate with other digital tools, such as inventory management or customer relationship systems. This integration is crucial for a comprehensive data strategy, as it allows for a more holistic view of the restaurant's operations and customer interactions.

THE ROLE OF TECH-SAVVY STAFF

Another significant impediment to developing effective data strategies is the lack of tech-savvy staff. While technological tools are essential, they require skilled personnel to manage and interpret the data effectively. Investing in training current workers and hiring new staff with the necessary technical skills is vital for leveraging the full potential of data-driven strategies.

EDUCATING AND EMPOWERING STAFF

Educating existing staff on key metrics and data utilization is equally important. Creating user-friendly dashboards and reports can make data more accessible to all staff members, enabling them to make informed decisions and contribute to the restaurants data-driven culture. This approach not only enhances operational efficiency but also empowers employees, making them a valuable part of the restaurant's growth journey.

After addressing the hurdles in technology integration and staffing, the discussion progresses to leveraging data for sophisticated marketing approaches and building robust customer loyalty programs.

DATA-DRIVEN MARKETING AND CUSTOMER LOYALTY

51%
of diners use a restaurant loyalty program

In the competitive landscape of the restaurant industry, data-driven marketing and customer loyalty programs are becoming increasingly crucial.

THE UNTAPPED POTENTIAL OF DIGITAL MARKETING

Despite the abundance of customer data, many restaurants have yet to fully capitalize on the potential of digital marketing. Techniques such as A/B testing, email, and text engagement analysis, and offer personalization are often underutilized. According to data from Toast, 67% of restaurants are now advertising on social media and 42% advertise on Google, indicating the growing importance of paid digital channels in the industry.[3] By harnessing these digital marketing tactics, restaurants can create more effective, targeted campaigns that resonate with their audience. This approach not only increases customer engagement but also boosts the overall effectiveness of marketing efforts.

BUILDING LOYALTY THROUGH SEGMENTATION AND PERSONALIZATION

A significant 51% of diners use a restaurant loyalty program and about 47% of restaurant loyalty program members use their memberships several times a month, and nearly a third do so several times a week.[4, 5]

This widespread adoption highlights the popularity of these programs among customers and their potential as a tool for driving repeat business and fostering customer engagement. A key aspect of fostering customer loyalty is segmentation – the process of dividing customers into distinct groups based on various criteria such as spending habits, preferences, or visit frequency. Once segments are identified, restaurants can tailor their marketing and loyalty programs to each group, making them more relevant and appealing. This level of personalization not only enhances the customer experience but also encourages repeat visits and long-term loyalty.

RETHINKING TRADITIONAL LOYALTY PROGRAMS

Traditional loyalty programs, often based on simplistic models like point collection or blanket discounts, may not be sufficient to foster genuine long-term loyalty. Data allows for more sophisticated approaches, such as offering tailored rewards and experiences that align with individual customer preferences.

This strategy requires robust data tools, but the payoff can be significant in terms of customer retention and increased sales.

With insights into effective data-driven marketing and loyalty strategies, the next step is to look forward, understanding future technological trends and actionable insights that will keep restaurants competitive and innovative.

STARBUCKS AND PANERA BREAD'S SUCCESS

Starbucks has seen significant benefits from its loyalty program, with loyalty members' average ticket size being three times that of the average customer. Panera Bread, boasting one of the largest programs in the industry with over 25 million members, has half of all its transactions coming through its loyalty program.[6] These statistics underscore the potential for loyalty programs to significantly boost customer spending and engagement.

THE FUTURE OF DATA IN RESTAURANTS AND ACTIONABLE INSIGHTS

As the restaurant industry continues to evolve, staying ahead of technological trends and leveraging data effectively will be crucial for success.

PREDICTING FUTURE TRENDS IN RESTAURANT TECHNOLOGY

The future of restaurant technology is likely to be characterized by even more advanced data analytics, artificial intelligence (AI), and an increased focus on digital customer experiences. Expect to see more sophisticated data collection methods, including real-time analytics and predictive modeling, which can help restaurants anticipate customer needs and preferences, as well as some of these other forward-looking predictions:

- **Automated Customer Interactions:** The trend of using AI for customer interactions is expanding. More restaurants are experimenting with automated order-taking, delivery robots, and chatbots. These technologies not only save time but also enhance the accuracy and efficiency of customer service. TD Cowen estimates voice-enabled AI can drive sales as much as 15% through suggestive selling as well as speed up service times by 10 seconds.[7]

- **Automated Inventory Management Software:** This software helps track food and beverage stock, anticipate quantities, and schedule reorders efficiently, minimizing food waste and reducing operating costs. Leveraging AI in inventory management ensures efficient and sustainable restaurant operations.

- **Dynamic Pricing Models:** Restaurants may adopt dynamic pricing strategies where menu prices fluctuate based on real-time data. Factors like demand, time of day, and even weather conditions could influence pricing, maximizing revenue and managing customer flow more effectively.

- **Sustainability Tracking and Reporting:** With a growing focus on sustainability, restaurants will use data to track and report on their environmental impact. This could include monitoring energy usage, waste production, and sourcing of ingredients, helping to make operations more sustainable and appealing to environmentally conscious consumers.

KEY ACTION ITEMS FOR OPERATORS

The future of the restaurant industry lies in the effective use of data. As technology continues to evolve, restaurant operators who can adapt and leverage these tools will find themselves ahead of the curve.

By focusing on digital transformation, investing in the right technology and skills, and using data for strategic decision-making, restaurants can enhance their operations, improve customer satisfaction, and drive growth. Below is our a summary of our recommended action items for restaurant operators seeking to innovate and stay ahead:

1   **Embrace Digital Transformation**

Continue to digitize as many aspects of your operations as possible. This not only improves efficiency but also enhances the quality of data collected.

2   **Invest in the Right Technology and Skills**

Choose technology that integrates well with your existing systems and invest in training your staff to be tech-savvy. Skilled staff are as important as the technology itself.

3   **Utilize Data for Strategic Decision Making**

Leverage data for key operational decisions, such as menu optimization, marketing strategies, and customer loyalty programs.

4   **Focus on Personalization**

Use data to understand your customers better and personalize their dining experience. This can range from tailored marketing messages to customized menu recommendations.

5   **Prepare for Future Trends**

Stay informed about emerging technologies and trends in the restaurant industry. Be open to adopting new tools and strategies that can give you a competitive edge.

Sources

1. https://www.bain.com/insights/retaining-customers-is-the-real-challenge/

2. https://www.clicdata.com/blog/improve-your-restaurant-revenue-with-data-strategy/

3. https://pos.toasttab.com/blog/on-the-line/restaurant-digital-marketing-trends

4. https://www.getbento.com/blog/restaurant-loyalty-programs/

5. https://www2.deloitte.com/us/en/pages/consumer-business/articles/restaurant-loyalty-program.html

6. https://aaronallen.com/blog/restaurant-loyalty-programs

7. https://www.cnbc.com/2023/06/17/restaurant-ai-streamline-food-prep-ordering.html

At Bottle Rocket, we specialize in steering restaurant brands towards a data-driven future. As a digital consulting agency, we understand the unique challenges and opportunities within the restaurant industry. Our expertise lies in harnessing the power of digital tools and data analytics to transform your restaurant into a smarter, more customer-centric, and efficient business.

Whether it is integrating advanced POS systems, developing intuitive mobile applications, optimizing data for strategic decision-making, or crafting personalized marketing and loyalty programs – our team at Bottle Rocket is equipped with the knowledge and technology to elevate your brand. We invite restaurant owners and operators who are ready to embark on their digital transformation journey to reach out to us, let's collaborate to make your restaurant not just a place for dining, but a data-driven experience that resonates with every customer.

LEARN MORE

bottlerocketstudios.com/expertise/qsr-restaurant

DROP US A NOTE

hello@bottlerocketstudios.com