



ShopAdvisor, Inc.

Intersection of Opportunity

How QSRs & Fast Casual Restaurants Must Capitalize on Consumer Trends, Tastes & Technology Now

In 1955 when Ray Kroc started franchising McDonald's nobody could have imagined how much the Quick Service Restaurant (QSR) and Fast Casual dining concepts would come to dominate the restaurant industry 60+ years later. These restaurants are set apart from full service or table restaurants by their limited menus, minimal table service and, as their name implies, fast service. It is estimated there that were nearly 200,000 quick service restaurant establishments in 2017. These restaurants span limited-service eating places, cafeterias, fast-food restaurants, beverage bars, ice cream parlors, pizza-delivery establishments, carry-out sandwich shops, and carryout service shops with on-premises baking of donuts, cookies, and bagels. [Research from Statista](#) shows the quick service restaurant sector generated 290.2 billion U.S. dollars in consumer spending.

These restaurants have become so ubiquitous that they are defining icons of American culture. Their consistency in terms of convenience, menu, service, design, experience, pricing and branding have made them popular choices for every type of consumer. But this consistency also brings its own set of challenges, especially when it comes to how can one stand out from another and establish customer loyalty? Increasingly the answer is technology, and more specifically, mobile.

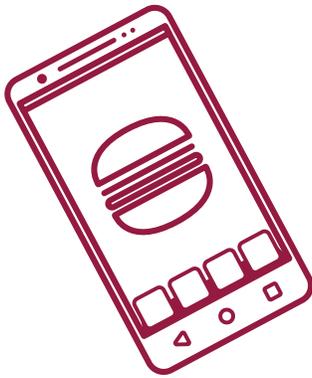
Smartphones, Millennials & Mobile Experiences

Today around 80 percent of the U.S. population use smartphones for a multitude of everyday tasks, including helping to locate restaurants, get directions, review menus, place orders and make payments.

Simply put, mobile rules. As a channel, it represents a huge opportunity to improve overall dining experiences and deliver results that matter to operators. Many quick-serves today are using mobile technology to attract new customers and increase average order size. The return on investment for those brands willing to invest in mobile is undeniable. That's why quick-serves open to building dynamic, customized mobile customer experiences will be rewarded by gaining a greater share of customers and a competitive advantage.

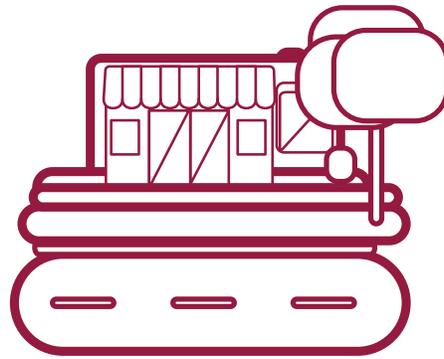
Another key factor driving this is how the QSR and mobile experience dynamic appeals directly to the most lucrative segments of consumers -- Millennials and GenZ. While historically the strongest value proposition of QSRs has been convenience, price and consistency, these are not the things Millennials and GenZ care the most about. Yes, they are still cost conscious, but they also place a high value on the experience, which includes taste and how they feel when they're in the restaurant and eating the food.

Added to this is their penchant for staying always connected through their smartphones. Increasingly, these diners use their phone as an integral part of their dining experience. As an example, [A recent consumer study of 2,500 diners conducted by DMI](#) reveals how ubiquitous mobile devices have become for quick service customers. Some findings include:



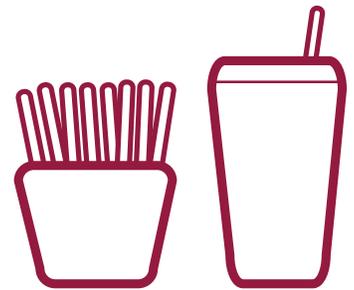
63%

of diners have at least one quick-service app on their phones.



73%

of diners have used mobile within quick serves.



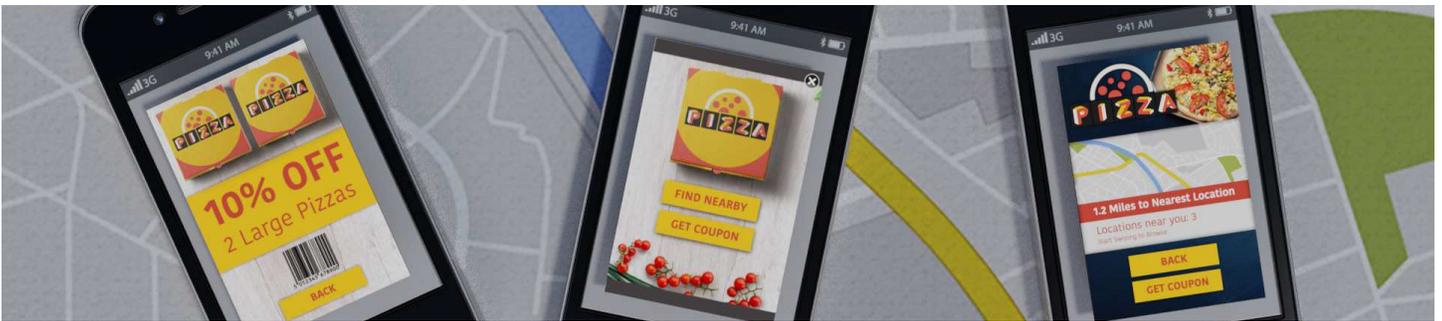
35%

use mobile every time they visit a quick-service restaurant (or at least regularly).

All of this points to the critical importance for QSR and Fast Casual restaurants to continually push the envelope with their mobile initiatives. While an app may be the starting point for engaging the diner, it's the experience delivered by that app and how it can engage the user and compel them place an order online, or better yet, go into the restaurant itself that can make the difference. This is what makes an effective mobile proximity marketing campaign so strategic to these restaurant owner/operators.

Three Kinds of Drive to Location Mobile Marketing Campaigns

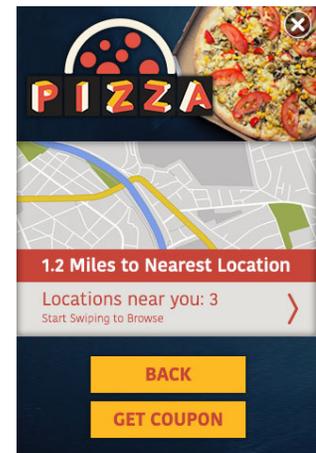
Historically, QSRs have focused on heavily on selling food that's ultimately consumed off-premise, whether it's delivered through the drive-thru window or carried out from the counter. But the rise of Fast Casual dining has changed that thinking. By delivering a great experiences and good food at competitive prices, Fast Casuals are changing the landscape. Couple this with the Millennial and GenZ desire for something more than a quick in and out experience and you now have operators looking to exploit both on- and off-premise dining. Further, once you have a diner on premise there is greater opportunity to increase sales of more items -- appetizer specials, drinks, deserts -- than the core meal itself. So if the desired end is to get the diner into the restaurant, what should a mobile marketing campaign look like? Here are three examples.



New location launch

As with any chain restaurant, expansion is inevitable and also a sign of success as your brand grows. These days, moving into new areas where there is hefty competition requires so much more than putting ads in local papers; placing signage across your restaurant proudly pronouncing "grand opening;" or staging inflatable air dancers to catch consumer attention. It also requires leveraging technology as much as possible, especially mobile.

One key feature of a mobile marketing campaign for this kind of situation is a restaurant finder. Once the consumer is engaged with the promotion things like mapped out directions, hours of operations, access to menu items, phone numbers to call for reservations or to place orders and options for take out or delivery can all be conveyed succinctly. To make this happen ShopAdvisor's geofencing capabilities can identify and engage with potential consumers within a logical area such as three to five miles, alert them to your location and include promotions to increase foot traffic. Why is this important for a new location? Well unlike brick and mortar retail stores where shoppers often enter to browse but not buy, when a customer walks into a QSR or fast-casual restaurant they looking for something to eat and the odds of purchases food or drink are extremely high.



Off Hours Promotion

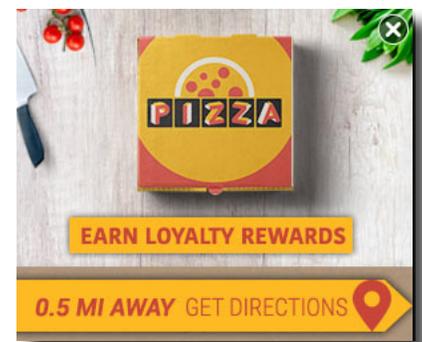
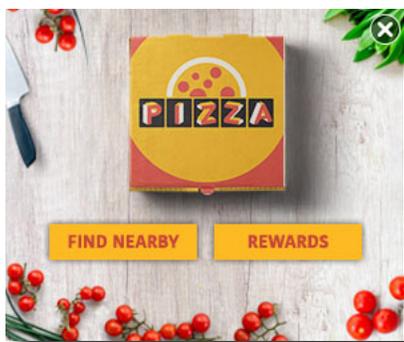
Every restaurant has those off-peak times when seats are hard to fill. If you're a restaurant owner, you've probably tried a variety of ways to increase the number of customers during these hours. Obviously, it's not as simple as introducing a new menu or placing signage outside of your establishment. Boosting sales during slow times can be one of the most challenging tasks for a restaurant.

Often times, you have to grab customers' attention at just the precise time with contextually intelligent offer, say for a mid-afternoon drink or a late-evening snack. This means implementing some creative real-time marketing efforts. Real-time marketing uses information and data of new or existing customers, including personal trends and spending history, to send targeted instant offers that will get them in the door and encourage them to purchase more. It can also include external information that can play a role in influencing that consumer. For example, during summer heat waves a promotion offering a 2 for 1 deal on a new refreshing drink could bring not just one customer, but their friend to a location as well, and once there, the operator has the chance to increase sales with other enticing offers.



Loyalty Reward Offers for Menu Item

As has become somewhat the norm with various restaurant and fast-food apps, there are always new menu items or staples which are offered as a loyalty reward, on sale, or part of a special promotional campaign. There are a myriad of reasons for this, but the main one is that the establishment wants to develop and nurture repeat customers, who are more likely to return to a restaurant that has a loyalty reward program. According to Nielsen, [60% of customers](#) say they are more likely to return to a restaurant because of an appealing loyalty program. It is also important to remember that you cannot expect customers to be impressed with a random menu item, just because it is free. You should be offering incentives that people love, and rewarding them with the best of what your restaurant has to offer.



What About Tracking & Measurement?

One of the best things about a mobile marketing campaign is that unlike traditional promotions - printed ads, television, radio, and even online banner ads -- the owner/operator can track and attribute results to specific mobile ads, where they are placed and when they are run. You can determine throughout the course of the campaign how many people your ads are being exposed to; how many are clicking on the ads and promotions and how many are actually visiting specific locations. This real-time visibility into campaign execution enables the owner to fine tune it in multiple ways including increasing or decreasing exposure in certain geographies; running it more often during certain times of the day; changing out ads that are engaging consumers with those that have more traction, and more.

All of this data becomes the source for intelligently assessing the impact of the campaign and using those results to inform and dictate future campaign strategies. For example, two of the most powerful ways to leverage this data is for conducting a sales lift analysis on the promoted products across various test and control locations. You can determine which locations did better than others overall or at certain times. This information can also be cross referenced against foot traffic studies, which allows you to see what percentage of the customers who entered a location actually purchased the promoted offering versus purchases of standard menu options.

Conclusion: Don't Be Left Behind

Finally, it's a fact that technology, and particularly mobile, is fundamentally changing our approach to everything, and this may be particularly true for the QSR and Fast Casual dining industries. Research shows that the largest and most lucrative customer segment -- Millennials, GenZ -- have the largest portion of their food expenditures away from home. According to the Food Institute, these 25 - 34 year olds spend 45% of their total food consumption outside the home. And that number is growing. You can find some more astounding facts and numbers about this trend [here](#). These consumers are also interested in leveraging technology to streamline or improve their overall eating experience such as viewing menus on their smartphone before trying a new location. Almost a third of these kinds of consumers also indicated that they are receptive to text message marketing as well.

Bottom line is the market is there, the consumer is ready, and the technology is capable of enhancing the dining experience while adding to the owner/operator's bottom line. The question you have to ask yourself is are you doing all you can to take advantage of this new paradigm in dining.