



# Serving up consumer insights

Quick service and fast casual restaurants



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## Executive summary

In the restaurant industry today, an authentic voice is just as important as authentic food. This is partly due to the digital innovations sprouting up across the industry, such as mobile ordering and restaurant apps. This white paper explores the challenges the restaurant industry is currently facing, and how brands can use personalization and localization strategies to provide customers the dining experience they want—before they even set foot in the restaurant.

Marketers are constantly asked:

- How is technology changing the consumer journey and what consumers want?
- How can brands create a personalized and localized dining experience?
- How can brands foster awareness and loyalty within their target audience?
- How can brands stay top of mind in oversaturated restaurant markets?

The fourth industrial revolution—where technology is changing the way that we collectively live, work, and relate to one another—is here. It is now a matter of habit for consumers to research and compare restaurants to ensure they get the best dining experience they can buy. As consumer demands evolve, how can brands put their best foot forward? This white paper explores how restaurant industry leaders are stepping up to the plate to face these challenges.

# Introduction

*"Where do you want to eat?"*

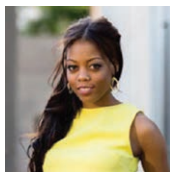
These six little words stir up an entire industry that exists to feed us. Brands spend countless hours appealing to consumers' minds and appetites, but what are the greatest influencers in restaurant selection?

Aside from the obvious—good food—differentiators in the restaurant industry come down to personalization, convenience, and localization. How are brands providing customers with a unique dining experience? Are customers getting food and service the way they want it? Are brands even present during the consumers' journey to restaurant discovery?

Let's face it—no one wants to go on a scavenger hunt to grab a burger. Consumers know what they want, but is the restaurant industry meeting that need?

## Who we talked to

DAC spoke with the following experts about keeping up with industry trends, tackling technology-related challenges, changing consumer behaviors, and the future of the restaurant industry:



**AMANDA BROWN**  
Social Media and Digital  
Marketing Manager at  
TGI Fridays



**JODI BOYCE**  
VP of marketing at Teriyaki  
Madness



**JASON ANELLO**  
CMO at Aurify Brands



**SARA E. SMITH**  
Former Director of Marketing  
of Qdoba, currently Lecturer  
in Marketing at University  
of Colorado, Boulder, and  
founder of In Good Company





Understanding your  
consumers

# The restaurant landscape: the now and the future

The restaurant industry is straining under the weight of rising food prices and struggled to fill tables in 2017.<sup>1</sup> In a study conducted by market research firm NPD Group, 30% of consumers said they have cut back on dining in restaurants, and three of the top six reasons concern menu pricing. Moreover, one in five US adults say they do not eat out at all, and 20% say they only eat out once a week, which includes both dine-in and takeout meals.<sup>2</sup>

Restaurants are experiencing ongoing decline as diners struggle to find value that accompanies the perceived high price tag. According to Amanda Brown, Social Media and Digital Marketing Manager of TGI Fridays, value is an important factor when diners choose where to eat out (if at all), and it encompasses more than offers and discounts.

Sara E. Smith, the former Director of Marketing for Qdoba, currently Lecturer in Marketing at University of Colorado, Boulder, and founder of In Good Company, provided additional insights as to why some restaurants are losing customers and sales: “One, differentiation. [Restaurants] all feel the same. Two, quality. People are always looking to cut corners, and I think consumers can feel it. Three, brands are expanding too quickly without taking the time to pay attention to detail, and the result is that they are just not resonating with consumers.” Customer expectations are a moving target, and brands need to keep up to stay in consumers’ minds. Consumers are increasingly expecting convenience and delivery options from restaurants, and many are struggling to keep up. In the oversaturated restaurant landscape, as Smith mentioned, brands need to understand and adapt to the ever-changing consumer environment to stay ahead of the competition.

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1. eMarketer, “Restaurants Continue to Struggle to Fill Tables,” (2017)

2. Bankrate, “Average Weekly Number of Meals Purchased from a Restaurant,” (2017)

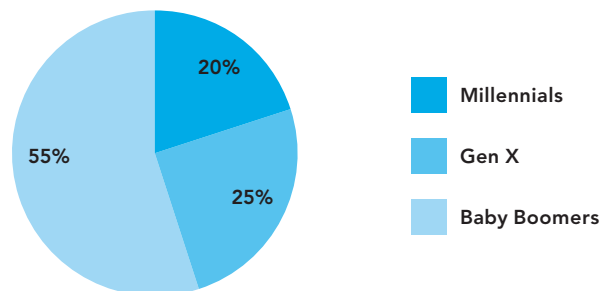
This was echoed by Brown: "The restaurant industry across all facets is always evolving, always different. [Especially] fast casual is a segment of restaurants that can be very agile and nimble and change their offerings and make convenience a large factor for those guests and deliver on that." The restaurant industry is evolving to become more customer-centric, where targeted consumer strategies are increasingly being implemented.

One of the most commonly used targeted marketing strategies is millennial marketing. However, the focus on millennial marketing has inevitably left out some key demographics that drive restaurant sales and traffic. For example, Gen X contributes about 20% of total restaurant sales and traffic in the US, and baby boomers contribute 29% in restaurant sales and 26% in traffic, while millennials only contribute about 25% of sales and traffic.<sup>3</sup>

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## Key demographics that drive restaurant sales

RESTAURANT SALES AND TRAFFIC DISTRIBUTION, 2017



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3. eMarketer, "Restaurants Continue to Struggle to Fill Tables," (2017)



Brands that focus exclusively on millennial marketing may be missing out on opportunities to market to potential customers from other segments. Smith agreed, stating there is an untapped opportunity to market to other cohorts such as the baby boomers and Gen X, as they have more disposable income: “Everyone is obsessed with millennials and they [think], ‘If I can build this relationship with [millennials], I’ve got a customer for 30-40 years.’ But because of changing tastes, there’s so many things the brands would have to do to keep pace with engendering a relationship that’s going to last for 30-40 years. But this just doesn’t happen anymore.”

“[The restaurant space is] becoming increasingly crowded, and there’s no differentiation.”

—**Sara E. Smith**, former Director of Marketing for Qdoba, currently Lecturer in Marketing at University of Colorado, Boulder, and founder of In Good Company

As customers and their preferences change, one thing stays constant: consumer gravitation towards brand authenticity. Brands should not only talk about authenticity, but also be true to their core values as they adapt to the times.

So how can brands capture the attention of consumers? They have to understand the consumer journey and leverage customer data in order to localize and personalize the dining experience in a way that resonates with their customers.

# The way to diners' stomachs is through their minds

For a restaurant to be considered, it first needs to understand the consumer journey. Our independent research found that price (71%), location (63%), and ratings/reviews (62%) are what matter most to consumers when deciding on a restaurant.<sup>4</sup>

In addition, brands have to satisfy consumers' minimum dining expectations in terms of food quality, pricing, cleanliness, convenience, and friendly staff. These are the pillars that have upheld the restaurant industry for many years, but they are no longer enough. In 2017, Deloitte surveyed 2,000 diners and found that less than half were satisfied with their dining experiences.

# 71%

of customers say that price is  
one of their top three considerations  
when deciding on a restaurant

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4. DAC, "Op4G Restaurant Discovery Survey"; N=502 (2017)

“People want to interact with a brand they feel represents them and makes them feel good.”

—**Amanda Brown**, Social Media and Digital Marketing Manager  
at TGI Fridays

Consumers specified that one-star and four-star dining experiences are differentiated by these five things:<sup>5</sup>

- **Engage me:** customers are looking for restaurants to interact with them in an authentic, hospitable way
- **Empower me:** customers are looking for restaurants to provide real-time information to help them make dining decisions
- **Hear me:** customers are expecting restaurants to understand their needs
- **Delight me:** customers want restaurants to create elements of surprise and exceed their expectations in dining experience
- **Know me:** customers want restaurants to remember their personal preferences and needs

Any brands that delivers on these five fronts—most of which relate directly to the customer journey—will set itself apart from its competitors.

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### What matters most to consumers when deciding on a restaurant?



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Source: DAC, “Op4G Restaurant Discovery Survey”; N=502 (2017)

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5. Deloitte, “Serving Up A Great Restaurant Customer Experience,” (2017)

“Value [is] not only your food, but also the experience of being at the restaurant.”

—**Amanda Brown**, Social Media and Digital Marketing Manager at TGI Fridays

# Consumer journey

Jason Anello, the CMO of Aurify Brands, stated: “The customer journey is the most important thing to pay attention to, and it is important to monitor the stage each customer is at in their brand life cycle.”

Smith agreed with Anello’s view, stating that understanding the consumer journey is more important than a host of other factors including menu offerings and promotions. Understanding the points a customer visits—physically and online—is what differentiates industry leaders from the rest. She elaborated, “Oftentimes people will work near one of these [fast casual] restaurants even though they don’t live any-where near it. So when you’re doing anything that’s zip-code-based from a marketing perspective, you’re often missing a huge piece of the puzzle.”

What is the customer’s path to purchase? How can brands introduce themselves along this journey as a strong contender? Brands have the most impact on pre-purchase customers during the restaurant discovery phase, and post-purchase during the review phase.

Restaurant discovery is often the first point of contact brands have with potential customers, and most of the interactions at this stage occur in the digital space. This interaction occurs frequently on search engines, where eight in ten US adults have Googled restaurants in the past three months.<sup>6</sup> In fact, it has become so commonplace that local

8 out of 10

adults in the US have Googled restaurants  
in the past three months

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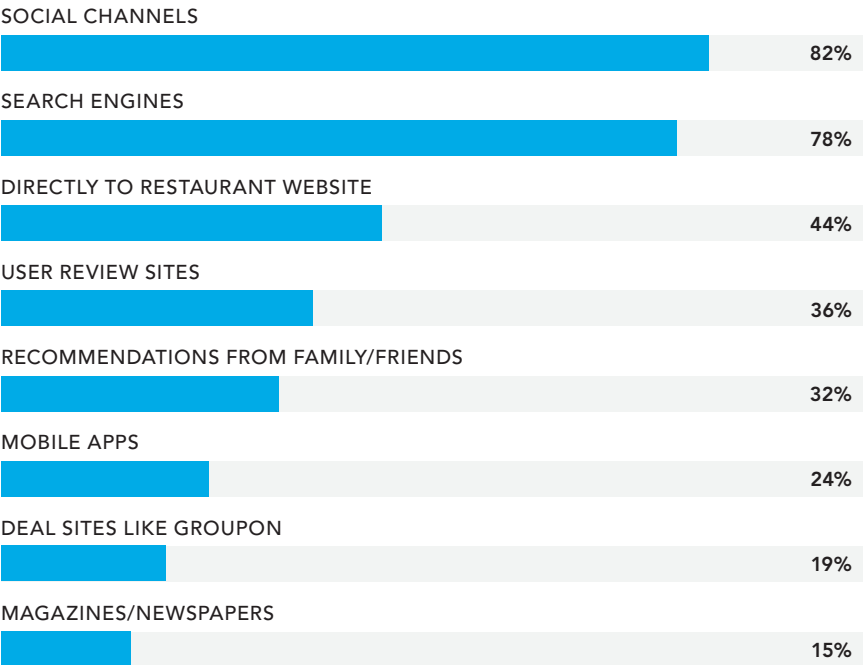
6. DAC, “Op4G Restaurant Discovery Survey”; N=502 (2017)

searches without “near me” have outgrown comparable searches that include “near me” because the “near me” is now implied.<sup>7</sup>

Research by DAC shows that social (82%) and search (78%) are the top discovery tactics when looking for new restaurants, followed by going directly to a restaurant’s website (44%), using sites like Yelp (36%), word of mouth (32%), and mobile apps (24%)—all of which, except for word of mouth, are digital.<sup>8</sup>

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## Most used channels that drive restaurant sales



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Op4G Restaurant Discovery Survey; N=502

DAC

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7. Google US Data (2018)

8. DAC, “Op4G Restaurant Discovery Survey”; N=502 (2017)



Aside from restaurant discovery, reviews are a significant factor in the diner decision-making process. It's estimated that 61% of diners read reviews prior to visiting a restaurant, and 34% choose restaurants based solely on reviews.<sup>9</sup> Out of all the industries studied by Modern Restaurant Management, the restaurant industry is most affected by reviews. For the past five years,<sup>10</sup> reviews have had a large impact on customer traffic and sales; and checking reviews continue to be an important part of the consumer journey as supported by DAC's recent research.<sup>11</sup>

Today, it's important to invest in quality assurance for the brand's digital presence as well as the food. Being digitally fluent is no longer an edge—it is the industry's bread and butter.

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9. Modern Restaurant Management, "The Impact of Reviews on the Restaurant Market," (2017)

10. Statista, "How Do Online Reviews by Consumers On Sites Like Yelp and TripAdvisor Affect Restaurants," (2013)

11. DAC, "Op4G Restaurant Discovery Survey"; N=502 (2017)

# Yelp, TripAdvisor, and professional chefs<sup>12</sup>

The following stats are taken from a survey of professional chefs. The survey aimed to garner their thoughts on how customer reviews on sites like Yelp and TripAdvisor affect their sales and business.



**52%**  
believe negative reviews  
are damaging to customer  
traffic and sales



**48%**  
believe that positive  
reviews mainly attract  
first-time visitors



**37%**  
believe online reviews  
are more important than  
newspaper/magazine reviews



**11%**  
believe consumers don't  
trust online reviews



**9%**  
believe online reviews only  
matter to younger consumers



**6%**  
believe online reviews don't  
have much of an impact



**10%**  
stated they do not have an  
opinion on online reviews

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12. DAC, "Op4G Restaurant Discovery Survey"; N=502 (2017)



Social media and  
online reviews

## #BringsHomeTheBacon

Having a strong social media presence helps brands curate an authentic voice that resonates with consumers. In addition to boosting brand awareness, social media is also a powerful tool for managing customer relationships and collecting customer data.

40% of internet users spend five hours or more online. Out of those hours...

48%

is spent checking social media posts

Smith elaborated on the importance of social media for the restaurant industry: “You have to be on [social media], because there’s a level of credibility that’s established if you have a social media presence.”

Social media has become what TV was in the 90s and 00s—everyone is glued to it. Among the Internet users surveyed in the Public Safety Canada study, 40% of respondents across age groups reported spending over 5 hours online every day.<sup>13</sup> In another study, close to 48% of the time was spent checking social media posts.<sup>14</sup>

Industry leaders we have interviewed are already embracing social media interactions with customers. One of them is Brown: “We love when people Instagram their food. That is one of the things we think about whenever we’re developing new menu items:

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13. Public Safety Canada, “Survey of Internet Users Regarding Cyber Security,” (2017)

14. Internet Innovation Alliance, “Reply Comments of Internet Innovation Alliance,” (2017)

what would it look like on Instagram? Would it capture attention? Is this thumb-stopping content? Those are things that we really hold in high weight as we're developing new offerings."

There is a huge opportunity for the restaurant industry to leverage these brand-consumer interactions for driving brand objectives. Wendy's is a prime example of social media done right. The brand has captured the public's attention through a series of sassy tweets to competitors and responses to followers' random requests. Not only did Wendy's gain traction online, but they also saw same-store sales increases in the quarter, according to Wendy's Q2 2017 earnings report.<sup>15</sup> They delivered the right content, at the right time, to the right target, in the right vehicle, on the right platform. As a result, they reaped a plentiful harvest.

Jodi Boyce, the VP of Marketing at Teriyaki Madness, agreed: "Wendy's shocked me, but their responses have been great. It's not necessarily the Wendy's brand that you would think that voice came from, but it's true to vehicle."

**"[If you] just want foot traffic, I think it's one of the biggest missteps the brands are making. They're sacrificing the long-term brand relationship in favor of short-term revenue gains."**

**—Sara E. Smith**, former Director of Marketing for Qdoba, currently Lecturer in Marketing at University of Colorado, Boulder, and founder of In Good Company

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15. eMarketer, "Organic Social Marketing: Why Some Brands Still Make it a Priority," (2017)

Smith aptly summarizes the importance of leveraging social media to manage customer relationships: “What you want digital to do for you, it’s two-fold. One, build a stronger, more meaningful relationship with your consumers, or two, drive foot traffic. [If you] just want foot traffic, I think it’s one of the biggest missteps the brands are making. They’re sacrificing the long-term brand relationship in favor of short-term revenue gains.”

Aside from building customer relationships, social media also provides a buffet of consumer data. It is a valuable resource for social listening, which can inform future marketing strategies. Given the value of social listening, it is surprising to see that only 48% of marketers worldwide are taking advantage of this readily available customer data.<sup>16</sup>

However, the industry leaders we interviewed are already taking advantage of social listening tools. Boyce is one of them: “We track the chatter on Facebook and Twitter, and a few of the other sites. We can see what photos people are posting most, what they’re saying, common sentiments, and things like that.”

“Technology is changing the way people order food, people get their food, what people need so the restaurant anticipates what to prep, when they should be cooking, and how they should be changing the menu.”

—Jason Anello, CMO at Aurify Brands

On using social listening tools to collect data, Brown added: “Consumer data is really fueling everything that you see going on in the industry right now. Brands are paying a lot more attention to the different ways that they can distinguish themselves.”

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16. Econsultancy, “2017 Measurements and Analytics Report,” (2017)



# Personalization and localization

Brands can analyze data collected from social media to understand their consumers' interests and preferences, and then incorporate it into their dining experience. This gives brands a unique edge to differentiate themselves from competitors in the oversaturated QSR industry. Specifically, this can be achieved through a combination of mobile and in-person tactics.<sup>17</sup> Key components include:

1. Using social listening tools to learn about customers' interests and habits
2. Mobile-friendly order customization, and remembering the preferences of returning customers
3. Making payments easy: is there a surge of people using Apple Pay and other virtual wallets in your consumer base?

Aside from personalization, local marketing is another powerful tool to generate brand affinity. Smith described two ways in which restaurants can take a localized approach to create brand affinity:

"One, from a menu perspective, take a hyperlocal approach to partner with suppliers who are part of the local community. I think that's always a great way to drum up organic—no pun intended—enthusiasm from the consumers. Two, community building, especially when you're a larger national or international brand, being able to still retain those threads and ties to the community, I think is a huge part of the equation when it comes to building loyalty and overall brand affinity."

The sense of understanding and embracing the community through hyperlocal marketing resonates with all the industry leaders we have interviewed.

Brown agreed, stating: "We want to make sure we're embracing the community from a digital marketing standpoint. We're working to understand how we can bring the most relevant local information

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17. Nectarom, "The Perfect Recipe for Success in the Restaurant Industry," (2017)

to our customers [...] that comes along with our personalization efforts.” Localization involves appealing to the community to help foster a sense of affinity for the brand.

As much as local marketing is about appealing to consumers’ emotions, it is also about practicality. This is especially true in the digital space, where people are constantly searching for local businesses. According to HubSpot, 50% of people who have performed a local search on their mobile phones—and 34% of those who performed the search on a desktop or tablet—visit the store they searched for on the same day.<sup>18</sup> Beyond that, an impressive 78% of local mobile searches lead to offline purchases on the same day.

50%

of local mobile searchers are looking for  
business information and address

As such a strong local marketing strategy is important for driving traffic to restaurants, especially in terms of awareness and discoverability. Within that, local presence management becomes a critical aspect of any local marketing strategy as 50% of local mobile searchers are looking for business information and addresses.<sup>19</sup> All marketing efforts would be wasted if there was an increase in awareness but no increase in foot traffic due to a simple mistake in the address.

There’s no question that personalization and localization are important measures to put brands on the radar. But marketing does not stop once customers are through the door. Industry leaders in QSR also implement strategies to have diners coming back for more.

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18. HubSpot, “16 Stats That Prove the Importance of Local SEO,” (2017)

19. “16 Stats That Prove the Importance of Local SEO”





Looking to the future

# Customer loyalty recipe

What is loyalty?

Anello believes that it is “about making a connection with a customer so when they decide on what to eat, you’re not just in the consideration set, but you’re high on the list.” Here’s how participants in a Deloitte study defined restaurant brand loyalty:<sup>20</sup>

- “You keep coming back and you don’t think about it. You don’t think about going somewhere else.”
- “It’s that place that, no matter what mood you’re in, is always a ‘yes’ because you know what you are going to get—good service and good food.”
- “Loyalty to a restaurant means that you just go there the way you go to the supermarket to buy a gallon of milk. You just do it.”

“Loyalty is about making a connection with a customer so when they decide on what to eat, you're not just in the consideration set, but you're high on the list.”

—Jason Anello, CMO of Aurify Brands

It quickly becomes apparent that maintaining and growing customer loyalty is essential for restaurants. One of the main tactics restaurants use to combat the declining number of diners is with loyalty programs. Although deal hunting and price comparisons have become common practice for many diners (especially millennials), 73% surveyed stated that loyalty programs have a major influence on their meal purchases.<sup>21</sup>

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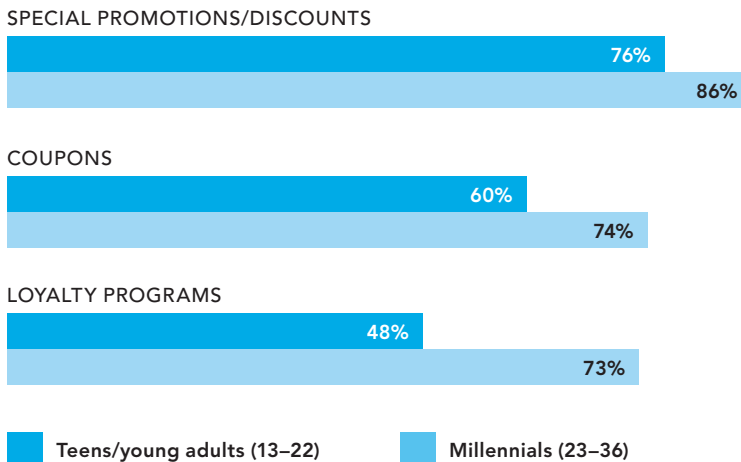
20. Deloitte, “Second Helpings: Building Consumer Loyalty in the Fast Service and Casual Dining Restaurant Sector,” (2014)

21. Lab42, “Snapshot of How GenZ and Millennials Interact with Brands,” (2017)

Loyalty programs often lead new diners to become repeat customers, and repeat customers to become loyal customers.<sup>22</sup>

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### Leading types of influences on purchases according to US teen/young adult vs. millennial internet users, March 2017 (% of respondents in each group)



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Note: top 2 box "somewhat" and "very important"

Source: Lab42, "Snapshot of how GenZ and Millennials interact with Brands," June 22, 2017

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229129

www.eMarketer.com

Although loyalty programs are not a new concept, the way restaurants approach loyalty has changed drastically. Previous loyalty programs were more transactional, and the industry leaders that we spoke to agreed that customers are no longer attracted to these types of programs. Anello explained: "The standard 'buy 9 get 1 free' straight loyalty deal isn't building the emotional connection that customers have with some of the more beloved fast casual brands."

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22. eMarketer, "Struggling Restaurant Industry Gets Serious About Loyalty Programs," (2017)



Brown agreed: “In the past we were heavily promotional. Now we’re looking at driving home the true [brand] experience. Having exclusive and VIP behind-the-scenes experiences for those customers is really something that makes them feel valued, and it doesn’t always have to be attached to a 20% off offer.”

Instead of freebies, diners today are more attracted to physical experiences and the exclusivity that accompanies loyalty programs. More than anything, customers are looking for an experience and an emotional connection to a restaurant.

This is aptly explained by Anello: “Emotionally connecting with guests to build loyalty through an app is only one touchpoint. Mastering the physical environments and the quality of food is equally important to creating loyal, emotionally connected customers.”

46%

of surveyed consumers cited loyalty programs being a motivator for them to visit restaurants

This new type of loyalty program has been very effective in driving traffic to restaurants. According to an NPD Group survey of 9,100 consumers, 46% of consumers surveyed cited loyalty programs being a motivator for them to visit restaurants. The study also found that customers who participate in loyalty programs are more loyal, more likely to recommend the restaurant to others, and make more visits to the restaurant.<sup>23</sup>

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23. eMarketer, “Struggling Restaurant Industry Gets Serious About Loyalty Programs,” (2017)

Not only are loyalty programs effective in attracting and retaining diners, but they also provide a wealth of data on customers' dining and digital habits to help inform future marketing strategies.

However, it is important to note that offering loyalty programs is not the only way restaurants can build loyalty, and brands should not rely solely on these programs. As Deloitte puts it: "A loyalty program is the seasoning, not the meal. But seasoning is important, too."<sup>24</sup>

In other words, a loyalty program will never compensate for a poor product or service. If customers don't see the value in what is being offered to them, they will not hesitate to take their business elsewhere. "If your customer experience isn't perfect, people will go somewhere else. People aren't loyal to brands as much as they used to be. A big piece of it is how you capture that loyalty," says Boyce.



The recipe for building loyalty includes many ingredients. Food taste, order accuracy, price, wait time, and the overall experience are only some of the factors that need to be thoroughly considered, studied, and controlled before loyalty programs are put in place.

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24. Deloitte, "Second Helpings: Building Consumer Loyalty in the Fast Service and Casual Dining Restaurant Sector," (2014)

## Mobile and convenience: today, tomorrow, and in the future

“If you’re not evolving to go where consumers are asking for you to go, or where we see your competitors going, you’re setting yourself up for a really risky and tough time in the future.”

—**Amanda Brown**, Social Media and Digital Marketing Manager  
for TGI Fridays

Mobile technology has become an inescapable reality. As smartphone dependence grows, consumers want to be able to conveniently access information they need, anytime, anywhere—and that includes during lunch or dinner.

Specifically, diners are increasingly using apps to make purchases and reservations, and track orders. According to Google, mobile apps not only increase purchase intent, but also make up a large proportion of restaurant sales. For example, 60% of Domino’s orders are online, and more than half are from their mobile app.<sup>25</sup>

However, customers use restaurant apps for several different reasons. Market Force Information studied how customers interact with restaurant apps and found that the most-used app functions include: reviewing the menu (64%); finding discounts (50%) and locations (41%); reading reviews (41%); and participating in loyalty programs (41%).<sup>26</sup>

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25. Google US Data (2017)

26. Market Force Information, “US - Casual Dining Consumer Experiences & Competitive Benchmarks,” (2017)

It all comes down to efficiency and convenience. Most industry leaders we interviewed have stated Starbucks is the leader in the restaurant app space with very high engagements. Anello stated: “Apps are a great extension of the store for restaurants, and Starbucks would probably be one of the best.”

Smith agreed: “I think the best in class is still Starbucks. It is really the one to watch.” In fact, 30% of Starbucks sales come from the mobile app.<sup>27</sup> There are more than 13 million members in the Starbucks loyalty program, and nine million members who pay using the mobile app.<sup>28</sup>

Anello is aware of this trend. He stated that restaurant apps have influenced customers to order more often because they make it very convenient for consumers.

“The beauty of restaurant apps is so that people can order items, more often, in less time while having a more personal connection to the brand through a better curated experience.”

—Jason Anello, CMO at Aurify Brands

Research shows close to 50% of meals purchased from restaurants are eaten at home. It also estimated that US restaurant delivery sales will rise at a rate of 12% per year, from \$43 billion in 2017 to \$76 billion by 2022. From fast food giants like McDonald’s to casual dining chain Buffalo Wild Wings, introducing delivery options will be a key growth strategy for restaurants in the coming years.<sup>29</sup>

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27. Business Wire, “Starbucks Reports Record Q3 Financial and Operating Results,” (2017)

28. Loyalty360, “Starbucks Ramps Up Mobile Customer Engagement in 2017,” (2017)

29. NPD Group, “A Look Into 2018 And Beyond,” (2018)

Moreover, according to NPD Group, digital orders have doubled in revenue, from \$926 million in 2013 to \$2.3 billion in 2017, and show no sign of slowing down. Developing a strong digital platform is no longer distinct from meeting the convenience needs of consumers.<sup>30</sup> It should come as no surprise, then, that mobile ordering and delivery are major focus areas for restaurants in 2018 and beyond.

However, with the proliferation of apps such as UberEats, restaurants are increasingly looking to take food delivery in-house. Many restaurant professionals are starting to realize that third-party food delivery interactions with their diners have affected their reviews. By taking food delivery in-house, restaurants will have more control over the quality of service provided to their customers.

"The commission rate that these third-party companies take is anywhere from 20-30%. And then you have their drivers representing your brand. Our biggest complaint that we get from customers who ordered through third-party delivery is, 'My order was late,' which sometimes could be our fault, or it could be the third-party delivery driver," said Boyce.

Moreover, with technology's ripple effect on the restaurant industry, back-end integration has now become crucial for restaurants, and helps to provide a more complete profile of who the customer is.

As Anello put it: "The new technologies that are coming into market are not easily connected to the old technologies." Smith agrees that there is currently a huge disconnect between what point-of-sales (POS) can capture and how that data is brought back into the organization. This was also echoed by Boyce, who said: "The online orders and the app all need to be integrated to flow directly into the POS. Third-party delivery is huge for us—our product travels really well and customers are looking for us in their third-party apps. We're trying to crack the code on how to work with dozens of these delivery companies. It's not an ideal flow at the moment and we need these orders to go directly into our POS."

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30. NPD Group, "A Look Into 2018 And Beyond," (2018)

# Reasons why US internet users use restaurant mobile apps<sup>31</sup>



**64%**  
view the menu



**50%**  
find discounts or  
special promotions



**41%**  
find location



**41%**  
read reviews



**41%**  
find or participate  
in restaurant loyalty or  
rewards programs



**39%**  
place an order



**30%**  
compare and decide which  
restaurants to visit

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31. Market Force Information, "US - Casual Dining Consumer Experiences & Competitive Benchmarks," (2017)



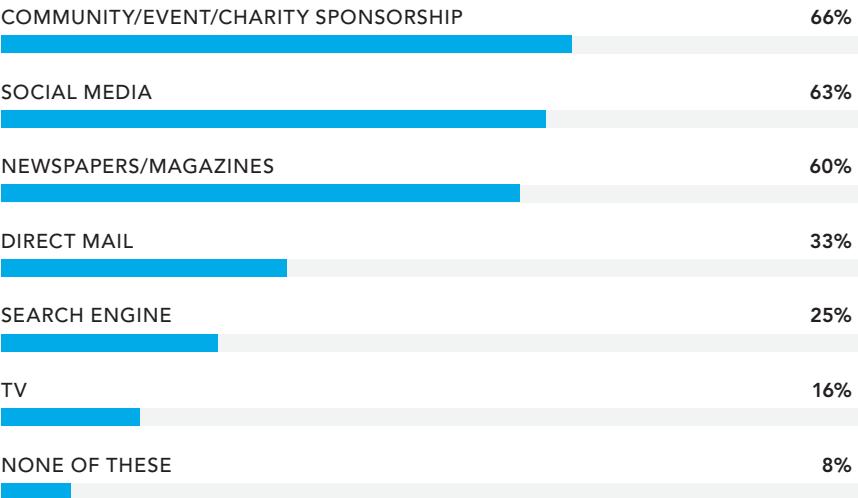
# Responsibility and community involvement

While convenience and digital tools appeal to the practical aspects that diners have come to expect, appealing to the social and emotional aspect of dining is equally important for restaurants that want to continue to thrive over the long haul.

According to Toast, the top marketing channel used by restaurant industry leaders and professionals is community/event/charity sponsorship (66%).<sup>32</sup> Industry experts are keeping an eye on corporate social responsibility initiatives: “What I see kind of bubbling up right now is the idea around responsibility and giving back to the community and all those pieces of larger corporate social responsibility,” said Smith.

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## Marketing channels used by US restaurant industry professionals, March 2017 (% of respondents)



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Source: Toast, “Restaurant Success in 2017 Industry Report,” April 20, 2017

Giving back to the community and providing that emotive aspect to the dining experience all goes back to being hyperlocal with marketing strategies to engage the communities that the restaurants are part of. It's about knowing what the customers care about at a hyperlocal, community-level, and for the brand to foster a sense of association with those causes.

This is aptly summarized by Anello: "When I think about local, I think about the street on which the store is located, and the community of people that frequent that street. That's not all. I think about the neighborhood-level, city-level, and regional-level simultaneously to figure out how to be relevant on those micro and macro levels. I think about the people that call that area their home."

Boyce echoed the importance of being relevant to the local community: "Being a local brand is important, not only to build brand awareness but to become an icon in the community. Grassroots marketing efforts like local fundraisers are a great tool that our shops use to build brand awareness while creating advocates for our brand."

There is a huge opportunity to drive foot traffic to restaurants by leveraging consumer data to engage with customers within the community. Savvy marketers can foster an emotional bond with the brand through digital and social media, in combination with local marketing strategies and local presence management.

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32. Toast, "Restaurant Success in 2017 Industry Report," (2017)

“It’s never too late to [get into digital marketing] because there’s so much evolving, specifically in the digital space [...] If you don’t have a chatbot, or if you don’t necessarily have a social media strategy, things are always changing so there’s no reason to tap yourself out.”

—**Amanda Brown**, Social Media and Digital Marketing Manager for TGI Fridays



Key takeaway

Competition is intense in the crowded restaurant space. With ever-changing technology, consumer demands, social media management, personalization, localization, and loyalty, brands are constantly changing their strategic and tactical marketing menus.

However, whether the glass is half-full or half-empty is in the eye of the beholder. All the challenges brands face CAN be turned into opportunities to impress diners. Brands that step up to the plate and put customers first will create a point of differentiation from competitors. On the other hand, brands that fail to listen to diners—and do not deliver the dining experience they want—will leave a bad taste in the mouths of potential customers!

Is your glass half-full or half-empty?

# Contributors

## Industry contributors

### Amanda Brown

Social Media and Digital Marketing Manager  
at TGI Fridays

### Jason Anello

CMO at Aurify Brands

### Jodi Boyce

VP of marketing at Teriyaki Madness

### Sara E. Smith

Former Director of Marketing of Qdoba,  
currently Lecturer in Marketing at  
University of Colorado, Boulder, and  
founder of In Good Company

## DAC contributors

### Sari Stein

Strategic Insights Director

### Lynn Duffy

Senior Manager, Strategic Insights

### Marina Azmy

Strategic Insights Analyst

### Lucille Liang

Strategic Insights Analyst

### Kali Pearson

PR & Communications Manager

### Kaora Genest

Marketing & Communications Coordinator

### David Welsh

Managing Editor




### Hulda Nuh

Graphic Designer



# Let's talk.

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