



INSIGHTS FROM THE BDO RESTAURANT PRACTICE

TECHNOLOGY TRENDS RESHAPING RESTAURANTS IN 2021

By Robert Brown

Prior to the COVID-19 outbreak a year ago, [the National Restaurant Association](#) expected industry sales to reach \$899 billion in 2020, but by the start of Q4, these estimates dropped by nearly a third. Though the pandemic has offset high projections for restaurants, the year ahead will usher in a new era of digitally driven operating models, including mobile apps, curbside pickup, third party delivery, digital incentives and loyalty and rewards programs, that tightly integrate with traditional brick and mortar operations, creating tremendous new customer engagement and revenue generation.

Across the United States, COVID-19-related mandates on restaurant operations are lifting, but owners are coming back to new customer expectations around the dining—and overall buying—experience. Rather than face-to-face, the concept of customer service is becoming more “palm of the hand,” driven by digitally facilitated convenience. And in order to keep pace with the change, restaurants must evolve their processes and implement new technologies to their operations.

TRENDS THAT ARE ON THE RISE INCLUDE:



Data driven customer insights and behavioral analytics from new analytics tools, CRM, social, marketing and POS integrations.



Ultra-convenient **self-service, apps, kiosk and one touch ordering systems** that improve efficiencies, speed and bolster customer experiences while driving brand allegiance.



Flexible ordering, food production, and delivery options through ghost kitchens and operations that improve **supply chain and order management efficiencies** and scale.

BUSINESS INTELLIGENCE, INSIGHTS AND CRM

In the midst of disruption, having a data-driven foundation can be profoundly useful when it comes to making informed business decisions. The ability to track and analyze data in real time enables concepts to better manage staff, order supplies, maintain customer satisfaction, and keep track of details necessary to run an ultra-efficient, profitable and successful restaurant.

While restaurants do have some forms of data on hand—whether it be inventory numbers on spreadsheets or files from POS (point of sale) systems that track sales transactions—their use typically extends only so far as to perform common calculations, such as monitoring overall sales trends and seeing basic cost of goods sold margins. Numbers alone are narrow and show only part of the story. To identify areas where enhanced data analytics can be useful, restaurants should consider:

- ▶ What do our customers want, when, and through what manner of access?
- ▶ What concrete benefits do we see from our marketing collateral and campaigns?
- ▶ How can we quickly adjust staffing based on customers patterns or traffic?
- ▶ Why are we always missing so many cucumbers, and how quickly can we get shipments? From what qualified supplier to ensure safety to our customers?

The restaurant industry is no exception to the rule that the return on investment for a visual analytics dashboard accrues to immediate benefits. A dashboard, which can be activated immediately upon installation, can assess everything from financial summaries, ordering and expense tracking to social media effectiveness. This data driven understanding can support stronger business decisions in both real- and post-time. By considering industry trends, seasonality and other factors along with the data analytics, restaurants can predict and plan their needs around proper sourcing, staffing and more.

The dashboard's social media analysis tools allow restaurants to enhance their customer relationship management (CRM) through insights that can be utilized to strengthen customer loyalty and attract more customers through targeted marketing campaigns. Some of these include data-supported insights to deliver unique food products, profile attributes against POS data and supply chain transparency.

Further supporting CRM, a restaurant enterprise resource planning (ERP) system enables a business to adapt to changes in market structure quickly, including shifting from a traditional retail model to personal delivery or providing vending solutions. From the quality of food ingredients and fleet efficiency to the procurement

of restaurant and food-service equipment, ERP is reshaping how food service companies operate, including in:

- ▶ Food safety by minimizing risk and gaining the visibility owners need to implement preventative plans
- ▶ Order placement and completion, which supports easy adjustments and wireless communication
- ▶ Payment flexibility, allowing for a variety of payment forms and customizations like bill splitting and mobile wallet accessibility for cashless transactions

An ERP connected to the POS and CRM can ultimately enable a complete eBusiness supply chain, facilitating the ability to track orders and thresholds set using purchase goals and then using AI for seasonality studies and sales predictions. Not to be overlooked is the potential for continued areas of exploration and discovery as time progresses.

SELF-SERVE KIOSKS, MOBILE APPS AND HAND-HELD ORDERING

As restaurant owners build and expand their database of customer behavior intelligence, they'll be better equipped to approach new service offerings and ensure business continuity even in the midst of future disruption. According to the National Restaurants Association's [2021 State of the Restaurant Industry](#) report, 68% of customers are more likely to order delivery or takeout than they were prior to the pandemic.

Therefore, mobile and progressive web applications (PWAs), which connect to mobile devices and enable customers to visit a URL rather than download an app, not only increase brand awareness but also serve as a means for operational sustainability. Other benefits include audience reach, enhanced customer experience, targeted customer offers, hassle-free order management and improved return visits. When tied to loyalty programs, PWAs can track customer navigation to other sites and use relevant data to retarget their audience. They can also be extended to kiosks and terminals so that one page can serve multiple devices.

Self-serve kiosks have been a less explored area of guest-facing operations in the restaurant industry but quick-service restaurants' deployment of them is trend setting. Kiosks are versatile systems that enable customers to customize orders, avoid long waiting time in lines and pay—all at the click of a button.

The benefits of this offering go beyond an increase in sales. Kiosks also provide real-time insights about menu preferences, allowing restaurant owners to tweak menu offerings with best-sellers in mind. And, as the data is synced with the POS systems, restaurant owners can easily determine and assess what processes should be adjusted to improve on-time ordering of supplies and ingredients, staffing for high-traffic hours and overall services.



With more restaurants understanding the importance of self-serve and handheld devices for order taking, the traditional pen and paper-based order taking will soon fade away, urging restaurants to increase investments in technology to remain competitive in the new norm.

GHOST KITCHENS AND THE CLOUD-CONNECTED SUPPLY CHAIN

As mobile services gain momentum in the industry, restaurant foot traffic also [continues to decline](#). Delivery services have helped restaurants maintain operations, but the commission fees paid to third-party delivery apps range as high as 30% per order and cut into already decreased profits. To bypass the added expense, owners are leveraging ghost kitchens. Concepts like Chick-Fil-A, The Halal Guys and Dog Haus are actively seeing success through Kitchen United, a start-up that builds kitchen commissaries for restaurants looking to enter new markets through delivery or take-out only.

Delivery and ghost kitchens are mutually benefiting from the increase in off-premise dining, but at risk as a result is restaurants' ability to nurture relationships directly with their customers. Owners should consider:

- ▶ Who controls customer data—the third-party delivery service or the restaurant?
- ▶ What if the food is compromised when it's delivered?
- ▶ What are the implications of adding high delivery commission fees to thin margins?

Because of these risks, restaurateurs are focusing on driving traffic directly to their native sites, doubling down on their direct-digital channels and offering delivery through their apps, enabling them to build direct relationships with their customers through smarter data insights.

Ghost kitchens introduce similar considerations to ensure business security and productivity. From an operational due diligence standpoint, owners must make sure that they are certified to carry out delivery-only business and are able to track the delivery and update customers on the status of an order. Leveraging the proper software and technology will enable restaurant owners to implement these capabilities and enhance the customer experience.

There are many types of applications to consider when managing the various aspects of a ghost kitchen, from employee management software, which monitors workers' performance and time, to food costing software, which calculates the true costs of a menu and expected yields. Other technologies that are likely to rise include customer satisfaction monitoring and cash flow management software.

As there are an abundance of benefits in leveraging ghost kitchens, especially during a time of heightened financial and operational disruption, the trend is likely to grow through 2021, making room for restaurant partnerships. But owners aren't limited to other brands—partnerships can be built between independent chefs, financial advisors and backers, industry veterans and more, which can offset costs, level staff workload and offer diversified skills and experience to further operational growth.

THE ROAD AHEAD

While COVID-19 has had an unprecedented impact on restaurants' financial and operational status, there are avenues introducing new opportunities for operational growth, resiliency and continuity. In 2021 and subsequent years, the road to recovery will be paved by restaurants' ability to adapt to change, enhance the customer experience and leverage technological capabilities as competitive differentiators. Done successfully, owners will be better positioned to navigate future disruptions and harvest the profits of the emerging digital era.



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