

Burger King tests order-ahead

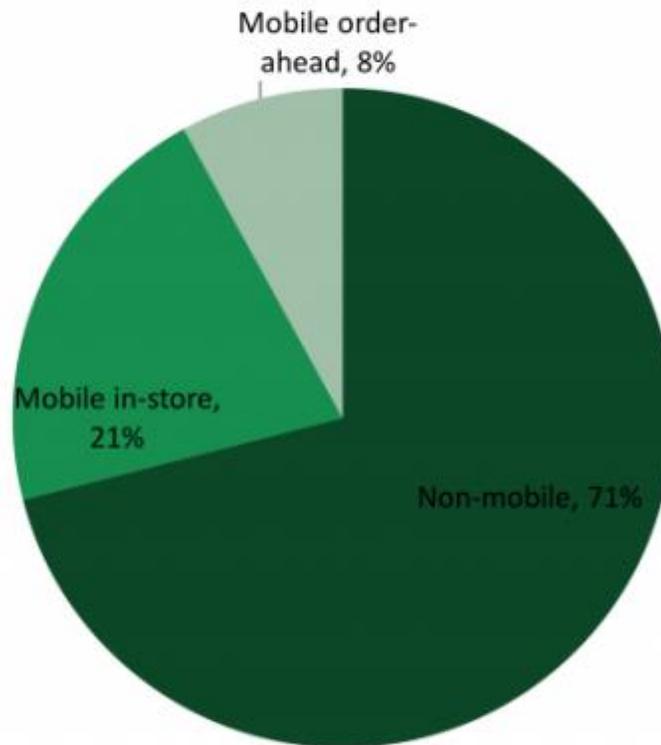


Dan Van Dyke

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Purchasing Channels As A Share Of Total US Starbucks Store Transactions

Q2 2017



Source: Seeking Alpha, BI Intelligence calculations

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Burger King could potentially gain an edge over McDonald's by releasing a mobile order-ahead feature ahead of its rival in a nationwide rollout set to take place by the end of this year, reports [Bloomberg](#).

The two fast-food chains are jostling to be the first to join the likes of Starbucks, Domino's, Chick-fil-A, Dunkin' Donuts, and Taco Bell in supporting the smartphone ordering feature. Burger King's president, José Cil, stated that the restaurant is looking to take the technology beyond its present Miami testing ground soon, staging a national push that could begin within months. The news follows an announcement made by McDonald's in March of plans to add order-ahead to its mobile app, letting customers at 20,000 of its locations in the US and certain international markets use the feature by the end of this year.

Burger King and McDonald's are seeking to emulate Starbucks' success with order-ahead. Earlier this month, Starbucks announced that its wildly popular order-ahead program drove 8% of all in-store transactions in Q2 2017. Burger King could use a similar boost, especially having struggled with a competitive year in which quick-service restaurants had to turn to discounts and promotions to sustain sales.

In addition to order-ahead, both McDonald's and Burger King have begun to deploy other digital purchasing options as well, such as in-store touch-screen terminals customers may use to order. McDonald's has shared plans to integrate those and other channels with order-ahead, for example, by letting customers at the drive-through read off an order number on their phone to pick up an order made ahead of time. Burger King would be wise to follow suit, in order to reduce the risk of repeating Starbucks' recent congestion problems stemming from its overwhelmingly popular mobile order-ahead feature.

Retailers like Starbucks and Dunkin' Donuts are winning over consumers with their mobile wallets — apps developed by stores to make it easier for their customers to pay, and to deliver valuable perks.

And these retailer wallets are leading the overall mobile wallets industry, thanks to their ability to rapidly push out innovative features like rewards programs, coupons, mobile order-ahead, and custom marketing.

This may be surprising considering that retailer mobile wallets can be used only at a specific retailer's locations; in contrast, popular universal mobile wallets like Apple Pay and Samsung Pay can be used at multiple retailers, as long as users are using the necessary smartphones.

Ayoub Aouad, research analyst for [BI Intelligence](#), Business Insider's premium research service, has compiled [a detailed report on retailer mobile wallets](#) that assesses what makes them so successful and which retailers can most effectively leverage the technology to push sales, traffic, and average ticket size. The report also outlines what makes these mobile wallets attractive, and discusses some of the advancements being made in the payments industry that will affect mobile wallets' growth rate.

Here are some key takeaways from the report:

- Retailers with large addressable user bases who are loyal, repeat visitors, will see their mobile wallets continue to be popular with consumers, especially as there continues to be slow merchant adoption of near-field communication (NFC) technology as well as weak offerings by universal mobile wallets like Apple Pay and Samsung Pay.
- Loyalty programs will be a significant driver in retailer mobile wallet adoption. Companies like Starbucks and Dunkin' Donuts have been able to leverage their loyalty programs to acquire mobile wallet users, which, in turn, has driven store traffic and conversion rates.
- By leveraging these programs, sales are expected to grow at a five-year compound annual growth rate of 68%.
- However, adoption will begin to decelerate as a result of increased competition by 2020. As universal mobile wallet players begin to add effective loyalty programs and coupons to their offerings, adoption for retailer-based mobile wallets is likely to slow down because these offerings are their main marketing points.

In full, the report:

- Explains what hurdles universal mobile wallets have faced.
- Details what features retailers have adopted into their mobile wallets that have been successful
- Analyzes the use cases of retailers that have successfully leveraged their mobile wallet offerings to push growth.
- Identifies how universal mobile wallets will eventually slow growth for retailer-based mobile wallets.

Interested in getting the full report? Here are two ways to access it:

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