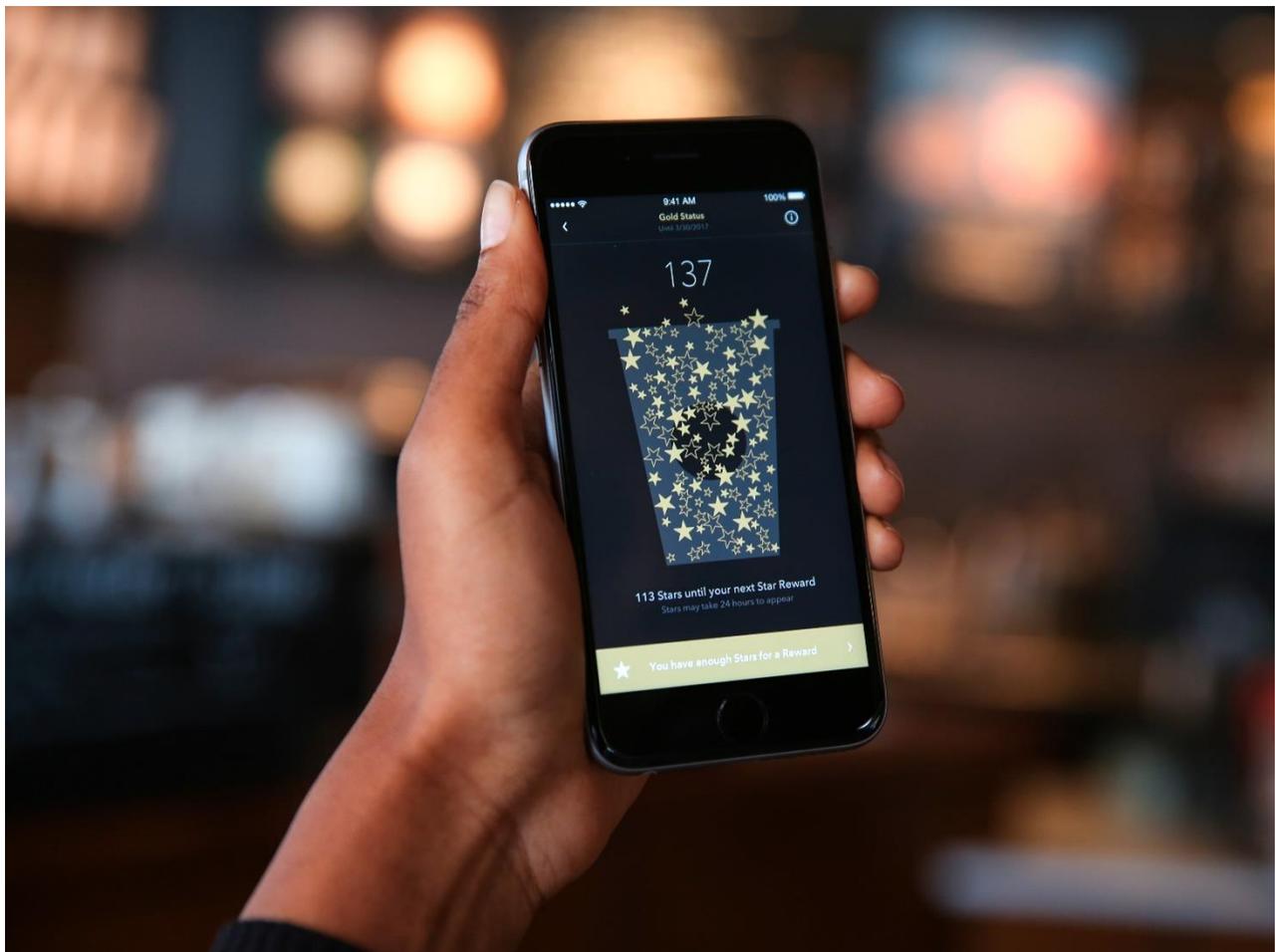


The biggest change in fast food isn't about food — and it should terrify chains that can't keep up

- [Kate Taylor](#)
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Starbucks

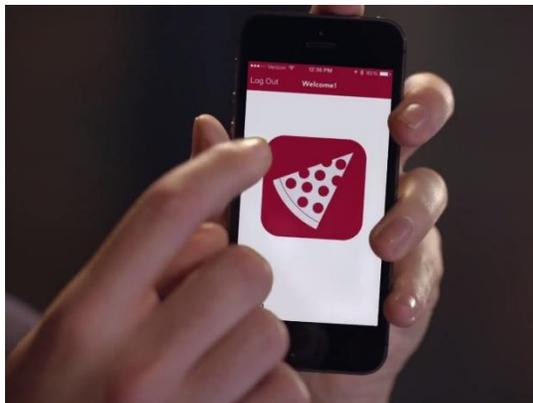
Whether in Starbucks or Pizza Hut, mobile ordering is taking over the fast-food industry.

Orders placed via smartphone will make up more than 10% of all quick-service restaurant sales by 2020, [Business Insider Intelligence](#) projects. At that point, mobile ordering is expected to be a \$38 billion industry.

While mobile-ordering programs at restaurants are still in their early days, fast-food chains are investing big in the future.

Brands that rely heavily on delivery, such as pizza chains, are especially attuned to the importance of mobile. At least half of sales at Domino's and Papa John's are through digital channels, while Pizza Hut clocks in at 46%. The pizza industry is constantly pushing to grow that percentage, [as spending on the average pizza order is 18% greater online than on the phone.](#)

Convenience is one of the most important factors for customers deciding where to order their pizza, so much so that Pizza Hut recently adopted the motto "[easy beats better.](#)" Digital makes ordering easier, removing steps from the process and giving customers the [chance to track exactly where their pizza is](#) in the process of preparation to delivery.



[YouTube](#)The Domino's "Push for Pizza" app.

Mobile is the next step in pizza convenience, something chains are attempting to profit from with innovations like the Domino's ["no click" platform](#), which allows customers to order simply by opening the app. App companies have become some of pizza chains' biggest inspirations;

Pizza Hut's chief digital officer, Baron Concors, says the industry is undergoing an "[Uber-ization](#)," while Domino's executives have said they consider the business to be a "[tech company](#)."

While pizza chains highlight the power of mobile convenience for delivery-centric chains, Starbucks demonstrates how apps can boost customer loyalty.

Starbucks has been a leader in this category since it launched mobile payment in 2010.

"I guarantee in the US there is no one else even close, as far as the number of mobile payments," [Starbucks CFO Scott Maw said in November](#) at the Morgan Stanley Global Consumer and Retail Brokers Conference.



Reuters/Kim

Hong-Ji

In the first quarter of 2016, 24% of Starbucks' orders were paid for using the company's app, compared with 21% in the fourth quarter of 2015.

At Starbucks, mobile allows for the linkage of ordering, payment, and the chain's rewards program, which is now more than 12 million members strong.

The company has said its mobile strategy is part of an interlocking "digital ecosystem" Starbucks is constantly building — one that will soon include a prepaid Visa card that allows customers to earn rewards points (called "stars") with every purchase.

The coffee chain is using mobile to bring about what executives call a world of "stars everywhere." Since Americans increasingly have their smartphones constantly by their sides, tapping into mobile has allowed Starbucks to be constant in the lives of customers, even when they aren't sipping on a coffee.



[Taco Bell](#)

[Facebook](#)

Domino's, Pizza Hut, and Starbucks reveal what mobile technology has the potential to become in the fast-food industry — a powerful tool for

making ordering more convenient, boosting customer loyalty, and increasing how much money people are willing to spend.

More chains are catching on. In the most recent quarter, Taco Bell reported that orders via mobile were 30% greater on average than in-store orders. McDonald's plans to test mobile ordering across the US this year, [The Street reports](#). Plus, there are third-party mobile apps, such as GrubHub, that allow customers to order using their smartphones even at chains that do not have mobile ordering.

These chains without mobile ordering are passing up on an enormous opportunity. As mobile order-ahead explodes into a \$38 billion industry, fast-food companies need to look to early innovators like Domino's and Starbucks if they hope to stay competitive in the next decade.

SEE ALSO: [Starbucks is conquering a huge challenge in retail — and even Apple and Chipotle should be jealous](#)