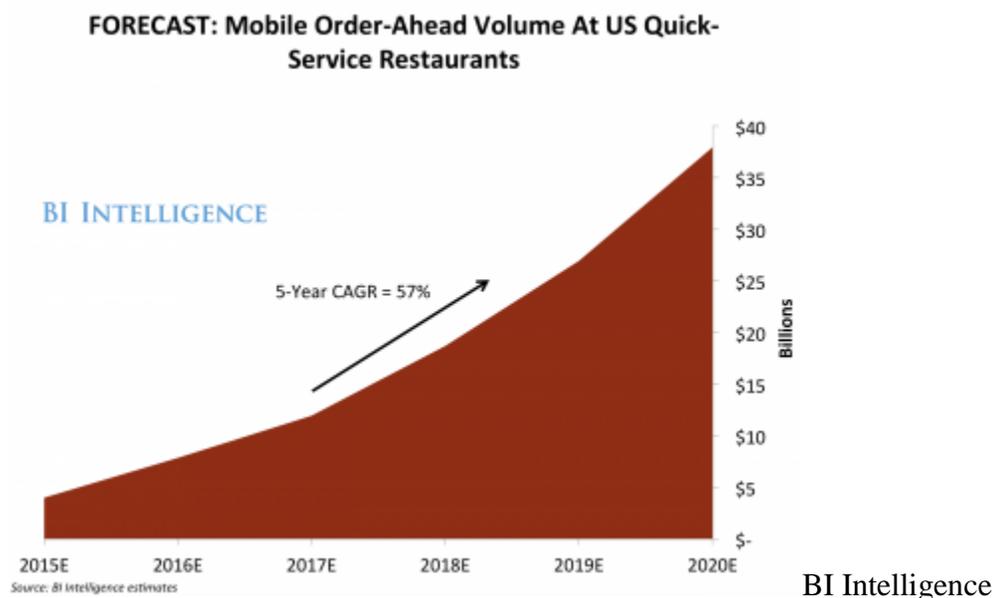


http://www.businessinsider.com/8-17-2016-taco-bell-starbucks-use-mobile-to-boost-order-values-2016-8?utm_source=feedburner&utm_medium=referral

This is how Taco Bell, Starbucks, and other fast-food chains are using mobile to boost order values



- [Evan Bakker](#)



Mobile has gained legitimacy as a commerce channel. Millions of retail locations in the US now accept mobile in-store payments and are also developing e-commerce businesses that support mobile payment options in apps and on mobile websites.

However, quick-service restaurants (QSRs) — also known as fast-casual restaurants — have been turning to mobile order-ahead apps to extract higher sales, intensify customer loyalty, and heighten foot traffic.

Mobile order-ahead refers to a consumer-facing mobile payment platform that allows customers to order food remotely, pay for the items on their phone, and pick up their order at a specific restaurant location.

Leading QSRs in the US are beginning to adopt these platforms at an accelerated pace and are benefiting from them. Taco Bell sees 30% higher average order values on mobile compared to in-store, and Starbucks' Mobile Order & Pay already represents 10% of total transactions at high-volume stores, directly contributing to increased company sales.

Mobile order-ahead is still in its early days, but will be a \$38 billion industry by 2020, accounting for 10.7% of total QSR industry sales. This will be driven by full adoption among the top QSRs in the US, the growth of mobile commerce, QSR adoption through aggregators like Grubhub, loyalty programs, higher average order values, and new buy buttons.

In BI Intelligence's 2016 Mobile Order-Ahead Report, we profile the companies that have proved the mobile order-ahead concept and analyze the trends contributing to this new industry's growth.

Here are some key takeaways from the report:

- Mobile order-ahead apps — platforms that enable consumers to remotely purchase menu items for in-store restaurant pickup — are on the rise among quick-service restaurants (QSRs). We expect sales on these platforms to reach \$38 billion by 2020, representing a five-year compound annual growth rate (CAGR) of 57%.
- Mobile order-ahead will ultimately have an additive effect on the QSR industry. Mobile ordering platforms have been proven to intensify customer loyalty, increase purchase frequency, and lift average ticket sizes through order customization and easier checkout options. This means that mobile ordering is not a simple substitution for in-store purchasing, but a channel that can enhance the lifetime value of QSR customers. This makes mobile order-ahead a critical channel contributing to the growth of the QSR industry.
- Alternative commerce solutions will help propel mobile ordering. Aggregators like Grubhub will onboard smaller fast-casual restaurants into the mobile ecosystem by offering them an existing app to integrate into, lowering the upfront costs of creating a mobile channel of their own. And in-store self-service kiosks will help popularize remote ordering and accustom users to less traditional forms of payment that don't require a cash register.

In full, the report:

- Forecasts the growth of the mobile order-ahead industry in the US from 2015 to 2020, including its share of total QSR sales.
- Profiles brands that are leading the migration to mobile ordering.
- Examines the alternative commerce solutions that could help popularize mobile order-ahead.
- Explains the risks and drawbacks to launching a mobile commerce platform.

- Assesses the ways both large and small brands can create a mobile order-ahead platform.
- Determines which types of fast-casual chains are in the best position to benefit from mobile order-ahead.

Companies mentioned in the report include: Taco Bell, Starbucks, Dunkin' Donuts, Panera Bread, Heartland Payment Systems, Domino's, Chipotle, McDonald's, California Pizza Kitchen, Panda Express, Papa John's, Subway, PayPal, Klarna, Apple

1.