

<http://hospitalitytechnology.edgl.com/news/the-well-connected-restaurant--online---mobile-tech-is-driving-restaurant-industry-success93655?referraltype=newsletter>

The Well-Connected Restaurant: Online & Mobile Tech is Driving Restaurant Industry Success

By David Strom and Ira Brodsky, Datacomm Research | June 19, 2014

The days when restaurants could rely exclusively on good food, an enjoyable ambience, and word-of-mouth advertising are quickly coming to an end. More and more restaurants are discovering that they must use consumer-facing connected technologies such as websites, social networks, and mobile apps just to stay competitive.

Connected technology empowers restaurant customers. Consumers can locate restaurants, make reservations, browse menus and nutrition information, order food for delivery or pickup, pay for meals, and instantly redeem rewards. Connected technology can also free consumers from having to carry around an assortment of credit cards, debit cards, loyalty cards, gift cards, and printed coupons.

Connected technology empowers restaurant merchants. Owners and managers want to keep in touch with customers, accept online and mobile orders and payments, increase sales and tips, and respond quickly and effectively to complaints. With competitors constantly showing up on their customers' screens, they can't afford not to use connected technology.

The value of connected technology for restaurants is demonstrated by the growth of online and mobile ordering, mobile payments, and online loadable plastic and electronic gift cards. Though the percentage of restaurant industry revenue generated digitally is still small, it already amounts to tens of billions of dollars per year. Online ordering is big business for chains including Pizza Hut, Domino's, and Papa John's. Mobile payments account for a significant percentage of Starbucks' revenue. A growing number of restaurant chains offer electronic gift cards and online management of plastic gift cards.

About half of the top 100 restaurant chains offer mobile apps, but only about one quarter of these support mobile ordering. Even fewer apps support mobile payments, though potentially all chains could benefit from it, because the industry is still trying to find the best approach. Most restaurant chains have had mixed results with mobile apps, however, due to inadequate testing and maintenance.

Rank	Chain	Ratings
1	Dominos	388,015
2	Pizza Hut	173,259
3	Starbucks	94,395
4	Chipotle Mexican	35,277
5	Papa John's Pizza	8,912
6	Hardee's	4,682
7	Dunkin Donuts	4,596
8	Culver's	2,127
9	TGI Friday's	2,091

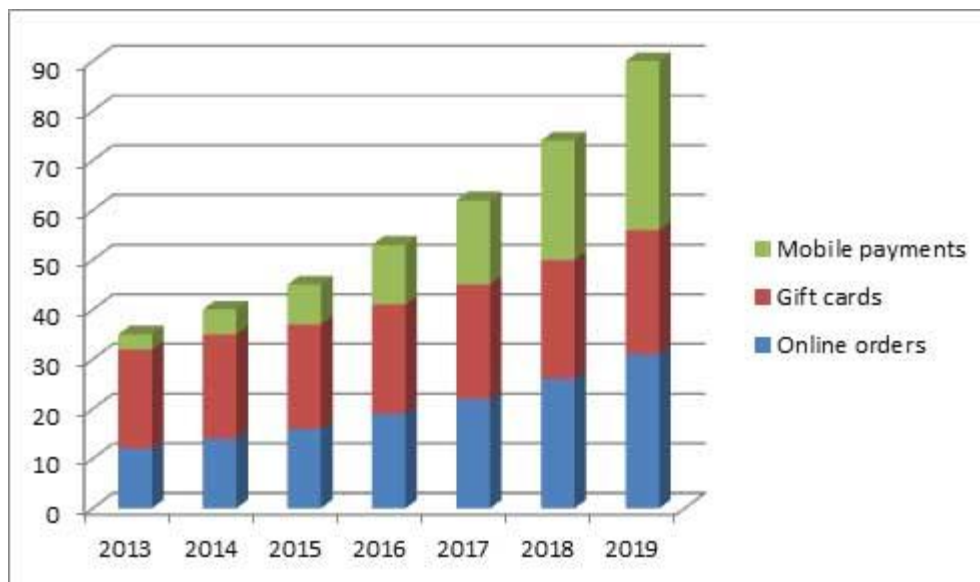
10	In-N-Out Burger	1,959
11	7-Eleven	1,878
12	Five Guys Burgers & Fries	1,865

The twelve most popular restaurant chain mobile apps based on the number of customer ratings in the iTunes and Google Play stores (January, 2014).

There are big differences in the information content, functionality, and overall quality of the top restaurant chain websites. We concluded that rather than use special mobile sites, restaurants should use responsive website designs to ensure their websites work well with the full range of devices and screen sizes.

Social media is a powerful new channel for interactive advertising and market research. Again, restaurant chains have so far had mixed results. Restaurant chains must do more than just pile up “likes” and “followers.” Chains that do a better job allocating social media resources, monitoring how people respond, and fine-tuning their social media programs will enjoy the greatest success.

As our forecast shows, online and mobile ordering, online loadable plastic and electronic gift cards, and mobile payments will all grow significantly over the next several years:



	2013	2014	2015	2016	2017	2018	2019
Online orders	12	14	16	19	22	26	31
Gift cards	20	21	21	22	23	24	25
Mobile payments	3	5	8	12	17	24	34

Forecasted digital business for the U.S. restaurant industry, 2013 – 2019 (in billions of U.S. dollars)

Some of the most disruptive innovation is taking place this year. Chili's and Applebee's are deploying table tablets for ordering select items, paying at the table, and playing games for a small fee. These solutions take some getting used to, but once customers experience paying at the table they are unlikely to go back to the old methods.

Restaurant chains' adoption of connected technology is leading the way for the entire retail industry. Restaurant are

learning how to use connected technology to attract customers, deliver better experiences, and convince customers to keep coming back. Bricks and mortar retailers who have lost business to online competitors should pay close attention.

This article was adapted from Datacomm Research's new report [Good Food and Drink and Connected Technology, 2014-2019](#), written by industry analysts [David Strom](#) and [Ira Brodsky](#).