The Four Imperatives of the Redefined Restaurant Environment

This Market Snapshot is part of Incisiv and Toshiba's effort to deliver peer-based learning and thoughtful insights on important topics that will help you navigate today and prepare for tomorrow.

Unless otherwise indicated, all data in this Market Snapshot is from this Incisiv's industry data pool.

Industry Challenges

The restaurant industry will never be the same again. Operators must address challenges now to ensure a solid comeback following 2020.

Restaurants have to adopt a business model that enables more flexibility in uncertain environments.

Operational flexibility

In order to survive, restaurateurs were forced to make massive changes. They had to make operational adjustments to implement / enhance curbside and delivery as well as account for additional safety protocols and limited dining regulations.

Evolutionary labor model

To account for new operational protocols, restaurants have to re-train workers on new roles (curbside) and new responsibilities (cleaning, traffic counting, COVID policy enforcer). As restaurants re-open to full capacity, the role of the worker will continue to evolve.

Demand uncertainty

Restaurateurs continue to face great uncertainty around capacities and closures based on the resurgence of the pandemic. In addition, typical peak times often no longer apply as guest habits have shifted.

Delivery

based sales have accelerated from **9% to 13% of total restaurant sales in 2020** and is now expected to grow to 20%+ by 2025.

The NRA

now offers a training video on **de-escalating scenarios** where guests refuse to adhere to safety policies.

80%

of QSR's have **altered their staff and hours** to address the change in peak demand times.

Shifting Guest Priorities

Consumers truly miss the dining experience and want to return to restaurants. However, they have developed different expectations, and those must be met.

Guests who have been limited to their homes want to return to their favorite restaurants, but have new definitions of 'experience'.

Convenience

There has been a massive surge in digital ordering, and in the adoption of new fulfillment options such as curbside pickup and delivery. Guests are becoming accustomed to the convenience these services provide and will want them to continue post-pandemic.

$124B

in revenue expected to be generated by **curbside pickup services** offered by restaurants (CHD Expert).

Safety

Guests, as well as front-line workers, must believe they will be safe if they are to return to restaurants on a regular basis. Beyond distancing, contactless ordering and checkout; cleanliness and proper food handling techniques are now top of mind for guests.

Safety is #1

It's the most important factor that guests weigh before visiting a store. **The second most important factor is Speed of Checkout.** (Aug '20)

Value

Value is not solely defined by lowest price. Guests who believe they are getting better value by superior service or quality of food are still willing to pay more. However, the economy is still hurting so restaurateurs must balance the equation appropriately.

30%+

reduction in the share of consumer food expenditures at restaurants from 2019 through September 2020.

There will be a new definition of 'normal' in restaurant environments.

To enable new safety requirements and new guest expectations for in-location dining, restaurateurs need to rethink their systems approach.

Operating a restaurant in 2020 now requires fundamental re-imagining of the physical location as well as all of the operational processes and the underlying technology that supports it. There are four core imperatives that operators need to focus on to ensure survival in 2021 and beyond.

The 4 imperatives of the redefined restaurant environment
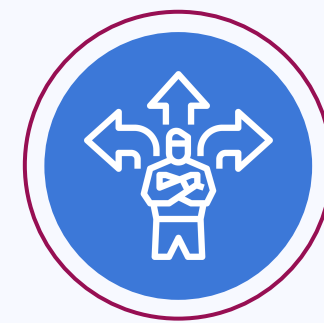
Flexible

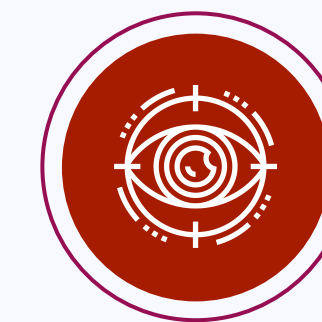Technology that can quickly adapt to the required changes to the store environment is now table stakes.

Contactless

Associates and guests expect seamless experience with as little contact as possible.

Simple

Associates need intuitive systems to maximize productivity and customers expect familiar interfaces by which to interact.

Future-Proof

Investments today need to scale long-term so must be open.

#1 Flexible: Restaurants must have technology that can be leveraged regardless of operating environment.

Restaurateurs were forced to completely change their businesses as digital sales and limited capacity dining became the de facto operating environment. This new environment highlights the need for point of sale systems that are flexible enough to operate in multiple use cases such as delivery / pickup staging area, hostess stand or kiosk check out. This means a solution that offers multiple configurations to accommodate various levels of guest interaction. Finally, a modern point of sale must have the ability to interact with consumer technologies that have become the norm during 2020.

48%
of the top 50 QSR's have adopted contactless pickup options for guests.

40%
of all customers who have tried contactless pickup are satisfied with the experience.

El Pollo Loco
implemented GPS technology to predict arrival time of customers based on customer desire for quicker check-out.

Jeanne Aiken
Channel Sales Executive
Toshiba Global Commerce Solutions

The pandemic has forced restaurants to transform the way they do business. Our TCx800 All-In-One POS provides the flexibility needed to use a single platform across multiple touchpoints in the restaurant: i.e. kitchen display, order entry, drive through, delivery / pickup, self service, thereby increasing order speed, accuracy and efficiency. As a result the guest experience is significantly enhanced.

Jeremy Julian
COO
Northstar by CBS

The dramatic increase in digital ordering brought on by the pandemic has forced restaurants to focus on order execution. Using technology to understand and track all order touch points has become essential. By using a flexible and open POS at the core, they can know exactly where the order is at all times thereby executing flawlessly and providing an excellent guest experience.

#2 Frictionless: Guest & associate expectations are now defined by a safe and convenient buying journey.

Prior to the shutdown in March 2020, some restaurant operators were rolling out new systems and processes to make the experience more frictionless. Since the pandemic began, this need has been accelerated by 24-36 months and has become a critical component to survival. Providing guests with an easy way to order, pickup, and pay seamlessly is now an expectation. Legacy systems are not equipped to manage many of the operational requirements necessary to provide a frictionless experience. For many, timing is poor for a complete systems migration. In that case, restaurateurs must look at a solution that can support a legacy environment while offering new functionality to remove friction.

Jeanne Aiken
Channel Sales Executive
Toshiba Global Commerce Solutions

Restaurants are looking to technology to help provide the experience that guests come to expect now. Guests now require contactless experience not only at payment but also at order and fulfillment. Partnership with technology providers is key and now a "must have" to survive. The Toshiba TCx800 All-In-One POS is a robust system which can easily integrate with digital and mobile solutions thus easing interoperability struggles.

BURGER KING®

is opening a new format that not only includes multi-lane digital drive-through but also curbside pickup via conveyor belt delivery and to-go-lockers.

62%
of shoppers would stop dining at a restaurant that is not taking health and safety seriously.

48%
of the top 50 QSR's have adopted contactless pickup options for guests.

Jeremy Julian
COO
Northstar by CBS

Consumer demand is driving digitalization in the restaurant and it is not going away; in many ways it is accelerating. Restaurants need to focus on technology (both hardware and software) which can integrate multiple interfaces to be able to offer frictionless experiences at time of order entry, fulfillment, pickup or delivery while not sacrificing efficiency, speed and accuracy.

#3 Simple: Restaurateurs need solutions that are intuitive for the employee and easy for the consumer.

With the pressure to generate profit when capacity is limited, and digital makes up a greater percentage of sales, restaurateurs need simplicity from their systems. This means implementing a single platform that can be utilized for multiple use cases (hostess, menu viewer, bar, server area, kitchen, delivery staging, drive-through) and can easily integrate with other systems. In addition, systems should offer a familiar interface for associates to reduce training requirements, especially considering many of the added responsibilities that are now part of an associate's role. Finally, the system must be easy to clean, given the greater needs around sanitation both now and post-pandemic.

Jeanne Aiken
Channel Sales Executive
Toshiba Global Commerce Solutions

The Toshiba TCx800 All-n-One Platform is designed for the restaurant industry. Restaurateurs can use this retail hardened platform across multiple use cases in the restaurant - from the kitchen where it can be exposed to heat and grease, to the bar area where it can withstand spills, to outdoors where the custom screen coating eliminates glare. The system can be easily cleaned while powered on making it the reliable platform restaurateurs must have today and in the future.

SALADWORKS™

Saladworks has protocol in place to sanitize point-of-sale and payment terminals every 15 minutes at a minimum.

Platform Vs Point of Solution:

70% of top QSRs are moving to platform solutions vs point solutions.

Top chains like **Chick-fil-a, Starbucks and McDonald's** have announced wage increments and special incentives for staff.

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COO
Northstar by CBS

Simplicity can be achieved by working with a technology provider who understands the restaurant industry and has developed open software solutions to address pain points within the restaurant. It needs to be someone who doesn't just offer POS hardware and software, but a provider who can integrate all of the disparate third-party solutions to create a seamless and exceptional customer experience.

#4 Future-Proof: The pace of change requires solutions that can scale with growth and adapt to changing requirements.

While being flexible, frictionless, and simple with a systems approach is a requirement for today, long term value cannot be achieved without some degree of future-proofing. There has been a trend towards a platform based approach as it enables operators to be more agile across multiple environments and more resilient when facing a change in the operating environment. The term 'retail-hardened' has long been a part of industry vernacular, but it rings especially true when operators face unprecedented events like a pandemic. A system that can stand up to today's harsh restaurant environment and can be integrated with many of the new digital applications that guests expect will be critical in the long term for restaurateurs.

Jeanne Aiken
Channel Sales Executive
Toshiba Global Commerce Solutions

As restaurants continue to evolve to meet the demands and unprecedented spike in off-premise dining, they need to invest in a robust platform that has the flexibility to meet the changing requirements. The TCx800 All-In-One POS offers together ports that provides multiple connection options for digital and mobile devices and the native USB-C provides for future expansion.

Frictionless Experience: 40% of top QSRs are investing in AI for personalisation.

Digital share of revenue will increase to **50% by 2025** compared to an earlier forecast of 30%.

TOSHIBA

Recently rolled out its TCx800 Platform across a large multi-format restaurant chain. The solution's robustness enabled rollout across different formats and different use-cases, including POS stations, bars, hostess stands and kitchens.

Jeremy Julian
COO
Northstar by CBS

The pandemic has changed the way we all interact and transact business. Restaurants are going to continue to evolve and consumers are going to dictate changes. POS technology will remain at the core of the restaurant infrastructure, and it must be robust enough to be able to integrate and interface with new digital offerings.

Next Steps

Quick start recommendations

There is little doubt that technology will be the enabler for the redefined requirements for restaurant operators. While revenues are down and capital is tight, operators have to look at technology and systems as an investment to ensure their viability going forward. Measured steps can be taken, however, and we recommend:

Follow the guest: Gain an understanding of what core consumers want from your locations and which behaviors will be long-term.

Map the experience: Work with cross functional internal teams to map the many experiences your guests desire from a process and technology perspective.

Build enabling roadmap: Research and test technologies that enable the experience you're looking for. Be sure to know the interoperability and complexity of the integrations into the core platform.

Start with the core platform: Look for a POS that can drive multiple components of the restaurant experience and is flexible enough to enable integrations that will drive a frictionless experience for both guests and associates.

TOSHIBA

Toshiba Global Commerce Solutions is a global market share leader in retail store technology and retail's first choice for integrated in-store solutions. Together with a global team of dedicated business partners, we achieve brilliant commerce by advancing the future of retail with innovative commerce solutions that enhance customer engagement, transform the in-store experience, and accelerate digital transformation. To learn more, visit www.toshibacommerce.com

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BY CUSTOM BUSINESS SOLUTIONS

NorthStar Order Entry Changing POS as you know it.

ONE Software, FIVE ways to take orders. The Hospitality Industry's omnichannel ordering solution... not just another POS software, an innovative business solution. It is the ONLY software that delivers and integrates multiple ordering modes. Training time is minimal – with intuitive drag-and-drop capabilities – while cloud technology gives you flexibility. **Anytime. Anywhere.**

POS – staff-facing orders

Guest – customer ordering at table

Kiosk – pre-order from your lobby

Web – online ordering

Mobile – wireless device ordering

NorthStar Order Entry is the restaurant industries best, fully integrated point of sale software.

https://cbsnorthstar.com/northstar/about-us/

intel.
MARKET READY

The Internet of Things (IoT) will be the largest revolution in the data economy. By 2025, 55.6 percent of all data will come from IoT devices, such as security cameras, RFID readers, industrial equipment, digital signage, medical implants, and other connected things. At Intel, we understand the exponential power of data. Our comprehensive portfolio of technology allows us to help our customers transform data from a burden to be managed into a competitive advantage, from large, complex applications in the cloud to intelligence at the edge. Together with our customers and partners, we're developing smart, data-centric solutions that can transform business and address some of the world's biggest challenges. Intel® technologies purpose-built for IoT deliver optimized performance at every point,practical ways to use artificial intelligence, broad connectivity support, and a built-in foundation of security to help protect your data and systems. Proven solutions from our partner ecosystem can help reduce the time, cost, and risk of IoT deployments. By enabling businesses to harness the massive flood of data generated by connected things—and use it to gain actionable insights—we'll accelerate business transformation to a degree never seen before. Learn more at intel.com/iot.

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