Digital technologies are reshaping and disrupting every phase of the dining journey.

Guests expect a frictionless dining experience that empowers them with relevant information and makes it convenient for them to do things on their time, at their pace.

Restaurant Digital Crossroads:
The Race to Meet Guest Expectations

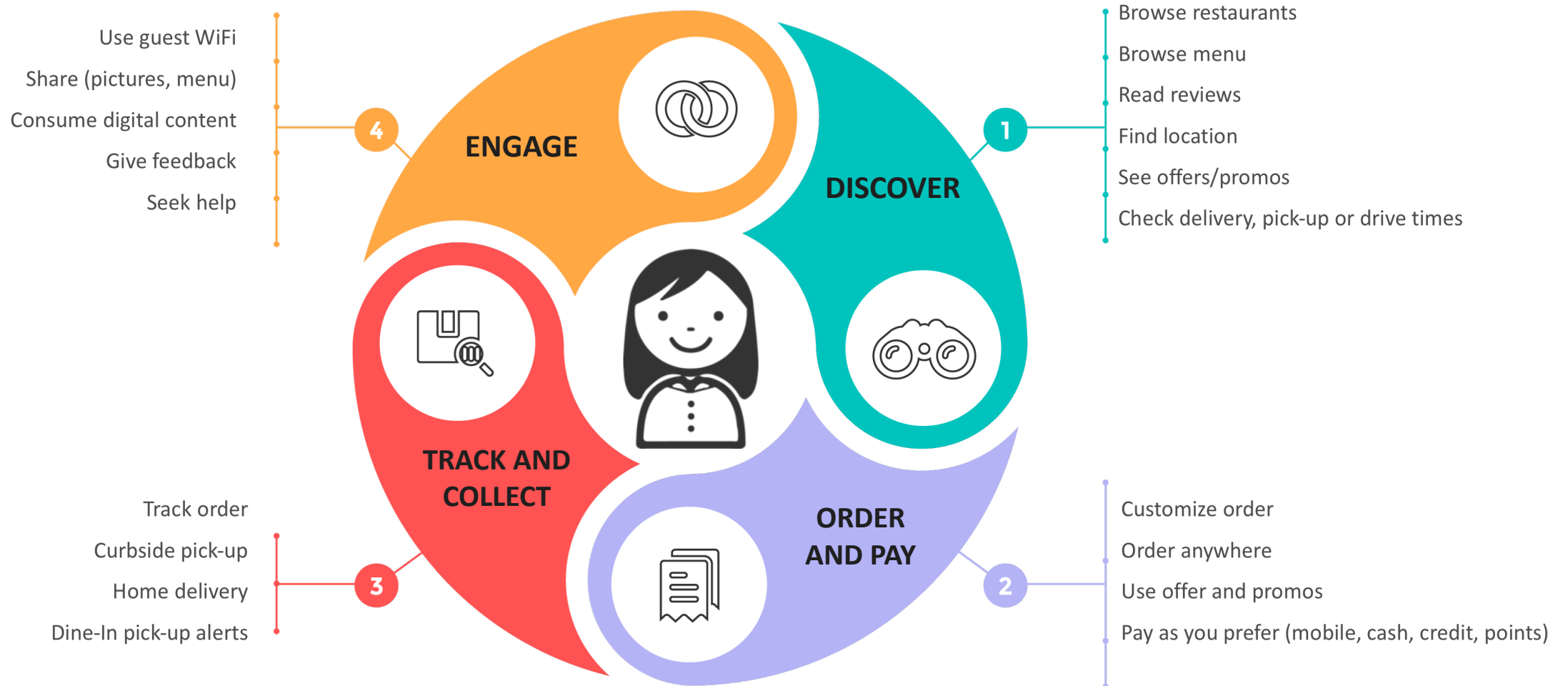This requires embedding digital technology across the entire dining journey.

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The **dining journey has changed**, as have guest expectations of what makes a great dining experience**.**

ENGAGE

- Use guest WiFi
- Share (pictures, menu)
- Consume digital content
- Give feedback
- Seek help

DISCOVER

- Browse restaurants
- Browse menu
- Read reviews
- Find location
- See offers/promos
- Check delivery, pick-up or drive times

TRACK AND COLLECT

- Track order
- Curbside pick-up
- Home delivery
- Dine-In pick-up alerts

ORDER AND PAY

- Customize order
- Order anywhere
- Use offer and promos
- Pay as you prefer (mobile, cash, credit, points)

Source: Incisiv Digital Restaurant Experience Map (2018)

Digital influences **4 in 10** visits. Millennials are driving digital from the periphery of the dining experience to the forefront.

ALL GUESTS

MILLENNIALS

38% — % of dining trips where the mobile device augmented the dining experience — **53%**

20% — Pre-order before they walk into a restaurant — **32%**

30% — Check ratings/reviews while in the restaurant — **51%**

The Evolution of Dining: Digital First

Digital is now deeply embedded into the entire dining journey. Pre-meal research is a habit across generations, and digital ordering a growing expectation. In-the-moment sharing has become a new social currency.

This has significant impact on not just how restaurant operators think about the guest experience, but also on how restaurant operations and processes need to be tuned to support digital demand and influence.

Millennials lead this charge and use digital to enhance their dining experience every other trip. Their digital activities range from those to researching where and what to eat (60%) to sharing pictures and content (23%).
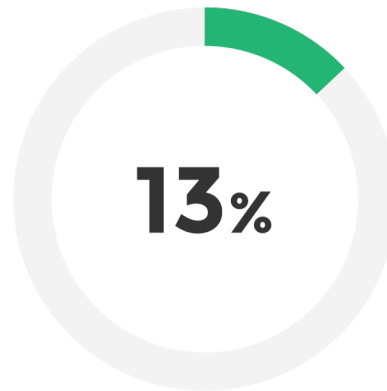
It is no surprise that digital restaurant sales will see explosive growth from 6% of sales in 2017 to **30% by 2025**.

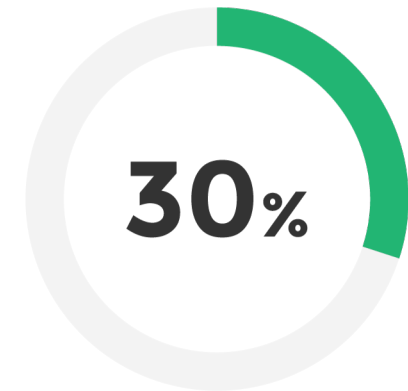% of restaurant sales that will come through digital channels

6%
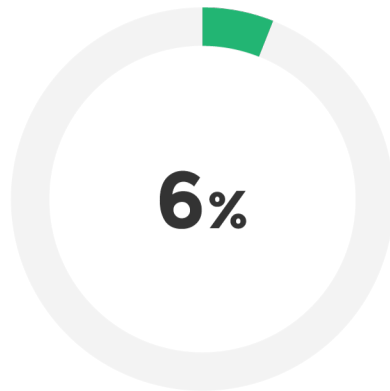
2017

<$50 Billion
DROP IN THE OCEAN

13%
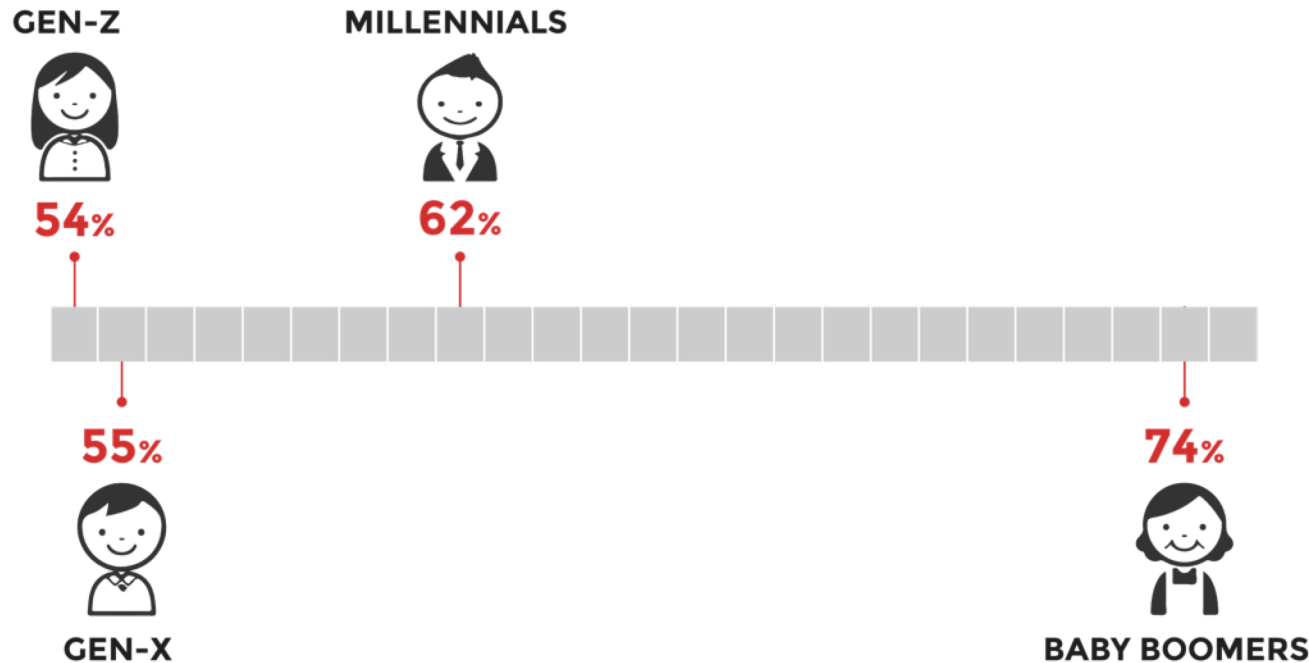
2020

$100 Billion+
TIPPING POINT

30%

2025

$300 Billion+
GAME-CHANGING

Growing market share isn't easy and there is little room for error. Most guests will choose a competitor after **1-2** poor dining experiences**.**

% of guests that will not return after 1-2 poor dining experiences

GEN-Z

54%

MILLENNIALS

62%

55%

GEN-X

74%
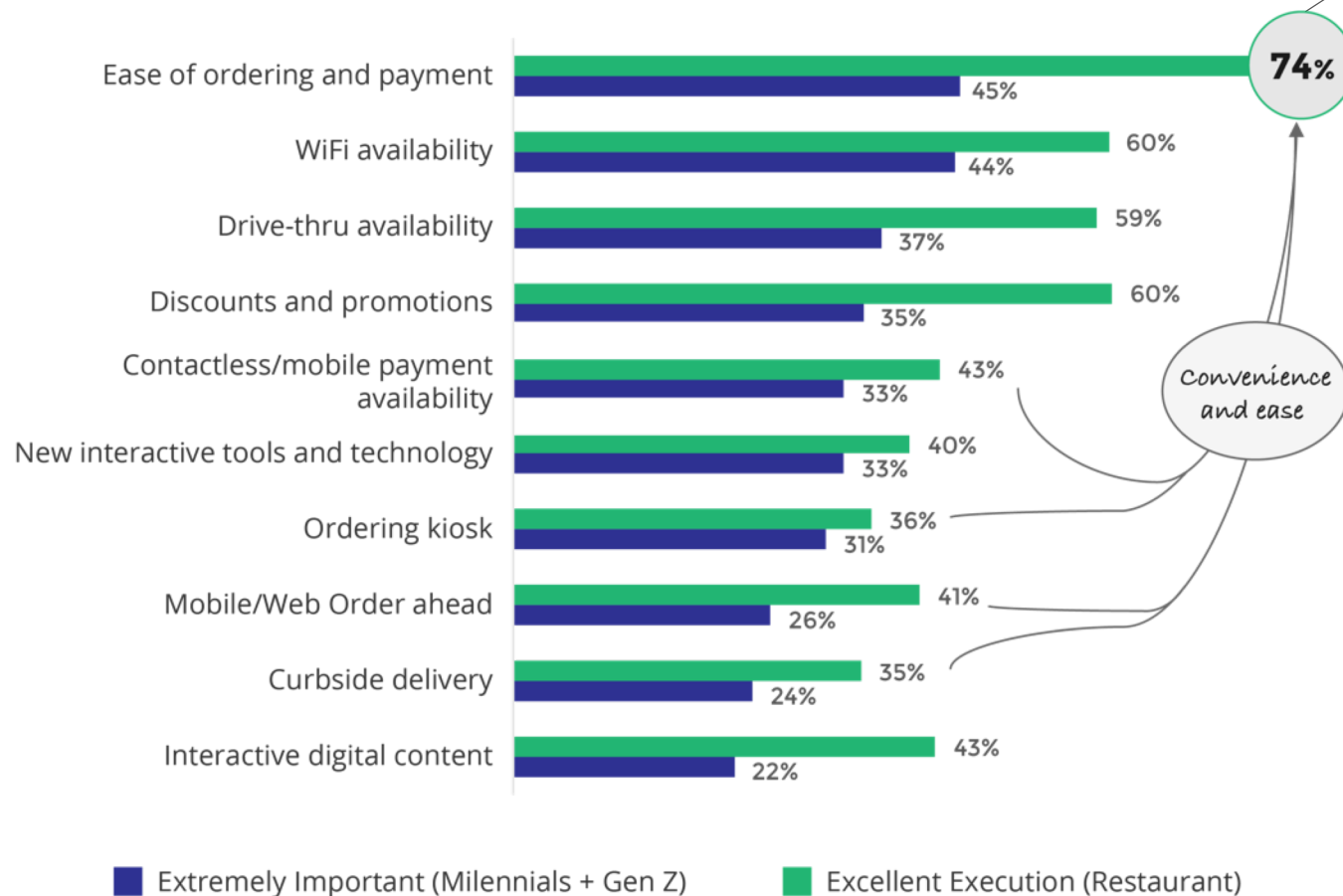
BABY BOOMERS

What I Want, When I Want It

Guests have unprecedented power and choice through a variety of dining options, proliferation of channels and transparent information availability. That, coupled with a reduced tolerance for friction, is leading to higher guest defection rates.

Counter to popular narrative, Baby Boomers are the hardest to please, while Gen-Z are the most forgiving. Overall, however, there is a very slim margin for error.

Restaurant brands and operators that fail to consistently deliver on the promise of a digitally enhanced dining experience will experience business and brand erosion. Even digital leaders such as Starbucks are not immune to operational under-preparedness. Its mobile order-ahead experience initially led to frustrating wait-times at pick-up for shoppers and higher labor cost for Starbucks.

Operators are **underprepared to deliver** on the expectations of Millennials and Gen-Z.

Gap between what Millennials and Gen-Z value and what restaurants offer

	Extremely Important (Milennials + Gen Z)	Excellent Execution (Restaurant)
Ease of ordering and payment	45%	
WiFi availability	44%	60%
Drive-thru availability	37%	59%
Discounts and promotions	35%	60%
Contactless/mobile payment availability	33%	43%
New interactive tools and technology	33%	40%
Ordering kiosk	31%	36%
Mobile/Web Order ahead	26%	41%
Curbside delivery	24%	35%
Interactive digital content	22%	43%

74%

Convenience and ease

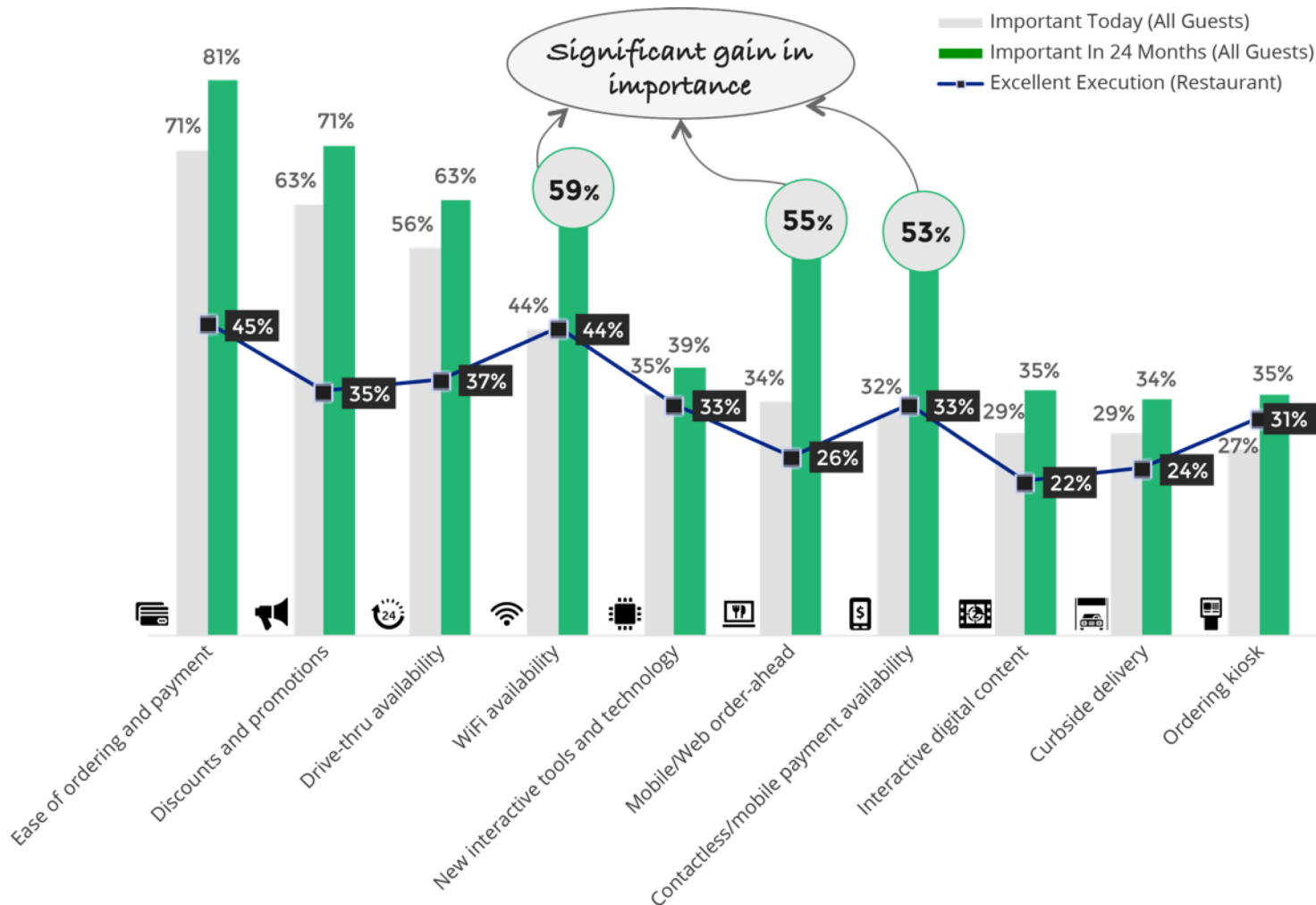**The Execution Gap: I Can't Get It My Way**

While restaurant operators can execute well on factors that have traditionally driven dining decisions (menu, location, staff), their ability to execute on the new factors that are driving the shift in guest behavior is lagging.

Millennial and Gen-Z consumers value digital commerce and engagement capabilities at par with traditional factors. For Millennials, digital is shorthand for taking friction out of the order and payment process, allowing them to shop the way they want wherever they want. They, along with Gen-Z, also value interactive technology and digital content (music, movies, games, digital shorts) more so than older generations.

Restaurant operators must pay attention to the gap between their capabilities and the expectations of all generational age groups. Even those whose primary guest may not yet be as demanding, must view the preferences of Millennials and Gen-Z as becoming table-stakes in two years.

Operators are woefully underprepared to deliver on the expectations of all guests in the next 24 months.

Gap between what guests will value in the next 24 months and what restaurants offer

Legend:
- Important Today (All Guests)
- Important In 24 Months (All Guests)
- Excellent Execution (Restaurant)

Significant gain in importance

Data points by category:

Category	Important Today	Important In 24 Months	Excellent Execution
Ease of ordering and payment	71%	81%	45%
Discounts and promotions	63%	71%	35%
Drive-thru availability	56%	63%	37%
WiFi availability	44%	59%	44%
New interactive tools and technology	35%	39%	33%
Mobile/Web order-ahead	34%	55%	26%
Contactless/mobile payment availability	32%	53%	33%
Interactive digital content	29%	35%	22%
Curbside delivery	29%	34%	24%
Ordering kiosk	27%	35%	31%

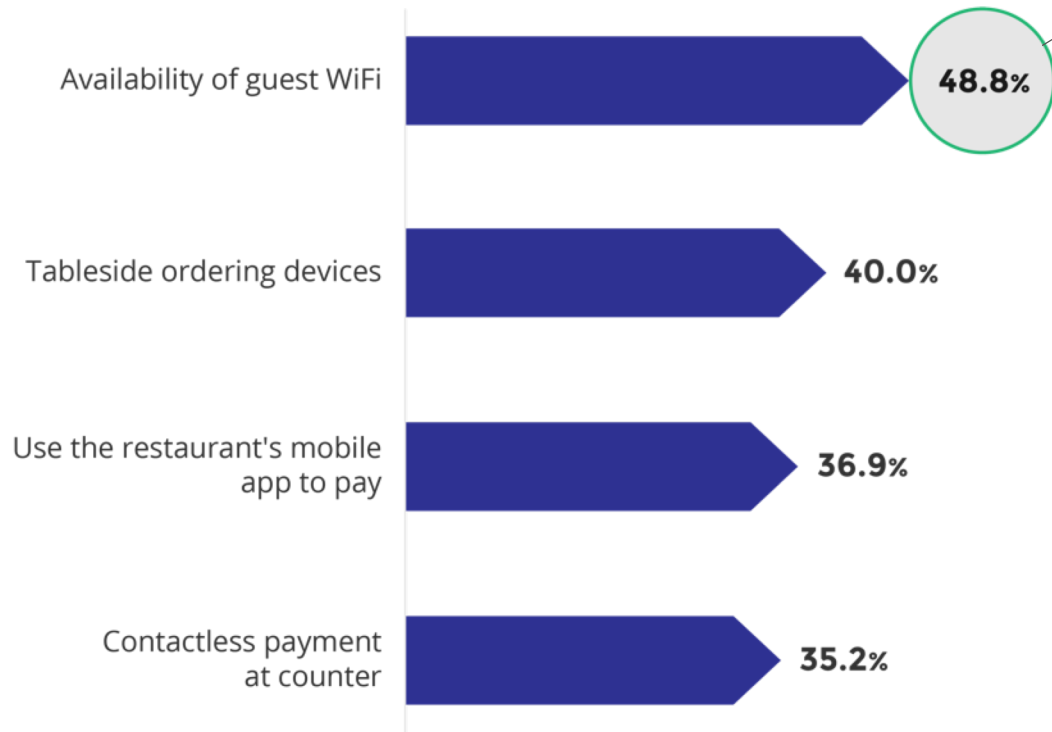## Today's Extraordinary is Tomorrow's Table-Stakes

Over the next 24 months, all guests will start weighing factors such as mobile order ahead and contactless payments incrementally higher than more traditional factors. This will result in the emergence of a **new set of table-stakes,** which will soon become the base dining expectations of all guests.

The core essence of those expectations is using technology to streamline the order, pay and collect process irrespective of where and how the guest orders. Availability of guest WiFi and getting personalized promos/offers trends strongly across all age groups.

Operators need to redesign their business processes and invest in technology to meet and exceed guest expectations. Mobile order-ahead is the most critical aspect of the guest journey restaurants must focus on. A good way to begin is by assessing the end-to-end order-ahead process.

It is critical that operators continue to invest in technologies that drive the dining experience today.

Top 4 technologies that have impacted the dining experience positively

Availability of guest WiFi — 48.8%

Tableside ordering devices — 40.0%

Use the restaurant's mobile app to pay — 36.9%

Contactless payment at counter — 35.2%

(% consumers for whom the dining experience has improved as a result of the technology)

63% of **Gen-z** and **57%** **Gen-x** rate guest WiFi as an important factor in determining where they want to eat.
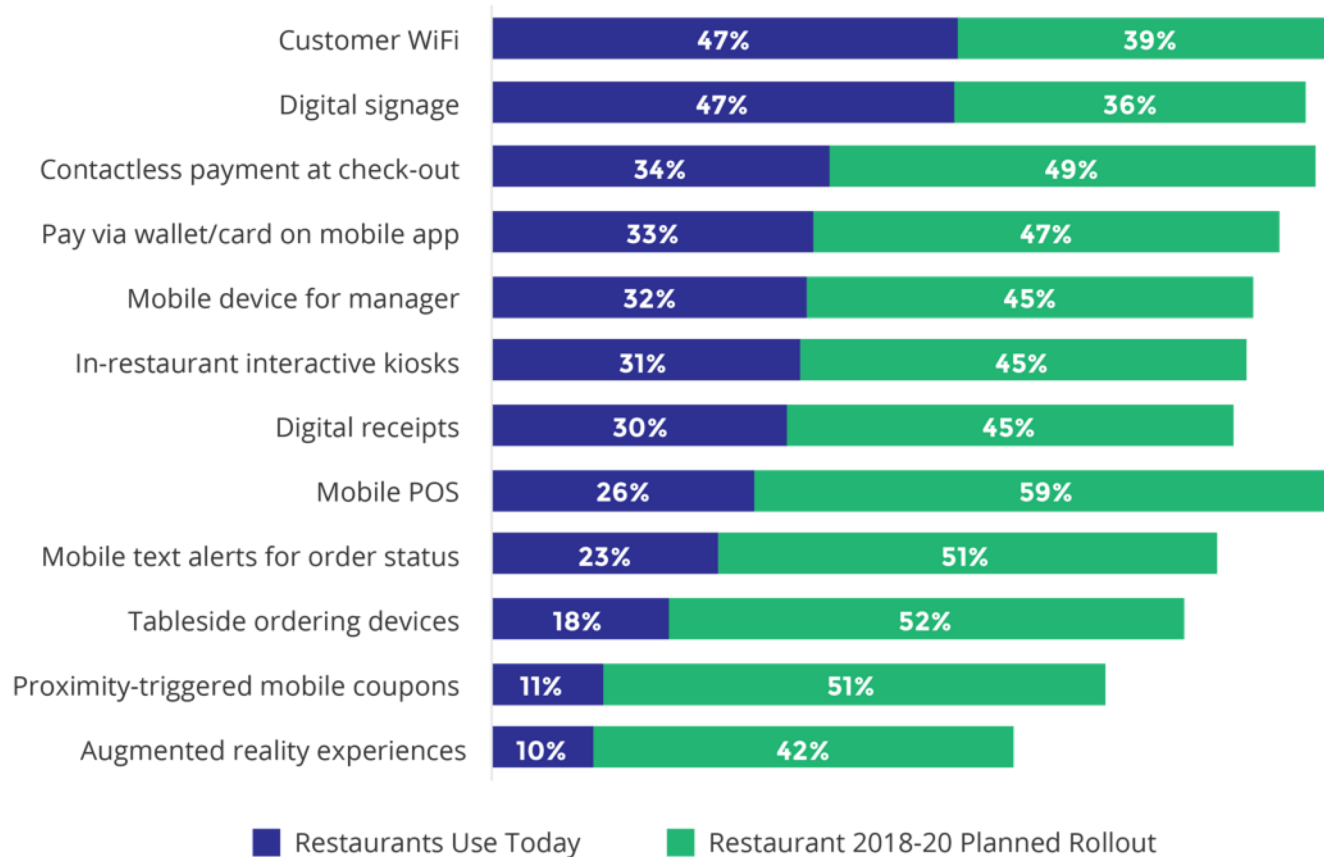
Always Connected: Guest WiFi Has the Greatest Current Impact

Guests want to stay connected to their digital lives and WiFi in the restaurant has helped them maintain their 'always-on' lifestyles. Good guest WiFi drives traffic and engagement (such as through social sharing). It is no surprise that 70% of guests rate WiFi as an important factor driving their dining decision. They also rate good guest WiFi as having the highest impact on their in-restaurant dining experience.

This is, however, a double-edged sword. Guest expectations of WiFi performance are conditioned by their experiences with blazing-fast speeds at home and work. Operators must ensure they provide high-performance guest WiFi. In this case, slow WiFi is worse for business than no WiFi.

Restaurant operators are focused on catching up with guest expectations and will **accelerate deployment** of digital capabilities over the next 24 months.

Current and planned deployment of technology in the restaurant

Technology	Restaurants Use Today	Restaurant 2018-20 Planned Rollout
Customer WiFi	47%	39%
Digital signage	47%	36%
Contactless payment at check-out	34%	49%
Pay via wallet/card on mobile app	33%	47%
Mobile device for manager	32%	45%
In-restaurant interactive kiosks	31%	45%
Digital receipts	30%	45%
Mobile POS	26%	59%
Mobile text alerts for order status	23%	51%
Tableside ordering devices	18%	52%
Proximity-triggered mobile coupons	11%	51%
Augmented reality experiences	10%	42%

■ Restaurants Use Today ■ Restaurant 2018-20 Planned Rollout

The Guest Experience Gets An Upgrade

The amount of technology and data that flows into the restaurant will continue to increase at a rapid pace as both guests and restaurant operators use technology to enhance the dining experience. Operators have aggressive plans to invest in upgrading the digital experience - from contactless payments to proximity-triggered mobile coupons. All of these will be great for guests, but put an increased load on restaurant operators' network infrastructure.

Restaurant operators should 'test-and-learn' their digital initiatives to understand what will add the most value for their guests, what will deliver the greatest ROI, and what can be executed effectively based on infrastructure and resource capabilities.
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Operators can't support this 2x - 4x growth in restaurant technology on their current network.

The restaurant network is the foundation on which digital experience and operations will be delivered.

Operators' assessment of this core capability reveals a shocking lack of preparedness to support the digital dining journey.

Operators struggle with managing peaks even when they think they have enough bandwidth.

Restaurant executive assessment of their network

80% have adequate bandwidth available
Operators view the bandwidth they have available very favorably and believe they have enough to support their current technology.

yet

52% are inefficient at managing peak traffic
They struggle in managing peak network traffic and are challenged by significant performance lags.

70% find adding additional capacity easy
Operators view their bandwidth very favorably and believe they have enough to support their current technology.

yet

55% find it expensive to add capacity
Procuring adequate bandwidth to support planned technology deployment is cost prohibitive.

Operators need options to upgrade their network in an economical and phased manner.

Securing investment for this transformation will require building and committing to an integrated digital strategy.

Top 3 impediments to restaurant technology investment

#1 Don't have enough resources

The lack of sufficient budget is the #1 challenge impeding operators ability to invest in upgrading the experience. A third of operators also rate the lack of skilled IT resources as a challenge.

#2 Can't justify the ROI

The inability to build and justify the business case for investment is a significant challenge impeding investment.

#3 Don't have an integrated strategy

Close to a third of operators cite the absence of an integrated guest experience strategy and the lack of management buy-in as top challenges.

Building the Business Case

With limited technology budgets, operators need to make pragmatic investment decisions.

Leadership teams need to invest time and resources to understand the impact of digital on their dining experience and focus on the critical use-cases that impact the business (mobile order ahead, contactless payment) .

Even as operators focus on the new and sexy use-cases, they can't lose sight of the fact that the underlying infrastructure and network is what powers the experience. The digital dining experience is a pipe dream without a high performance network.

Source: Incisiv BRP-Windstream Enterprise Dining Experience Study (2018)

Investing in the digital dining experience provides significant upside.

A restaurant operator with $500 million in annual revenue stands to gain

~$100 million

by delivering the expected digital dining experience

A Significant Return on Experience (ROE)

Building the digital dining experience pays off in a variety of ways. It helps to win over customers from competitors, and grow existing customer spend by ~20%.

Increase in guest spend by delivering the expected digital dining experience
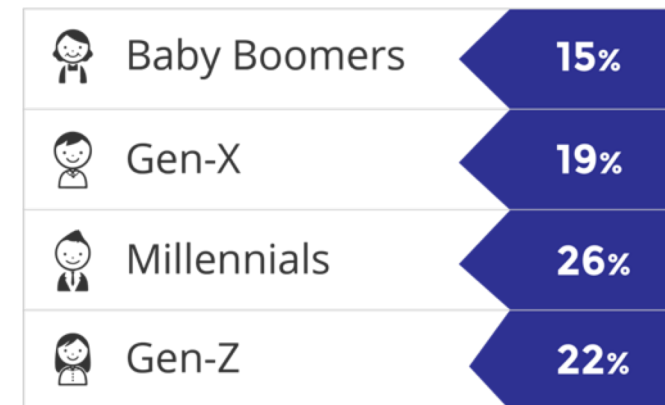
Baby Boomers	15%
Gen-X	19%
Millennials	26%
Gen-Z	22%

The dining journey has changed, as have guest expectations of what makes a great dining experience. Digital is no longer at the periphery of the dining experience, it influences 40% of all dining visits.

Digital restaurant sales will grow to 30% of overall sales by 2025.

But, gaining market share isn't easy, there is little room for error! Most guests will defect after 1-2 poor dining experiences.
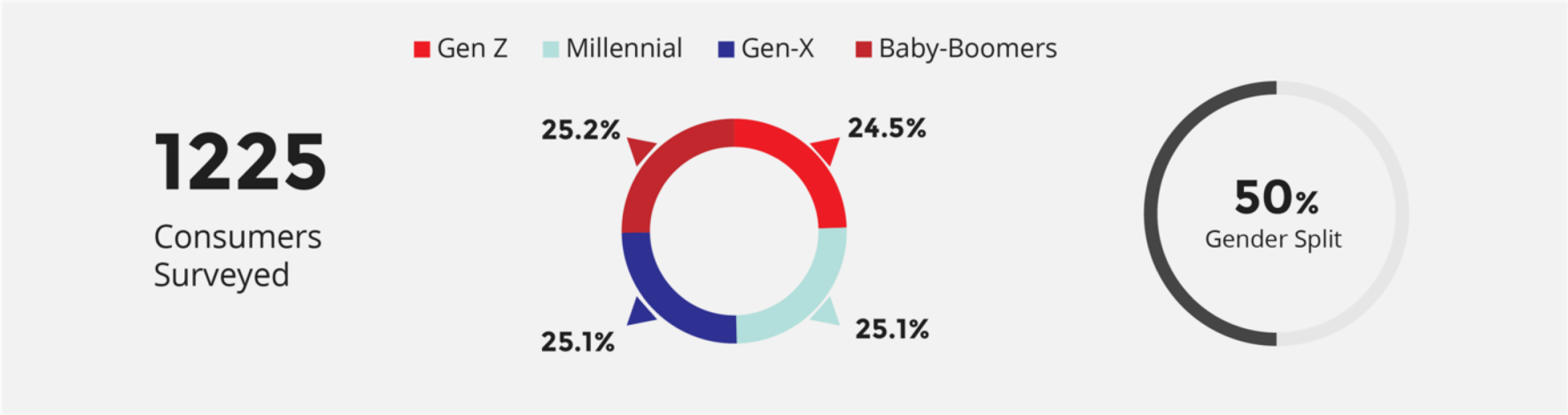
Restaurant brands and operators are underprepared to deliver on the expectations of Millennial and Gen-Z diners and for the overall shift in guest behavior to digital dining over the next 24 months.

But there are encouraging signs; investment plans are healthy and there is a planned 2x-4x increase in technology deployment over the next 24 months. As this occurs, operators will experience greater pressure on the restaurant infrastructure and network.

As operators commit to an integrated digital strategy, they must invest in and support the technology that consumers will bring into and what operators will deploy in the restaurant. If this cannot be supported, it will lead to a #CxFail and guest erosion.

A strong integrated digital strategy can yield impressive results. There is a 20%+ revenue upside by delivering a digital dining experience that meets the expectations of today's diners. Operators must execute now before their competition does.

The data that powered this report.

1225 Consumers Surveyed

Gen Z   Millennial   Gen-X   Baby-Boomers

25.2%   24.5%

25.1%   25.1%

50% Gender Split

Consumer survey of **Restaurant diners** (USA)

60 Executives Surveyed

70% Director Level or above

35% Over $1billion annual revenue

Executive survey of **Restaurant executives** (USA)

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