TASK.

Digital Customer Experience Survey 2022

Abstract.

The focus of this study was to determine how large-scale QSRs in the U.S. currently make decisions about technology, data, and digital solutions. The survey was conducted in early 2022 and represents a range of perspectives at the upper-level of management in QSR businesses. The results show a distinct awareness and investment in digital transformation among QSRs, and a strong desire to use technology to increase the bottom line.

Introduction.

Digital solutions are shining a brighter future for Quick-Service Restaurants (QSRs) in the United States. Executives and decision makers representing wide-spread QSR franchises understand the need for digital transformation – especially in-store, and to deliver customer retention.

Our survey, completed in the first quarter of 2022, shows that QSRs are investing in better technology to help make better data-driven decisions. While there are hurdles to overcome when working within QSRs (typically regarding spending priorities and ROI projections), most businesses indicate a willingness to invest in better technology solutions as they become available. These areas of focus include easier access to data, customizability, and a competitive cost-to-value ratio.

Many cultural and economic changes in the last two years have permanently shifted the landscape for QSRs and their customers. Demand for technology that drives end-to-end customer journeys, improves customer loyalty program management, and optimizes internal business processes are just a few standout indicators of what QSR decision-makers are looking for from their digital solutions provider.

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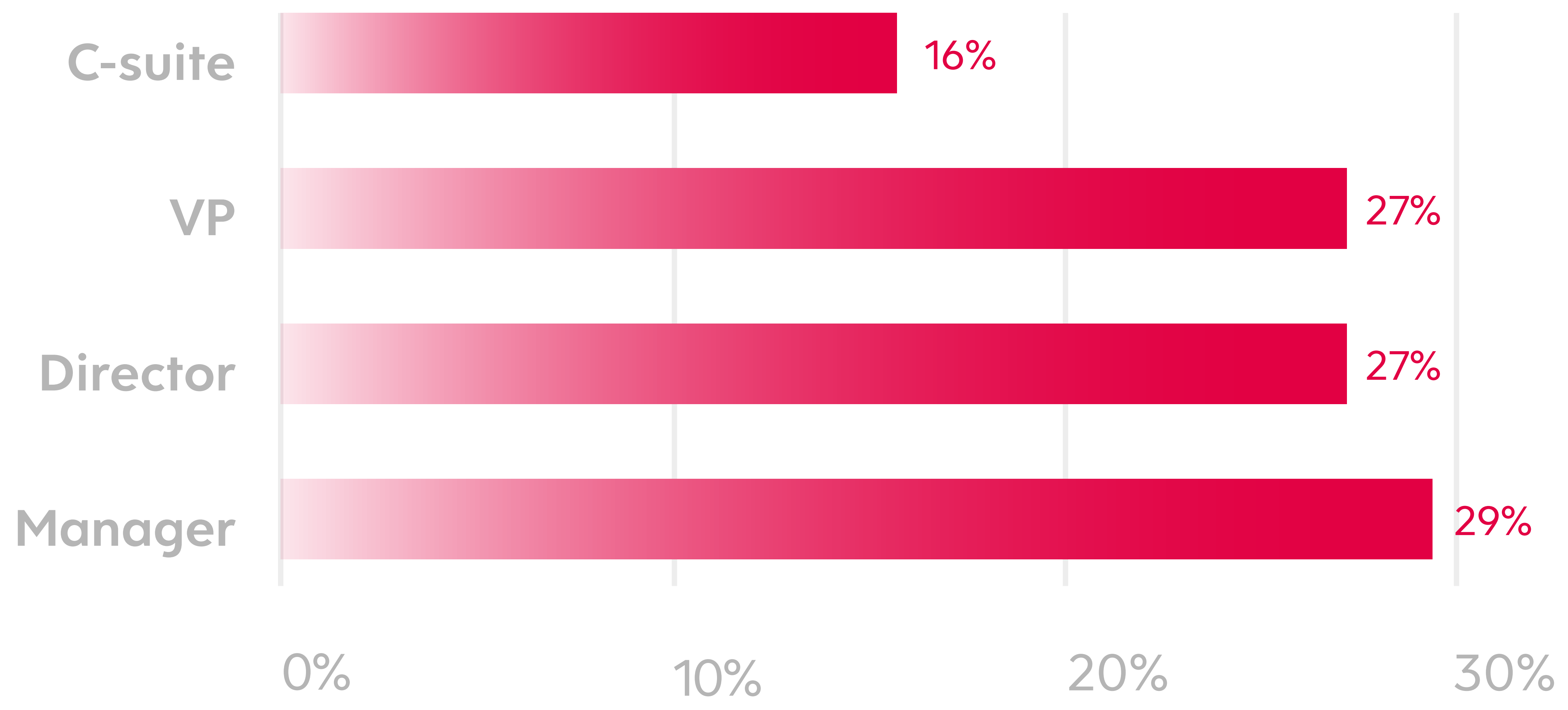
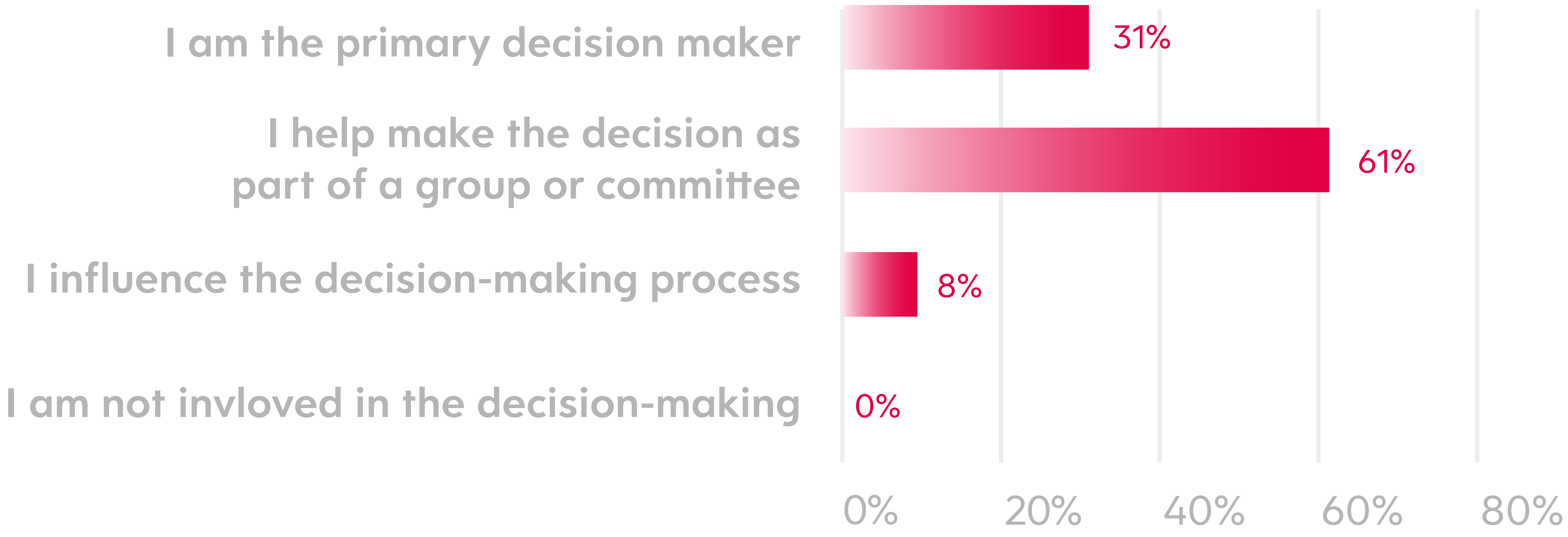
Who makes decisions when investing in digital transformations?

All respondents of the survey are leaders of North American QSRs.



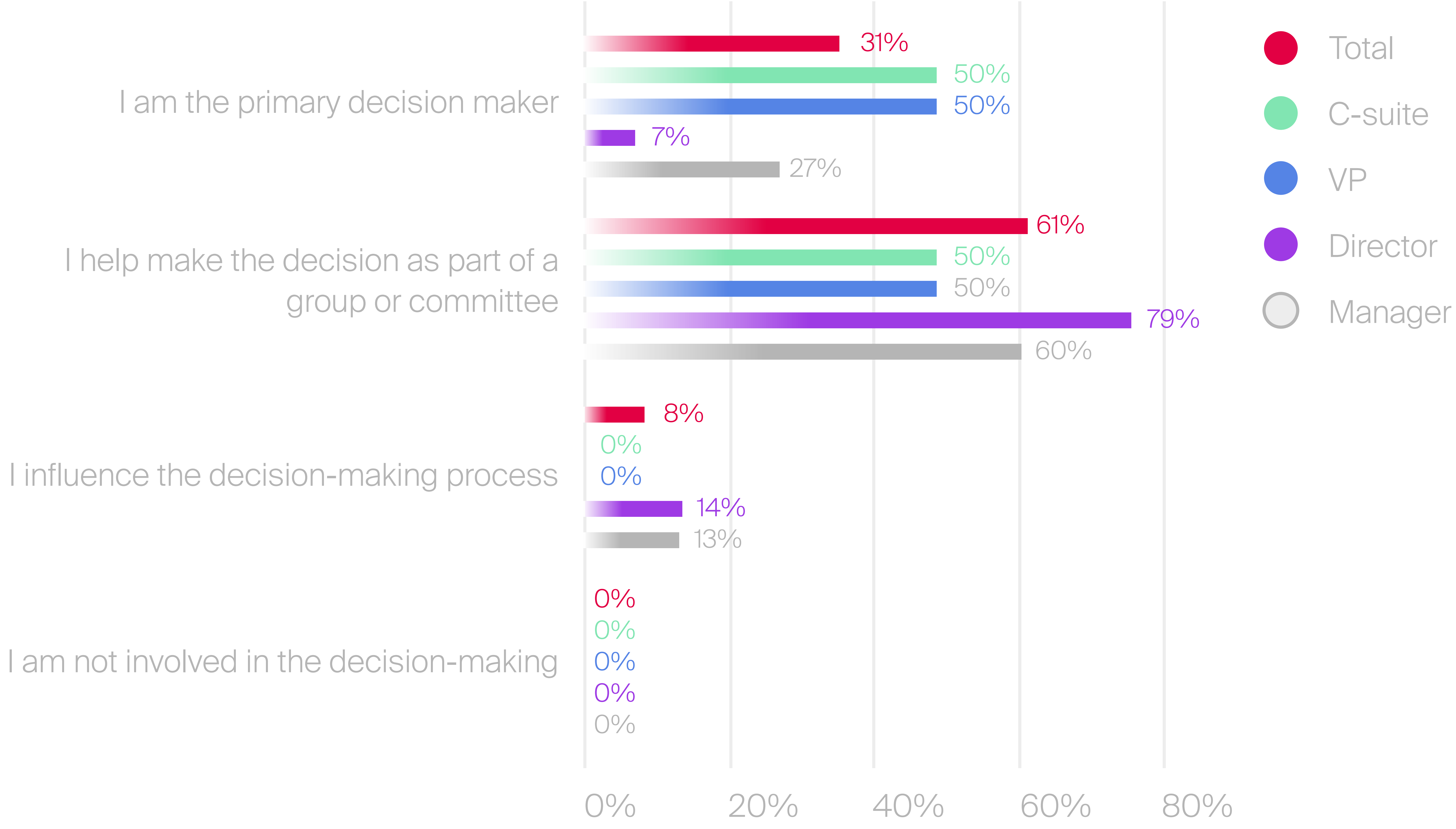
Q:S8: What best describes your level of title seniority

31% of the respondents consider themselves as the primary decision maker, with an additional 61% who say they help to make the decision as part of a group.



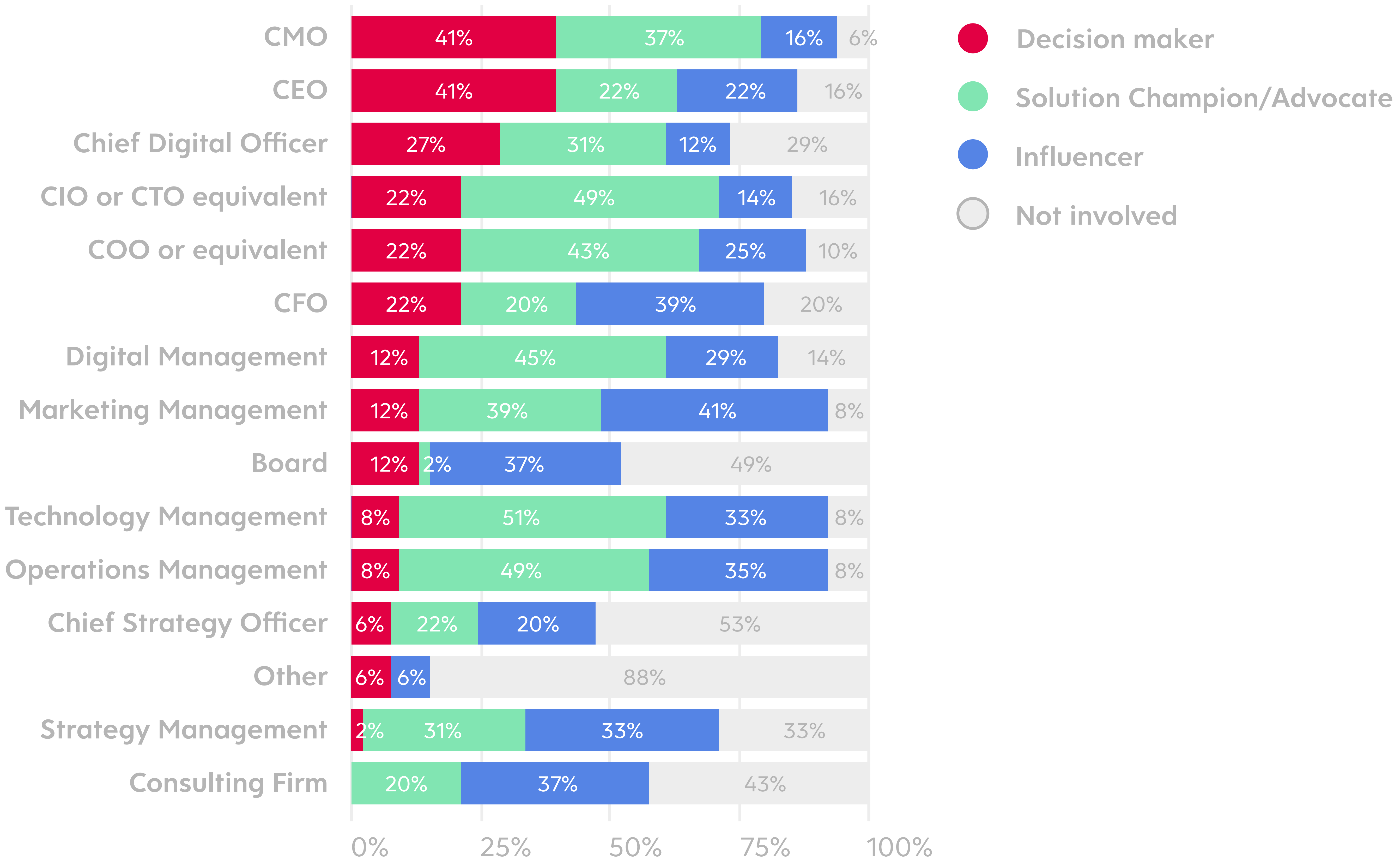
Q:S9: How would you describe your involvement in digital solutions relating to customer experience and / or lifecycle management?

Directors and Managers typically influence or contribute to group decisions.



Primary Decision Makers are 31%; Those who help make the decision as a part of a group (61%); Influencers to the Decision Making Process are 8%

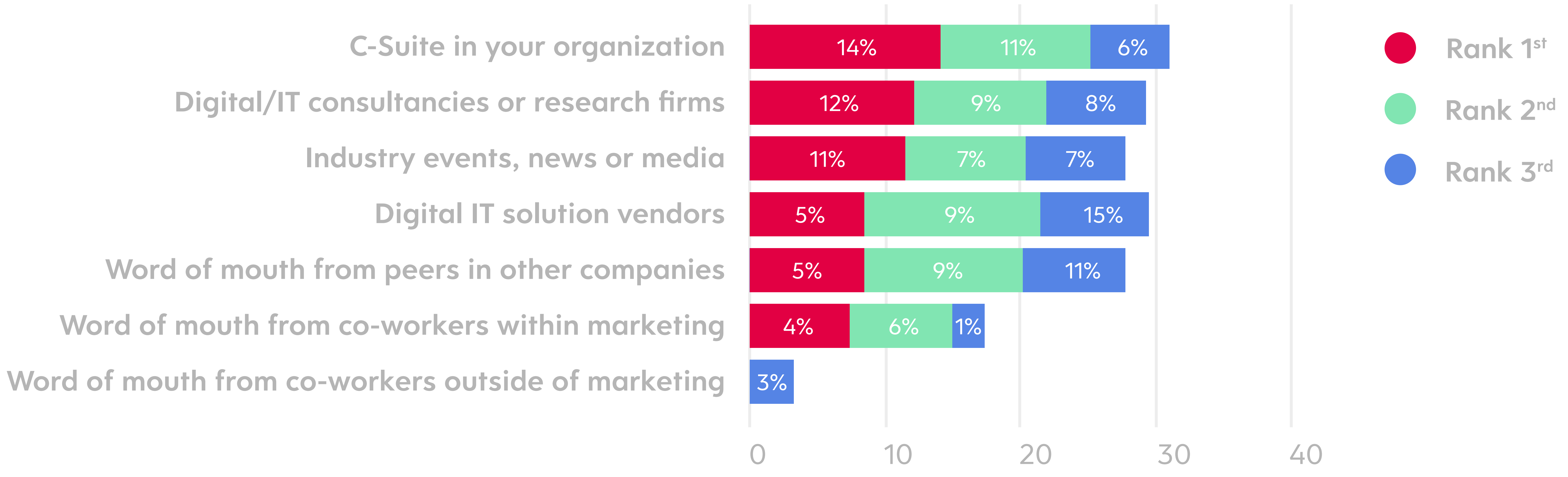
The most frequent decision makers in the evaluation of customer engagement digital solutions are CMOs, CEOs and Chief Digital Officers.



Q:S19: Please signify the typical involvement of the following in the evaluation process for digital solutions relating to customer engagement (ie.) engagement through order and fulfillment.

CEO and CMO tie with 41%; CDO has 27%; CIO and COO tie with 22%

The C-Suite are influenced by digital consultancies or research firms when identifying digital tools.



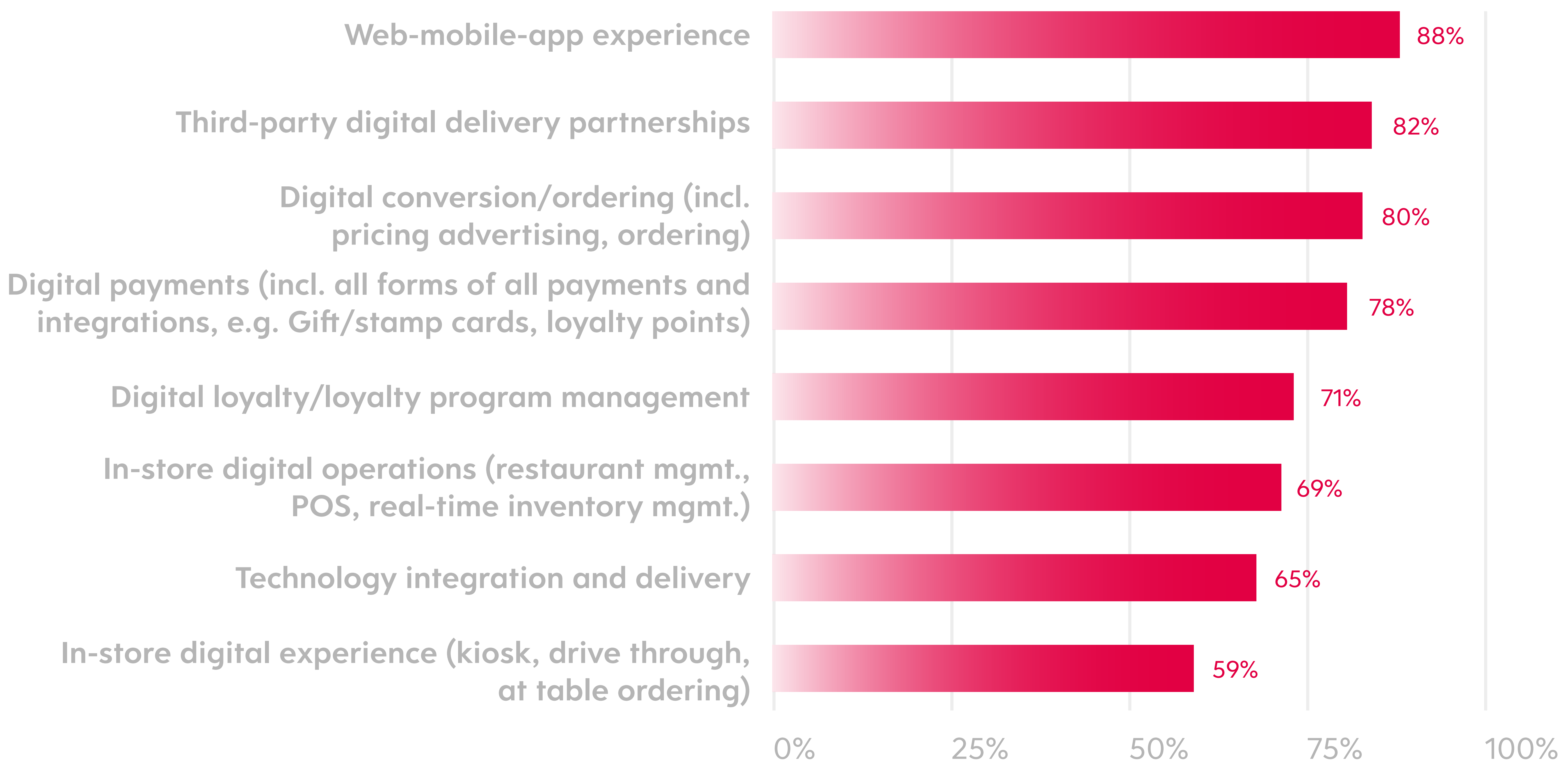
Q27: Rank the top-3 most important influences in identifying areas for end-to-end connected digital tools that touch every part of the customer journey (from ordering, payment, restaurant management, through to customer engagement and loyalty)

Note: Chart shows number of respondents who selected each ranking

Industry events/media, vendors and word of mouth from peers in other companies are also important influences

What is fueling digital transformations in QSRs?

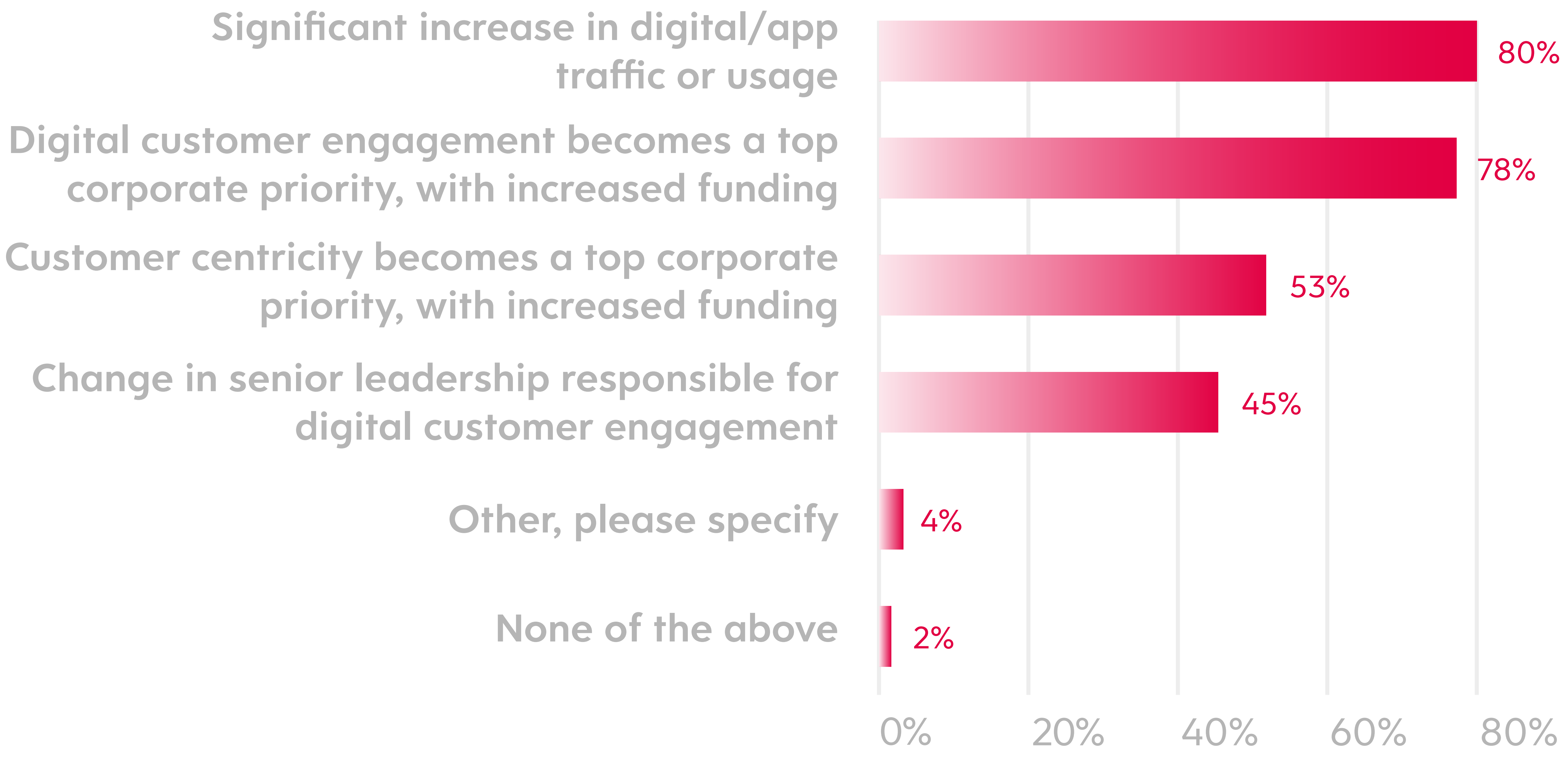
COVID-19 is increasing the strategic importance of digital solutions.



Q8: What types of digital solutions have received increased strategic importance due to COVID-19 and its impact on QSRs? Select all that apply.

Web mobile-app experience, third party digital delivery partnerships, and digital conversion/ordering are the three most important types of digital solutions

In the past six months, 80% of the QSRs surveyed experienced significant increase in digital traffic. Digital customer engagement was a top corporate priority with increase in spending (78%).

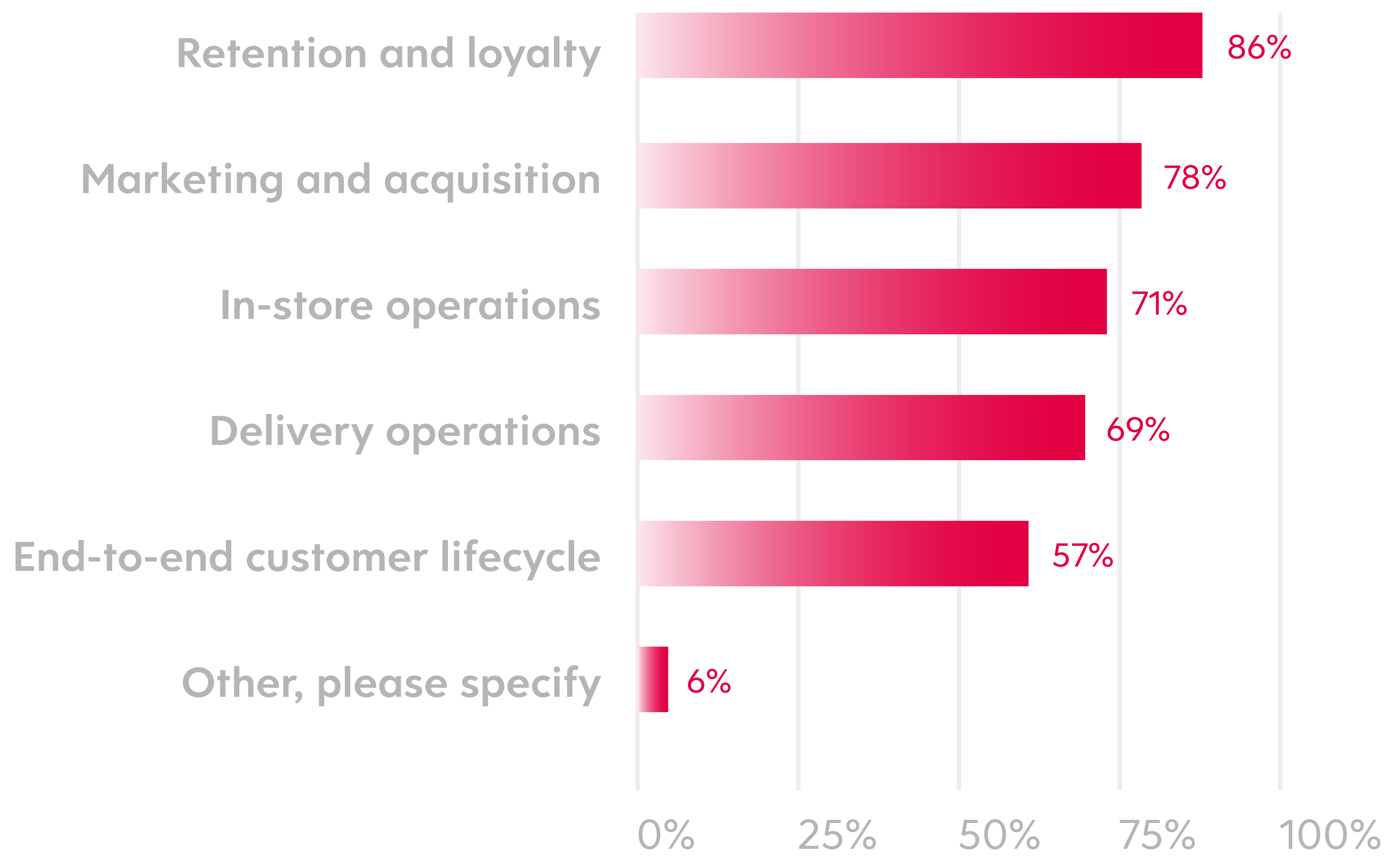


Q2: Which of the following has your company gone through in the past 6 months? Select all that apply.

Customer centricity is also a top corporate priority with increase in spending (53%).

About half experienced a change in leadership or made centricity a top corporate priority with increased funding.

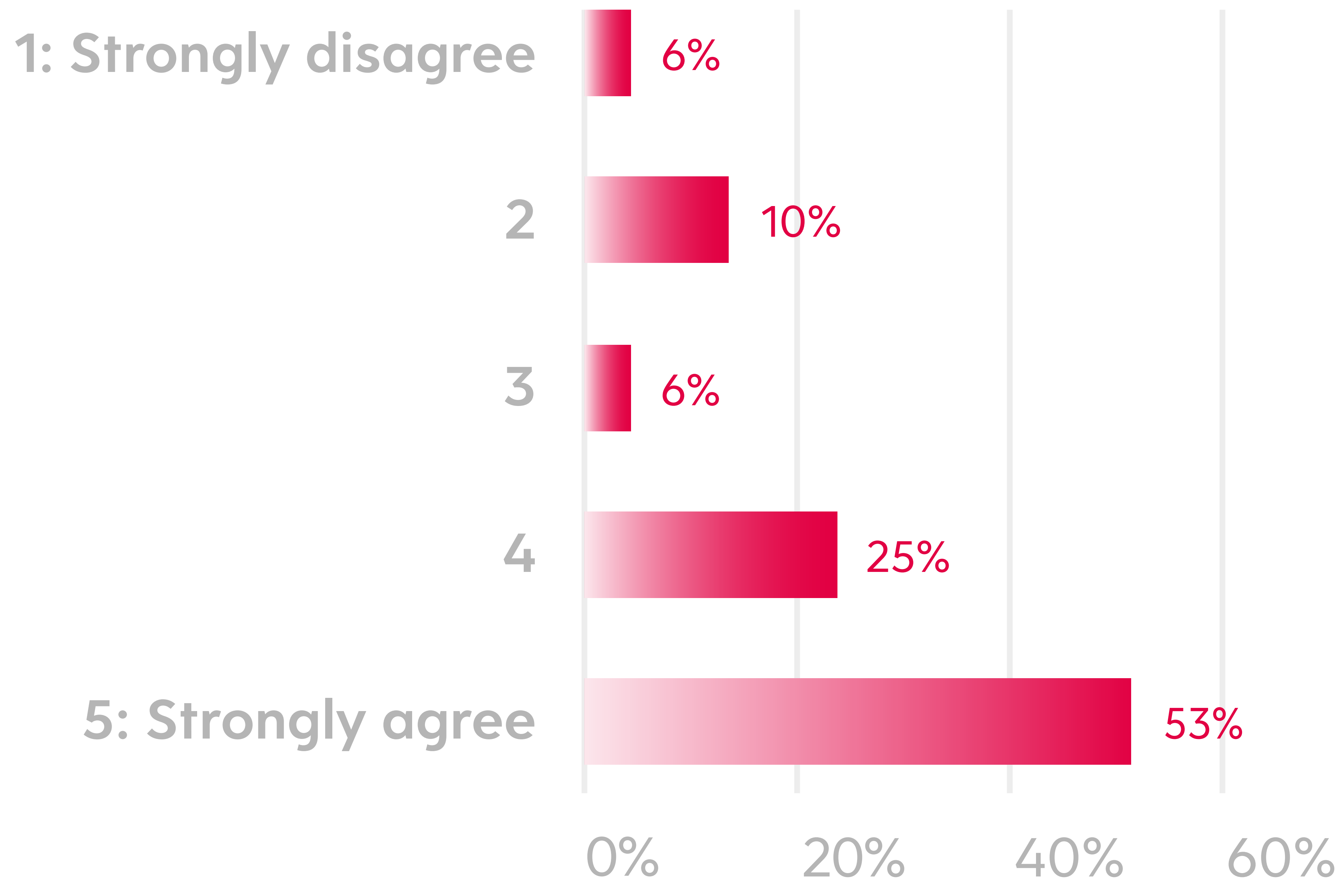
All aspects of the customer journey are undergoing digital transformation, especially retention & loyalty and marketing & acquisition.



Q3: Which of the following aspects of the customer journey is undergoing digital transformation? Select all that apply.

Retention and loyalty leads with 86% of respondents noting this aspect is undergoing digital transformation. Marketing and acquisition (78%) and in-store operations (71%) also have high levels of focus.

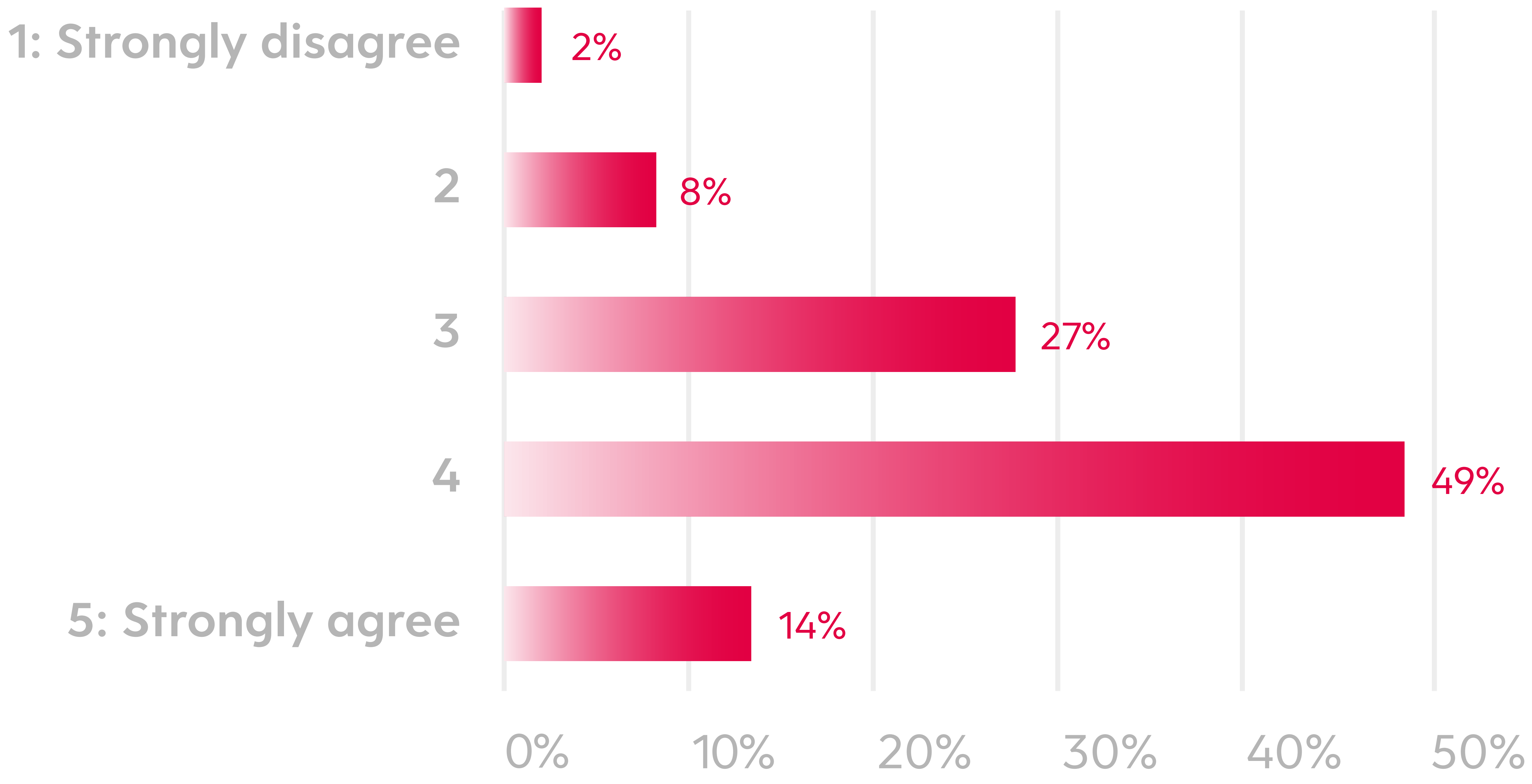
Most QSRs are currently undergoing or have undergone a major digital transformation to improve customer engagement and lifecycle management.



Q1: On a scale of 1-5 (1: strongly disagree, 5: strongly agree), what are your views on the following statement: The organization is currently undergoing or has undergone a major digital transformation that aims to improve customer engagement and lifecycle management

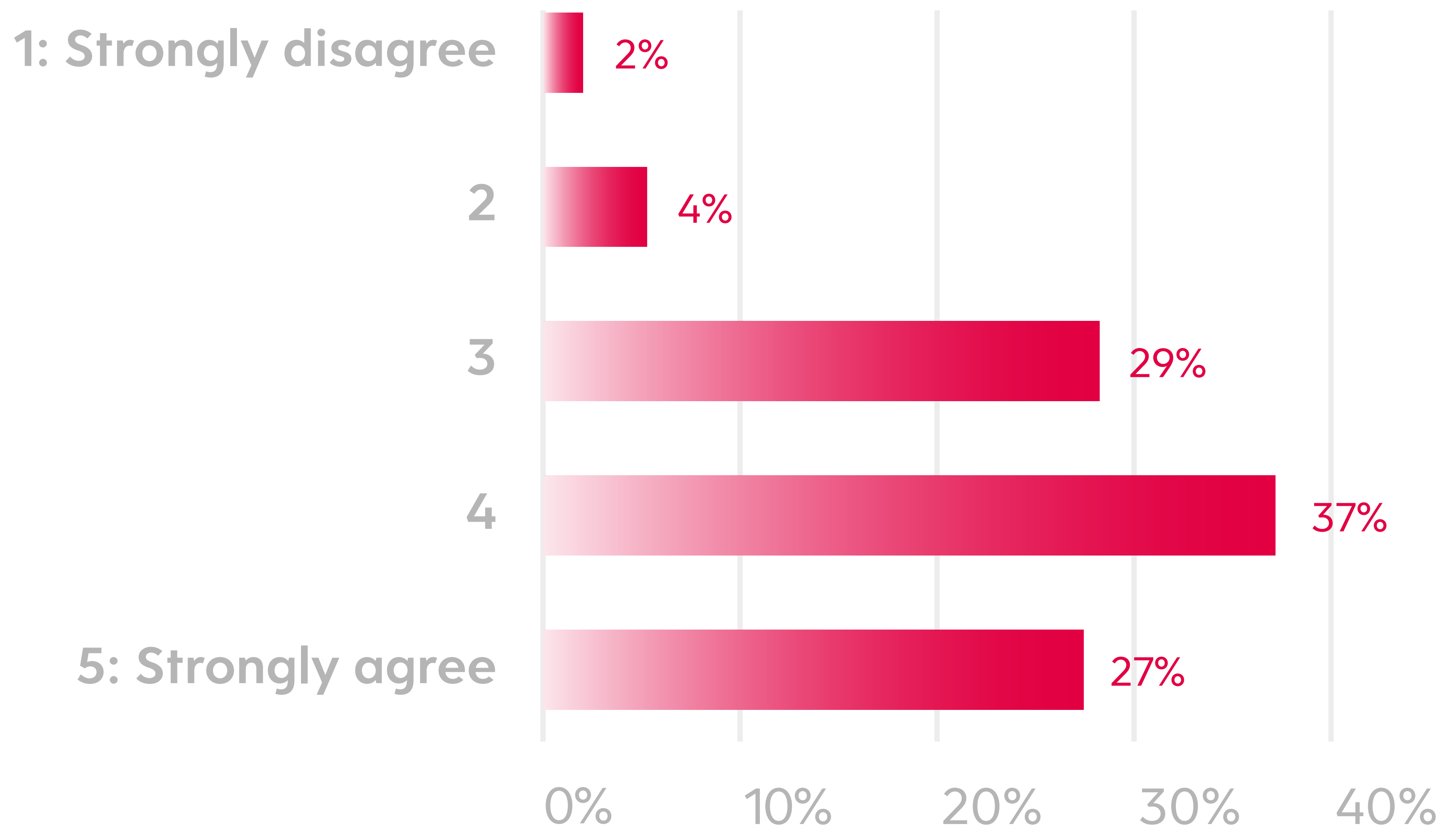
What value has digital transformation delivered for QSRs?

63% agree or strongly agree that the organization has seen clear and strong ROI from its internal operations digital transformation initiatives in comparison to other investments in the organization.



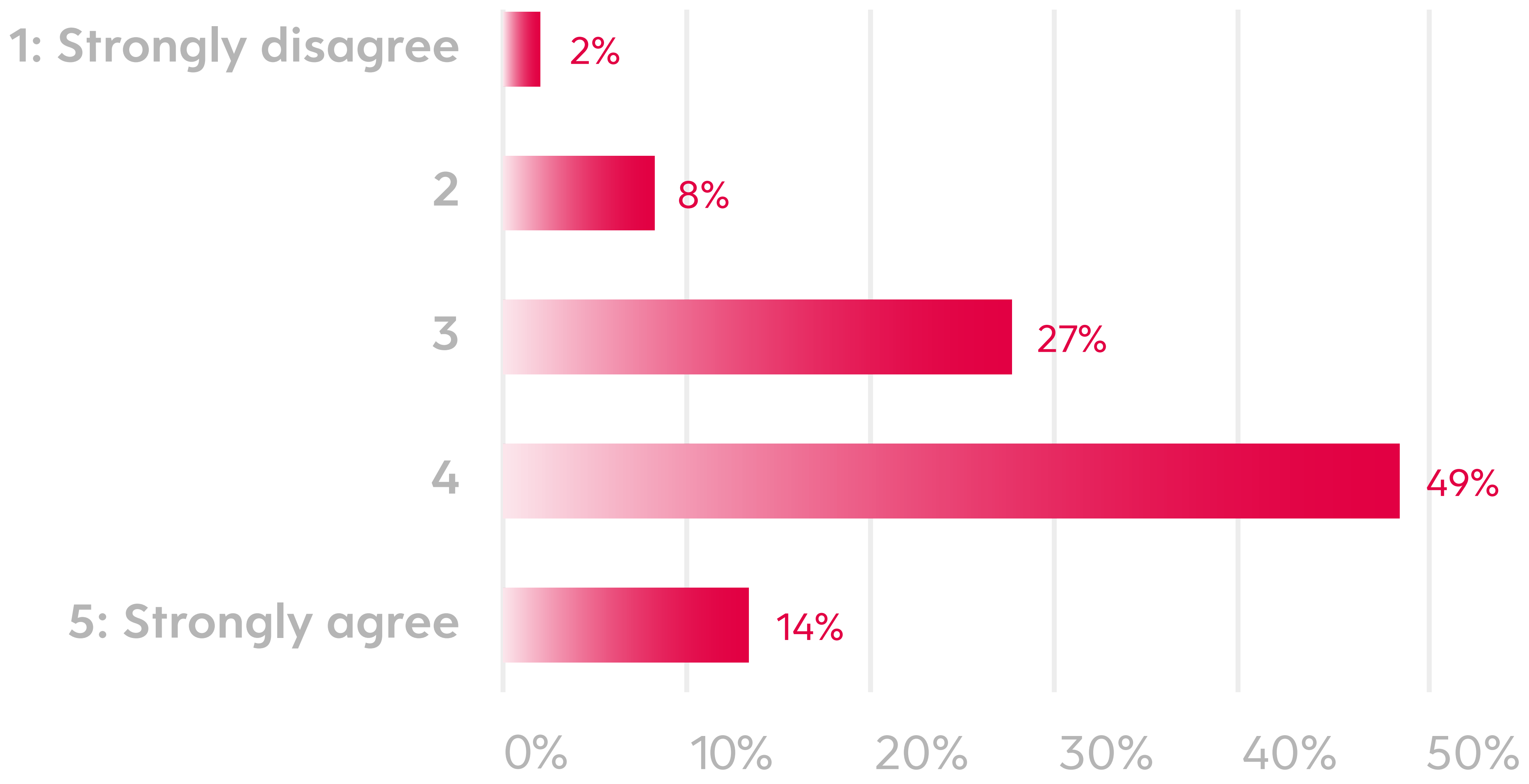
Q17: On a scale of 1-5 (1: strongly disagree, 5: strongly agree), what are your views on the following statement: The organization has seen clear and strong ROI from it's internal operations digital transformation initiatives in comparison to other investments in the organization

Customer-facing digital initiatives are considered to produce similarly strong ROI to internal operations transformations.



Q16: On a scale of 1-5 (1: strongly disagree, 5: strongly agree), what are your views on the following statement: The organization has seen clear and strong ROI from it's customer facing digital transformation initiatives in comparison to other investments in the organization

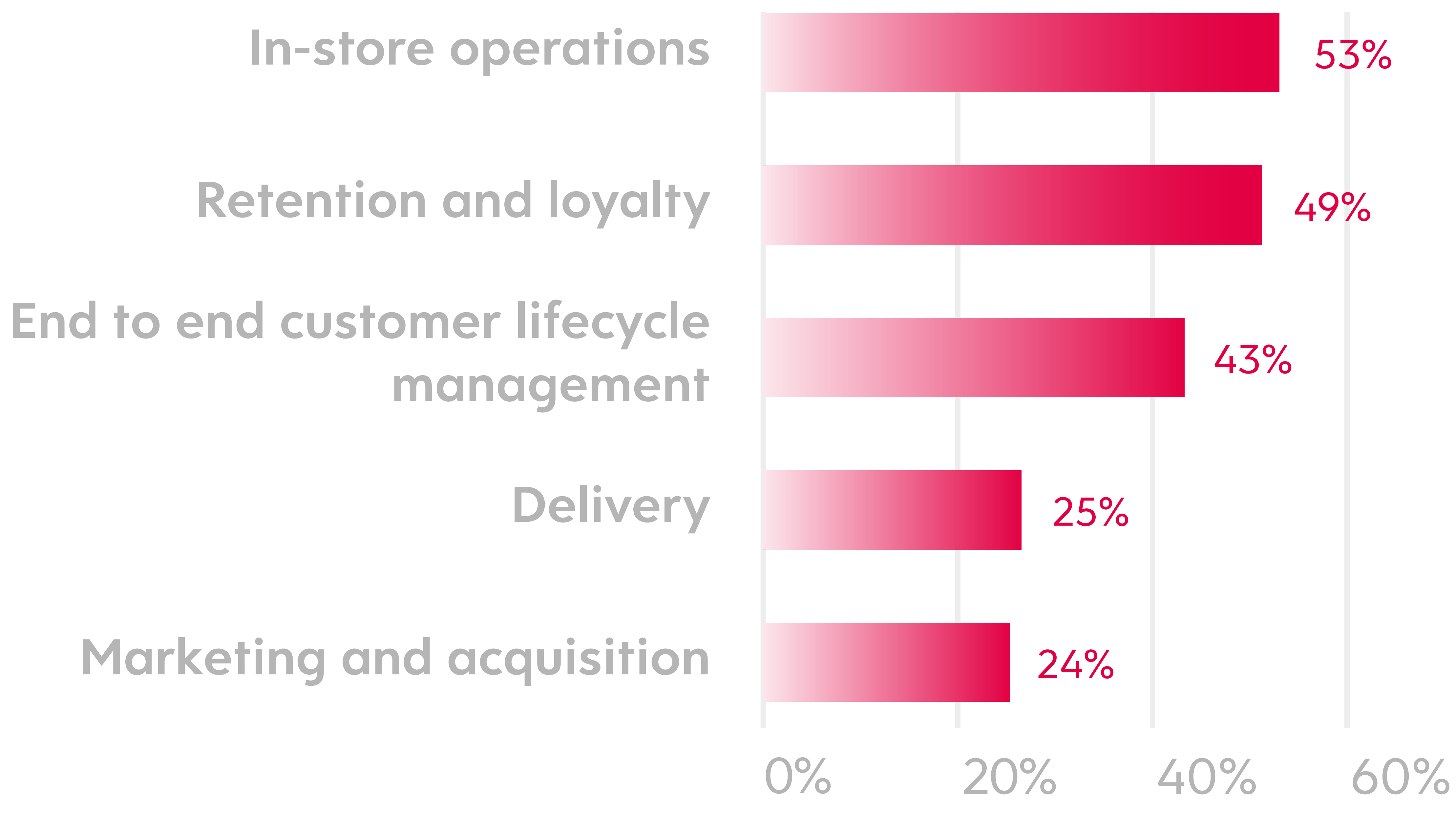
64% agree or strongly agree on clear and strong ROI value



Q17: On a scale of 1-5 (1: strongly disagree, 5: strongly agree), what are your views on the following statement: The organization has seen clear and strong ROI from it's internal operations digital transformation initiatives in comparison to other investments in the organization

63% agree or strongly agree on clear and strong ROI value

In-store operations and retention & loyalty have the most need for improved digital solutions.

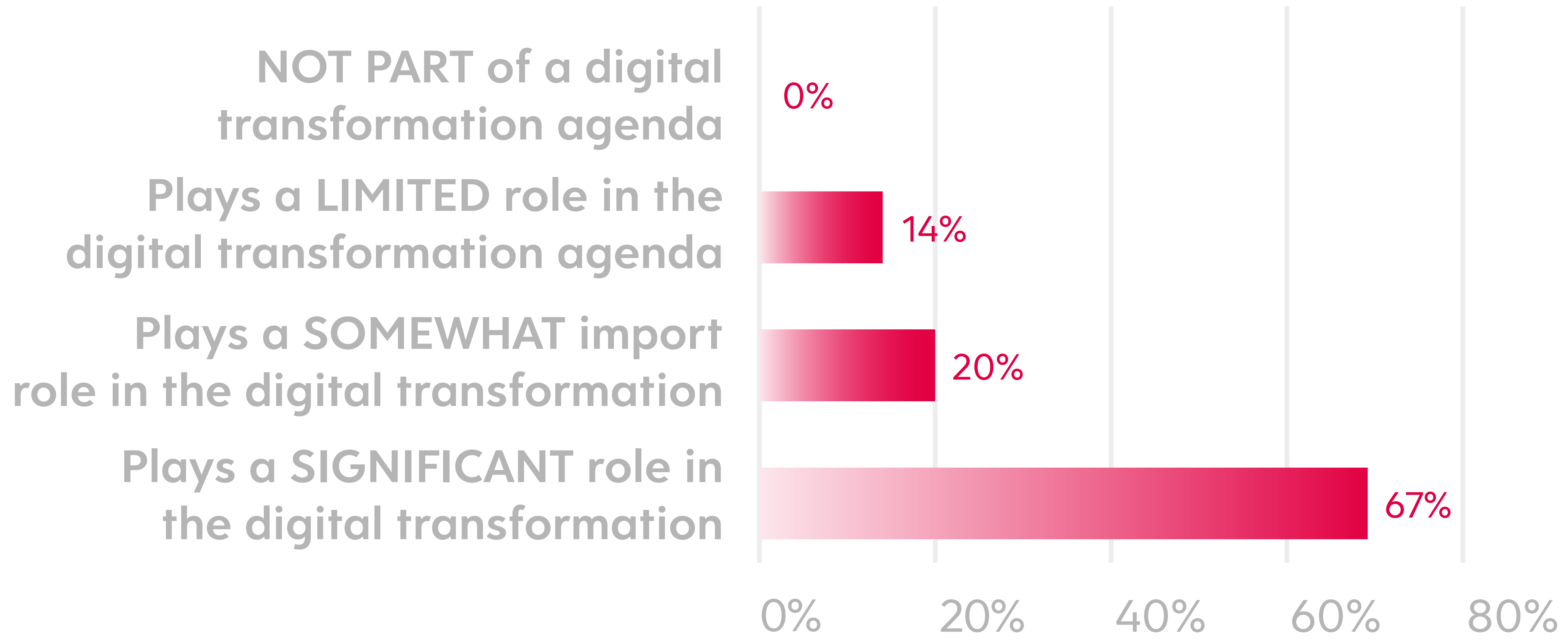


Q10: Which of the following aspects of customer engagement has the most need for improved digital solutions within your organization? Select all that apply.

Multi-brand and group businesses, more so than other QSRs, sees in-store operations as having the greatest need for improved digital solutions.

How are QSRs harnessing data across their business?

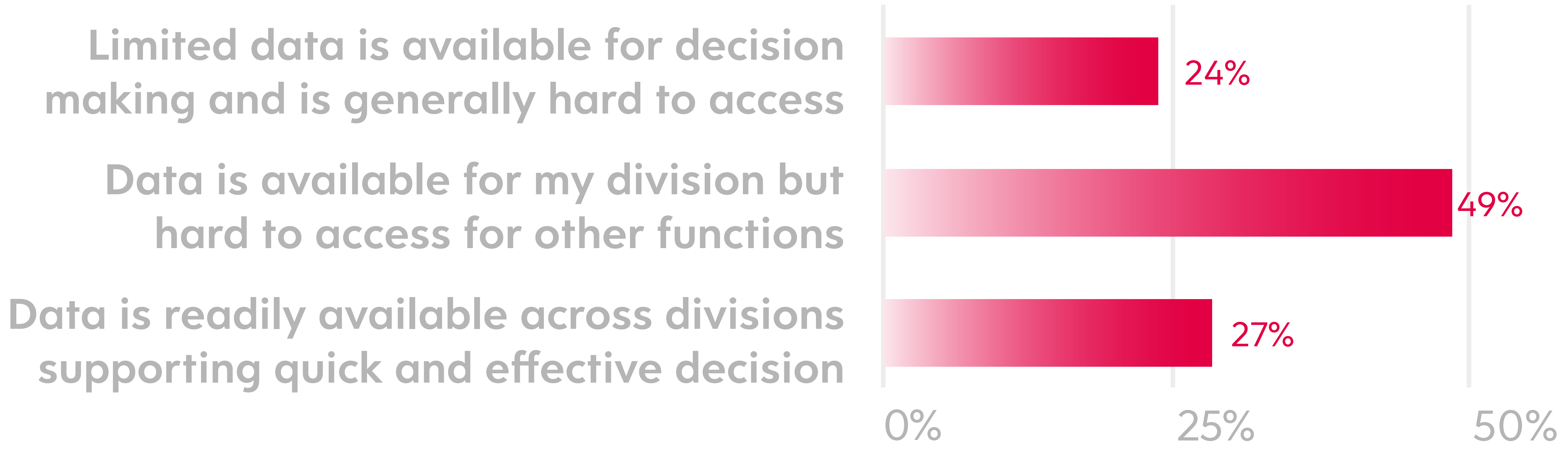
Data is important. Data accessibility and timely insights play a significant role in the digital transformations of two-thirds of QSR leaders.



Q4: To what extent is improving data accessibility and timely insights a critical part of the digital transformation?

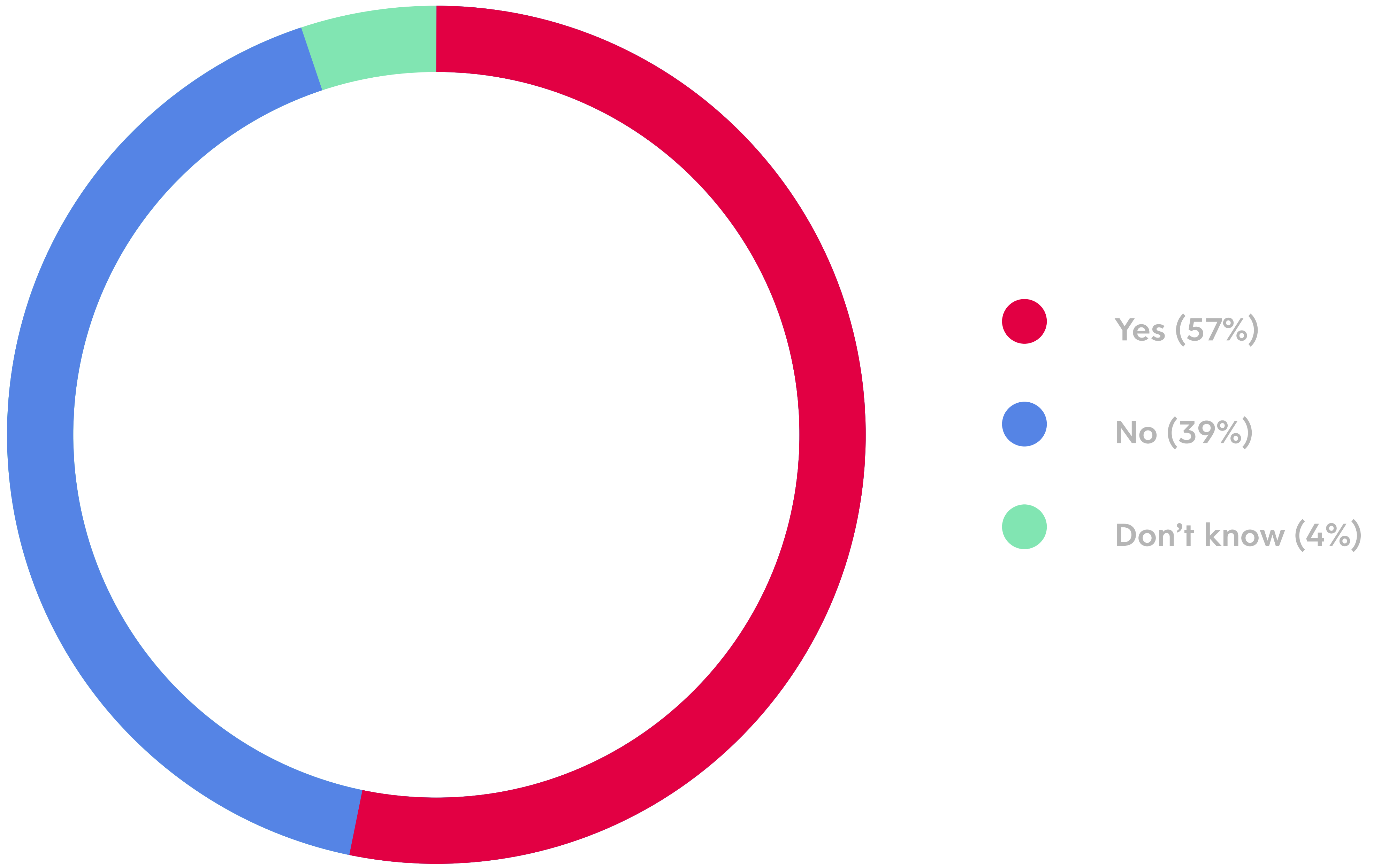
77% of the larger QSRs (1000+ locations) believe that data accessibility and timely insights play a significant role in digital transformation. The smaller QSRs with less than 1000 locations agree, but with a smaller percentage (59%).

Most respondents believe that data is either hard to access or siloed. Only 27% believe that data is readily available across divisions.



Q12a: Do you currently have adequate access to data and information to drive informed decision making on how to improve the organization's digital customer offering?

Data analytics and reporting needs may be strongest in smaller QSRs (<1000 locations) or single brand QSRs as they often lack an in-house data team.

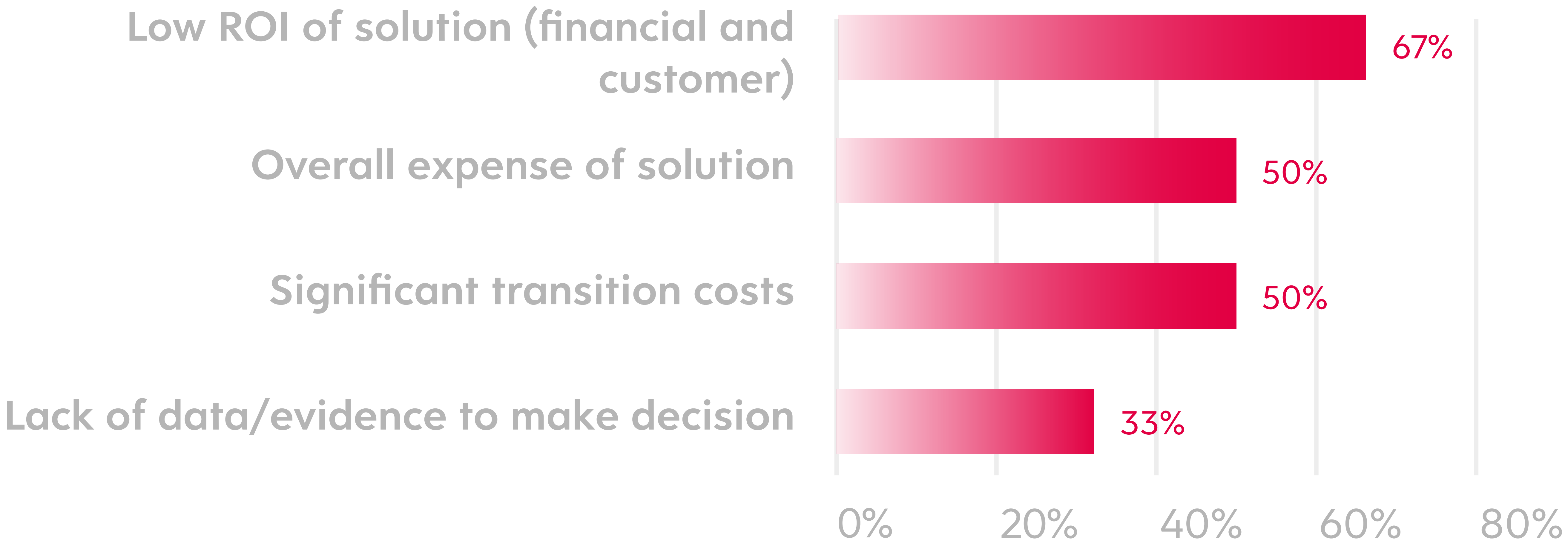


Q:S12: Does your organization have an inhouse data science team or dedicated data scientist?

82% of QSRs with more than 1000 locations already have in-house data team. 64% of multi-brand and group QSRs have an in-house data team.

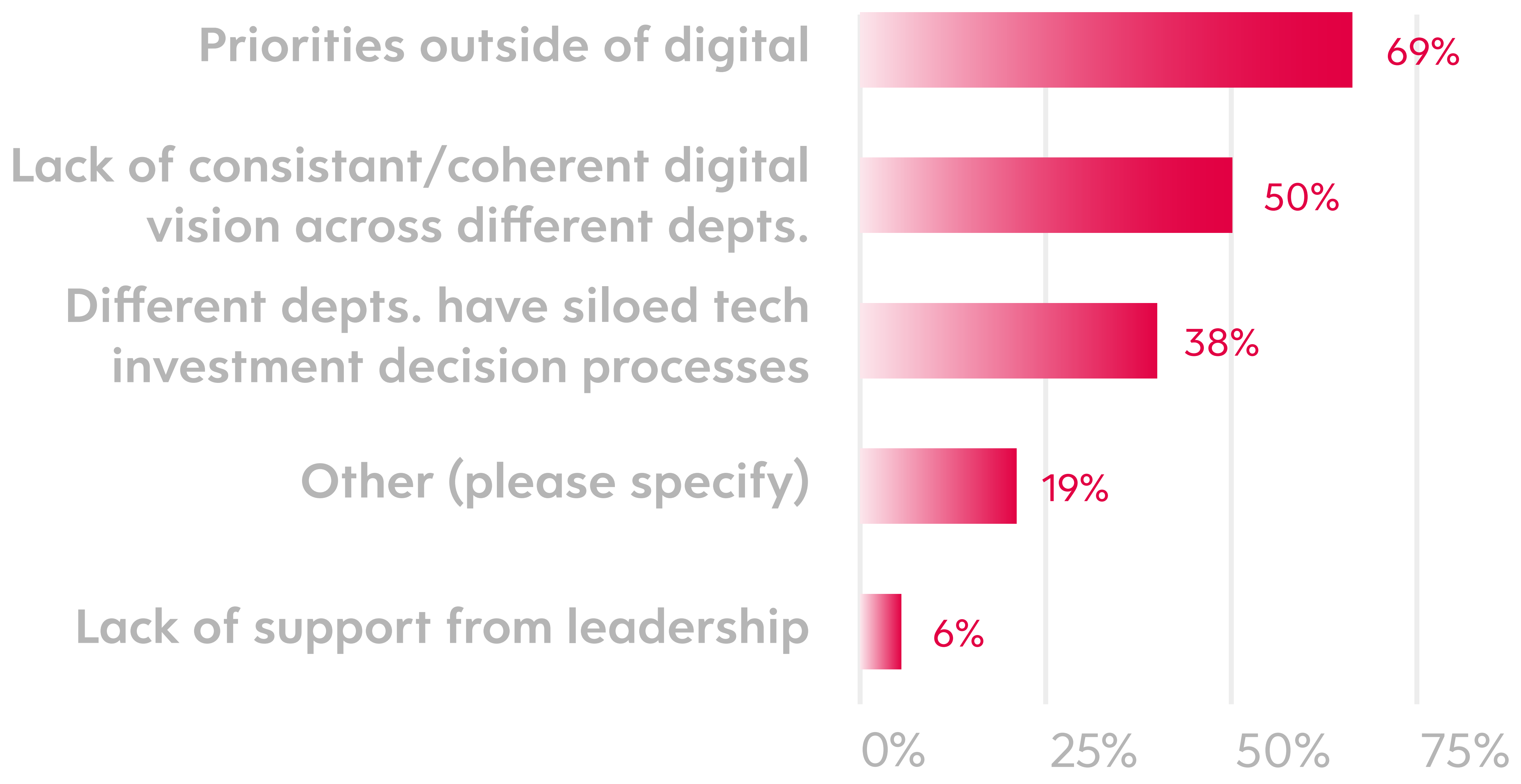
What road blocks are QSRs facing in achieving their goals?

Large QSRs in particular see low ROI, high costs, and lack of evidence as the biggest hurdles to realizing value from adopting an end-to-end customer journey approach.



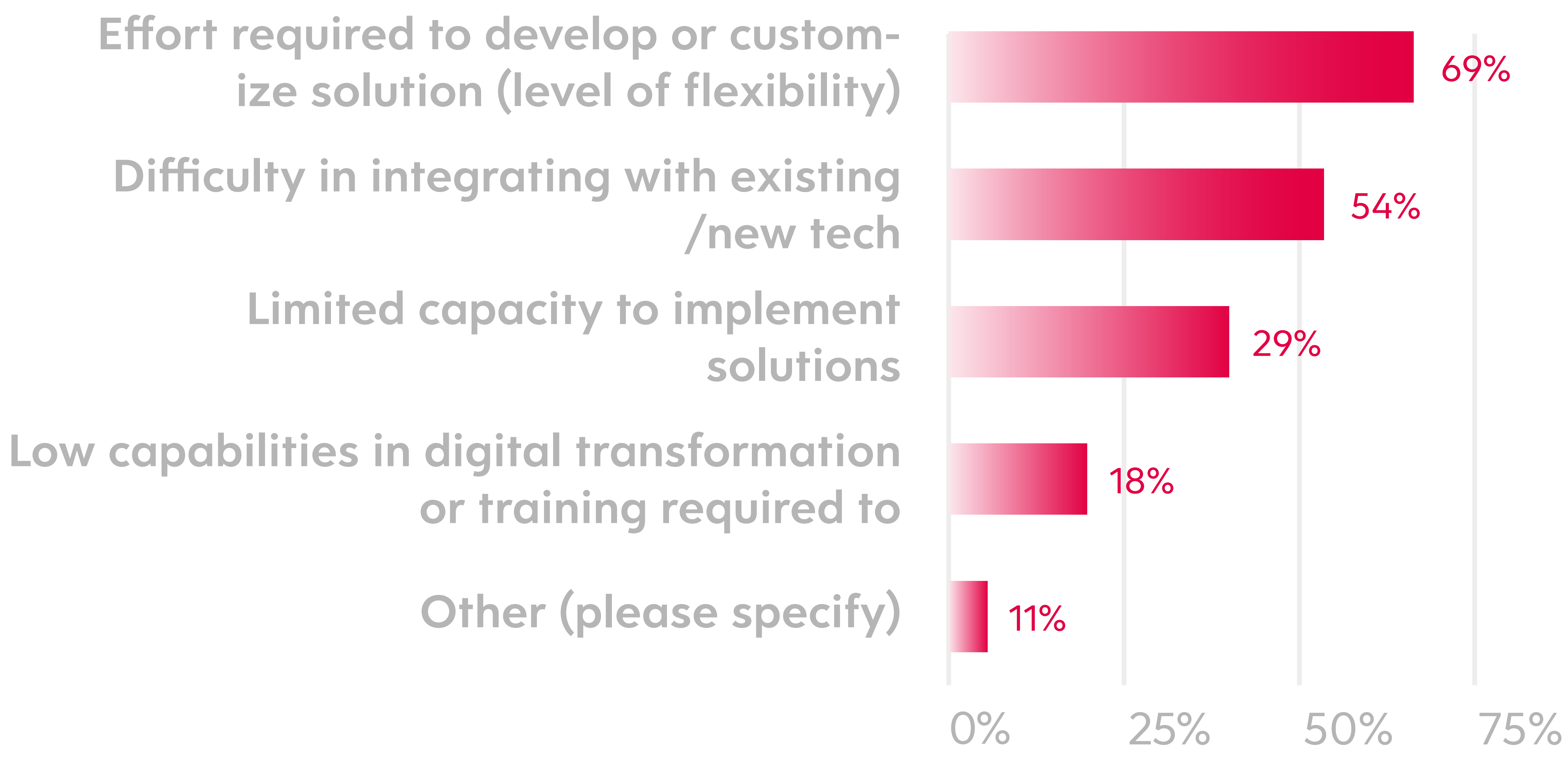
Q14b_1: Which of the following hurdles does your organization face relating to "Unclear value from implementing"? Select all that apply.

Other competing priorities (outside of digital) are the biggest hurdles to adopting a tech platform that supports an end-to-end customer journey view.



Q14b_1: Which of the following hurdles does your organization face relating to “Unclear value from implementing”? Select all that apply.

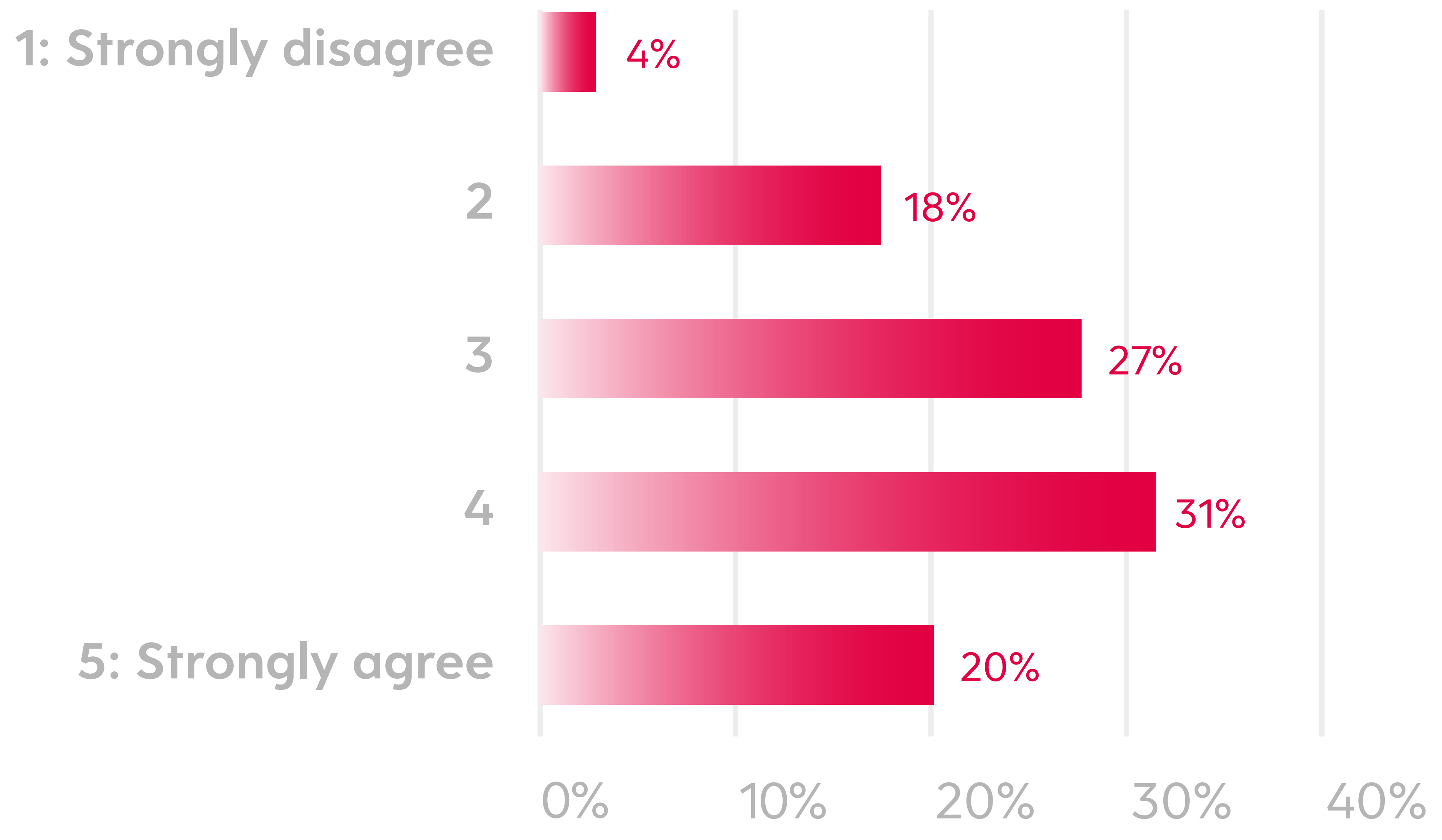
The biggest integration and implementation hurdles QSRs are facing is the effort required to develop/customize tools (68%) and the difficulty in integrating tools with existing tech (54%).



Q14b_3: Which of the following hurdles does your organization face relating to "Integration and implementation challenges"? Select all that apply.

Capacity and capabilities are less likely to pose hurdles to QSRs adopting new technology.

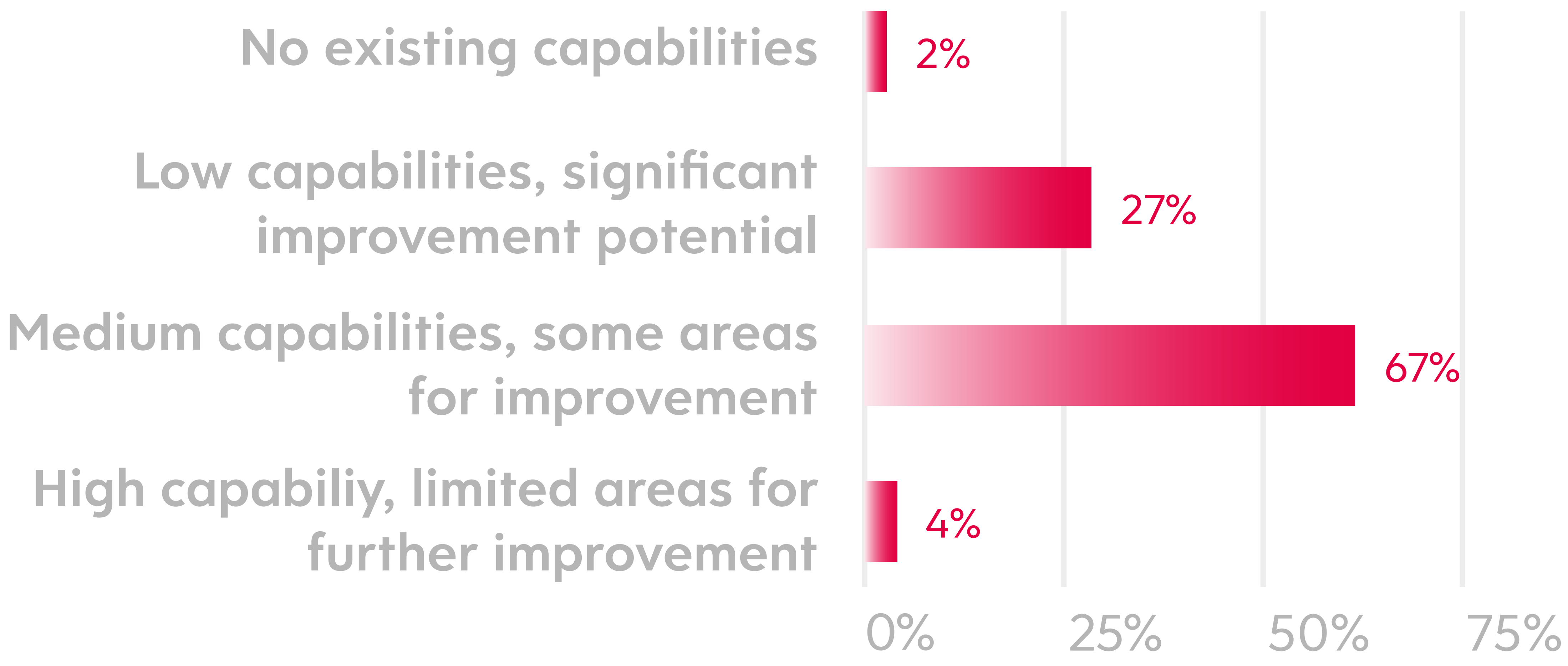
QSRs could increasingly treat adaptation of digital change in the same way that new products are built and integrated into the organization.



Q13a: On a scale of 1-5 (1: strongly disagree, 5: strongly agree), what are your views on the following statement: The organization embraces and executes digital change the same way new products (i.e. new menu item development) are built and integrated into the organization

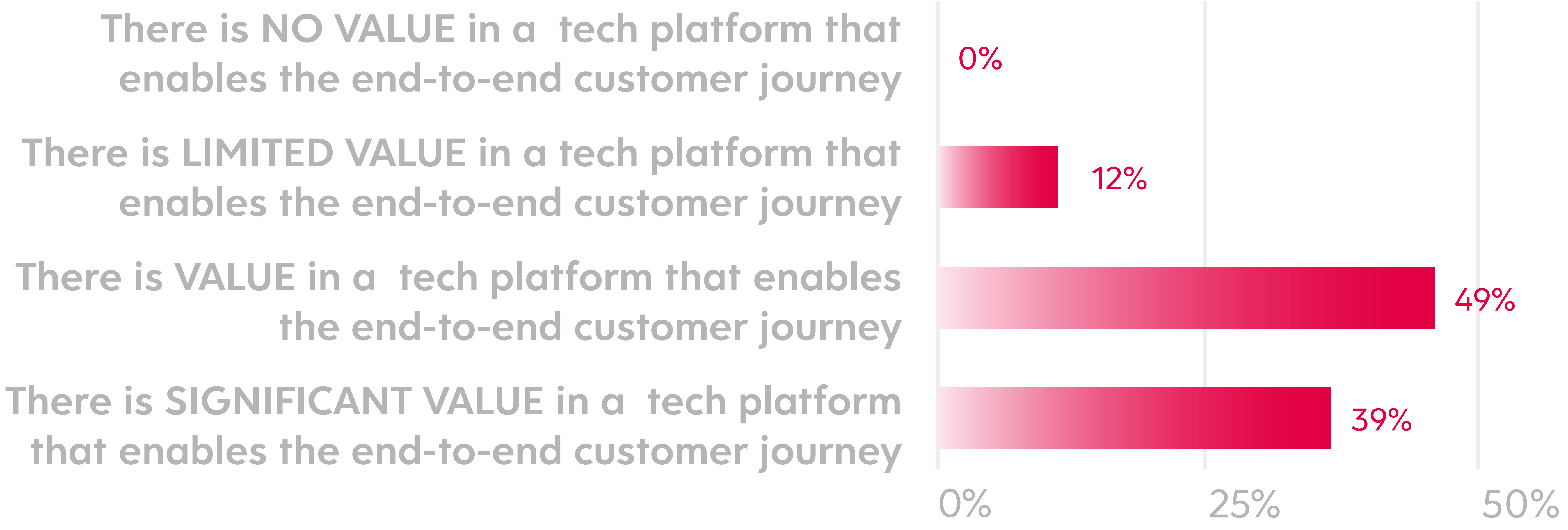
What role can an end-to-end digital customer lifecycle platform play?

QSR leaders are often building on existing capabilities when it comes to the end-to-end customer journey and lifecycle management.



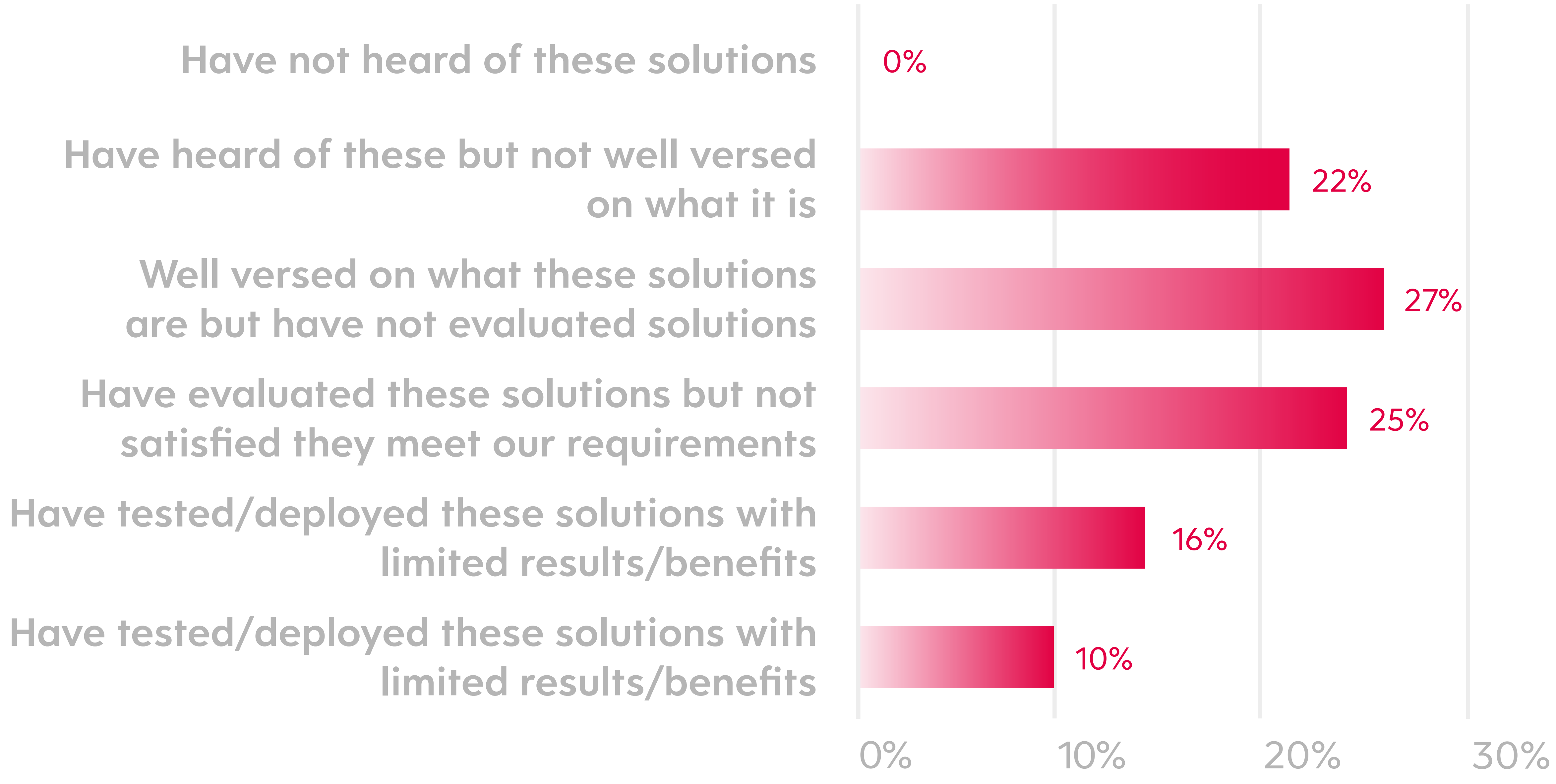
Q5: How would you assess your organization's digital capabilities as it relates to end-to-end customer journey and lifecycle management?

However, most respondents find value in adopting a connected technology platform (88%) to support the end-to-end customer journey.



Q11: In your opinion, is there value in adopting a connected technology platform that supports the end-to-end customer journey?

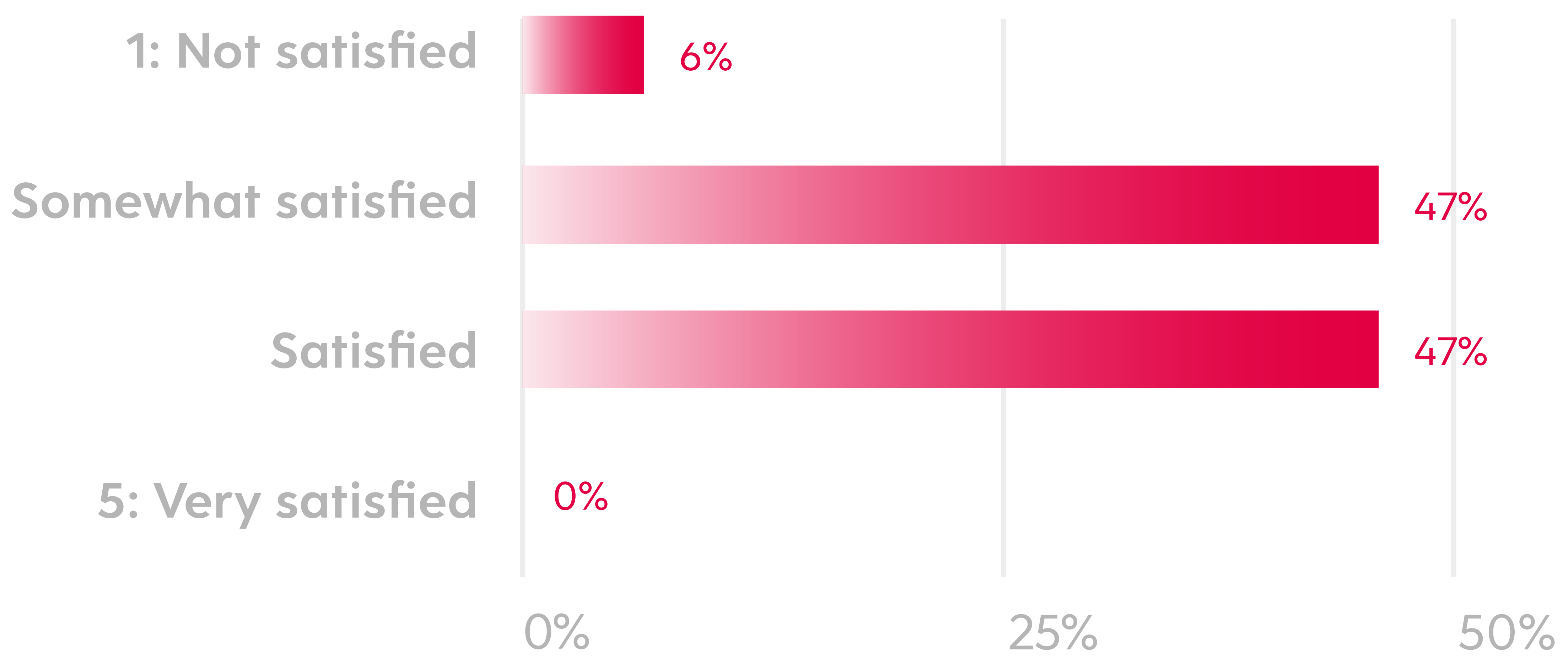
Yet, most QSR leaders have not evaluated end-to-end digital lifecycle platforms, or have evaluated and rejected them as they do not meet requirements.



Q29: Prior to completing this survey, what was your awareness and experience of end-to-end digital customer lifecycle platforms?

Multi-brand/group QSRs have disproportionately evaluated these platforms but have not found anything that meets their requirements.

This is partly driven by the lack of satisfaction with the vendor choices available.

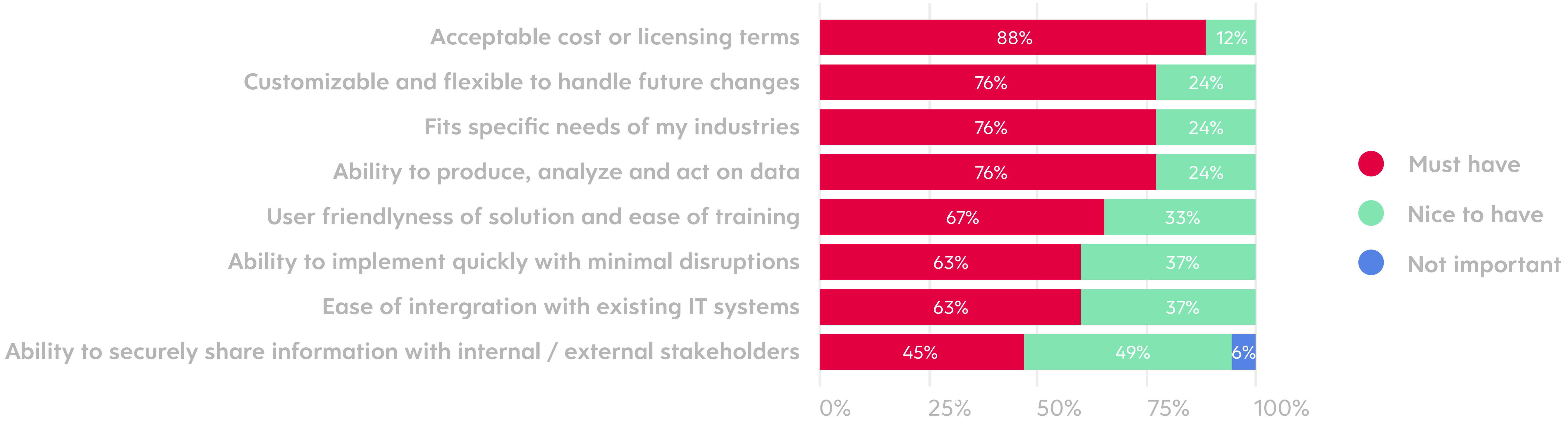


Q11_new: How satisfied are you with the vendor choices in the market, relating to digital solutions for customer engagement?

Larger QSRs with more than 1000 locations tend to be more satisfied with vendor options than other groups.

What are QSRs looking for in their selection criteria?

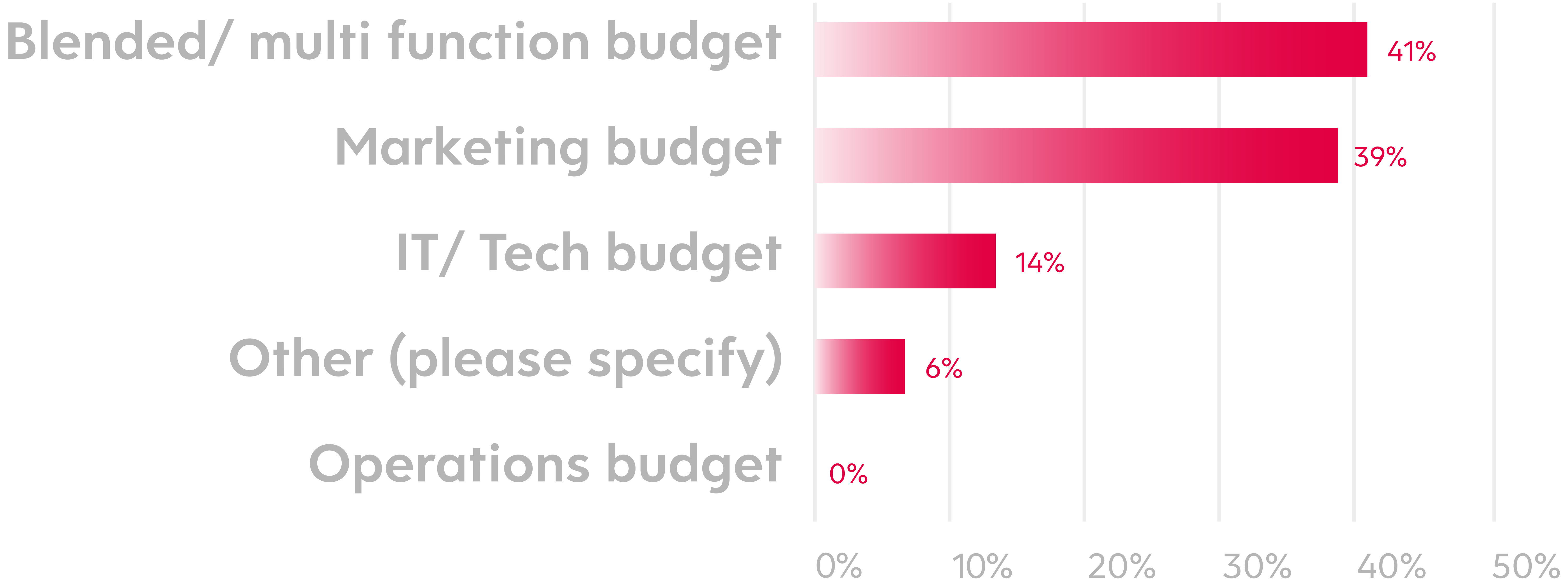
Cost is the most important digital solution selection criteria, followed by flexibility, industry fit, and data-centricity.



Q22a: Please classify the following selection-criteria for digital solutions in customer lifecycle management into the following categories

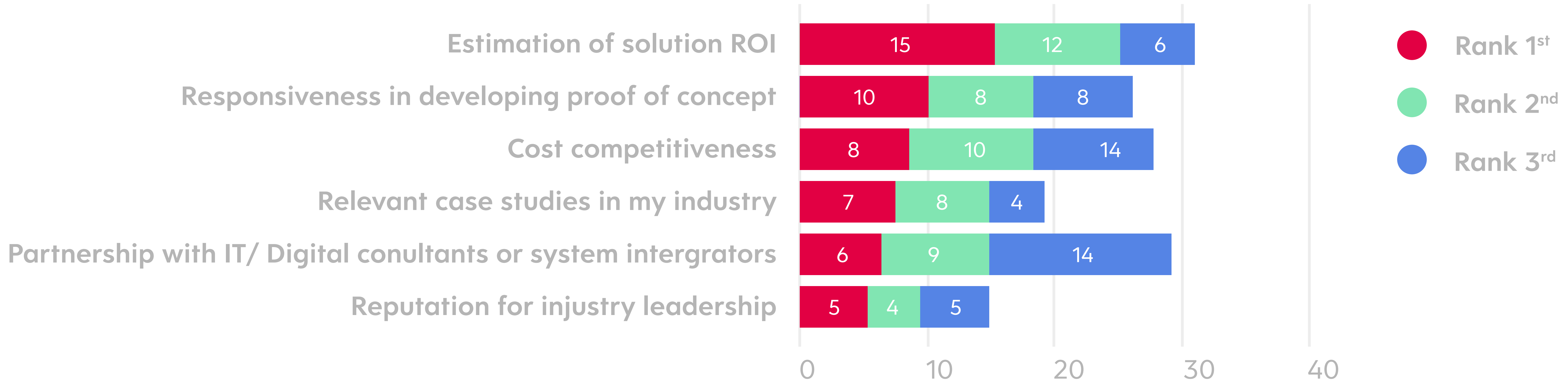
Customizability, fitting the needs of the industry and the ability to manage data are also important selection criteria for QSRs.

The budget for digital customer lifecycle solutions comes from a blended/ multi-functional budget or the marketing budget.



Q26: What budget does the expense of digital customer lifecycle solution (i.e. engagement through to order and fulfillment) typically come from? Please select one.

Providing an estimation of the ROI of the solution is the most important factor for digital vendor selection.



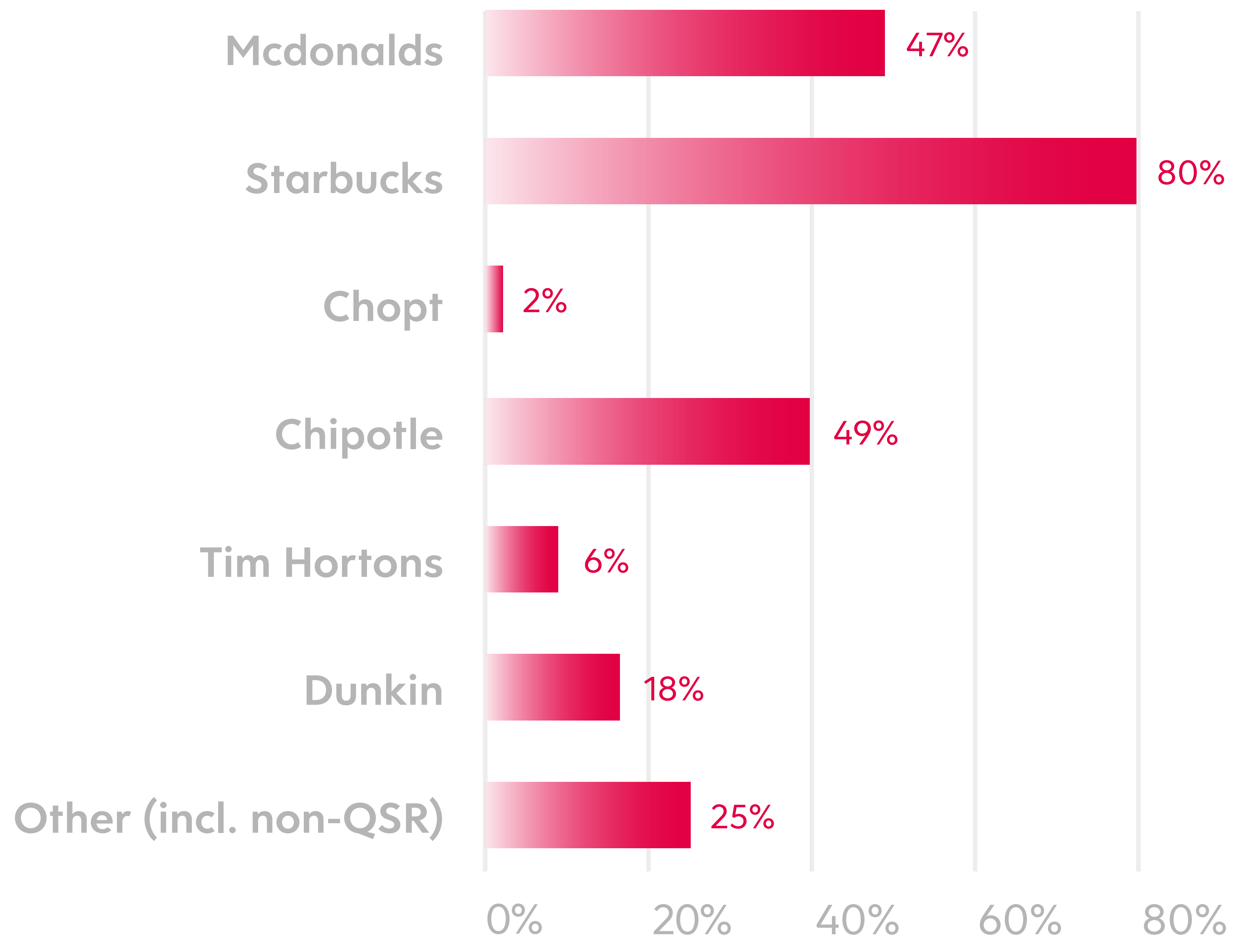
Q23: Please rank the top-3 factors of importance to you when selecting an external digital solution vendor.

Note: Chart shows number of respondents who selected each ranking

Responsiveness in developing proof of concept, relevant case studies, and reputation are also important selection factors.

Who are QSRs seeing as industry leaders?

Starbucks, Chipotle and McDonald's are looked up to for embodying best practices in digital customer experience.



Q18: Which companies do you look up to for embodying best practices in Digital Customer experience? Select all that apply

Other: Chick-fil-A, Dominos, Dutch Bros, Subway, Sonic, Target

Conclusion.

Digital technology is becoming an increasingly essential part of operating a QSR business. Leadership in U.S.-based QSR franchises indicate across the board their need for more streamlined solutions to guide digital transformations that are already underway.

It is understood that most QSRs make decisions:

a) as a functional group. (Suggestions for change should therefore address multiple organizational heads, especially C-suite executives who focus on digital strategy.)

b) with a focus on digital transformation to improve in-store operations and customer retention.

c) based on the projected ROI.

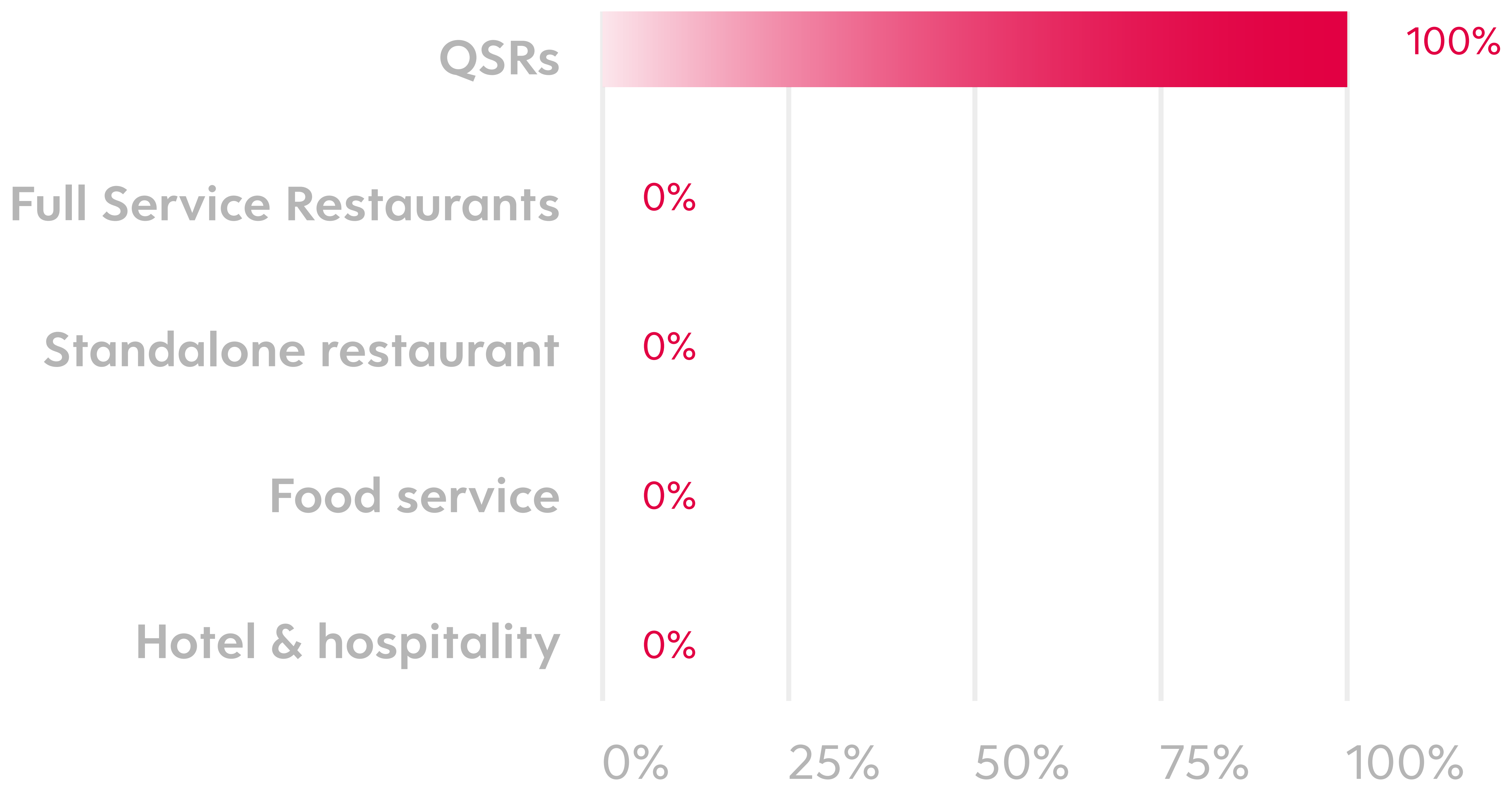
d) based on pushing forward data accessibility.

e) that directly increase their bottom line.

As the QSR market continues to grow exponentially in the U.S., businesses need to invest in integrated restaurant technology that improves every element of the customer experience while also optimizing internal processes. Today's leading QSRs understand that the future is digital. To stay ahead of the competition, businesses know that they need to invest in technology. The selling point for digital vendors is not just to prove the need for a digital stack, but to demonstrate how to implement and utilize technology more effectively.

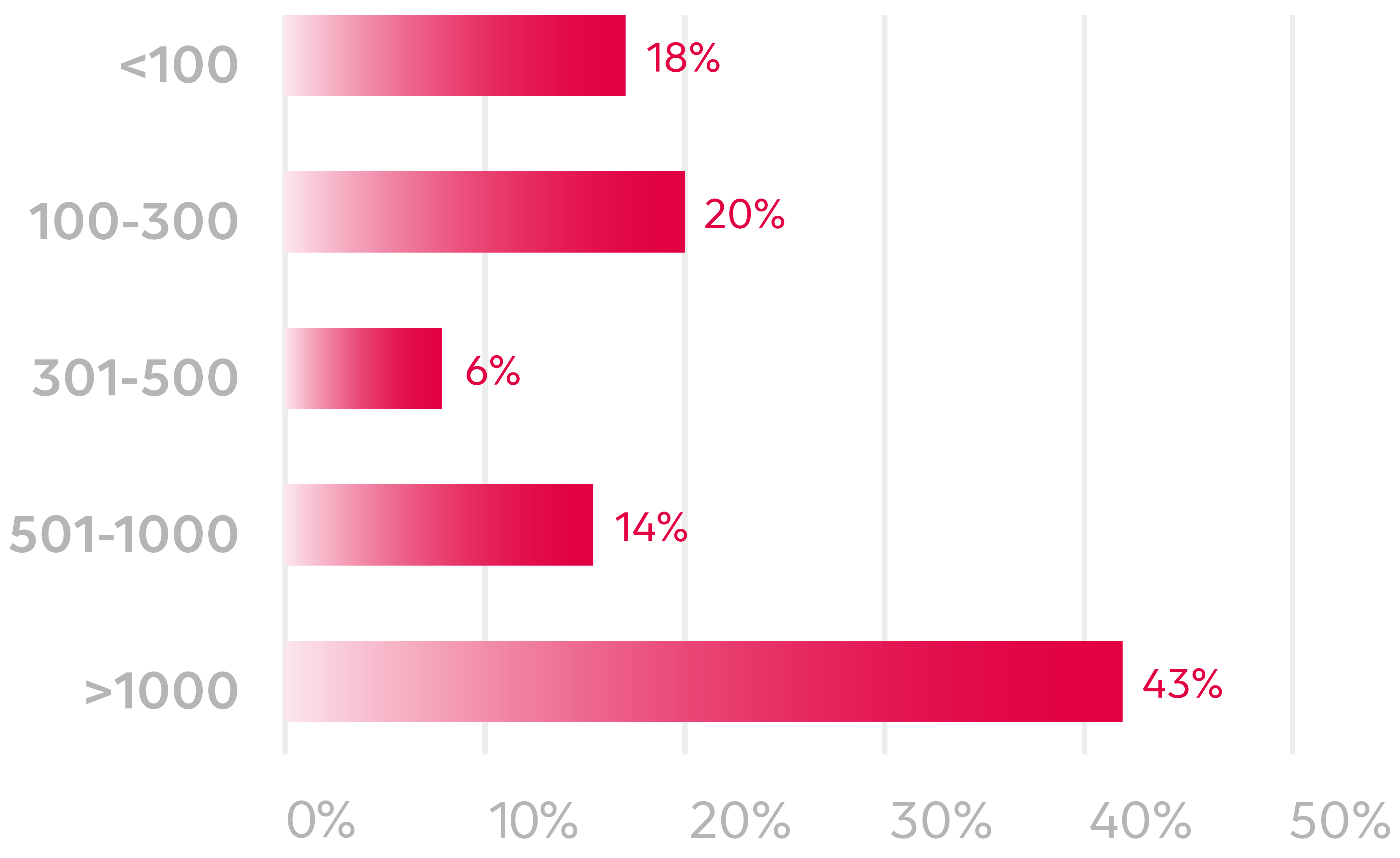
Appendix.

All respondents represent North American QSRs.



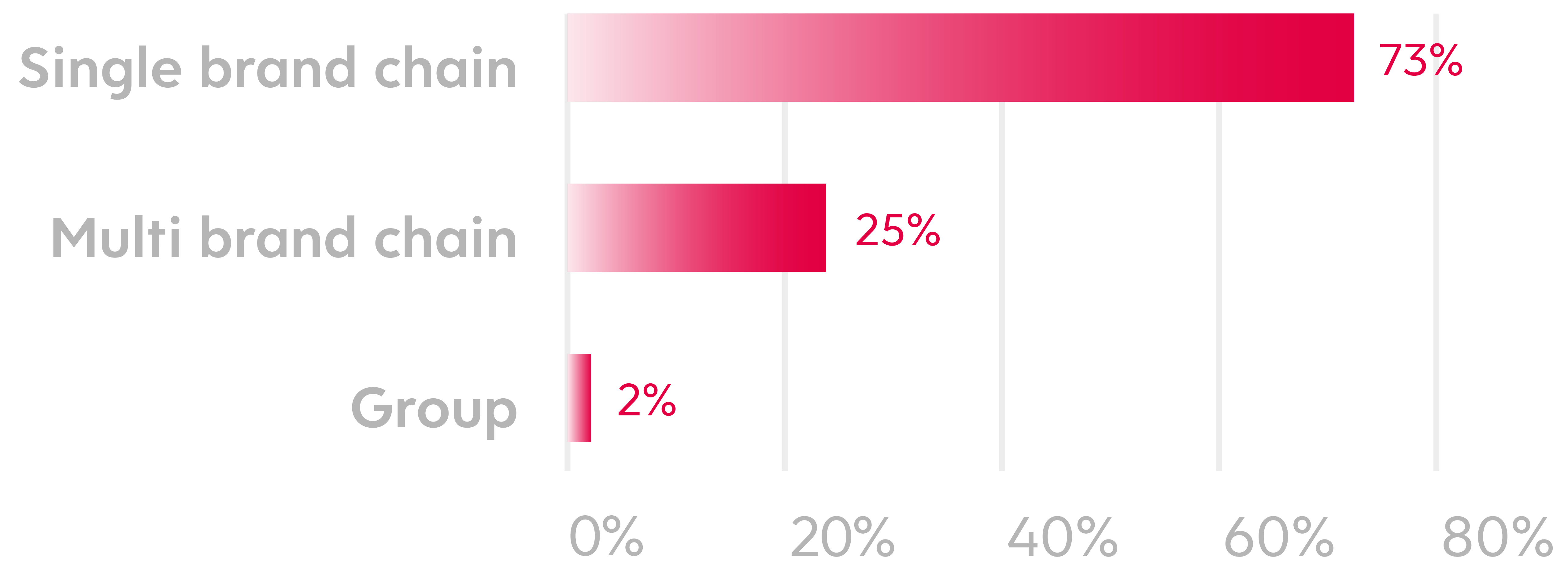
Q:S5: What best describes your company's focus within Restaurants, Foodservice and Hospitality?

42% of respondents represent large QSRs with more than 1000 locations.



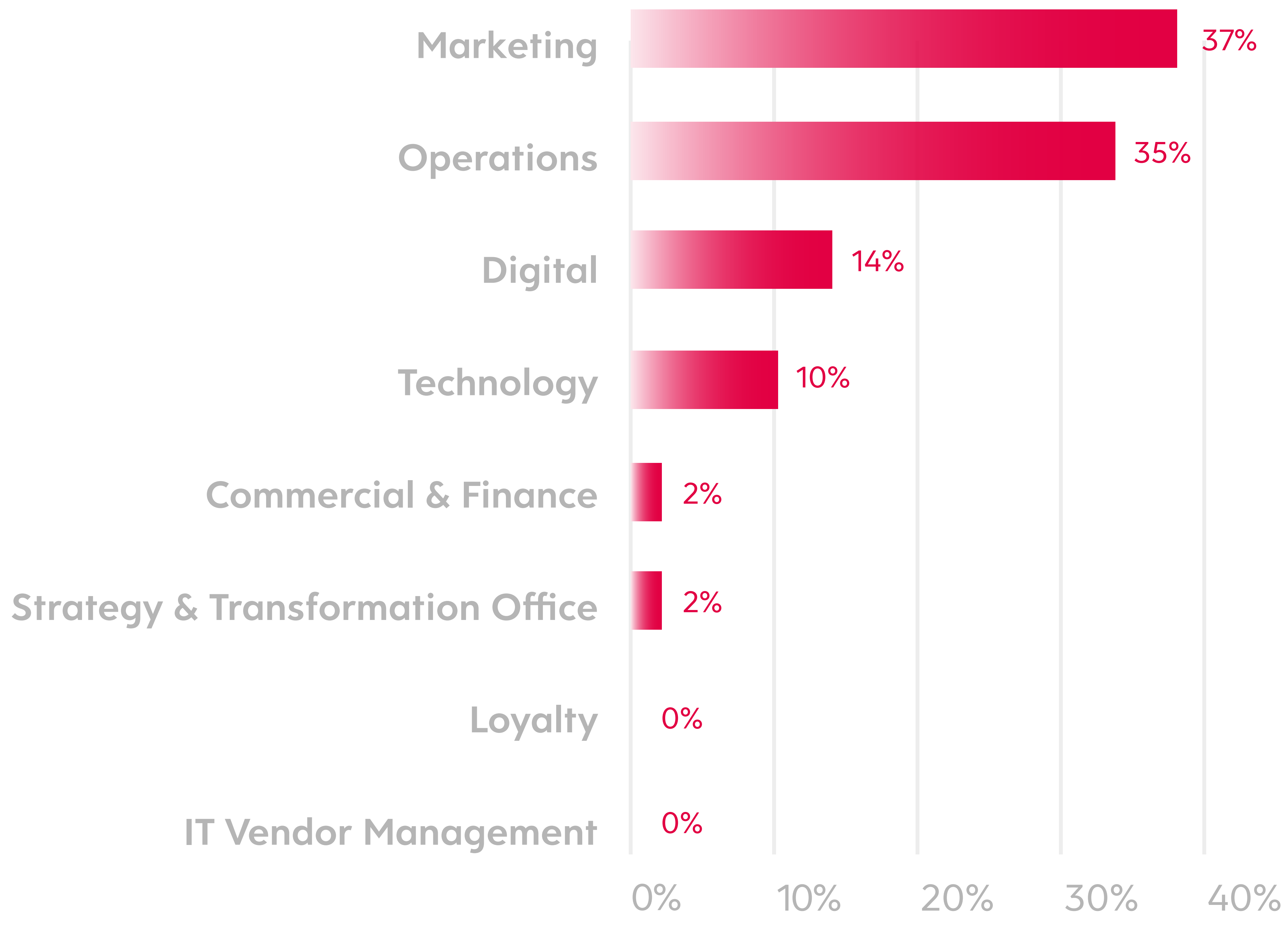
Q:S3: Approximately how many locations do you have in the US?

73% of respondents represent single brand chains.



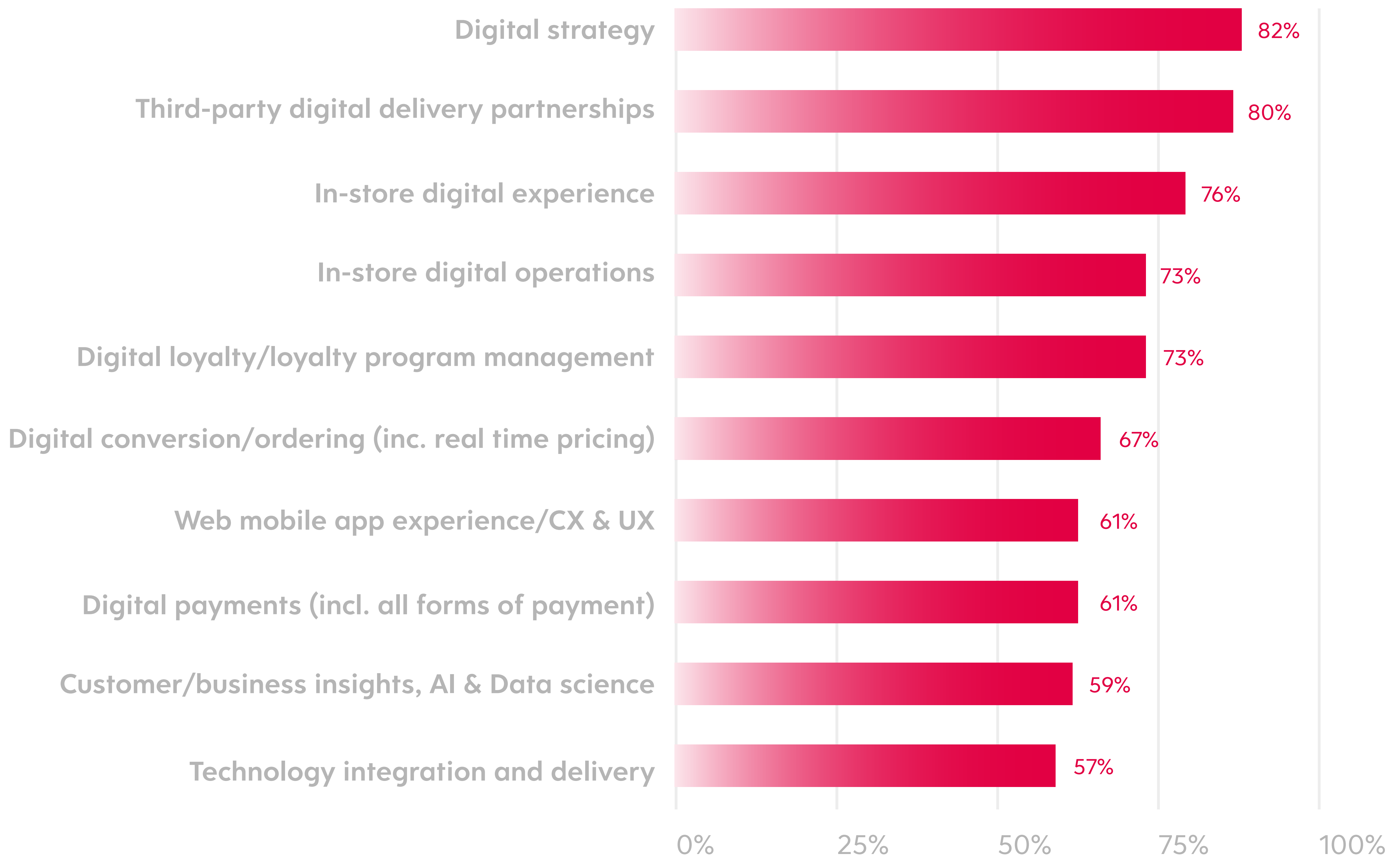
Q:S6: Which of the following best describes the QSR category of your organization?

A mix of functions are represented by the respondents, particularly marketing and operations.



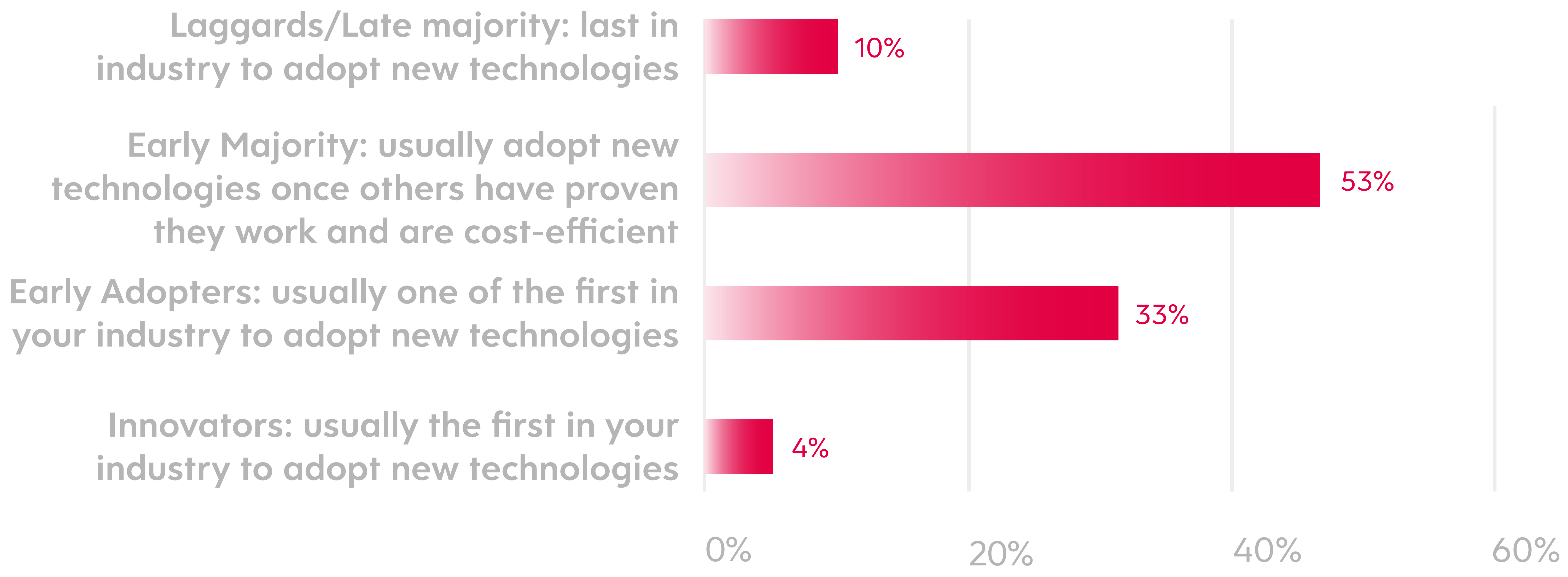
Q:S7: Which of the following best describes the function you work for within your company / organization?

Respondents represent a wide spectrum of digital marketing and customer facing responsibilities.



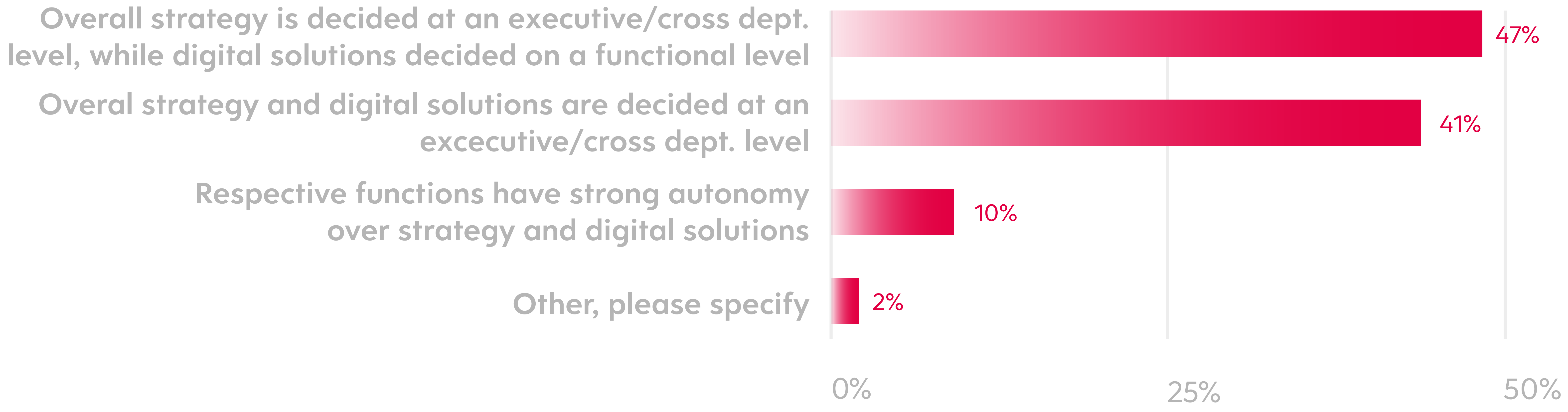
Q:S10: What best describes your digital marketing and, or customer lifecycle responsibilities? Select all that apply.

Most respondents consider their companies as Early Adopters (33%) of digital experiences or in the Early Majority (53%).



Q:S11: How would you describe the adoption of digital experience in your company's customer offering?

Overall strategy and digital solutions are decided at the executive level OR as a combination of executive and functional level inputs.



Q21: How do the organization's overarching strategic priorities feed into decision making as it relates to digital solutions?

Large and Multi Brand QSRs tend to decide strategy at the executive level and digital solutions at the functional level.

Project context.

Methodology
Surveys: 51 x 15-minute long questionnaire
Time-frame: February to March 2022

Roles
C-Suite and VP/Director-level

Functions
- Commercial and Finance
- Digital
- Loyalty
- Marketing
- Operations
- Strategy and Transformation Office
- Technology
- IT Vendor Management

Companies

QSR category
Primary focus: Single Brand Chains (73%)
Secondary focus: Multi-Brand Chains and Groups (27%)

Number of locations
More than 1000 locations (43%)
Less than 1000 locations (57%)

Geography
North America (US and Canada) (100%)

TASK.