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.

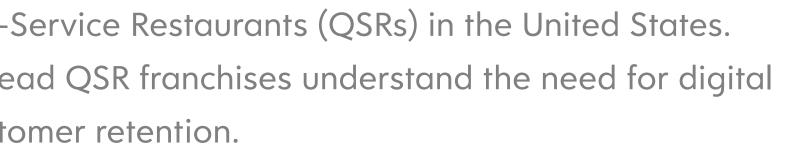




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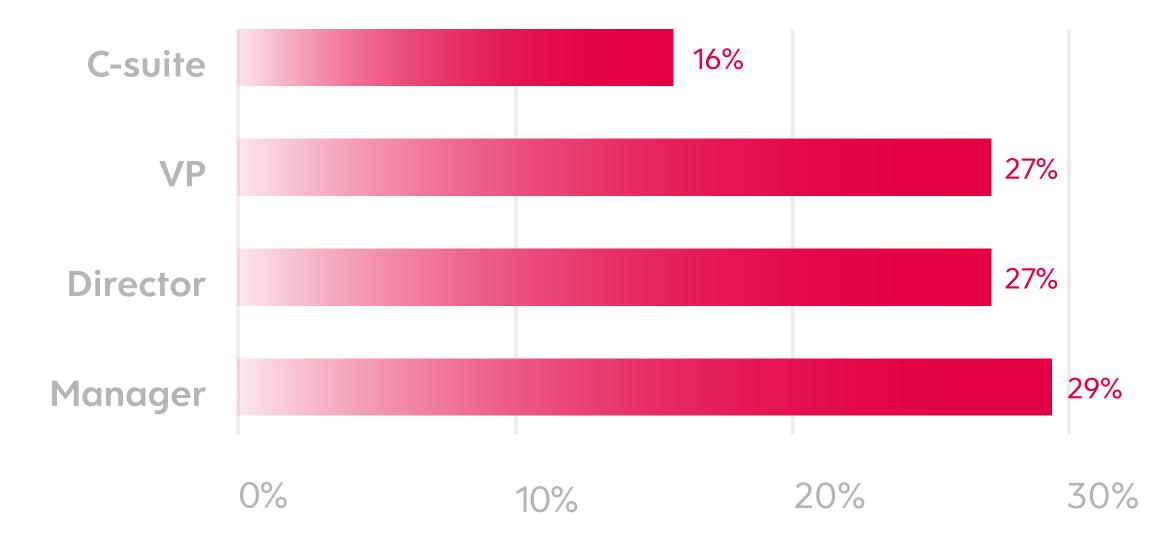


Who makes decisions when investing in digital transformations?



4

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.

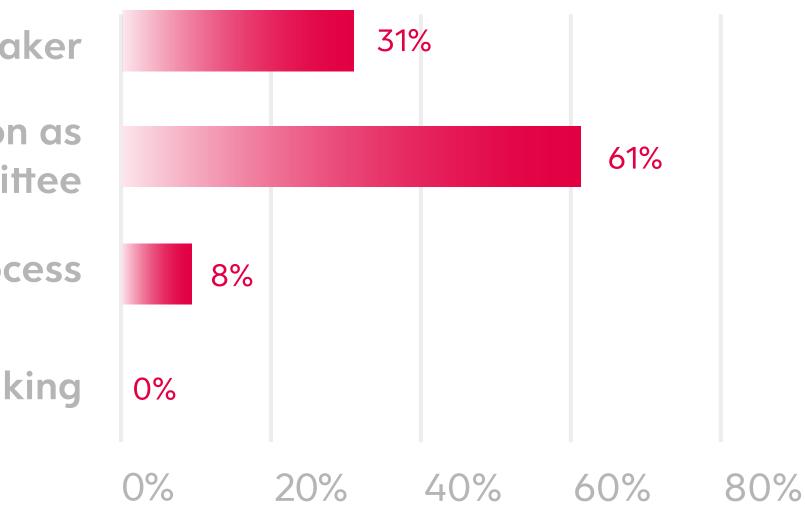
I am the primary decision maker

I help make the decision as part of a group or committee

I influence the decision-making process

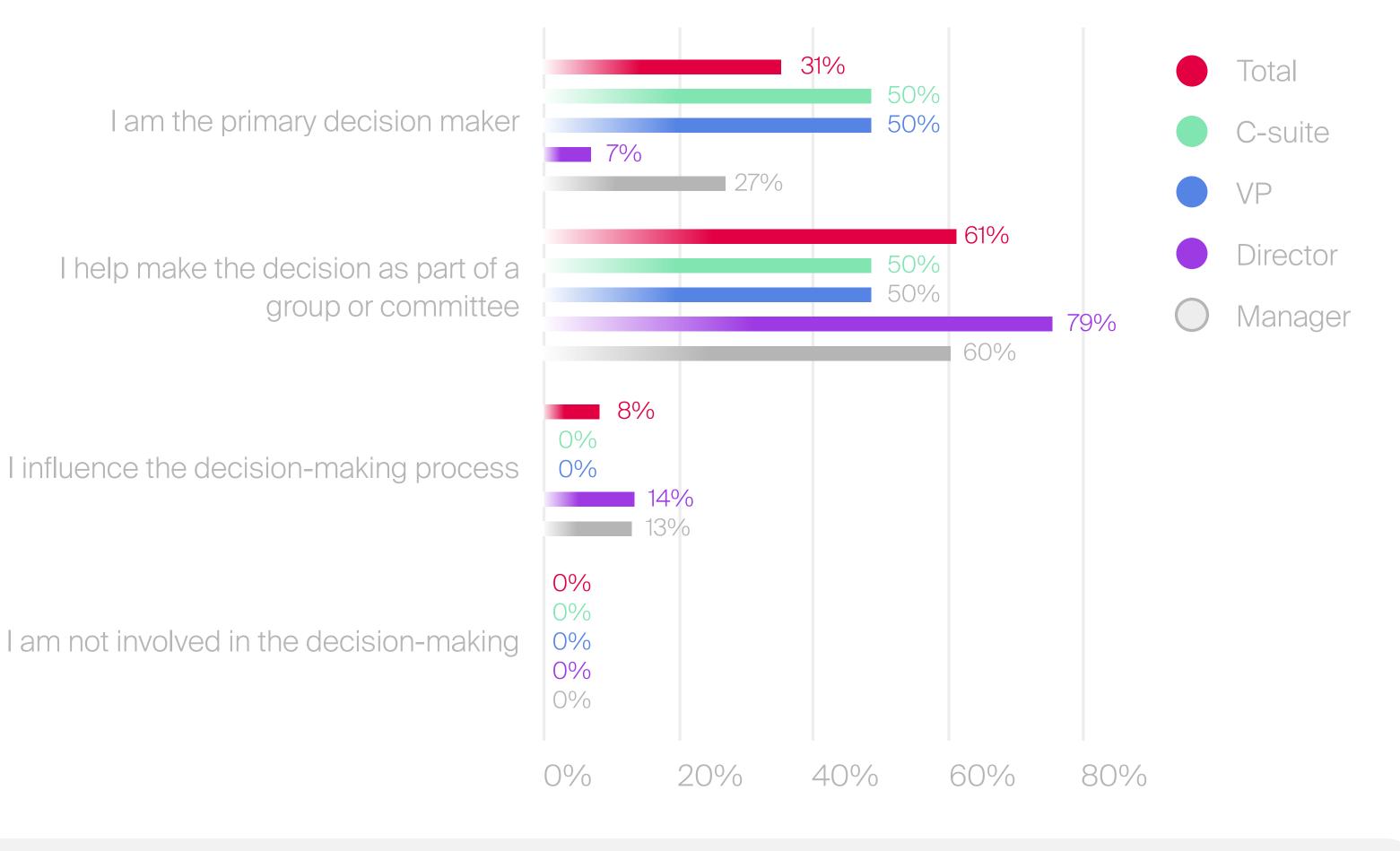
I am not invloved in the decision-making

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.

CMO	41%		37%	6	16% 6%
CEO	41%		22%	22%	16%
Chief Digital Officer	27%	3	1%	12%	29%
CIO or CTO equivalent	22%	۷	49%	14%	16%
COO or equivalent	22%	4	3%	25%	10%
CFO	22%	20%	39	9%	20%
Digital Management	12%	45%		29%	14%
Marketing Management	12%	39%		41%	8%
Board	12% 2%	37%		49%	
Technology Management	8%	51%		33%	8%
Operations Management	8%	49%		35%	8%
Chief Strategy Officer	<mark>6%</mark> 22%	20%		53%	
Other	6% 6%		88%		
Strategy Management	<mark>2</mark> % 31%		33%		33%
Consulting Firm	20%	37%		43%	6
	0%	25%	50%	752	% 1

and fulfillment.

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

- **Decision maker**
- Solution Champion/Advocate



Not involved

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



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

C-Suite in your organization

Digital/IT consultancies or research firms

Industry events, news or media

Digital IT solution vendors

Word of mouth from peers in other companies

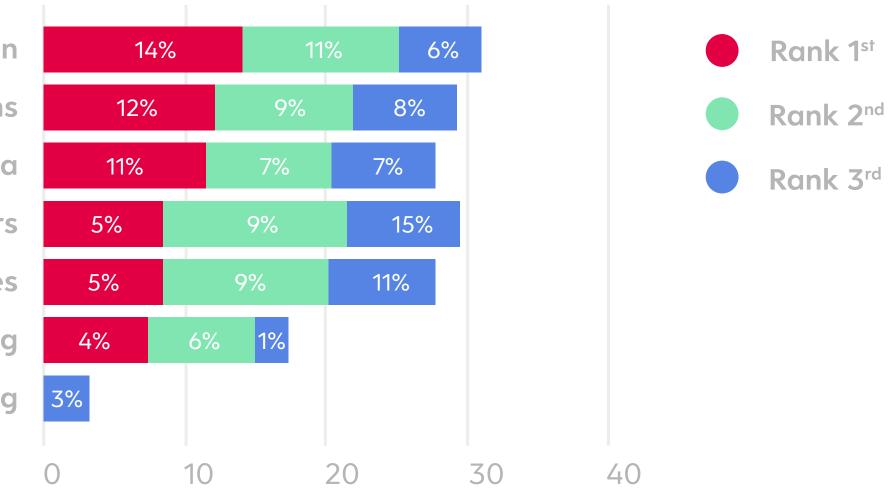
Word of mouth from co-workers within marketing

Word of mouth from co-workers outside of marketing 3%

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?

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

Web-mobile-app experience

Third-party digital delivery partnerships

Digital conversion/ordering (incl. pricing advertising, ordering)

Digital payments (incl. all forms of all payments and integrations, e.g. Gift/stamp cards, loyalty points)

Digital loyalty/loyalty program management

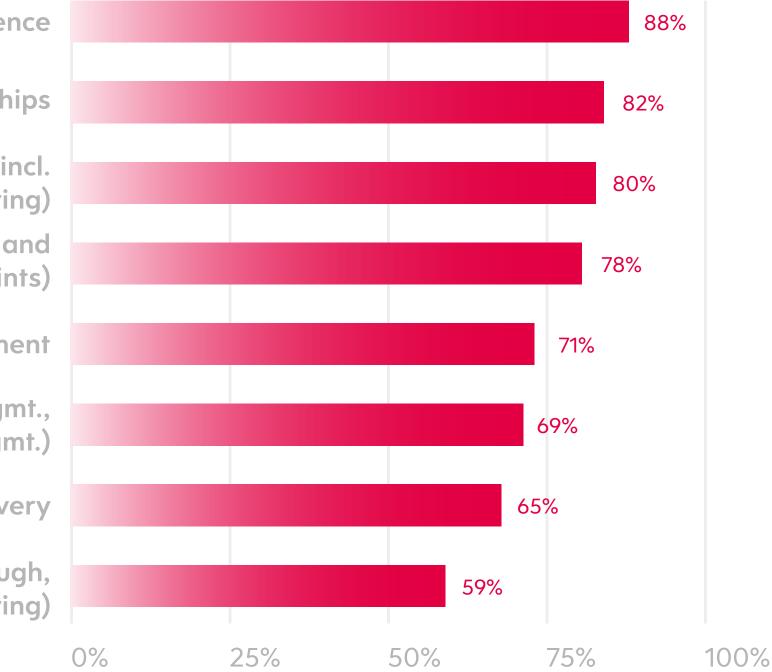
In-store digital operations (restaurant mgmt., POS, real-time inventory mgmt.)

Technology integration and delivery

In-store digital experience (kiosk, drive through, at table ordering)

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%).

Significant increase in digital/app traffic or usage

Digital customer engagement becomes a top corporate priority, with increased funding

Customer centricity becomes a top corporate priority, with increased funding

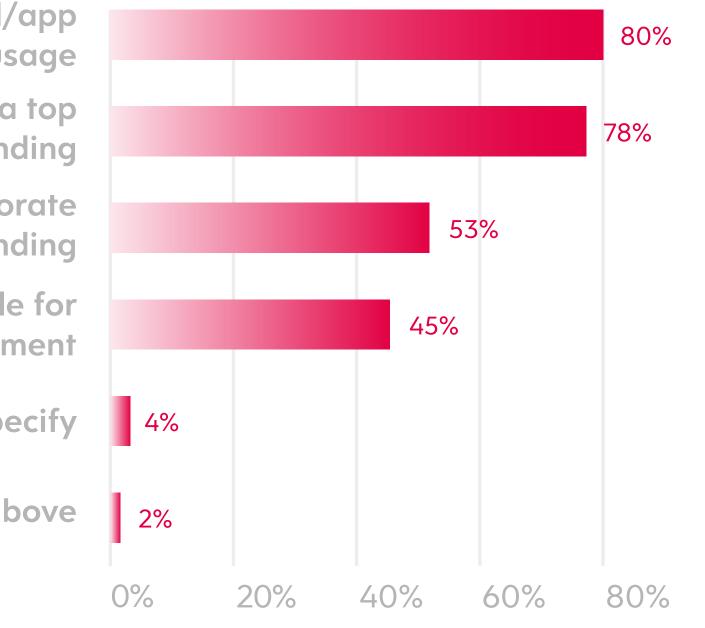
Change in senior leadership responsible for digital customer engagement

Other, please specify

None of the above

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.

Retention and loyalty

Marketing and acquisition

In-store operations

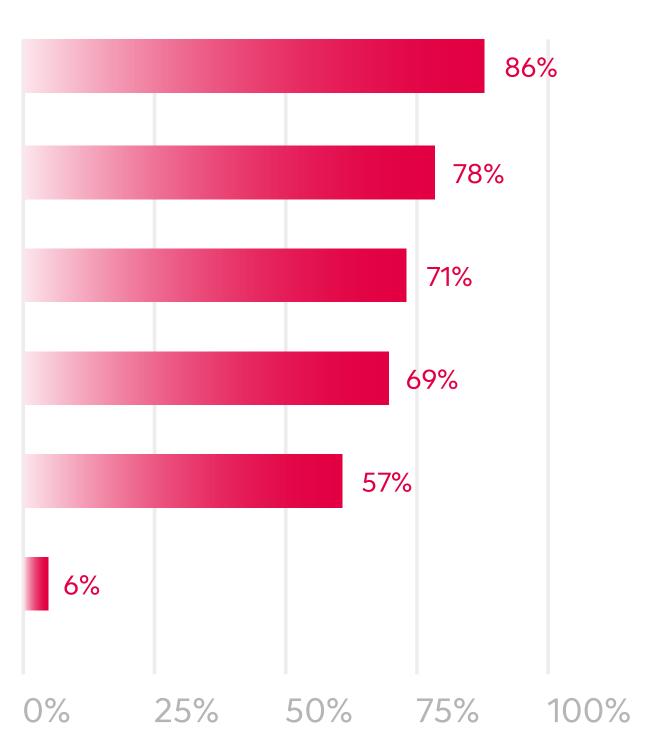
Delivery operations

End-to-end customer lifecycle

Other, please specify

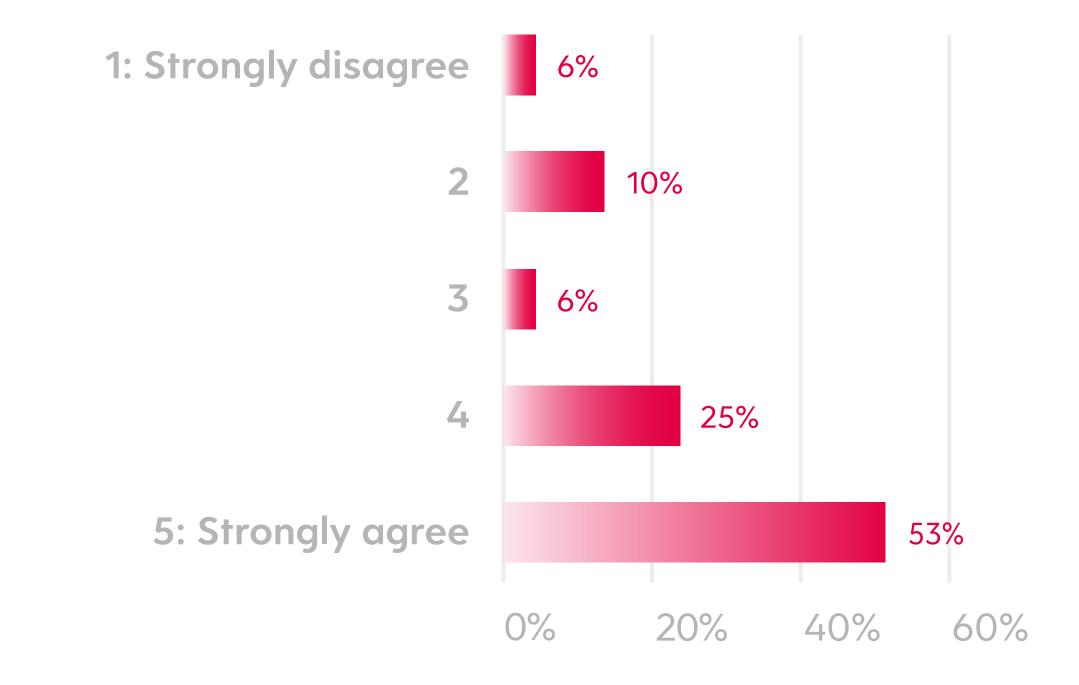
Q3: Which of the following aspects of the customer journey is undergoing digital transformation? Select all that apply.

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.





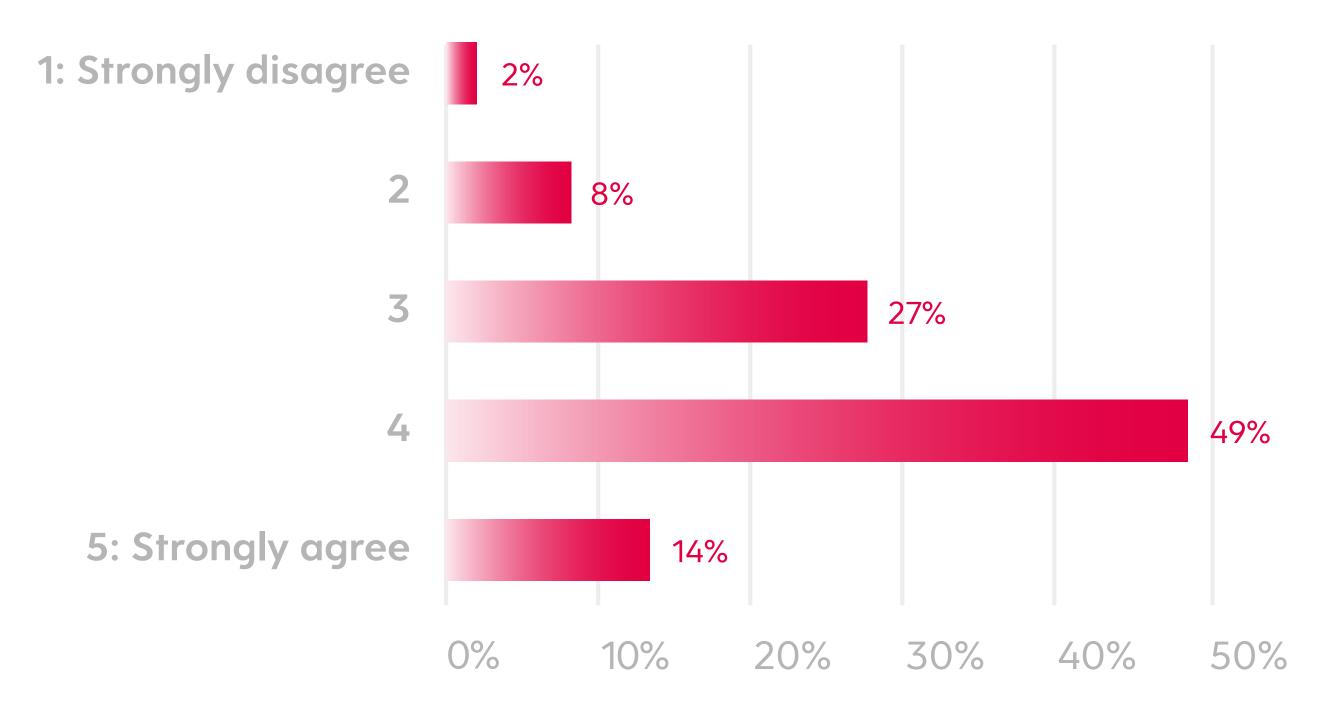
Most QSRs are currently undergoing or have undergone a major digital transformation to improve customer engagement and lifecycle management.



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?

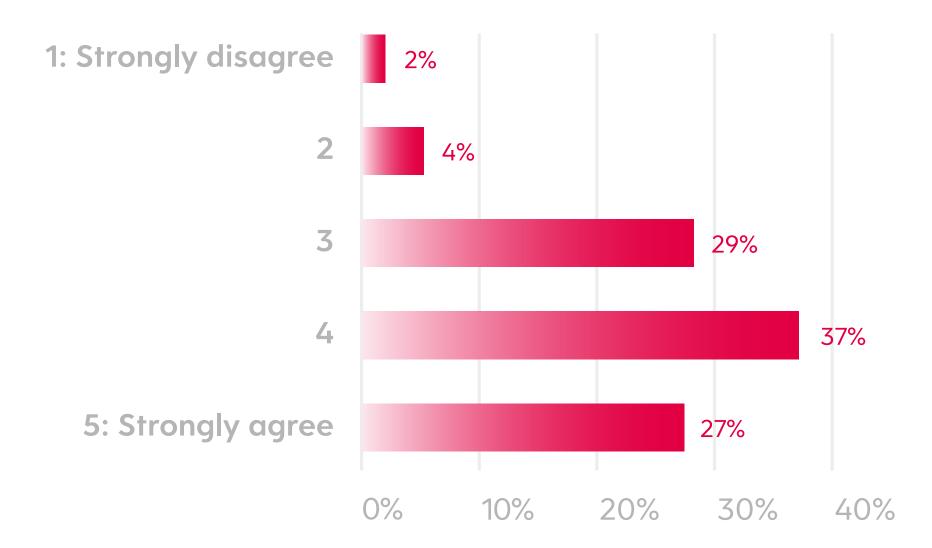
63% agree or strongly agree that the organization has seen clear and strong ROI from its internal operations digital transformation initiatives in comparison to other investments in the organization.



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

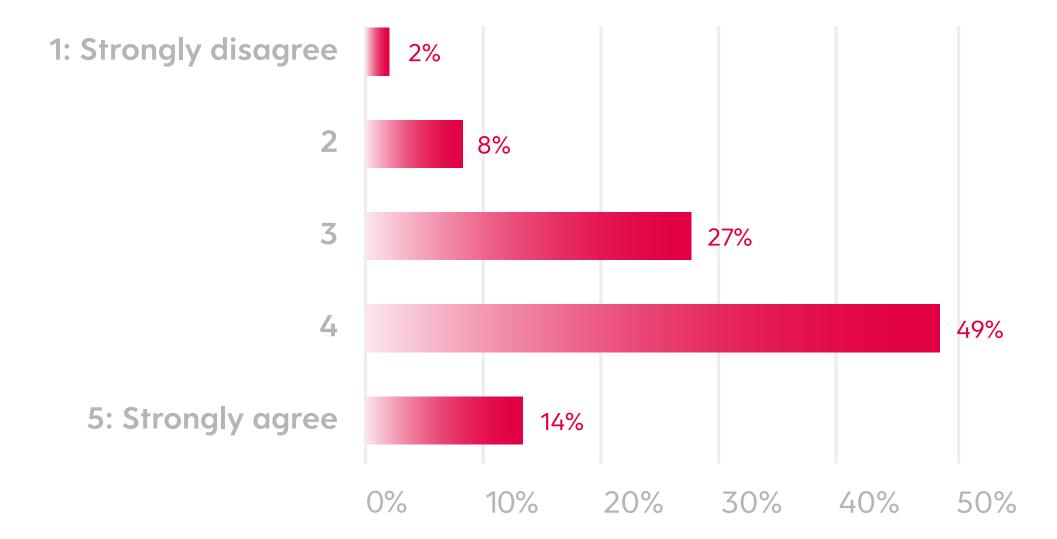


Customer-facing digital initiatives are considered to produce similarly strong ROI to internal operations transformations.



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.

In-store operations

Retention and loyalty

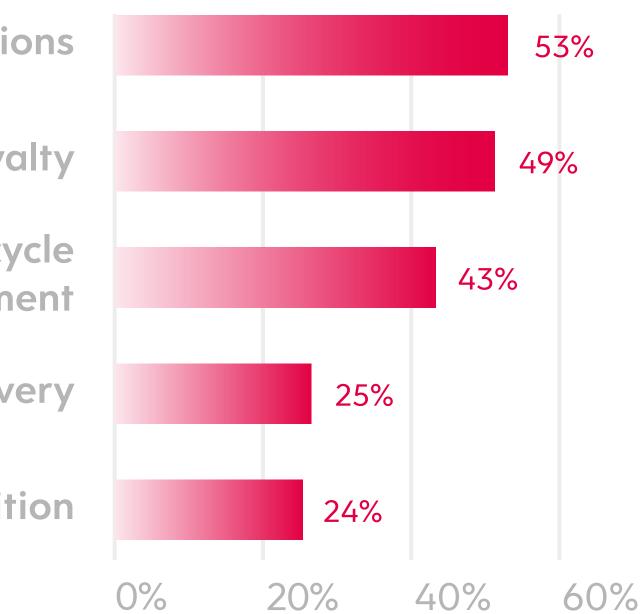
End to end customer lifecycle management

Delivery

Marketing and acquisition

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?

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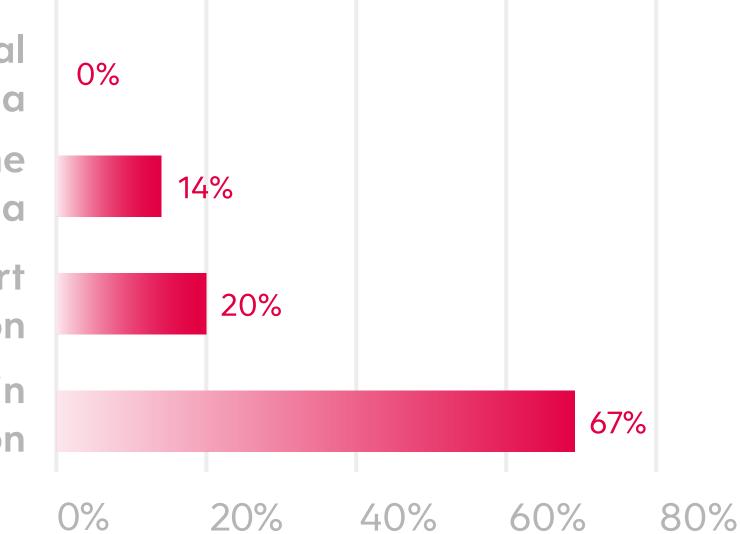
Data is important. Data accessibility and timely insights play a significant role in the digital transformations of two-thirds of QSR leaders.

NOT PART of a digital transformation agenda Plays a LIMITED role in the digital transformation agenda Plays a SOMEWHAT import role in the digital transformation

Plays a SIGNIFICANT role in the digital transformation

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%).





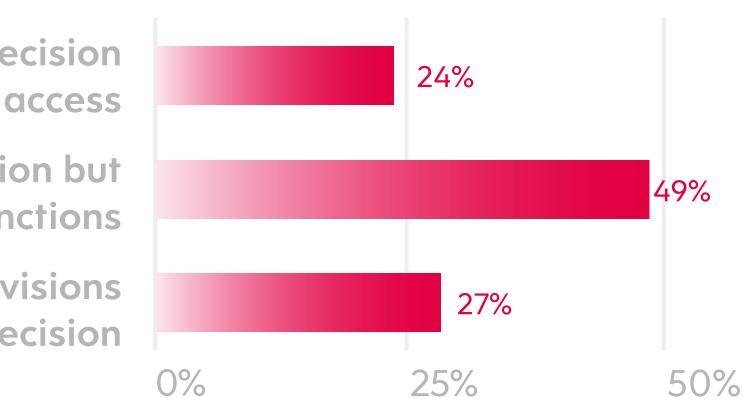
Most respondents believe that data is either hard to access or siloed. Only 27% believe that data is readily available across divisions.

Limited data is available for decision making and is generally hard to access

Data is available for my division but hard to access for other functions

Data is readily available across divisions supporting quick and effective decision

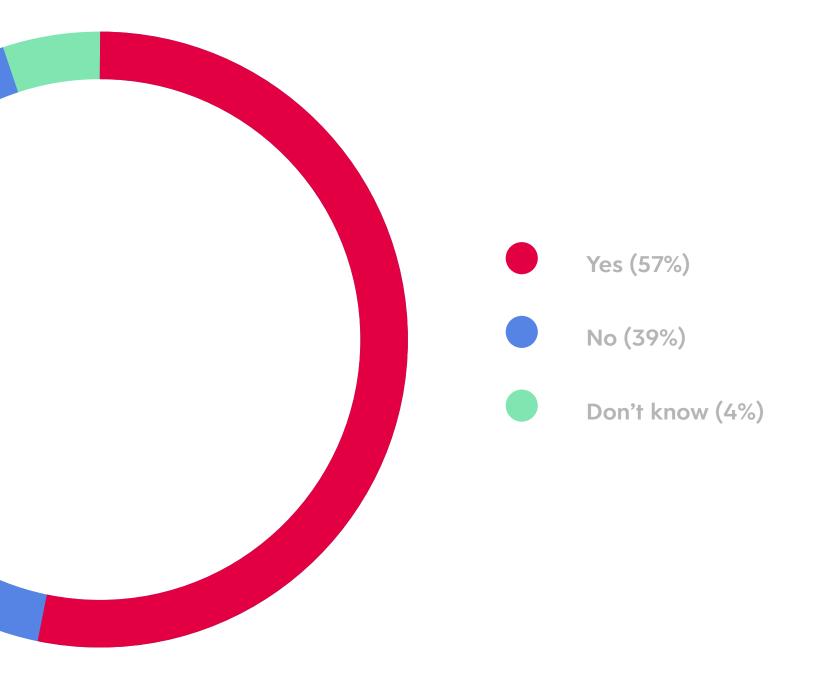
Q12a: Do you currently have adequate access to data and information to drive informed decision making on how to improve the organization's digital customer offering?



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 multibrand 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.

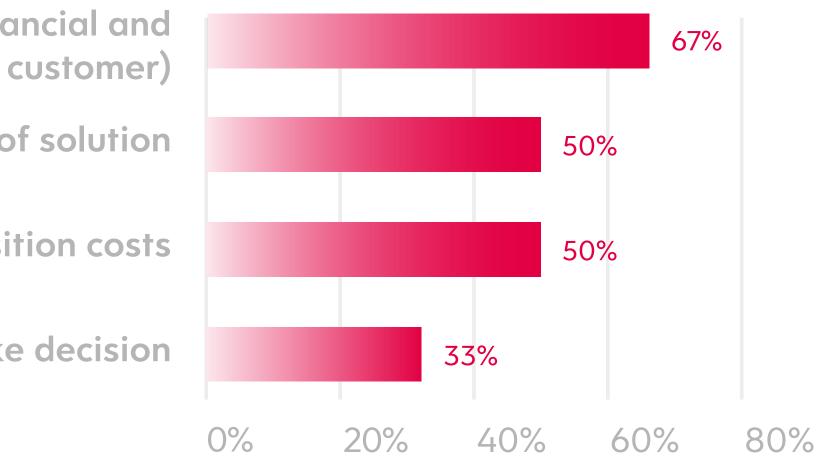
Low ROI of solution (financial and customer)

Overall expense of solution

Significant transition costs

Lack of data/evidence to make decision

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.

Priorities outside of digital

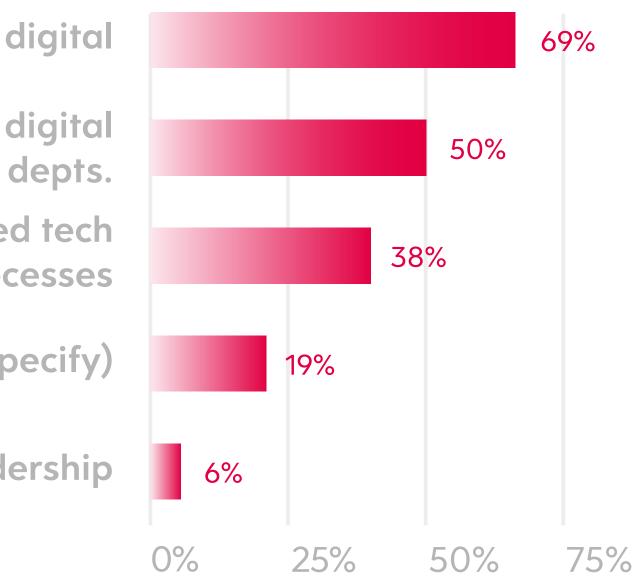
Lack of consistant/coherent digital vision across different depts.

Different depts. have siloed tech investment decision processes

Other (please specify)

Lack of support from leadership

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%).

Effort required to develop or customize solution (level of flexibility)

Difficulty in integrating with existing

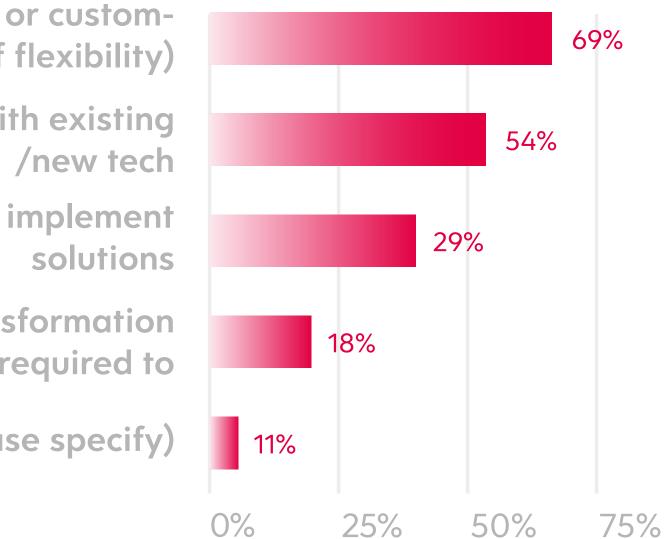
Limited capacity to implement

Low capabilities in digital transformation or training required to

Other (please specify)

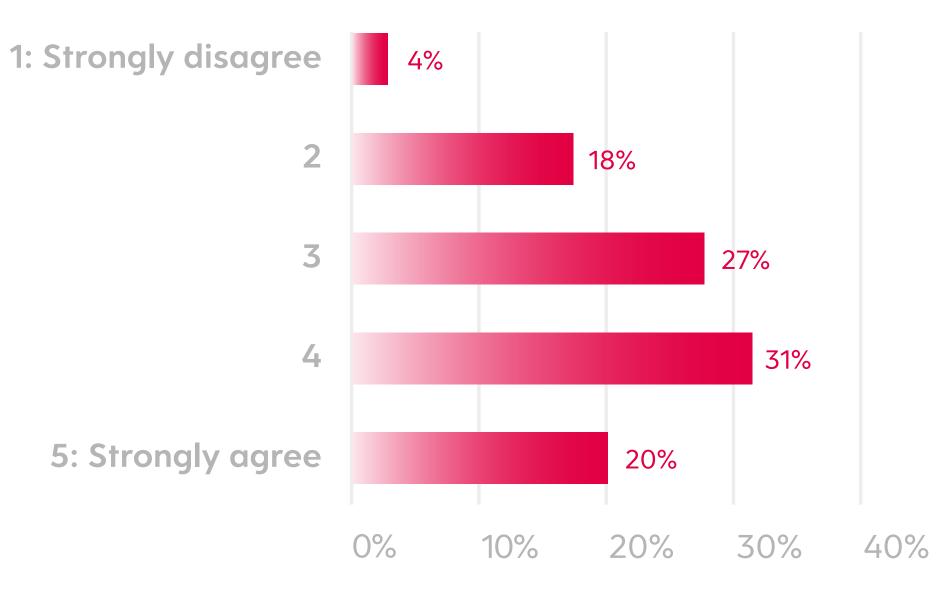
Q14b_3: Which of the following hurdles does your organization face relating to "Integration and implementation challenges"? Select all that apply.

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.

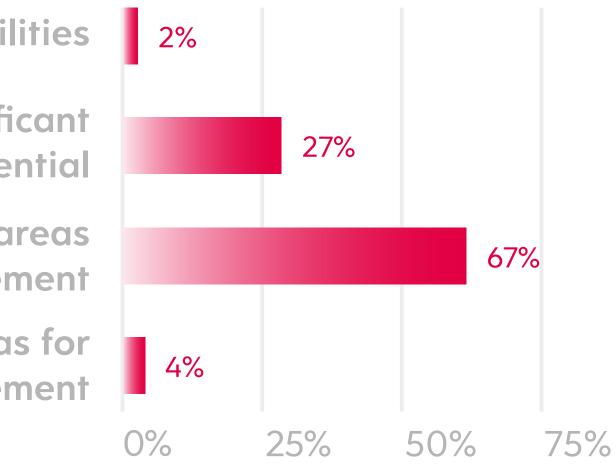
No existing capabilities

Low capabilities, significant improvement potential

Medium capabilities, some areas for improvement

High capabiliy, limited areas for further improvement

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.

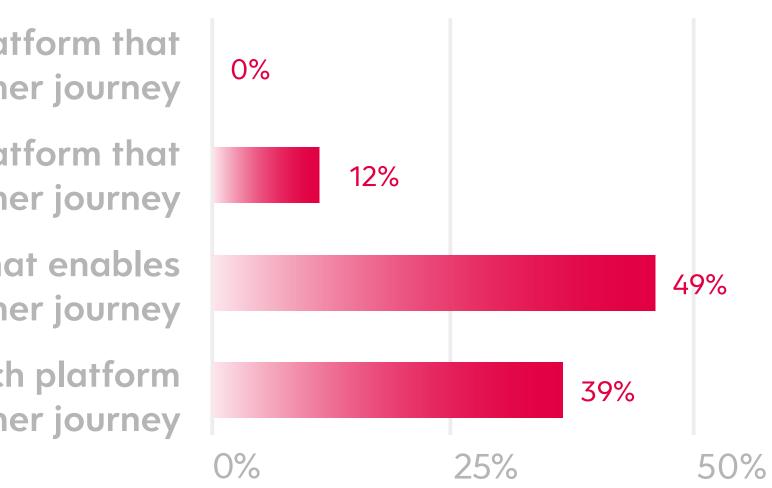
There is NO VALUE in a tech platform that enables the end-to-end customer journey

There is LIMITED VALUE in a tech platform that enables the end-to-end customer journey

There is VALUE in a tech platform that enables the end-to-end customer journey

There is SIGNIFICANT VALUE in a tech platform that enables 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.

Have not heard of these solutions

Have heard of these but not well versed on what it is

Well versed on what these solutions are but have not evaluated solutions

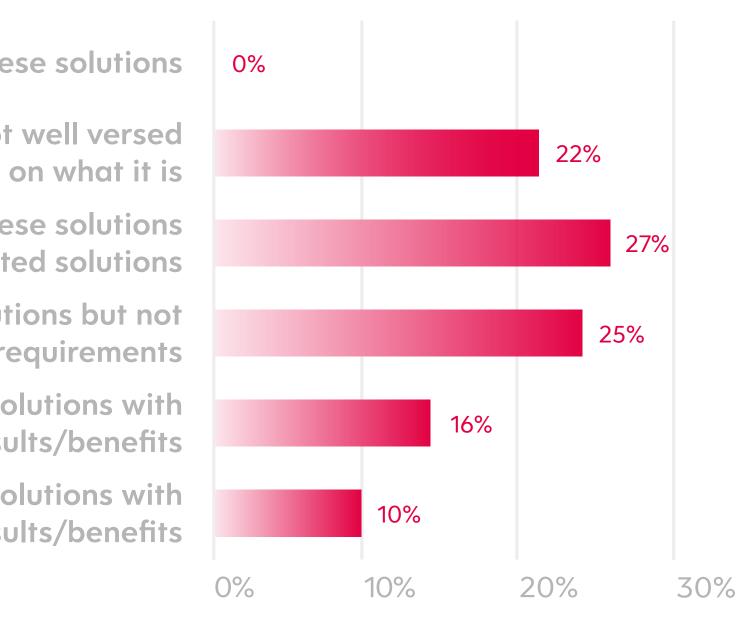
Have evaluated these solutions but not satisfied they meet our requirements

Have tested/deployed these solutions with limited results/benefits

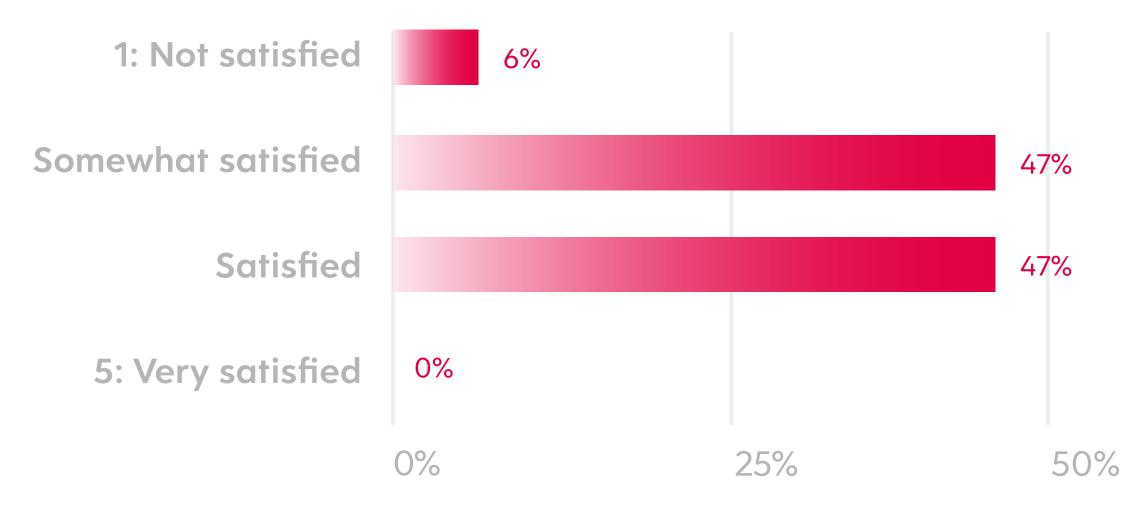
Have tested/deployed these solutions with limited results/benefits

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?

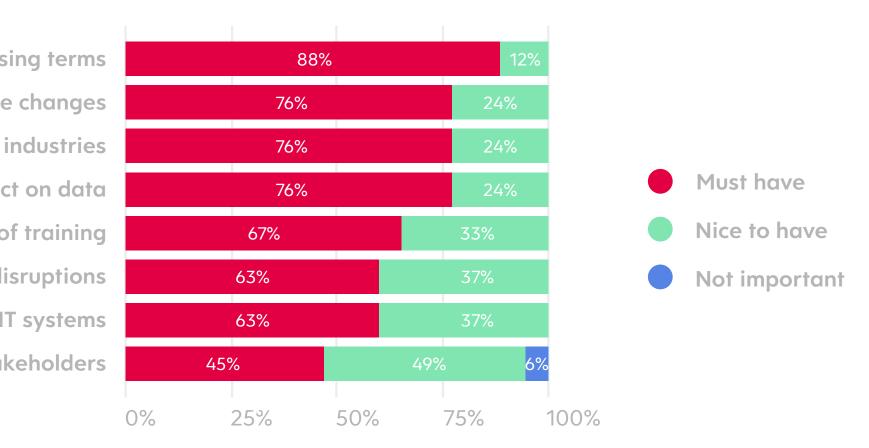


Cost is the most important digital solution selection criteria, followed by flexibility, industry fit, and data-centricity.

Acceptable cost or licensing terms Customizable and flexible to handle future changes Fits specific needs of my industries Ability to produce, analyze and act on data User friendlyness of solution and ease of training Ability to implement quickly with minimal disruptions Ease of intergration with existing IT systems

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.

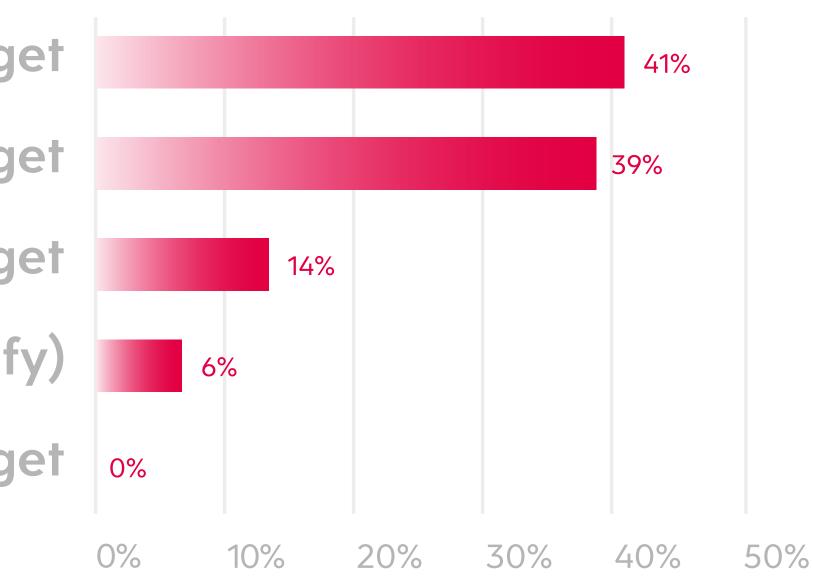




The budget for digital customer lifecycle solutions comes from a blended/ multi-functional budget or the marketing budget.

- Blended/ multi function budget
 - Marketing budget
 - IT/ Tech budget
 - Other (please specify)
 - **Operations 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.



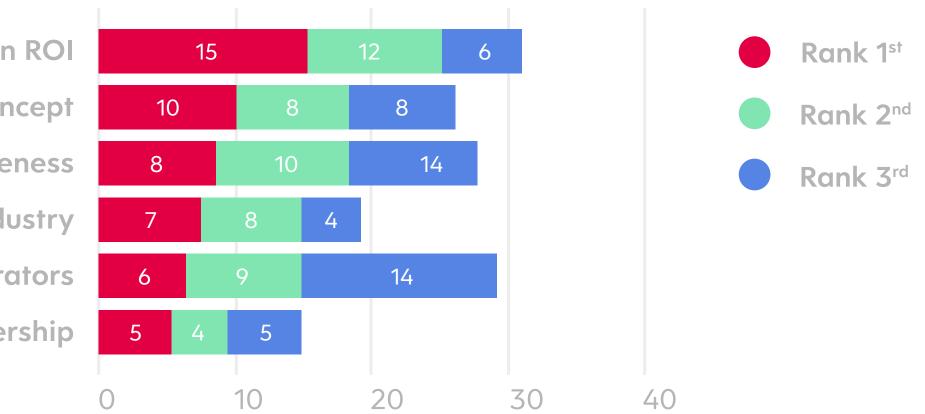


Providing an estimation of the ROI of the solution is the most important factor for digital vendor selection.

- Estimation of solution ROI
- Responsiveness in developing proof of concept
 - Cost competitiveness
 - Relevant case studies in my industry
- Partnership with IT/ Digital conultants or system intergrators
 - Reputation for injustry leadership

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.



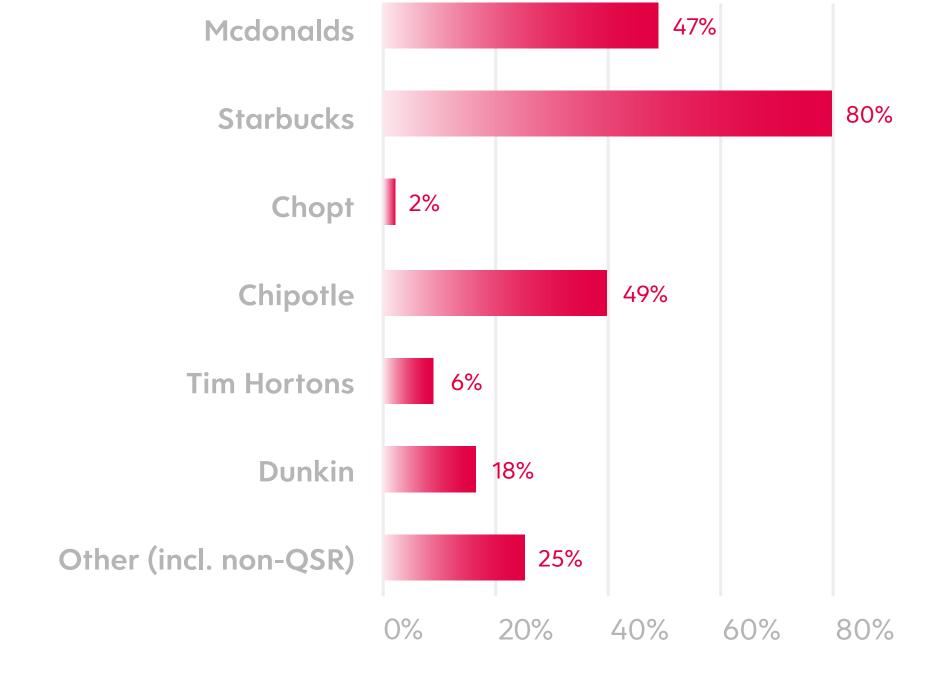




Who are QSRs seeing as industry leaders?



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:

- 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.



a) as a functional group. (Suggestions for change should therefore address multiple organizational heads,



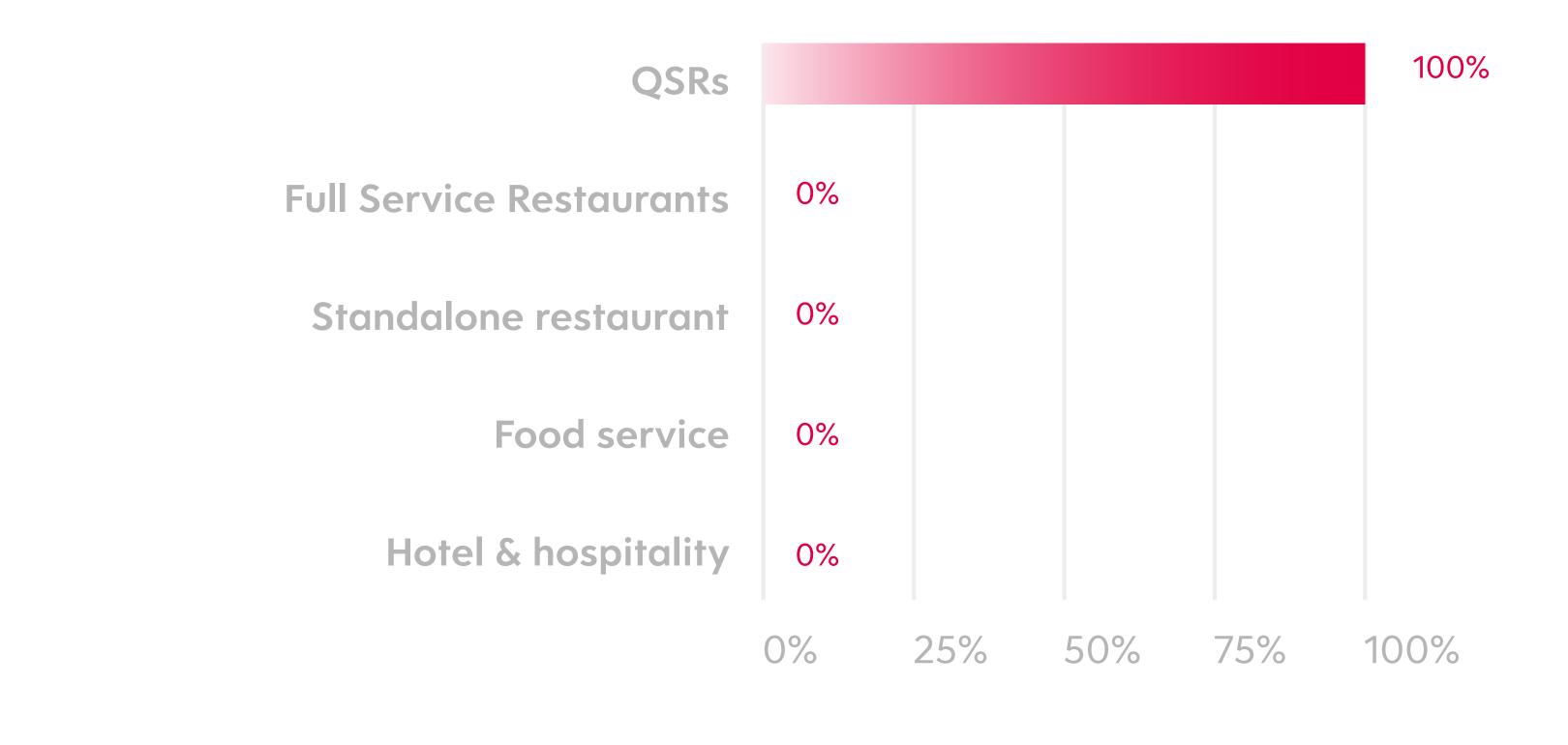


Appendix.

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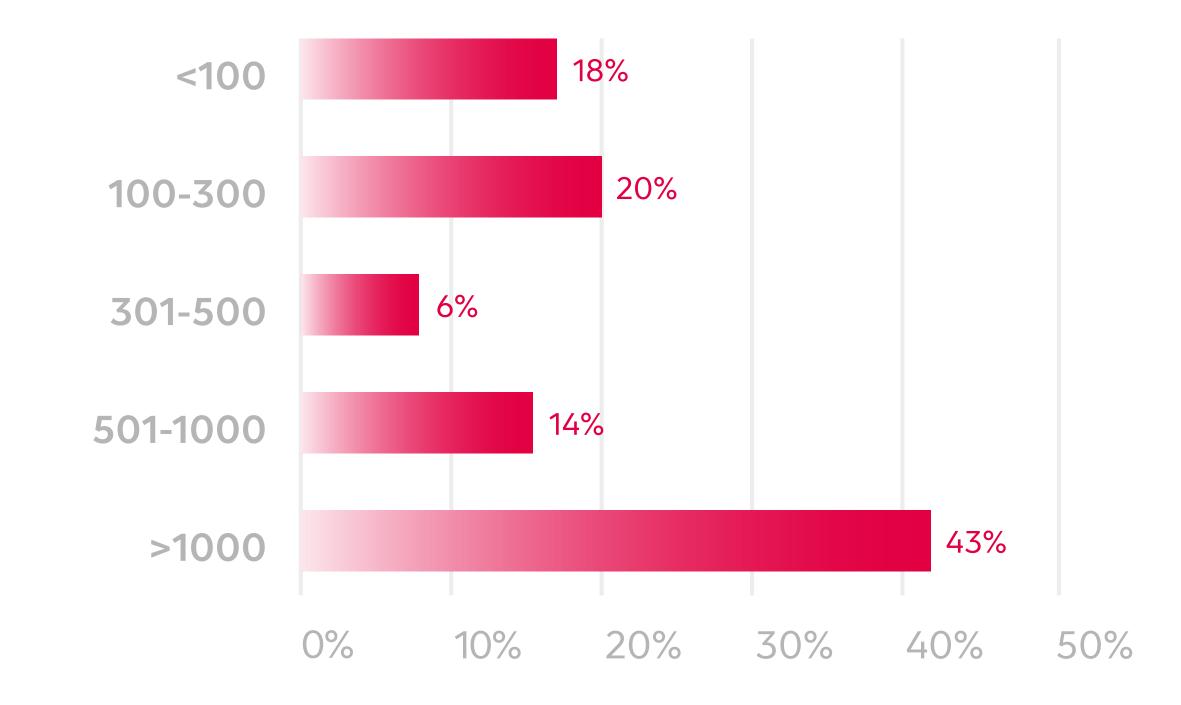


All respondents represent North American QSRs.



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

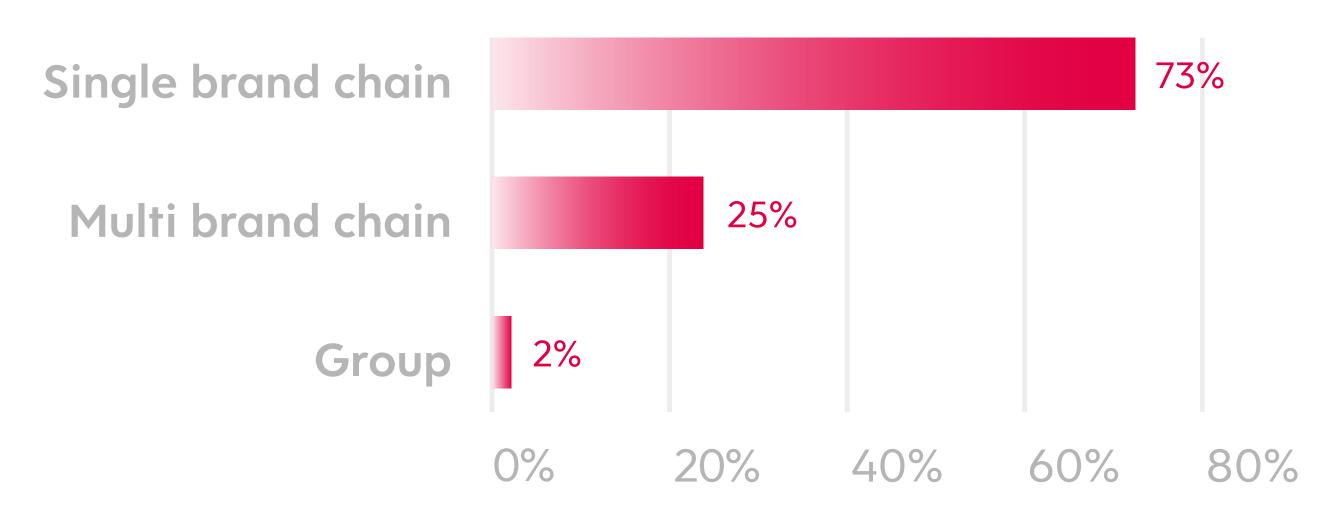
42% of respondents represent large QSRs with more than 1000 locations.



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.

Marketing

Operations

Digital

Technology

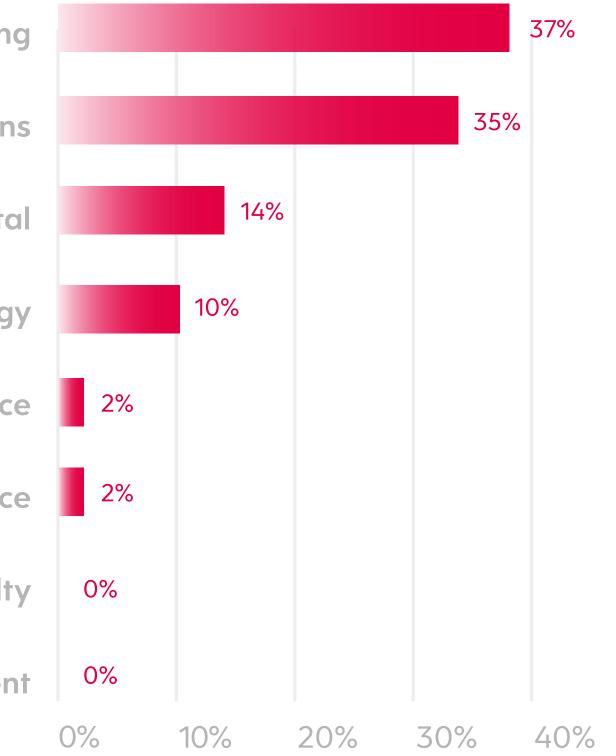
Commercial & Finance

Strategy & Transformation Office

Loyalty

IT Vendor Management

Q:S7: Which of the following bes your company / organization?



Q:S7: Which of the following best describes the function you work for within



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

Digital strategy

Third-party digital delivery partnerships

In-store digital experience

In-store digital operations

Digital loyalty/loyalty program management

Digital conversion/ordering (inc. real time pricing)

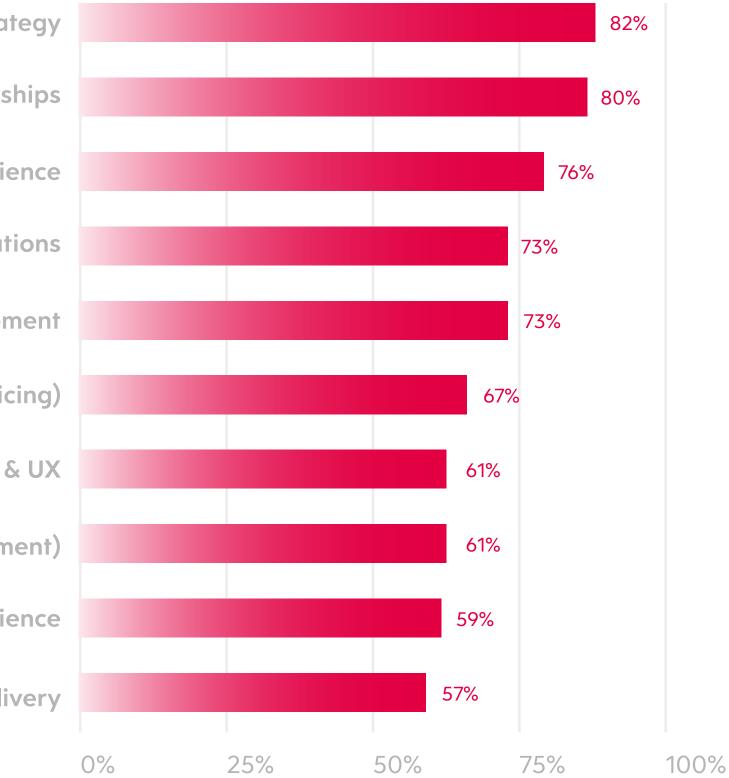
Web mobile app experience/CX & UX

Digital payments (incl. all forms of payment)

Customer/business insights, AI & Data science

Technology integration and delivery

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%).

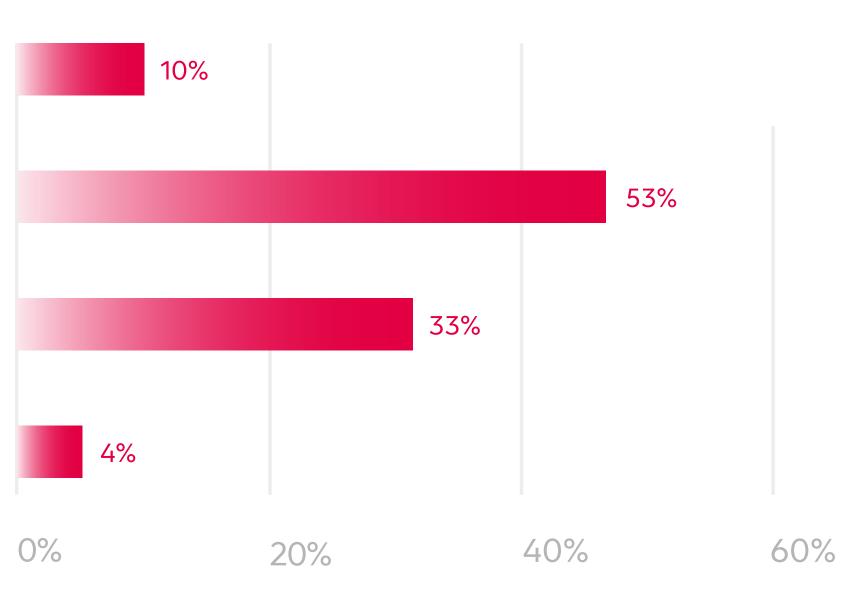
Laggards/Late majority: last in industry to adopt new technologies

Early Majority: usually adopt new technologies once others have proven they work and are cost-efficient

Early Adopters: usually one of the first in your industry to adopt new technologies

Innovators: usually the first in your industry to adopt new technologies

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.

Overall strategy is decided at an executive/cross dept. level, while digital solutions decided on a functional level

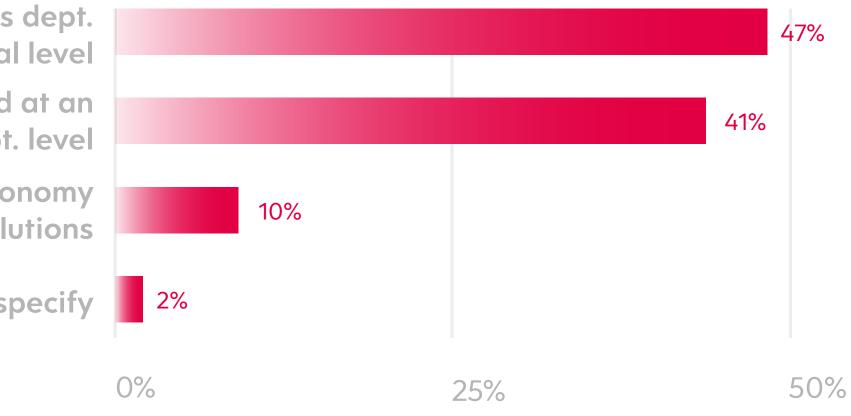
Overal strategy and digital solutions are decided at an excecutive/cross dept. level

Respective functions have strong autonomy over strategy and digital solutions

Other, please specify 2%

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%)





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