



mCordis™

Engaging Connected Consumers: A Playbook for Restaurants

immr and mCordis, LLC

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INTRODUCTION

When introducing their new mobile app last fall Taco Bell's CEO referred to it as "the biggest innovation since the drive-thru." That's a tall order! Since introduced by Wendy's in the mid-'70s, the drive-thru has transformed restaurants and driven much of the industry's growth. Including takeout, dine-in and delivery, restaurants now prepare nearly half of all meals consumed in the U.S. Of the billions of restaurant meals served annually in N. America, Quick Serve and Fast Casual account for a majority and more than half of those are via the drive-thru (usually delivered in 40 seconds or less).

Much like the automobile and drive-thru, innovation driven by Digital, Social and Mobile (DSM) technologies is rapidly and significantly transforming customer engagement and the restaurant business. On a scale that could dwarf previous transformations, restaurants are now confronted with new opportunities enabled by the convergence of DSM.

Leveraging DSM, restaurants are engaging consumers in ways that were unimaginable just a short time ago, creating more rewarding experiences and building more personal, enduring relationships. Despite the promise, there is a large gap between the status quo and the future in the making. Contrast the two scenarios below:

SCENARIO 1 – BUSINESS AS USUAL

On his way home from work, Joe, 32 years of age, married with 2 young kids, usually picks up dinner for the family from their favorite restaurant. It's a nice break from cooking for Joe and his wife, who also works outside the home. While Joe typically gets "the usual" for himself, he always texts his wife to confirm what she and the kids want. While Joe recognizes a couple of servers at the counter, they aren't on a first name basis. The food is good, reasonably priced and the service prompt, friendly and reliable. They've only failed to include the "special sauces" on one occasion.

VS

SCENARIO 2 – CONNECTED VIA DSM

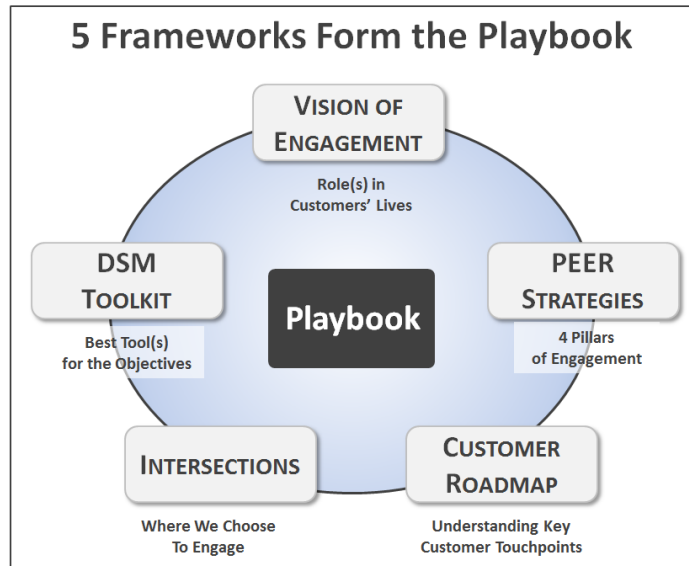
On his way home from work, with temperatures in the 90's, Joe get a push message from his favorite restaurant offering free lemonade with the purchase of a meal. Joe opens the restaurant's app and places an order for "the usual" plus lemonade for the family. As Joe nears the restaurant, his order is prepared and delivered curbside. After paying with his mobile wallet, Joe gives the server a "thumbs up" via the mobile app. The next day Joe gets the restaurant's e-mail newsletter with links to upcoming events for the weekend, plus discounts on tickets and food. Joe posts on social media, confirms plans with friends and shares the coupons.

In Business as Usual, Joe and the restaurant have few interactions other than meals and the billboard Joe occasionally notices on his way to work. Beyond individual transactions, the restaurant knows little about Joe – as a result, in their eyes he's just "another customer." In Connected via DSM, the restaurant leverages digital, social and mobile technologies to connect with Joe and enhance his experience. With data from on-going interactions, the restaurant is uniquely positioned to personalize, enable and enhance Joe's experience and earn his favor.

Despite the pervasive role of restaurants in consumers' lives, Business as Usual is typical. Consumers are virtually "anonymous" in most of their dealings with restaurants, making it difficult for restaurants to recognize much less engage customers. Starbucks founder and Chairman Howard Schultz highlighted the need for change when he observed, "to be successful in an enduring way... we have to be relevant to customers when they are outside our four walls."

Outlined in this report are the digital, social and mobile (DSM) capabilities needed to realize the potential and deliver on Schultz’s vision. The report presents a Playbook for restaurants built on 5 frameworks shown below:

- **Vision for Engagement** – Historically, restaurants and other businesses have viewed engagement through the narrow lens of marketing, focusing on *attracting customers’ attention and getting messages and offers across*. DSM raises a broader question for restaurants – *what role(s) do we aspire to play in our customers’ lives?* An Engagement Vision (discussed in Sec. 1) helps restaurants answer that question.
- **PEER Strategies** – PEER Strategies (Sec. 2) outline the four pillars of engagement that consumers value and therefore are critical to restaurants.
- **Customer Roadmap** – the Customer Roadmap (Sec. 3) pinpoints the many touchpoints at which restaurants have an opportunity to engage consumers.
- **Intersections** – Intersections (Sec. 4) align strategies and initiatives with key customer touchpoints, allowing restaurants to prioritize and track the impact of their engagement efforts.
- **DSM Toolkit** – an overview of 7 key DSM tools (Section 5) and their respective capabilities helps restaurants choose the tool(s) that “work best” at each intersection and ultimately deliver on engagement objectives.



The second in a two-part series, the contents of the report are most relevant to executives responsible for strategy, marketing, operations, IT, and digital, social and mobile customer experiences.



1. DEFINING YOUR RESTAURANT’S VISION FOR ENGAGEMENT

1.1. Mobile is Driving New Terms of Engagement

By any measure, smart phones and tablets are ubiquitous. With smart phones accounting for 95 out of 100 new phones purchased, consumers now carry a "computer in their pocket." For many applications mobile devices have replaced PCs – in fact, consumers now spend more time with mobile apps than watching TV. The factors driving adoption will continue to propel the surge of mobile and, in the process, redefine how businesses engage with customers.

// Mobile Device Features and Ecosystem Capabilities Driving Adoption & Use	
Mobile Device Features	
// INTERFACE	Natural user interface (UI), swiping simplifies interaction, encourages browsing
// SCREEN	Larger, higher resolution screens improve viewability, user experience (UX)
// PROCESSOR	Faster processors → better performance, parallel apps, enhanced multimedia
// CAMERA	Enables capturing and sharing of images and video on social media
// SCANNER	Scanning QR and bar codes reveals information, simplifies interactions and tasks
// SENSORS	Sensors (NFC, Bluetooth) connect with in-store beacons, mPOS
// SPEECH UI	Speech recognition enables speech-to-text, natural language UI (e.g., Apple’s Siri)
Mobile Ecosystem Capabilities	
// NETWORKS	Networks (cellular, Wi-fi) enabling faster, ubiquitous connections
// RESPONSIVE	Websites and apps adapting to device size, improving usability
// MESSAGING	Built-in SMS/MMS, new messaging apps integral to communicating, sharing
// APPS	Apps for every imaginable purpose, from games to mCommerce & more
// SERVICES	Indispensable services (search, maps, e-mail) integrated into iOS, Android OS
// CONTENT	Users, bloggers, brands, and publishers generating and sharing content
// SOCIAL	Users connecting constantly on social media with updates, content
// LOCATION	GPS, Wi-fi, & Beacons enabling location-aware apps, information services
// CONTEXT	Websites, apps adjusting to time & location-specific context (weather, POIs, etc.)
// RIGHT TIME	Data, Machine Learning optimizing UX (apps, websites, ads, offers) in real-time
// IOT	Mobile → “remote control” for connected devices (homes, cars, places, etc.)


These advances across devices, networks, apps and business models represent a “virtuous cycle,” fueling innovation and producing disruptive business opportunities (think Zipcar, Uber, and AirBnB). Digital, social and mobile are now embedded in almost every aspect of consumers’ lives and, increasingly, the interactions they have with businesses. After Steve Jobs’ death Paul Saffos acknowledged his impact by noting “before the iPhone, cyberspace was something you went to your desk to visit... now it’s something you carry in your pocket.” More recently VC Peter Fenton observed “mobile is becoming the remote control in our lives.”

As consumers embrace DSM, restaurants are faced with an imperative – adopt a broader view of engagement that leverages these capabilities or abdicate the opportunity to competitors.

1.2. View Engagement from the Customer’s Perspective

Geoffrey Moore (of [Crossing the Chasm](#) fame) asserts that “engagement will be – arguably, already is – the next big thing.” While the importance of engagement is generally recognized, the meaning of and strategies for engaging customer vary widely.

Brands often define engagement from an internal perspective, resulting in (mostly marketing) strategies that focus on attracting customers’ attention and interest. In [What’s the Future of Business?](#) Brian Solis argues that “businesses need to create experiences that mean something... and spark engagement between consumers.”

<p>en·gage</p> <p>/enˈgɑːj/ </p>	<p>Verb</p> <ol style="list-style-type: none"> 1. Attract consumers’ attention and interest 2. Help customers accomplish their goals 3. Enhance customers’ experience
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To succeed in the era of connected consumers and DSM, a broader view of engagement spanning three dimensions is required.

- To remain “top of mind” and stay in the consideration set, restaurants must continually vie for consumers’ attention and interest.
- Given the importance of the “path-to-purchase,” restaurants must help customers accomplish their goals, e.g., discovering new menu items, ordering, etc.
- Recognizing diverse consumer motivations, restaurants must enhance customers’ experience in new and unexpected ways, as the Buffalo Wild Wings case below suggests.

As discussed in Section 3, customer experience begins long before the consumer arrives at a restaurant’s door or website and extends well beyond delivery and dining.

By adopting this broader definition of engagement and an end-to-end view of customer experience, restaurants are raising the bar on customer engagement and reaping the rewards, as these examples demonstrate.

<p>Engagement Drives Results</p>	<ul style="list-style-type: none"> ✓ Taco Bell’s new mobile app makes it easy for customers to customize, place, and pick up orders. The average ticket size on orders placed via the app is <u>20 percent higher</u> than orders placed in the usual way. ✓ Year-over-year spend is up by more than 40% among customers enrolled in Dunkin’ Donuts’ <u>DDPerks</u> program. ✓ With <u>tablets</u> installed in <u>Buffalo Wild Wings’</u>, customers can play fantasy football and win up to a million dollars. The “fan experience” complements the food, drives visits and boosts customer loyalty. ✓ Customers respond to social media posts mentioning Starbucks with 2-3 times the number of <u>actions</u> (likes, retweets, etc.) generated by those of its nearest rivals.
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1.3. Articulate a Vision to Guide Engagement Efforts

Restaurants are in a unique position to engage consumers with timely, relevant and even compelling services, content, offers and experiences. Leading restaurants are leveraging these capabilities to play a larger and increasingly important role in customers’ lives, as the following examples and others cited in the report illustrate:

- By downloading McDonald’s popular “wake up” [mobile app](#), customers can set alarms and receive free content (including songs) and offers.
- Dairy Queen engages customers via social media. A recent [campaign](#) pitting “Pumpkin Blizzards” against “Apple Blizzards” received 800,000 votes from fans wanting to help pick America’s favorite.
- Starbucks is adding “charging pads” to counters and table tops so that customers can keep their smartphones and tablets charged throughout the day. A company spokesperson says the [goal](#) is “to make customers happy.”

In previous research conducted by immr, consumers used metaphors to describe the expanding roles that technology, particularly mobile, is playing in their lives. As shown in the table to the right, many of these metaphors reflect roles that restaurants have an opportunity to play.

To deliver on the promise of DSM, restaurants must answer a fundamental question – which of these and other roles in customers’ lives do we aspire to play? Is our vision focused narrowly, on just a few aspects, or the entire customer experience?

These questions are akin to asking “what business are we in?” In formulating their vision, leading restaurants are (i) considering customer experience from end-to-end (Sec. 3); (ii) embracing aspirations that distinguish them from competitors; and (iii) exploiting DSM capabilities in unique and powerful ways.

The Roles Mobile Plays in Consumers’ Lives	
	<i>My mobile phone tells me where I am, how to get where I’m going and how long it’s going to take to get there.</i>
	<i>It’s always with me... I use it for everything. When I’m bored it helps me pass the time.</i>
	<i>My smartphone helps me organize my day, keep in touch with friends and stay on top of things that I care about</i>
	<i>It suggests products and businesses to consider and recommends the one(s) that are best for me.</i>
	<i>My mobile device actually knows me and makes sure I don’t miss out, run late or show up unprepared.</i>
	<i>It shows me what’s around me... from the nearest subway to events and even people I might want to meet</i>
	<i>I use it to compare prices and get the best deal available... it’s also a great tool for negotiating</i>
	<i>My life is on my mobile device... from e-mails to phone numbers, Facebook, photos, everything!</i>

1.4. Avoid Silos and the Threat of Disintermediation

Many different parts of restaurants’ organizations – marketing, operations, strategy, social, and IT, to name a few - are responsible for practices that shape customer engagement. Left to their own devices, each of these groups will develop initiatives that define a de facto vision of engagement, for better or worse. Restaurants are also competing on DSM not just with other restaurants but with solution providers as well. Google, Facebook, Paypal, and a host of startups are stepping up to fill the roles above. As a result, restaurants must articulate a vision for engagement and carefully choose partners to execute on the vision. Otherwise, they run the risk of [relinquishing control](#) and face the very [real danger](#) of being displaced and even disintermediated.

2. EMBRACING THE FOUR PILLARS OF ENGAGEMENT

Across categories, brands and retailers are using a number of strategies to improve Customer Experience. These efforts can be grouped into four broad categories: Personalizing, Enabling, Enhancing and Rewarding, referred to as [PEER Strategies](#). As shown below, the ability to execute PEER strategies rests on the types of data and insights available to the brand.



Source: Dr. Phil Hendrix, immr

2.1. Personalizing Customer Experiences Boosts Relevance

Brands are leveraging data about consumers and their context to personalize and improve the relevance and timeliness of communications, offers and customer experiences. Here is a sampling of the types of data available for personalization:

- Based on mobile apps used in the last 30 days, [Flurry](#) segments consumers into some 20 personas (e.g., auto enthusiasts, business travelers, sports fans, etc.).
- [PlaceIQ](#) combines user behavior observed over time into rich “audience profiles” by time and location. With contextual data (weather, surroundings, etc.), businesses can use these place-based audience profiles to tailor more effectively.
- As consumers [search](#) and visit websites on the internet, they generate “bread crumbs” that, especially with mobile, are powerful signals of their [interest and intent](#).
- As they opt-in, consumers are sharing richer, more detailed information about themselves – for example, their preferences and [interests](#), social media profiles and even transaction histories.

As location, beacons, digital loyalty cards and [mobile wallets](#) become more pervasive, even more granular data will be available to personalize and answer where, when and how best to engage customers. Given the personal nature of mobile devices and experiences, consumers have little tolerance for impersonal communications and interactions. In Oracle’s recent [survey](#) of marketers, only a small percentage of respondents rated their ability to personalize as “very good,” revealing a sizable gap that must be closed to engage consumers.

2.2. Enabling Customers Removes Frictions from the Path-to-Purchase

Consumers are faced with a myriad of choices everyday – while most are recurring, familiar and straightforward (e.g., “do I order ‘the usual’ at Starbucks?”) others, like choosing a suitable restaurant for a child’s party, require more effort. Time, effort and uncertainty frustrate consumers – as John Hurst, Panera’s EVP for Transformation and Growth [noted](#), “no one likes to wait in line, even for their favorite meal.” Some frictions are so entrenched that many consumers take them as a given – for instance, the glut of information and lack of filters make it difficult to find, much less compare and choose, the best option for something as simple as “where should we dine tonight?” Advice and assistance in comparing, evaluating and making choices are also valued by consumers – for instance, “which entrees are healthiest?” Of course, when a new menu item is introduced (like [Dunkin’ Donuts’ new fruit smoothies](#)), customers are increasingly turning to social media to learn “what do other consumers think of it?”

By reducing time, uncertainty and other “frictions,” enabling strategies make it easier for customers to accomplish their goals with less risk and effort. While many consumers are using third party apps to save time and money, restaurants are adopting and implementing [solutions](#) to help customers accomplish goals, including helping them discover [nearby locations](#), find and apply [coupons](#), [order](#) and even pay from anywhere. However, many other opportunities remain untapped.

2.3. Enhancing Customer Experience Delights and Differentiates

While Enabling strategies focus on reducing and even eliminating time, cost and other frictions, Enhancing strategies focus on ways to maximize the benefits, often in ways that are unanticipated. Opportunities to enhance customer experiences are limited only by restaurants’ imaginations. Coca-Cola’s efforts to “create happiness” illustrate the potential. In a [campaign](#) in Australia, 150 different popular first names were placed on Coke cans in place of the iconic brand name. After purchasing a beverage for a friend, consumers could text and see their friend's name displayed on a large public screen.

Of course, having more extensive information about customers allows even greater [personalization](#) that can, in turn, be used enhance their experience. To capture and leverage these data, restaurants are encouraging consumers to download apps, enroll in loyalty programs, link their social media profiles and share profile information in other ways. Buffalo Wild Wings, for example, is installing tablets at tables that [offer](#) “complimentary and paid entertainment choices, including trivia, poker and other multi-player games and music.”

2.4. Rewarding Customers Reinforces the Relationship

As any restaurant operator can attest, winning customers’ favor, earning repeat visits and attracting customers for additional meal occasions are on-going challenges and often elusive goals – to accomplish, restaurants have followed the path of airlines, credit cards, hotels, and virtually every other type of business by introducing loyalty and rewards programs. With the average customer enrolled in more than a dozen loyalty programs, restaurants are investing in and attempting to innovate with their programs. For instance, a popular [restaurant](#) in D.C. used [Venga's loyalty platform](#) to reward members with special experiences like a mixology demonstration.

Restaurants are also adopting other platforms to transform conventional rewards programs and extend them beyond the conventional "spend-and-get" model. Some are using [Shopkick](#) to reward consumers for visiting their stores; Foursquare and [Loyalblocks](#) to reward consumers for "checking in;" and programs like [Social Rewards](#) to incent consumers to share tweets and other social media. In addition to points and rewards, restaurants are also using mobile solutions to reinforce consumer behavior – working with [Badgeville](#), [Bunchball](#) and other platforms, businesses are incorporating recognition, challenges and [other mechanisms](#) drawn from gamification and [behavioral economics](#). While rewards have long been offered by large businesses, new solutions from [Belly](#), [FiveStars](#), [Perka](#), and others are enabling smaller chains to offer and optimize rewards as well. These efforts are yielding results – crediting “robust data on guest transactions,” Dunkin’ Donuts [reports](#) that year-over-year visits are up 30 percent and spend 40% among customers enrolled in its DDPerks program.

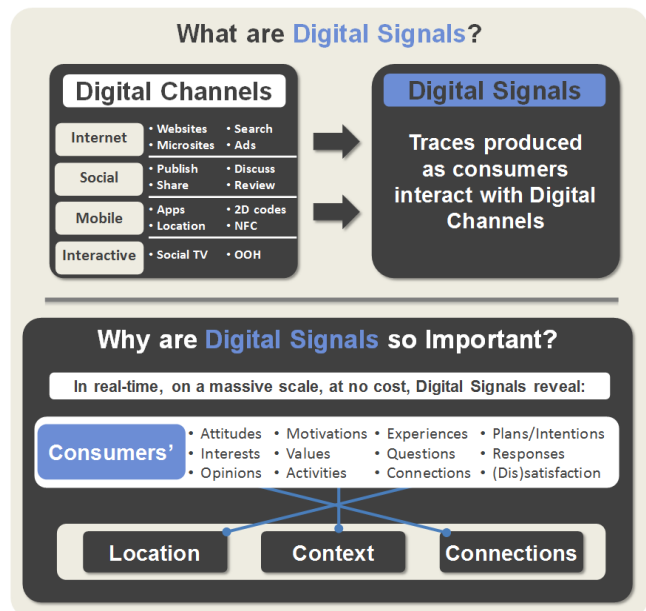
2.5. The Four Pillars of Engagement Rest on Data, Analytics and Trust

To deliver on the four pillars of engagement – Personalizing, Enabling, Enhancing and Rewarding customers – restaurants must capture and leverage, often in real-time, a wide range of data from multiple sources, including [intimate data](#) from consumers. Consider the data required and generated by Starbucks’ location-aware mobile ordering app, as [described](#) by Chief Digital Officer Adam Brotman:

When a customer opens the Starbucks app within range of the mobile-ordering system, an ‘order’ button pops up along with the menu. Once the customer places an order, the app displays a map of nearby Starbucks stores, with an estimate of how long it will take to prepare the order and how long it will take to walk or drive there. That estimate gathers real-time data about how busy individual stores are directly from their point-of-sale systems, and factors in other simultaneous mobile orders.

As a recent [report](#) from Forrester points out, “the explosion of data has changed the way we do business.” With the emergence of digital, social and mobile, in particular, consumers are generating and sharing data with restaurants and other businesses on their profiles, plans, preferences, location, social media posts and other personal data.

As mentioned previously, often these data go out the “exhaust” and potentially useful insights are lost. In contrast, leading restaurants recognize the value and are tuning into location, customer interactions (on the web and in mobile apps) and other “[digital signals](#)” shown in the diagram to the right.

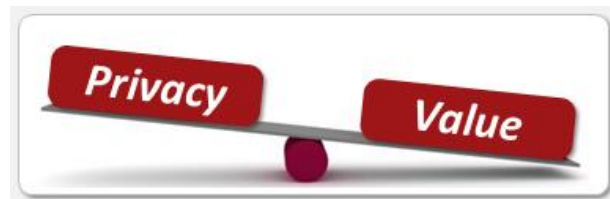


Source: Tuning into Consumers' Digital Signals, GeolQ Whitepaper, Dr. Phil Hendrix, immr

To build a robust platform, restaurants must cultivate a number of disciplines, including:

- **Data** – using first-, second- and third-party sources, capture and analyze data from and about consumers, especially digital signals from interactions
- **Test & Learn** – integrate insights from the data to innovate and improve customer experiences
- **Exchange** – reward consumers who agree to exchange data by reciprocating and enhancing their experience (e.g., through personalization, improving processes, etc.)
- **Trust** – earn and preserve consumers’ trust by adhering to principles of transparency, security, and privacy

While eMarketer contends that privacy and security concerns will not derail digital growth in 2015, given the stakes and potential in our view the principles of trust, transparency, security, and privacy are paramount. However, as Michael Becker of mCordis noted, “protection is not just about guarding access to personal data, it is also about... optimizing the value [for consumers] from its use.” As one observer noted, “the debate needs to move from privacy being lost to privacy being exchanged.”



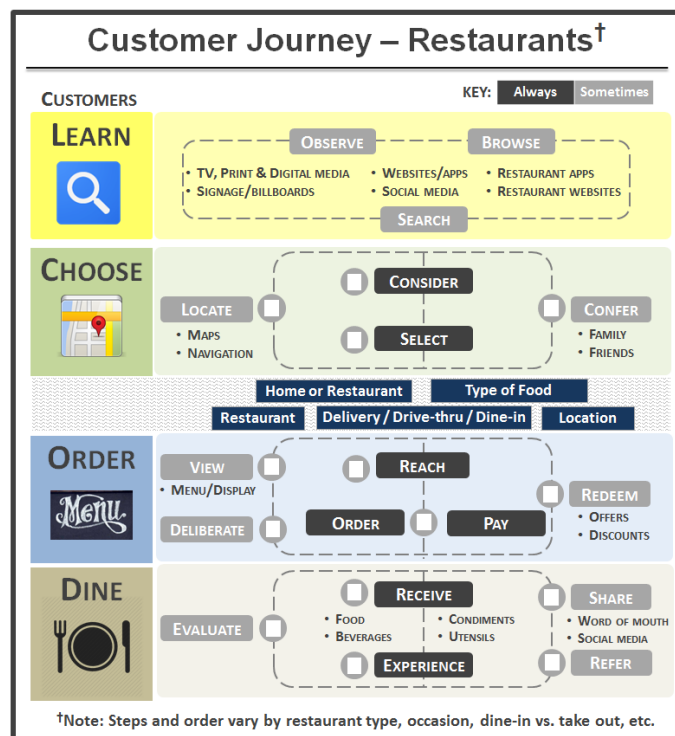
It’s easy to underestimate the importance as well as the skills, investment and infrastructure required to harness and leverage these data. For useful perspectives, see discussions by Scott Brinker, (especially The Big Data Bubble in Marketing, A New Brand of Marketing, and The Rise of the Chief Marketing Technologist) and a recent report by Forrester, Big Data’s Big Meaning For Marketing.

3. USING THE ROADMAP TO IDENTIFY & PRIORITIZE CUSTOMER TOUCHPOINTS

Explaining the rationale for installing self-service kiosks in Panera’s restaurants – a \$75 million capital investment – the Chief Growth Officer noted that “customers don’t like to wait.” Panera has also found that kiosks improve order accuracy – given that errors go up at peak times, getting the order right may be an even more significant benefit to customers.

In addition to ordering and paying, other touchpoints are important to customers and restaurants alike.

By pinpointing interactions at which restaurants have an opportunity to engage customers, a Customer Roadmap brings into focus and reveals answers to key questions.



- What influences consumers to "eat out" instead of at home?
- Having decided to "eat out," how do consumers select between fast food, fast casual and other categories and choose from the myriad of restaurants within each?
- When in an unfamiliar area (e.g., out-of-town for vacation or business), how do consumers search for and find the nearest location of their favorite restaurant?
- When members of a party have restrictions – time, diet, budget, etc. – how does the group determine if a restaurant offers options that satisfy everyone's requirements?
- When consumers are trying to save money or stretch their budgets, where do they search for coupons or available specials and how do promotions affect their choices?
- During and after dining, which aspects of their experience are consumers sharing on Facebook, Pinterest and other popular social media?

3.1. Consider Opportunities across all Customer Touchpoints

Altogether the Customer Journey for Restaurants includes 5 intersections, spanning 20+ touchpoints. On every journey the 5-6 "core activities" highlighted **in black** are always present, while the other activities (in lightly shaded boxes) occur only some of the time. Note too that opportunities to engage occur before, during and after customers show up at a restaurant or reach a restaurant's website, and include both on- and off-premise interactions.

The five key categories on the Customer Experience Roadmap include:

- **Learn** – encompasses all of the ways that customers are exposed to and learn about restaurants and competitors, including passively (e.g., hearing a commercial or viewing social media), browsing (e.g., visiting a restaurant's website or launching its app), and searching (e.g., search engines, directories, third-party restaurant websites such as Yelp and OpenTable, etc.). In addition, the consumer's previous experience with a restaurant as well as that of others, especially influencers, is critical.
- **Choose** – includes the decisions consumers make about whether, when and "how" (e.g., order in, take out, dine in) as well as which restaurant they select for meals. When dining together, a group of individuals (e.g., family, friends, or associates) may confer to make decisions. Selecting the specific location of a restaurant is also an important choice (e.g., "do I stop at a location near work or one closer to home?").
- **Order** – includes reaching the restaurant (by phone, online or in-person), viewing the menu, deciding what to order (entrée(s), sides, drinks and desserts), placing the order and paying, as well as redeeming any offers or discounts.
- **Dine** – includes receiving the order along with any condiments and utensils as well as the dining experience itself. Additional customer touchpoints include assessing the experience, possibly providing feedback, sharing via social media or word-of-mouth, and of course referring others.
- **Connect** – includes all of the ways consumers share their experience with friends, family and associates, including social networks.

3.2. Prioritizing Touchpoints for Customer Engagement

These five categories – Learn, Choose, Order, Dine and Connect – and the 20+ touchpoints represent potential opportunities for restaurants to engage consumers. To identify and prioritize opportunities, restaurants must continually examine and determine for each touchpoint:

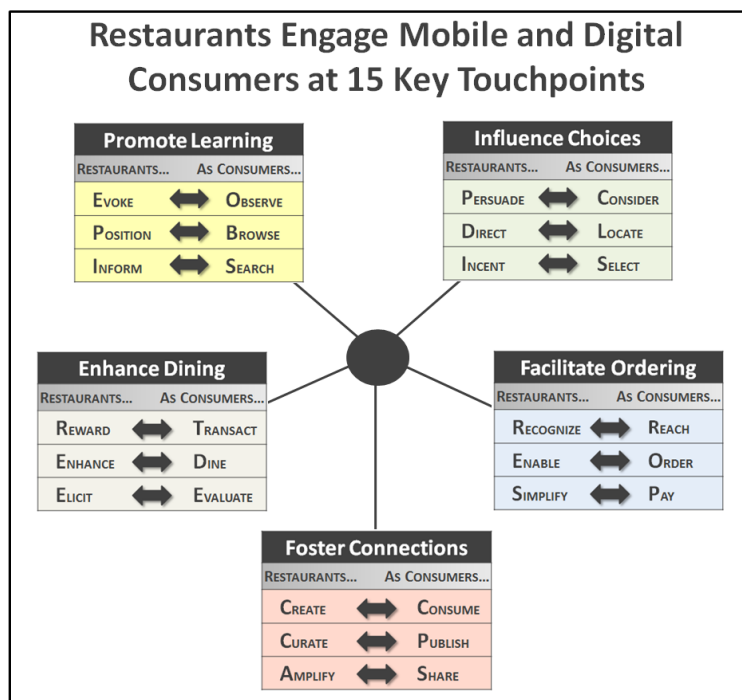
- What aspects of the experience are most important to customers?
- On those aspects, how do customers view their experience with the restaurant, relative to other best-in-class businesses?
- How can we personalize, enable and enhance customers’ experience?

The next two sections describe how restaurants are using DSM to innovate and engage customers at each of these key touchpoints.

4. ENGAGING CUSTOMERS AT 5 KEY INTERSECTIONS ON THE ROADMAP

As shown in the diagram to the right, Intersections represent the touchpoints at which restaurants engage customers. For example, as consumers learn by observing, browsing, and searching for information, restaurants promote learning by evoking, positioning, and informing consumers. Similarly, as customers consider, locate and select, restaurants persuade, direct and incent them.

By aligning engagement initiatives with touchpoints, restaurants can use these intersections to prioritize and link their efforts. The intersections also help restaurants align budgets and metrics with key customer experience outcomes.



Source: immr; mCordis

With respect to selected intersections, restaurants must be able to answer three fundamental questions:

- How well are we delivering on the goals and criteria important to customers?
- In which intersections should we invest, based on value to consumer and ability to differentiate?
- What efforts are underway to innovate customer experience at that intersection?

While no one restaurant excels across all of the intersections and even fewer at many of the touchpoints, a number of exemplary restaurants are innovating in significant ways, as illustrated by the following:

- Chick-fil-A has done a masterful job positioning chicken as an alternative to beef and using humor to get consumers' attention and evoke their brand. The chain uses social media to connect with fans, promoting events such as [Cow Appreciation Day](#) (#cowappreciationday) and amplifying [stories](#) shared by consumers.
- Recognized as an industry leader and innovating aggressively to widen its lead, Domino's is on a mission to remove any and all frictions from ordering. Domino's [voice ordering app](#), developed with Nuance, allows consumers to place orders easily and accurately on their mobile devices.
- As mentioned previously, Buffalo Wild Wings and other restaurants are deploying tablets at tables to make ordering easier, inform and even entertain guests with games and other content as they wait for their food or while dining.
- By leveraging DSM, Starbucks, Taco Bell, [Panera](#), Wing Stop and other leading restaurants are transforming ordering and getting closer and closer to the goal of "[wait time zero](#)."

4.1. The Importance of Fostering Connections

In Q4-2014, Starbucks received [700k mentions](#) on Twitter, almost double that of McDonald's and even more than the number garnered by Disney. More important than the volume are the themes mentioned by consumers, which included "rewarding" themselves with Starbucks and the [BOGO deal](#) on holiday drinks. While mentions on social media are a crude measure, Starbucks has clearly achieved a level of engagement with customers that reflect the "power and relevancy of the [brand](#)."

Enabling consumers and enhancing their experiences are critical drivers of customer loyalty. However, restaurants are also recognizing the [importance](#) of Fostering Connections both with customers as well as between customers. Employing a number of [strategies](#) that fall under the umbrella of "social," [leading restaurants](#) are producing content for consumers to enjoy; curating content that consumers create; and amplifying content that consumers share. Executed properly, these strategies create emotional bonds that transcend functional experiences. While most restaurants have invested in social, few have integrated efforts into an overall strategy for engaging customers, both in and outside of their restaurants.

By identifying customers' needs and prioritizing opportunities across touchpoints, restaurants can use the PEER framework and the DSM tools described in the next section to win on engagement.

5. CHOOSING THE RIGHT DIGITAL, SOCIAL AND MOBILE TOOLS FOR THE JOB

To engage consumers restaurants have at their disposal a wide range of tools, ranging from Advertising to Search, Social Media, and Mobile Apps as well as e-mail, SMS/MMS, Push Messaging and other "opt-in" platforms shown on the next page. The tools vary on performance criteria such as reach, targetability and others defined below.

5.1. How to Evaluate Alternative DSM Tool(s) – Criteria that Matter

Which DSM Tools are “best?” The answer depends on the restaurant’s objectives as well as the capabilities of each tool. The key features of DSM tools are defined below and then used to profile each tool in terms of its strengths and weaknesses.

// Features of DSM Tools	
// REACH	The size of the audience typically reached
// TARGETABILITY	The ability to target and reach a particular individual or group of customers
// PERSONALIZATION	The ability to <u>tailor</u> content or other elements to an individual or group, based on knowledge about them
// LOCALIZATION	The ability to tailor content or other elements to an individual or group based on their current, previous and anticipated locations
// VIRALITY	The likelihood consumers will share the experience as delivered by the tool
// INTERACTIVITY	The extent to which the method permits and is likely to prompt consumers to take action beyond viewing (e.g., clicking, sharing, buying, etc.)

5.2. Which tools are best to engage consumers?

The following table rates of 7 DSM on the features defined above. The ratings apply to the tools as typically deployed and therefore should be viewed as directional – in any given execution, of course, results will vary. However, given a restaurant’s objectives, the guide below and the discussion that follows provide a useful starting point for evaluating and selecting the best tool(s).

Digital, Social and Mobile – Selected Methods of Engagement						
METHODS	FEATURES					
	REACH	ADDRESSIBILITY	PERSONALIZATION	LOCALIZATION	VIRALITY	INTERACTIVITY
ADVERTISING	●	◐	◑	◑	◐	○
EMAIL/SMS/MMS	◑	●	●	◑	◑	◑
KIOSKS/DISPLAYS	○	◑	◑	◑	○	◐
MOBILE APPS	◑	◐	◑	●	◑	◑
PUSH MESSAGING	◑	●	●	◑	◑	◑
SEARCH	◐	◑	◑	◑	○	◑
SOCIAL MEDIA	◐	◑	◑	◐	●	●
WEBSITE(S)	◑	◑	◑	◑	◑	◑

Source: immr/mCordis

Like any other tool, the engagement tools above can be used for multiple purposes. However, for particular objectives selected tools, given their strengths, are especially well suited, as explained below.

5.3. Tools to Promote Consumer Learning

When consumers have a specific need or question, they often turn to search, especially on mobile. Often, however, restaurants must promote their brands or new menu items while consumers are engaged in some other activity, which makes for a challenging task.

- To evoke interest, position the brand or introduce a new menu item, advertising is generally the “tool of choice” due to its reach. Digital and mobile advertising offers a wide range of targeting options, including demographics, [location](#), context and other criteria. In addition, [programmatic](#) advertising platforms now offer locale-specific, rich media ad units (such as maps) that can be optimized for engagement (see Rocket Fuel’s [Tap to Locate](#)). Because of these advantages, advertisers are shifting more of their [budgets](#) to Digital and Mobile Advertising.

<p>Digital and Mobile Advertising</p>	<ul style="list-style-type: none"> ✓ In the first 6 months of 2014 digital advertising spend reached \$23.1 billion, up 15% over 2013 ✓ At \$5.3 billion, Mobile represented 23% of all digital advertising, making it the 2nd largest category (after Search) ✓ By a wide margin, mobile is the fastest growing category within digital advertising (76% year-over-year).
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Source: [IAB Internet Advertising Revenue Report](#), Oct. 2014

- If the content is “conversation worthy,” then Social Media can be very [effective](#) as consumers are motivated to view, comment on and share the content. If a restaurant is effective at Fostering Connections, then the [viral benefits](#) of Social Media yield significant dividends at a relatively low cost.
- As consumers [seek](#) information, Search and Websites (including micro-sites) are well suited solutions. Search, of course, is by its nature addressable (e.g., shown in response to consumers with specific queries), while websites can be personalized based on the query, location, time of day or other criteria.

5.4. Tools to Influence Consumers’ Choices

Within **Influence Choices**, restaurants use a variety of methods to persuade, incent consumers to take some action and direct them to the nearest physical or digital property.

- Given the number of persuasive communications and offers consumers are exposed to, relevance and timing are critical. Therefore, methods that can be highly targeted and personalized are likely to be most effective, including opt-in methods (e-mail and SMS/MMS) as well as websites.
- Ad networks such as [xAd](#) and [Rocket Fuel](#) can direct location-based mobile ads and offers to customers as they enter an area surrounding a restaurant.
- To increase relevance, restaurants are also using geo-targeting to incorporate dynamic, localized content in ads. Platforms such as [MomentFeed](#) can create and display localized ads at scale for restaurants with thousands of location – ads can contain photos,

addresses and other information specific to a restaurant in the vicinity of a consumer. Combined with geo-targeting, localized ads outperform generic ads by as much as 10x.

- Since time of day heightens consumers' interest and receptivity to restaurant-related content, programmatic advertising that optimizes by day part and location can be especially effective, as illustrated by recent [Dunkin' Donuts campaigns](#).
- Listings, locations, hours, and other information about restaurants appear in many different places on the web, including Google and other search engines, directories such as YP, and many others. Restaurants are using solutions such as [BaliHoo](#) to maintain listing information so that when a consumer searches they find up-to-date, accurate information regardless of the source.
- Presented in ads as well as opt-in methods (e-mail, SMS/MMS and Push Messaging), offers represent a powerful tool to trigger interest and boost trial, store visits and purchase. Restaurants are using platforms such as Sparkfly to generate, test and optimize offers. For more information, see this recent immr report on [Digital Offers and Attribution](#).

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<h2 style="margin: 0;">Search and Restaurants</h2>	<ul style="list-style-type: none"> ✓ Restaurants account for nearly 3 out of 10 local searches ✓ Nearly two-thirds of searches for restaurants are for a specific business ✓ Consumers are most interested in directions, hours of operation, and the address and telephone number of the business ✓ Of searches performed on a mobile phone, 3 out of 4 result in a purchase
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Source: [Cross Device Local Search – A Guide For Businesses](#), Neustar, 2014

5.5. Tools to Facilitate Ordering and Payment

To facilitate ordering and payment, restaurants are enhancing their websites' functionality, investing in mobile apps, kiosks and [mobile and online ordering solutions](#), and partnering with [mobile payments solutions providers](#).

- In combination with mobile apps (their own and third-party), GPS and proximity technologies such as [beacons](#) allow restaurants to detect when a customer is near or has arrived at a location. Restaurants are leveraging that information in a number of ways – for example, using platforms from vendors such as [Urban Airship](#), restaurants are using Push Messages to inform customers with an installed app of new menu items and limited time offers. [Taco Bell](#) has integrated geo-fencing into its new ordering app – orders placed via the app are prepared as the customer nears the restaurant.
- Restaurants are rushing to accommodate consumers by offering mobile ordering via responsive websites, mobile apps (their own as well as those of third-parties), in-store kiosks and tablets installed at tables. After integrating responsive design into their website, PGHC (parent company of Papa Gino's and D'Angelo's brands) [reports](#) that 40% of their orders are now coming from mobile devices. With tablets installed at tables in 70% of its locations, Buffalo Wild Wings is now [testing](#) ordering and payment functionality as well. As the CEO of Red Robin [noted](#), "guests don't want to be held hostage [waiting on] the check," especially at lunchtime.

- Mobile payment represents one of the most significant areas of restaurant investment. Virtually every major restaurant accepts mobile payments in some form, although the [solutions](#) employed vary widely. The introduction of [ApplePay](#) has generated a great deal of interest and discussion. However, the mobile payments landscape remains fragmented – see, for example, the 150 mobile wallets reviewed in this in-depth [Guide](#) prepared by Mobile Payments Today. Consolidation among competitors is occurring as well – Google, for example, recently [acquired](#) Softcard, the mobile payments solution backed by AT&T, Verizon and T-mobile. Paypal [acquired](#) Paydiant, the payments engine for retail consortium MCX. As industry expert [Tom Noyes](#) points out, the payments industry is in the early stages of a massive transformation that will take years to play out.

Mobile Ordering and Payment

- ✓ Enabling new payment options and [Mobile POS](#) (point-of-sale) are the top two drivers influencing restaurant POS upgrades.
- ✓ 35% of restaurants have mobile apps, but less than half of those offer [mobile ordering](#) functionality.
- ✓ 16% of Starbucks transactions in the U.S. are [conducted](#) via smart phone
- ✓ Compared to regular orders, the average bill fulfilled via Taco Bell's mobile ordering app is [20 percent higher](#). To promote the app, Taco Bell [plans](#) to give away up to a million tacos.

5.6. Tools to Enhance Guests' Dining Experience

As customers complete their order and pay, restaurants are using DSM to reward consumers, enhance their dining experience and elicit feedback. They are also using DSM to foster connections during and beyond the meal occasion.

- As mentioned above, Buffalo Wild Wings and other restaurants are deploying tablet-based solutions to enhance guests' experience. Solutions from vendors such as [Buzztime](#), [Ziosk](#) and [E La Carte](#) allow customers to check-in, view news, play trivia and other games, take photos and upload them to social media, and enroll in and check their status in loyalty programs.
- In restaurants offering table service, these solutions also allow customers to check on the status of their meal and call the server.
- Capturing guest feedback is an important but challenging task for restaurants. Despite recognizing the value, restaurants using conventional methods (e.g., “call this number on the back of the receipt”) are plagued by low-response rates. Customers who have opted-in to receive push messages, e-mail, or SMS/MMS can be prompted to provide feedback. With solutions from vendors such as [Elevate](#) and [Drop Thought](#) customers can rate their experience (overall and on various attributes) and, if dissatisfied, ask to speak with a manager. Used judiciously, a restaurant's app can be paired with beacons to recognize when a customer is leaving the restaurant and prompt them to provide feedback.

In addition to these efforts, restaurants are also making their locations more “tech friendly,” e.g., with high-speed [Wi-fi](#), [charging stations](#) for mobile devices, [digital receipts](#), etc. The next section discusses how restaurants are using DSM to foster connections with customers.



<h2 style="margin: 0;">Tablets at Tables</h2>	<ul style="list-style-type: none"> ✓ By eliciting feedback from guests via tablets at tables, restaurants are achieving response rates <u>20-30x</u> higher than conventional methods. ✓ By displaying items while the guest is dining, tablets can <u>boost sales</u> of desserts, gift cards, take home products and branded merchandise. ✓ Trivia and other interactive games can be paired with leaderboards and other displays to create a shared experience for guests while dining. ✓ Early results indicate that tablets can improve <u>table service</u> by “freeing up” servers to be more attentive and responsive to guests.
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5.7. Tools to Foster Connections with Customers

To foster connections with and between guests, restaurants are creating compelling content and interactive experiences as well as curating and amplifying customer generated content.

- Restaurants are developing apps to engage and inform customers. Chipotle’s Scarecrow app became a viral hit and reinforced the restaurant’s mission to “bring real food back to the people.” Buffalo Wild Wings’ Game Day platform allows customers to play fantasy football and awards prizes (from \$100 up to a million dollars) to winners – the platform drives fan engagement and store visits.
- McDonald’s Surprise Alarm “wake up” mobile app has been a huge hit. McDonald’s is also addressing a fundamental challenge by answering questions such as “Do we use all of the cow in our burger?” on the Your Questions section of its website.
- Restaurants are also engaging consumers via crowdsourcing to help them make decisions ranging from new menu items to packaging, commercials and others. In Australia, consumers can download an app to participate and earn rewards at McDonald’s mymaccas. Caribou enlisted followers on Pinterest to help develop a new blend by using the hashtag #InspireCaribou – its roasters used photos of tropical forests and other images to develop Real Inspiration, a “fruity mango” flavored coffee.
- Based on results from Sprinklr (supplier for NRN’s Social 200), Shareablee, DigitalCoCo and other research organizations, a handful of restaurants stand out on social media. Perennial leaders include Starbucks, Taco Bell, McDonald’s, Domino’s, Subway, Pizza Hut, KFC and Dunkin’ Donuts. Smaller chains with exceptional results include Chipotle, Panera, Buffalo Wild Wings, Dairy Queen, Wingstop, and Chick-fil-A.

<h2 style="margin: 0;">Social Media</h2>	<ul style="list-style-type: none"> ✓ Facebook has over 1.35b monthly active <u>users</u>, followed by YouTube with 1b. ✓ 65% of <u>location-based actions</u> (check-in, intend to visit, return and refer, etc.) on social media come from restaurants. ✓ Over half of all QSR restaurants are <u>active</u> on Instagram. ✓ More than 90% of all brands are active on the top 4 social media platforms (Facebook, Twitter, YouTube and Instagram). ✓ A post by Starbucks <u>produces</u> more than 55,000 “actions,” 2-3 times more than its nearest rivals. ✓ Consumers <u>share</u> with Pinterest 3x time more on mobile than desktop.
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6. CONCLUSION

6.1. Executing on the Playbook – a Recap

By following the playbook presented in this report, restaurants can articulate and deliver on a vision that engages customers, wins their favor and earns their business. To execute on the DSM playbook, restaurants need a vision, roadmap and set of tools.

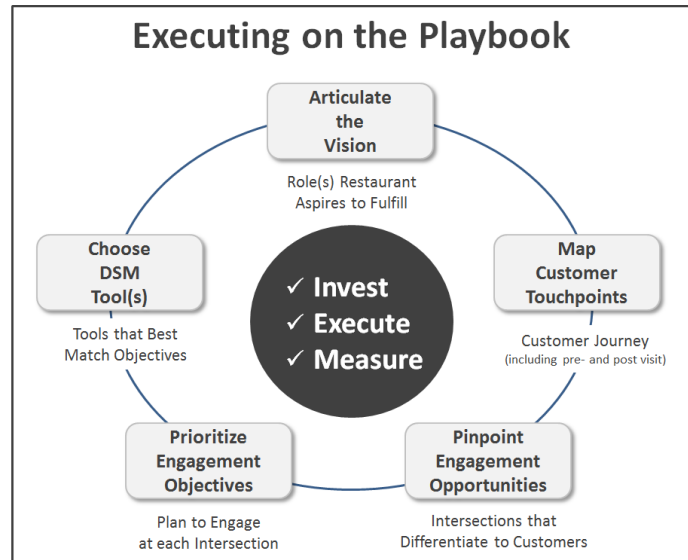
Using the PEER framework and roles presented, leadership must articulate a vision and make the strategic investments to enable and enhance customers' experience. Following the lead of Starbucks, executives at Panera, Buffalo Wild Wings and a handful of other restaurants clearly grasp the importance and are pushing and prodding their organizations and franchisees to embrace these strategies.

McDonald's [recognizes](#) the importance as well, although as skeptics point out the chain faces headwinds on a number of fronts.

By mapping and understanding opportunities at key intersections across the entire Customer Roadmap – from learning to choosing, ordering and dining – restaurants can identify opportunities to leverage DSM and improve outcomes. Many restaurants are focusing their initial digital efforts on “removing frictions,” especially time to order. “Frictionless” experiences are rapidly become table stakes, however, and restaurants must find ways to add value and create exceptional, memorable experiences. That requires examining intersections before and after ordering and focusing on other opportunities to enhance customers' experiences.

When integrated into a larger, concerted effort, fostering connections with customers via social media can be a key ingredient. However, social media is a two-way sword – when other elements of engagement are missing or lacking, negative word-of-mouth can be amplified with disastrous consequences. Thus, the playbook is best viewed as a chain, with the weakest link determining its strength.

DSM tools stand out on a number of features important to customers and restaurants alike, including targetability, personalization, localization, and virality. By selecting and testing various tools, restaurants can discover the combination(s) that boost relevance as well as engagement, sometimes by as much as 10-20x. As argued above, customer [expectations](#) for mobile experiences are high – they won't tolerate websites that are difficult to view or navigate, mobile ads that aren't relevant, listing information that is out-of-date or inaccurate, or other #failures.



Source: immr; mCordis

6.2. Embrace DSM or Suffer the Consequences

A recent study by McKinsey of 1,000 brands across a wide range of categories [draws](#) several important conclusions:

- The number of consumers engaging via digital touchpoints is expanding at the rate of 20% per year
- As consumers embrace digital more fully, brand messages lose their impact, presenting more challenges for brand marketers
- Companies that excel at “crafting digital experiences” are leveraging momentum from word of mouth on social media and distancing themselves from the pack

As the poster child for these phenomena, restaurants must invest in DSM to deliver the kinds of experiences customer expect. Otherwise, they run the risk of falling victim to what McKinsey and [others](#) refer to as “Digital Darwinism” as the leading restaurants cited throughout this report pull ahead.

6.3. Epilogue – Staying Abreast of DSM Developments

Despite the length, this report has just scratched the surface of DSM and its potential for restaurants. Much remains to be learned and the tools and technologies will continue to evolve. mCordis has assembled a useful [guide](#) titled “12 steps to literacy in digital, social and mobile (DSM): a crash course.” [Courses](#) in mobile marketing by mCordis and related [whitepapers by immr](#) are valuable resources as well. [MSL](#) and other partners that specialize in DSM bring a great deal of insight and experience to the opportunities and challenges discussed in this report. More information about MSL, its parent [Publicis](#) and the authors is provided in the Appendix.