Going Mobile

A Benchmark of Mobility Maturity
in the Restaurant Industry

Introduction.

The food and beverage industry has rapidly changed over the past decade, with perhaps the largest shifts being driven by the wide-spread adoption of mobile technologies which are now used for everything from point of sale to inventory management and customer loyalty programs.

We wanted to measure the impact this rapid evolution has had on F&B operators. 279 leaders were surveyed regarding their organization's use of mobile technology, their relationship to mobile innovation in the space, and their readiness to continue to embrace mobile while facing the constant threat of disruption.

We discovered that many restaurateurs are driven by anxiety over the future. They understand that they need to continue to invest in mobile, but many aren't confident in their ability to meet the needs of their guests today while preparing for tomorrow.

84%
of respondents saw business improvements when they launched a branded mobile app.

93%
believe their mobile investment promotes loyalty and drives repeat business.

89%
believe their mobile strategy will drive sales growth.

84%
believe it reduces their labor costs.

96%
believe mobile will save time and money on back end functions.

But only **35%** are confident in their ability to prepare for a mobile tomorrow while meeting the demands of their customers today.

Executive Summary.

In a world of ever-increasing customer expectations, increased mobile abilities offer immediate guest benefits: seamless payments, easy ordering and delivery, faster service, and visibility to the process every step of the way.

Food and beverage operators are clearly excited about these benefits, but that excitement comes with a side of anxiety.

Many felt weighed down by threat of disruption from more customer-centric competitors and are afraid they aren't investing enough to keep up.

A question emerges: Will we be left behind?

Higher sales.

Mobile allows F&B operators to reach new customers, access new options for delivery, and offer low-pressure opportunities for upselling

Lower costs.

Mobile inventory management reduces cost and improves efficiency

Better service.

Mobile makes service faster and keeps people happy—driving repeat business and customer loyalty

Preparing for tomorrow. Delivering today.

We asked restaurant owners and other F&B operators to rate their strategy against twenty-two factors of mobile maturity, measuring their impact across both their current ability to deliver outstanding guest experiences and their preparedness for the future.
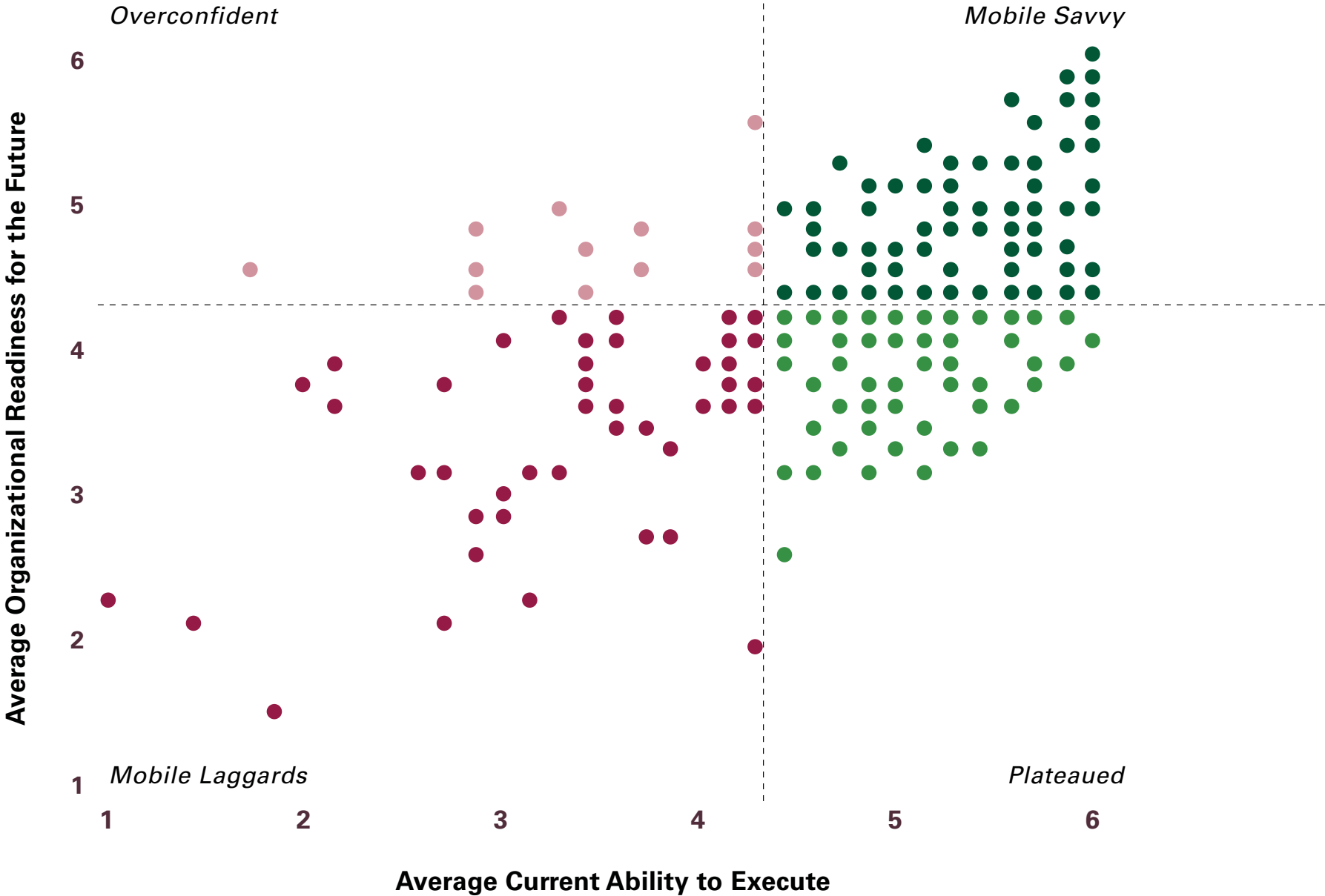
Mapping responses in this fashion reveals an industry that is struggling to balance their current mobile requirements with the need to plan for the future. In fact, **only 35% were confident in both their ability to prepare for a mobile tomorrow while meeting the demands of their guests today, leaving 65% of their peers facing an uncertain future.**

13% believe their team is ready for tomorrow, but still struggle with current ability to deliver outstanding guest experiences.

These "Overconfident" folks may be painting a rosy picture of the future given their current difficulties.

Only 35% saw themselves as "Mobile Savvy."

These respondents are confident in both their current strategy and their plan for the future, demonstrating the greatest mobile maturity in the group.

Overconfident

Mobile Savvy

Average Organizational Readiness for the Future

Mobile Laggards

Plateaued

Average Current Ability to Execute

"Mobile Laggards" represented 25% of responses.

These report the least mobile maturity, expressing doubt in both their ability to deliver today and their plan for the future.

27% of the respondents are "Plateaued."

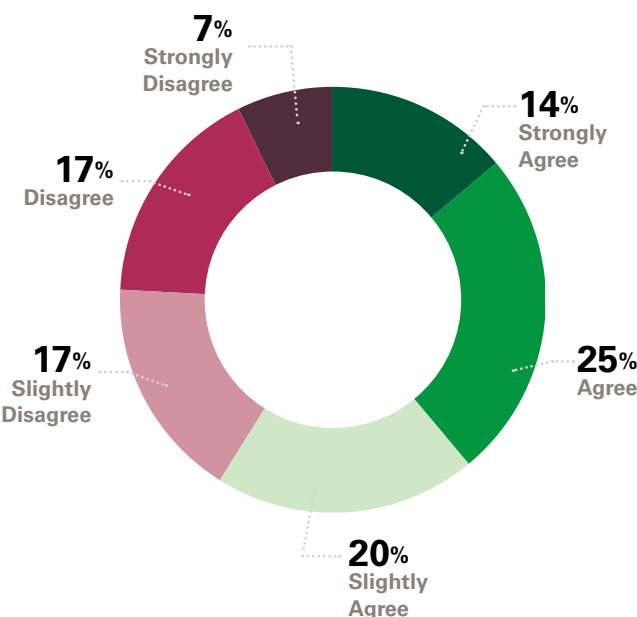They are confident in their current approach but are aren't ready for tomorrow.

Fear of Disruption.

Specifically, people expressed fear of being outpaced by more agile competitors, or simply by the fast pace of change in the industry. It's hard to keep up when the goalposts keep moving.

62% of respondents expressed doubts over their ability to keep up, with 18% in strong agreement that they are not investing quickly enough to keep pace with the speed of mobile technology change:
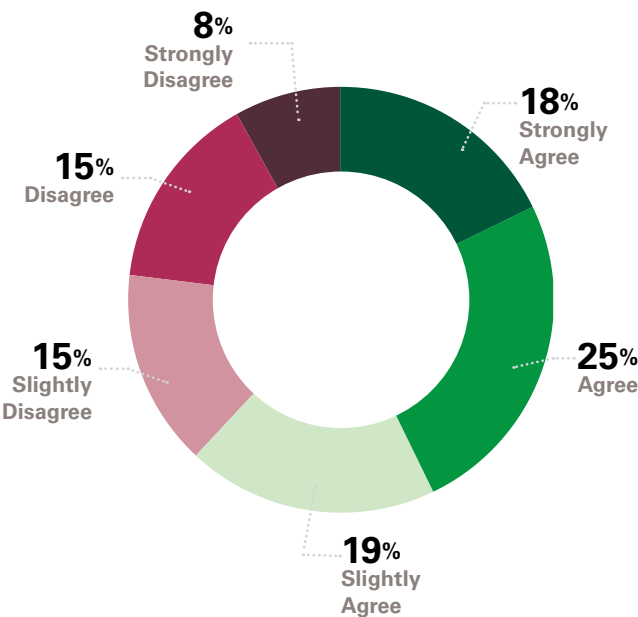
Similarly, **59%** agreed that their company faces the threat of disruption from their more mobile-enabled competitors:

8%
Strongly
Disagree

18%
Strongly
Agree

15%
Disagree

15%
Slightly
Disagree

25%
Agree

19%
Slightly
Agree

7%
Strongly
Disagree

14%
Strongly
Agree

17%
Disagree

17%
Slightly
Disagree

25%
Agree

20%
Slightly
Agree

These fears emerged despite sometimes strong scores on organizational readiness questions, which indicate that restaurant owners are optimistic that investment in mobile will increase sales, while saving them time and money. They see the benefits and feel intense pressure to invest in the right mobile technology to maintain their competitive edge.
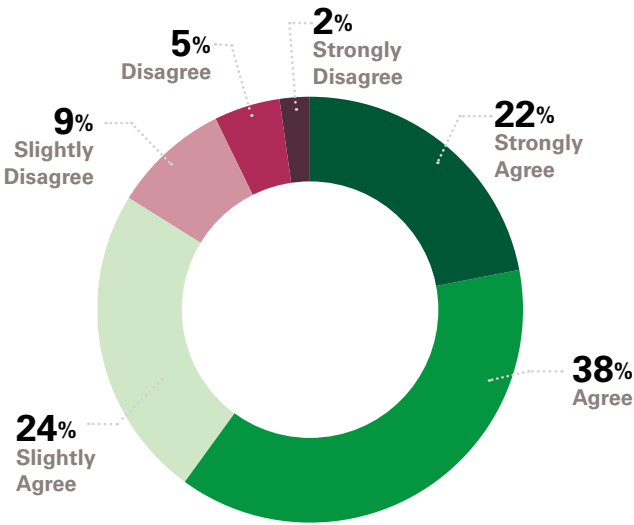
# Respondents Experience Substantial Benefits from Guest-Facing Mobile Apps.

Guest-facing mobile applications were also extremely well regarded by survey respondents, both for their ability to save time and money and for their bolstering effect on customer loyalty.
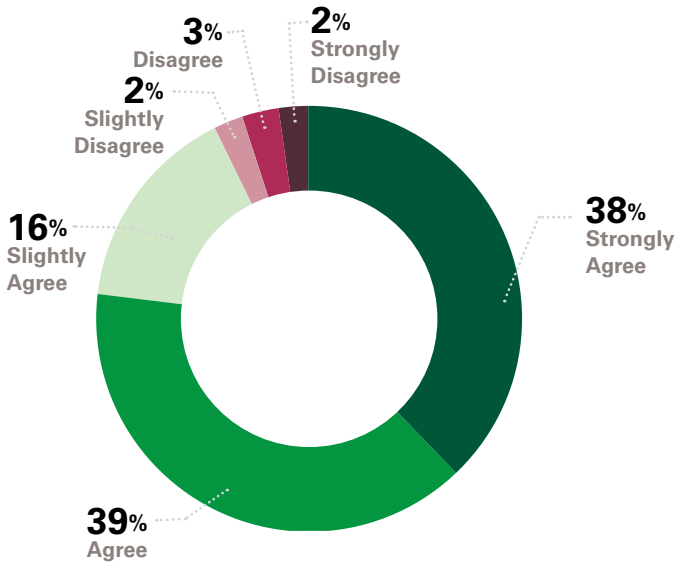
84% agree that guest-facing apps reduce labor costs.

86% agree that their branded mobile apps improve speed of service.
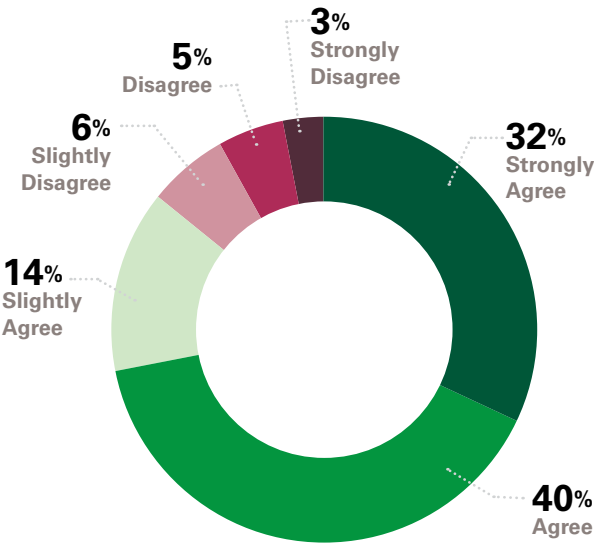
Most impressive: **93%** agree that their guest-facing mobile app promotes loyalty and drives repeat business. 38% strongly agree with this statement.

Chart 1 (84% — reduce labor costs):
- **2%** Strongly Disagree
- **5%** Disagree
- **9%** Slightly Disagree
- **24%** Slightly Agree
- **38%** Agree
- **22%** Strongly Agree

Chart 2 (86% — improve speed of service):
- **3%** Strongly Disagree
- **5%** Disagree
- **6%** Slightly Disagree
- **14%** Slightly Agree
- **40%** Agree
- **32%** Strongly Agree

Chart 3 (93% — promotes loyalty):
- **2%** Strongly Disagree
- **3%** Disagree
- **2%** Slightly Disagree
- **16%** Slightly Agree
- **39%** Agree
- **38%** Strongly Agree

Future Investment is Critical.

The study highlighted the need to prepare for the mobile future. In an industry where increased speed of service and ticket averages have been the primary focus for improvement for decades, mobile innovation has been accompanied by an increased focus on improving both guest experience and overall organizational efficiency.

On a scale of 1 (least agreement) to 6 (most agreement), respondents are bullish on investing in mobile – both present and future.
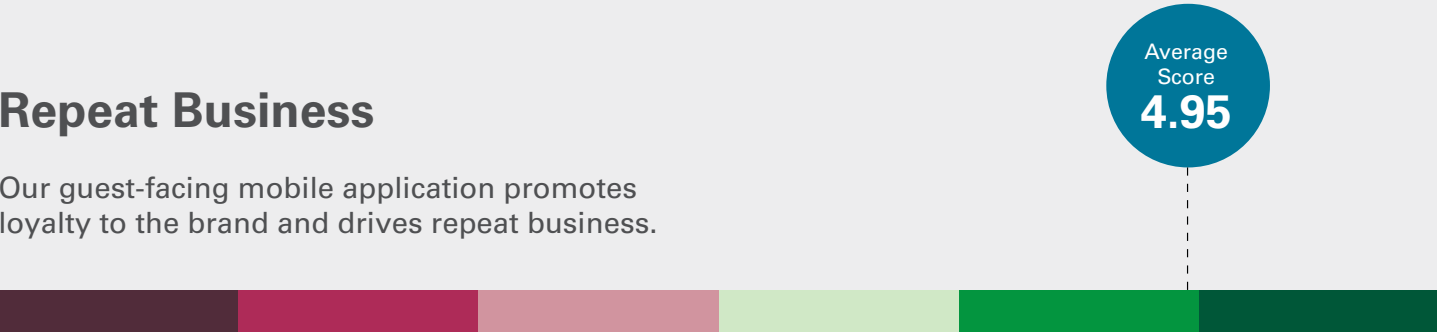

Cost Reduction

Expanding mobile capabilities for managing inventory in our restaurants will save the company time and money.
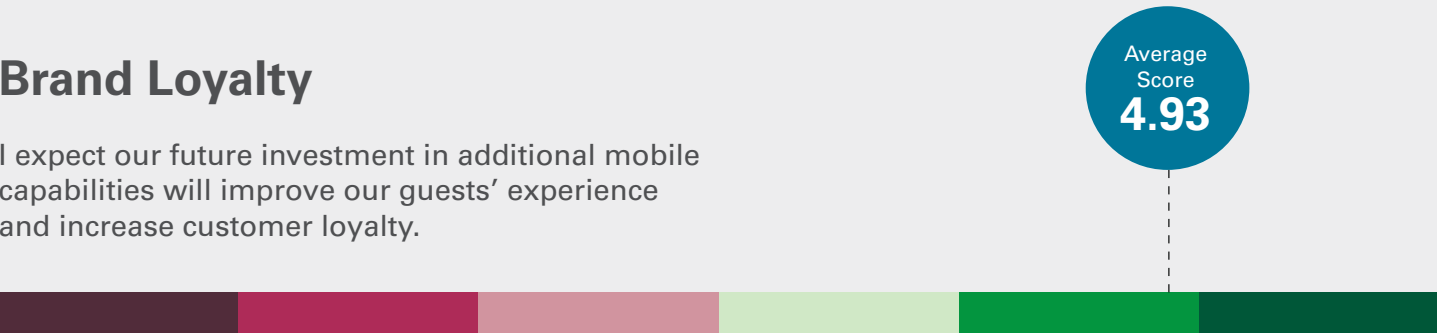
Average Score 5.05
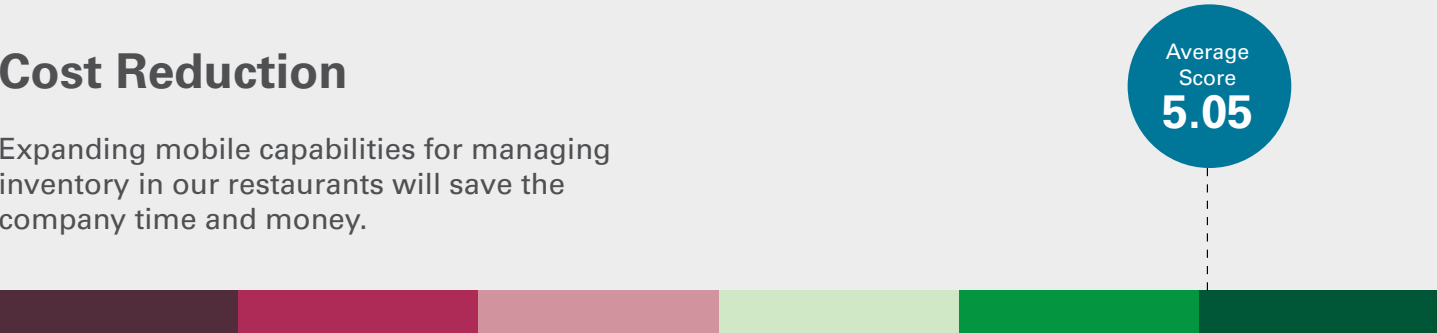
Repeat Business

Our guest-facing mobile application promotes loyalty to the brand and drives repeat business.
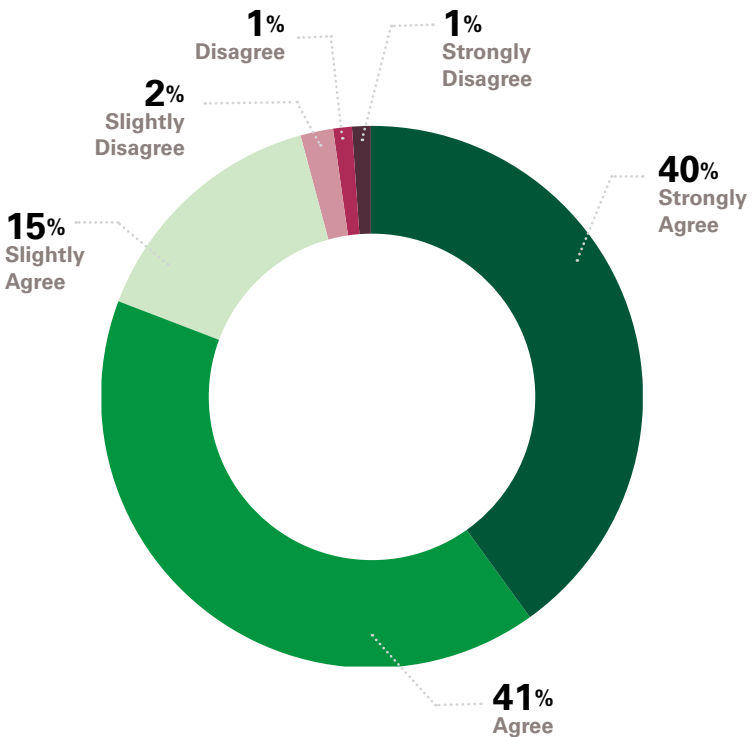
Average Score 4.95

Brand Loyalty

I expect our future investment in additional mobile capabilities will improve our guests' experience and increase customer loyalty.

Average Score 4.93

In fact, the top-scoring responses dealt with the use of mobile inventory management and using guest-facing mobile applications to promote brand loyalty and drive repeat business.
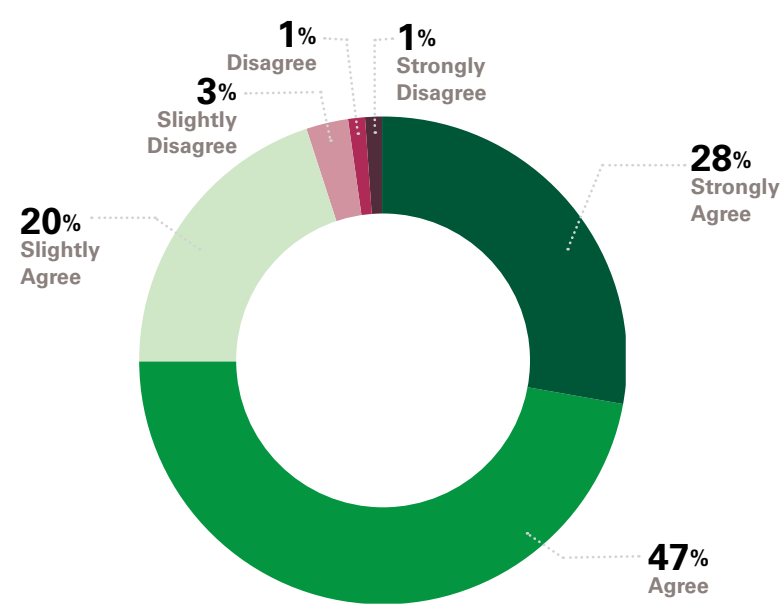
This shift may signal a change in approach, where instead of targeting granular improvements in speed of service or ticket averages individually, food and beverage executives are taking a more holistic view. These large-scale improvements have the potential to make larger shifts in the bottom line than the point of service efficiency models we've seen in the past.

For instance, expanded mobile inventory management is expected to drive time and money savings, with 96% of respondents agreeing and 40% strongly agreeing with the sentiment:
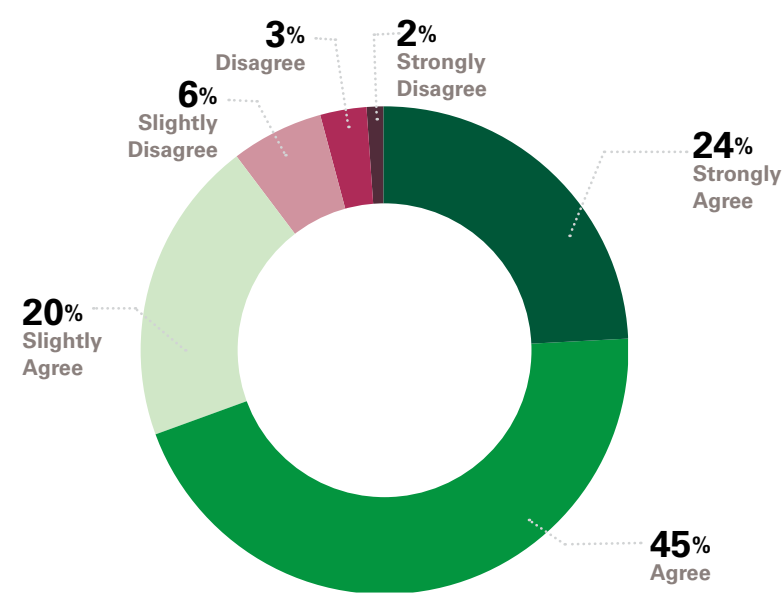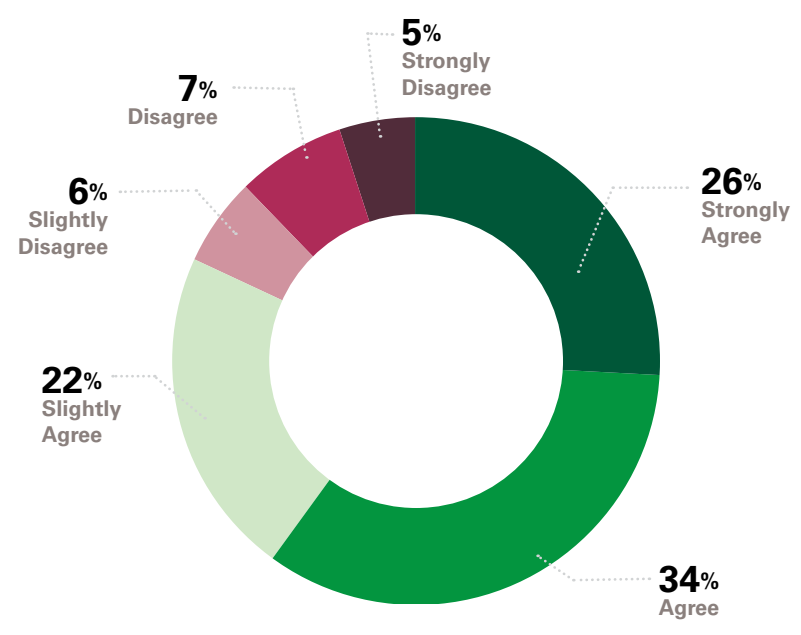

1% Disagree

1% Strongly Disagree

2% Slightly Disagree

15% Slightly Agree

40% Strongly Agree

41% Agree

95% agree that future investments in mobile will improve guest experience and loyalty.

- **1% Disagree**
- **1% Strongly Disagree**
- **3% Slightly Disagree**
- **28% Strongly Agree**
- **20% Slightly Agree**
- **47% Agree**

89% of respondents saw big opportunities for growth in ticket averages from mobile through better cross-selling and upselling.

- **3% Disagree**
- **2% Strongly Disagree**
- **6% Slightly Disagree**
- **24% Strongly Agree**
- **20% Slightly Agree**
- **45% Agree**

82% agree that delivery services will help grow their businesses. Third-party delivery services help restaurants grow their business but restaurants may risk losing their brand identity and customers to these companies if they become too reliant on them.

- **7% Disagree**
- **5% Strongly Disagree**
- **6% Slightly Disagree**
- **26% Strongly Agree**
- **22% Slightly Agree**
- **34% Agree**

The industry-wide embrace of these third-party delivery partners raises a few questions. One wonders if food and beverage executives are ignoring unexpected risks, like shrinking profit margins, shifting customer loyalty, or even decreased speed of service for consumers who are choosing to dine in.

"It's difficult for a restaurant to just flip on the switch. Navigating the best way to get involved in delivery is a big challenge."

STEPHEN DUTTON
Analyst at Euromonitor International
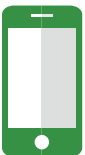
Summary & Key Takeaways.

Instead of hyper-focusing on symptoms of inefficiency, (speed, declining ticket amounts, etc.) the industry has apparently taken a broader perspective, applying mobile innovation to basic problems of supply and demand. How do we increase inventory efficiency? How do we get new customers in the door? How do we serve them more efficiently? How do we keep them coming back?

Integrated mobile inventory management is a key indicator of mobile maturity.

Integrating guest service and inventory management on the same device allows food and beverage organizations to streamline processes, integrate front and back of house functions, and increase the ROI of their mobile utilization.

Let customer experience guide mobile strategy.

There is an industry-wide anxiety around being disrupted by a competitor who has a better grasp on mobile. This fear can be alleviated by allowing guest experience, loyalty, and repeat business to guide mobile initiatives. Investment in mobile should be there to support experience delivery, not the other way around.

Cautiously embrace partnerships with mobile-first startups.

Continued partnerships with mobile-first startups can provide exposure to new customers, but food and beverage executives should be aware of the potential risks of shrinking profit margins and shifting customer allegiances, and act accordingly.

Today, mobile solutions need to be a cornerstone of F&B operations to improve everything from back-office management to guest engagement. With 40 years of experience providing industry-leading technology, Oracle Food & Beverage not only pioneers advances on mobility but taps Oracle's vast R&D resources to develop innovations in all facets of the business to help operators worldwide grow their businesses.

Our point-of-sale platform is the premier food and beverage management solution, enabling operators to deliver fixed, portable and mobile point-of-sale technology to enhance guest experience and service. Key features include mobile inventory management, seamless integration with existing systems and support of any operating model.

We also understand that devices and solutions need to be built to withstand the daily rigors of a hospitality environment. Our hardware, including Oracle MICROS Tablets, provides durable POS devices engineered to increase efficiency and deliver the best price-to-performance ratio in the business.

Demographics and Methodology.

We asked 279 F&B professionals to answer a battery of questions to determine where their organization rates across 22 fundamental measures of mobile maturity. To interpret the survey results, we plotted responses along two key axes: "Organizational Readiness" (Do you think you have the organizational support, resources, and infrastructure to succeed in the future?) and "Experience Delivery" (Is your current mobile strategy on track to deliver outstanding guest experiences?).

Most responses were from full-service restaurants at 45%, with fast casual and quick service representing 24% and 23% of responses, respectively. Theme park, stadium, and other providers rounded out the responses with 8%. 71% of respondents were Director level or higher, with 45% answering from companies that generate more than $500M in annual revenue.