Hospitality and food trends to chew on in 2018

preoday

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2018, year of the technology takeover

Predictions for 2018 are coming thick and fast. We have read each with interest, agreeing with some and disagreeing with others. For instance, do we think virtual reality will define 2018? No. In the future it might, but not in the next 12 months. Conversely, might digital loyalty play a central role in the success of venues in 2018? Yes, of that we are convinced.
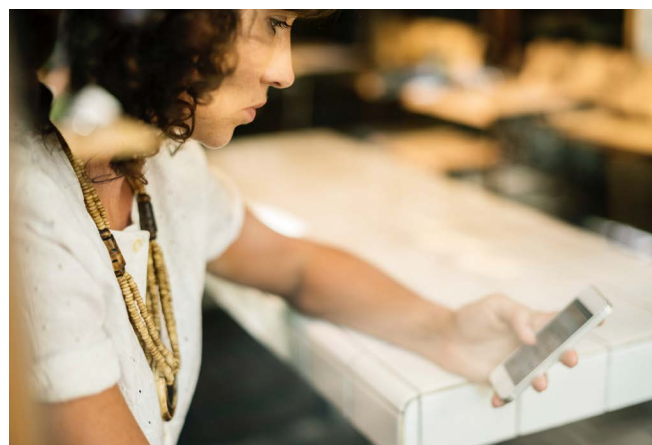
2017 was a great year for **Preoday**, and 2018 looks set to be even better. Before we reveal our four predictions for the coming 12 months, we want to share some highlights from the preceding ones.

Highlights:
Launching UK aggregators

As many of the leading arts venues in London use the Preoday service for interval drinks, we launched an exciting new aggregator technology platform: **MyOrder London**. Now customers can use one central app or website to pre-order refreshments at their favourite venues.

In October, we helped POS vendor **ForPOS** launch **Oxford Orders**, an aggregator connecting local businesses with residents. A one-stop shop for restaurants and retail outlets, the platform champions local enterprise and helps them prosper.

Another milestone: 30 theatres on the Preoday platform

In November Preoday passed the **30 venue mark** of theatres using our technology platform to offer mobile and online ordering services. As we go into 2018 it will be increasingly noticeable when a theatre doesn't offer patrons this kind of service.

Total orders doubled through the Preoday platform

From cafes to exhibition centres, New Zealand to Norway – **Preoday's platform** saw orders flood in and the total numbers doubled from 2016.

Now we've touched on some of our highlights from last year, let's look forward and consider the biggest trends for the food and hospitality industry in 2018.

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Virtual restaurants

As of yet, there is no definitive term for describing the kitchen-only restaurants that garnered headlines in the second half of 2017. Deliveroo uses the term 'Dark Kitchen' while others call them 'virtual restaurants' or 'headless concepts'. In the next year we expect any confusion to be cleared up and a single name agreed to describe this burgeoning market.

Much of the success of the the delivery-only restaurant lies in the fact that it presents a solution to a common city-based problem, rent. Without the need to shell-out on space to seat restaurant customers, the delivery-only kitchen is cost-effective answer to sky-high landlord fees. In 2017 prices in some areas of London were as high as **£120** per square foot, and that's before the capital and operational expenditure needed to keep a customer-facing establishment running.

The concept is drawing the attention of investors too. Six new Deliveroo Edition sites in London attracted **£284m** in funding in September, and as part of its growth strategy, the company has said kitchen-only sites will be one of its priority areas going forward. In the USA, Green Summit Group launched nine virtual kitchens from one shared space; it has now raised $3.6 million and **predicted** it would achieve $18 million in sales in 2017.
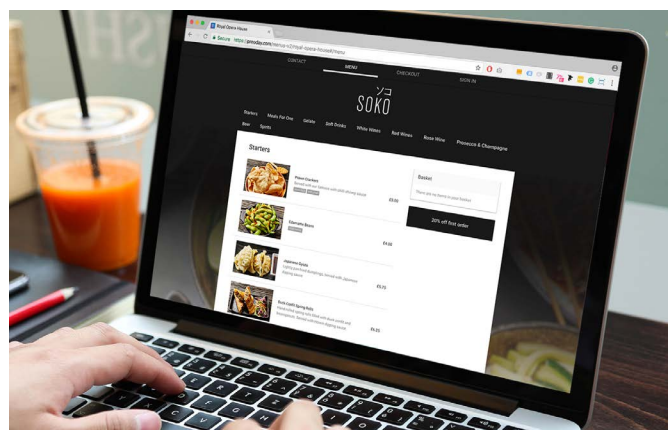
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Cutting out the middleman?

In 2018, rather than relying on a parent company like Deliveroo, we see restaurant entrepreneurs investing in their own kitchen-only spaces and associated ordering technologies (really, there could be no restaurant-type better suited to having its own ordering platform given all its trade is acquired online!) With more venues releasing their own-brand online ordering and mobile apps, chefs will realise that they can push their profits further without tying themselves to a 'middleman'.

John Gordon, principal of Pacific Management Consulting Group said that in 2018, he sees store closings as the pace of restaurant construction outruns the population. We might suggest that for some venues, switching to a delivery-only concept and wielding an own-label app could be the key to surviving this assumed downturn.

At Preoday we've already seen this trend igniting. Soko, an Asian fusion restaurant in Barnet, London, closed its doors on sit-in diners last year in order to relaunch as a kitchen-only venue, focused on cooking cutting-edge meals accompanied by its own app and web ordering page. Without paying commission fees to a company like Just Eat or Deliveroo, it is able to bank a greater profit per order.

Kitchen-only restaurants are ideal for today's on-demand generation. This is a group of people that doesn't require a cinema to watch a film, it doesn't need an estate agent to buy a house and it doesn't need a restaurant table to order and eat great food. Like Netflix, the 'restaurant-less restaurant' can only get bigger as the post-millennial generation grows.
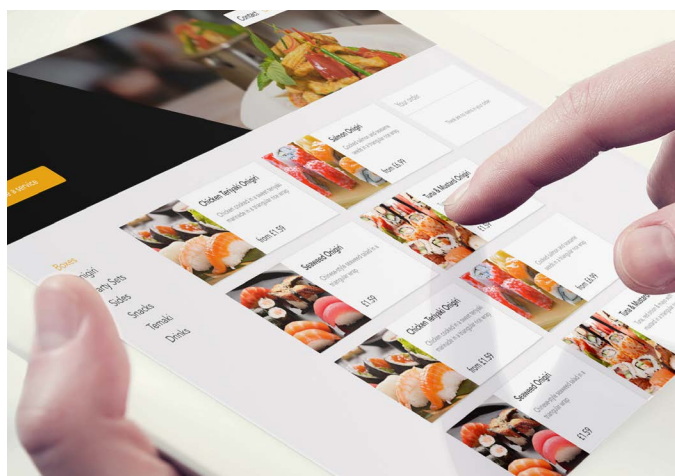
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Intelligent office catering

Employee engagement in the UK is low at **58** percent, but with so many different employee personas to satisfy, that's perhaps not surprising. Still, in an age when it is quick and easy for staff to move on from roles they are dissatisfied with, HR teams are naturally focused on employee engagement and retention.

Optimising company culture is a proven way of attracting and then keeping employees engaged with a business. While 2013-2017 saw the introduction of flash perks such as the office dog, at-desk massages or Friday prosecco, in 2018, companies will focus on improving the overall **office experience**.

This is especially important in a time when flexible working is gaining so much attention; it's vital that workers feel as comfortable and productive in the office as they do out of it.

One way such comfort can be achieved is through the addition or enhancement of in-office catering. It seems a simple thing, but having food and drink - good food and drink - readily available, can make a significant difference to employee morale. Moreover, workers now have more awareness of the need to consume a balanced nutritional diet during work hours as a way of improving health and general quality of life.

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Convenience equals comfort

Rather than investing in staffing and equipment, offices will look to outsource food to contract catering companies, something which allows them to continue focusing on their core business functions. Globally, the contract catering market has been expected to grow at a CAGR of **4.02** percent in the period 2016-2021.

Furthermore, the best of these corporate catering companies will join the likes of **Blue Apple**, **Totally Delicious** and **Benugo** and adapt to the trends being adopted by consumer facing caterers: that is pre-ordering. Offering staff access to food and drink without having to leave the workplace is one thing, but being able to order and collect that food and drink without queuing adds a whole other level of convenience to the experience.

In 2018, when companies offer perks that make every employee's life easier, such as access to pre-ordered food, they will be more likely to retain their key talent. All staff value convenience and they appreciate businesses that put their base needs at the front of their minds. Good food and a way of obtaining that food fast, meets those values.

Loyalty and the return of the stamp

In 2018, loyalty will be going mobile. As consumers become more comfortable paying for goods using their mobile phones - via an app or e-wallet - we will see a rise in digital integrated loyalty and payment solutions. Instead of being an 'added extra', restaurants and coffee shops will push for digital payments and loyalty as a priority and as part of their overall business models.

In **2016 a report** showed that 25 percent of diners already had at least one restaurant app on their smartphone, signalling a change in the way customers wanted to consume. Since then restaurants, and other food and drink venues, have been increasing loyalty and footfall by offering apps that provide partially personalised offers, allow the redemption of rewards and create added experiences for the consumer.

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Personalisation is the key

Looking beyond 2018 we would expect a venue's mobile app to offer complete personalisation to the customer, adapting the look and layout according to the user's preferences and ordering history. Before this becomes commonplace however, the industry will see the return of the points and loyalty stamp system last seen on that forgotten and crumpled Costa card at the bottom of your bag.

This time around there will be no card, instead stamps will appear within an app and will be automatically update after every purchase. The added convenience of a digital stamp card ensures greater use, not just because of ease of application, but because customers can't lose their card between visits.

We would additionally see venues beginning to reward customers for non-transactional behaviors such as watching a video, visiting a store or following them on Twitter. In these cases rewards might be loyalty points, but could also include unique perks such as complimentary drinks or access to exclusive experiences.

In 2018 venues will have more reason than ever to launch a digital loyalty programme. As one of Preoday's loyalty partners, **Como**, commented recently, *"the most effective loyalty clubs are about much more than rewards. In the current business and technological environment, loyalty programmes are an essential tool for gathering actionable business intelligence, and increasing both sales and efficiency. With a digital, cloud-based loyalty programme, you can turn nameless, short-term customers into club members who enjoy an enhanced experience – and who keep coming back for more."*

The key to running a successful loyalty programme in 2018 will be gathering data and applying that information in innovative, useful ways; bolstering venue management and customer experiences, including loyalty and engagement.

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Technology woven into the operator experience

More businesses are dipping their toes into emerging technologies like the Internet of Things and artificial intelligence. Investments in these and other key technology areas can only grow in 2018. According to an American Express Restaurant Trade Survey, over the next year, two-thirds of restaurateurs plan to spend on technology investments, costing, on average, **$4,200**.

'Technology' might sound general in terms of a trend, but nevertheless it is a movement that will hold a great deal of importance this year. Being more specific, we expect it to be used, not just as a way of improving the consumer experience, but also to boost business operations and profits. Two areas, in particular stand, out as areas of growth in 2018: automation and data.

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Data, data, everywhere

This trend was touched on when discussing the growth of digital loyalty programmes, but one should note that the benefits of data stretch way beyond loyalty.

As the price of technology falls, and new pricing options are made available, we will see greater investment in software and hardware. Those investments will be made sparingly and wisely with emphasis placed on technology systems that interact with each other, building databases from multiple areas of a business. In combination, that data will tell venue owners where problems exist within their business and will give them the insights needed to fix issues. It will, for example, suggest how to amend menus in order to maximise customer spend, advising them which dishes and drinks generate the most revenue and at what time. Data will also give in-house marketing teams the ability to execute smarter campaigns, identify areas for improvement, and will ultimately lead to more intelligent spending.

Narrowing the focus further, we would first expect operators to invest in kitchen and payment technologies before anything else. Why? Because of the proven impact online ordering and delivery can make on sales and revenue. According to Hospitality Technology, **49 percent** of restaurant operators plan to add new functionality and features to their POS software in 2018.

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Automation for growth

Hospitality managers want to invest in technologies that can automate all or parts of their operations and fine-tune the dining experience for customers. In 2018, such technology will have a bigger role than any other in the streamlining of hospitality operations.

Automation can include the use of technologies such as in-venue kiosks and touch screens, as well as mobile and online ordering and back-of-house software. While each system will play a different role, they all serve the same purpose of smoothing business operations and, in some cases, improving the customer experience.

Within automation, we believe that online ordering and delivery offers the greatest opportunity for growth in the coming year, something that John Zolidis, president of research boutique Quo Vadis Capital agrees with. Since 2014, about 30 percent of diners aged 18 to 54 have ordered food from a restaurant's website via their phone or tablet, in 2015 the percentage of orders booked online or using a smartphone or tablet app (6.6 percent) exceeded the quantity placed verbally over the telephone (5 percent). These numbers are only going to grow in the coming year. Zolidis also notes that having an app is just part of the equation: food has to travel well and technology, including "fantastic mobile apps," should help with order flow.

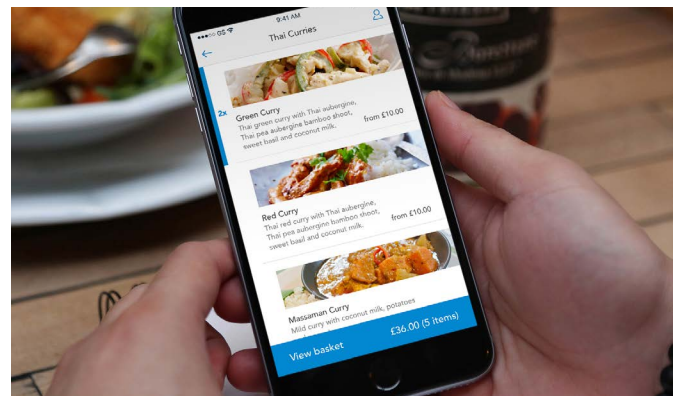If you're interested in finding out more about Preoday, get in touch

Benefits of mobile and online ordering

While the benefits of mobile and online ordering for the customer is clear to businesses, the benefits to the operator can be easily overlooked. Increased revenue is one advantage (basket sizes are noted as being larger when orders are placed via mobile), easy adaptation and menu management is another (there are huge cost-savings associated with not having to re-print menus each time an amendment is needed).

A third effect is accuracy. Every server in their time has experienced that customer that wants to customise their order - dressing on the side, no croutons, added garlic or no garlic at all - and every server has got this wrong at least once. When there are customised orders being placed by entire groups of people, errors are very easy to make. When using an app, this is no longer a problem because the order is placed in writing by the customer leaving no chance for mistakes - on the part of the server anyway!

Managed properly, mobile and online ordering will reduce wait-times and increase the speed in which customers are able to order and receive their meals, it will make fast food faster, ordering more precise, and customers more satisfied.


As a leading ordering technology provider in the food and hospitality space, we make sure to keep our finger on the pulse of the industry, tracking trends so that we can give our clients the best advice to suit their business.

If you're interested in finding out more about Preoday, or to get a free demonstration showing how mobile and online ordering can impact your business, get in touch today.

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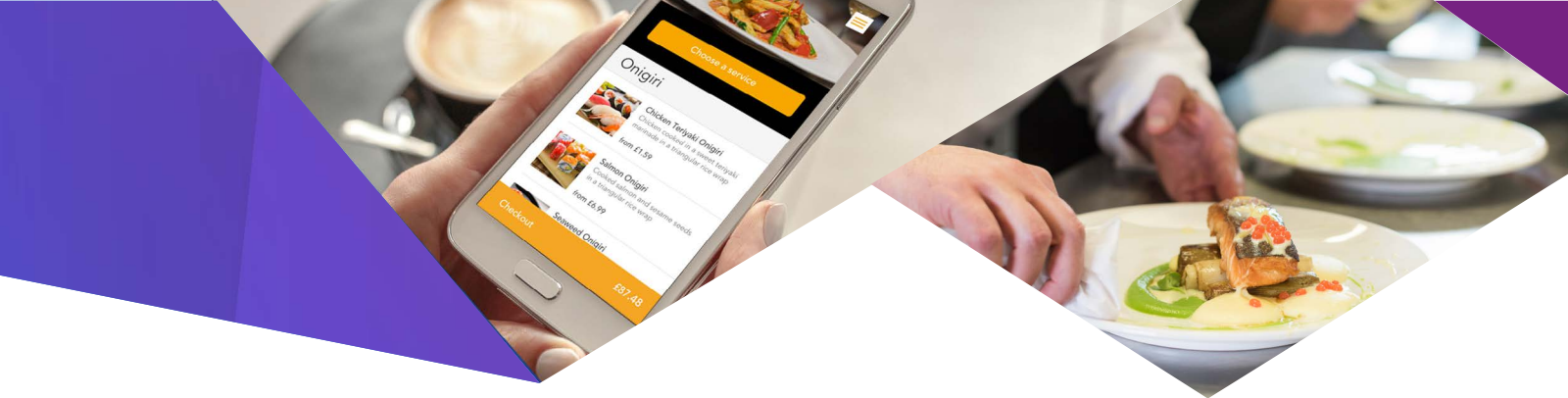
About Preoday

Preoday builds high-quality e-commerce platforms offering mobile and online ordering services. We enable hospitality businesses to offer branded online and pre-ordering facilities to customers purchasing food, drink, merchandise and making bookings.

Preoday provides a white-label service to companies across the hospitality industry, from quick service restaurants and cafes, to theatres and stadiums. We work directly with hospitality businesses and partners including resellers, ticketing agencies, technology providers and food tech start-ups.

Reasons for choosing Preoday:

- Never pay excessive costs. Avoid up to 14% commission on every order placed through aggregator service like Just Eat. Preoday is 0% commission
- Acquire new customers and make existing ones more loyal
- Reinforce your brand identity
- Gain complete access to customer data (often withheld by aggregator services)
- Have total control over customer service including delivery deals and menu creation

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Check our **Resources** page regularly to access fresh and useful content. **Let us know** if there is a topic you'd like to know more about, which we haven't already addressed.

To ask us a question, arrange a demo or get a quote for your project please **drop us an email** and a member of our team will be in touch very shortly.

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