BRANDED | STRATEGIC HOSPITALITY

TECHNOLOGY | INNOVATION | CAPITAL

One Year Later: Technology and Innovation that is Here to Stay

INTRODUCTION

“Necessity is the mother of invention.” The author of this proverbial saying isn’t known, but it is sometimes ascribed to the ancient Greek philosopher Plato as it appears in translations of the Plato’s Republic. A need or problem encourages creative efforts to meet the need or solve the problem. The restaurant industry has certainly demonstrated that this saying continues to hold true.

The COVID pandemic has landed a particularly crushing blow to the hospitality industry, but we are among the most creative industries anywhere and adjusting to the needs of the consumer is what we do best.

We know how to roll-up our sleeves and get sh#t done. In the course of figuring out how to maintain food service during a global pandemic, the need to embrace technology and innovation became of paramount importance.

There have been plenty of misses, but many more direct hits and wins that the industry should feel proud of. People have asked us when will restaurants return to “normal” and the answer is clear, we are in the “new normal” and Branded believes many of the inventions and creative solutions that were born during the pandemic are here to stay long after it’s gone.

WHITE LABEL ORDERING

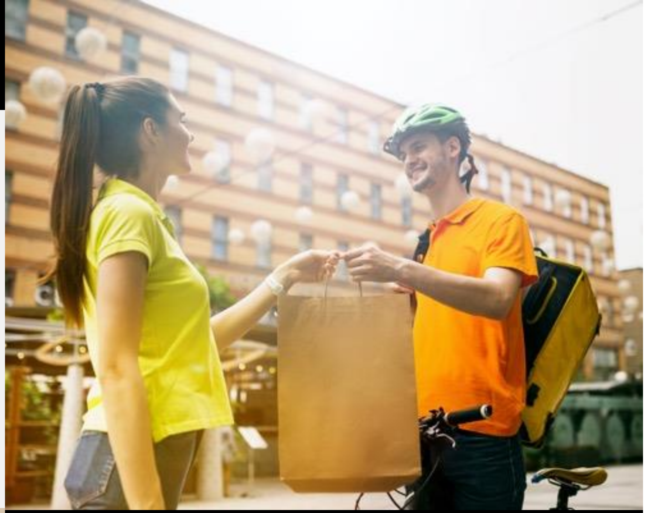
Bbot

GoParrot

LAST MILE DELIVERY

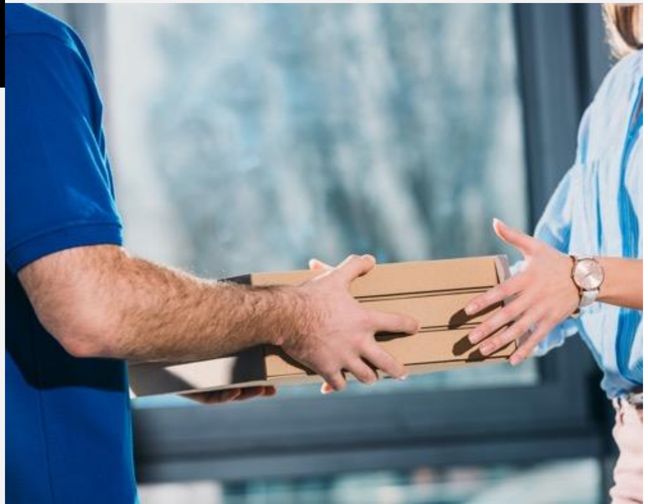
VROMO

DriveKindness
We Deliver



THIRD PARTY LIFE SAVERS

CHOWLY™



DELIVERY

FROM WHITE LABEL TO THIRD PARTY TO LAST MILE

Delivery is clearly not a new thing, but the percentage of restaurants that now deliver has grown exponentially. The delivery space has been historically reserved for more casual meals, but the pandemic changed all of that. As off-premise food services represented one of the only available sales channels for restaurants, the need to get online and offer delivery spiked.

The technology available for these newcomers to the delivery market has never been better and in addition to the many 3rd party delivery service platforms ("DSPs"), the emergence of sophisticated white-label or native delivery platforms provided both new and existing restaurants with delivery offerings an arsenal of tools to choose from. The love affair between those that needed to get online and start delivering and the technology platforms available to make this happen in an accelerated timeframe was an amazing thing to watch. The percentage of restaurants that now deliver will not be reduced when the pandemic is behind us as the importance of the off-premise market will only continue to expand.

CONTACTLESS / CURBSIDE PICKUP

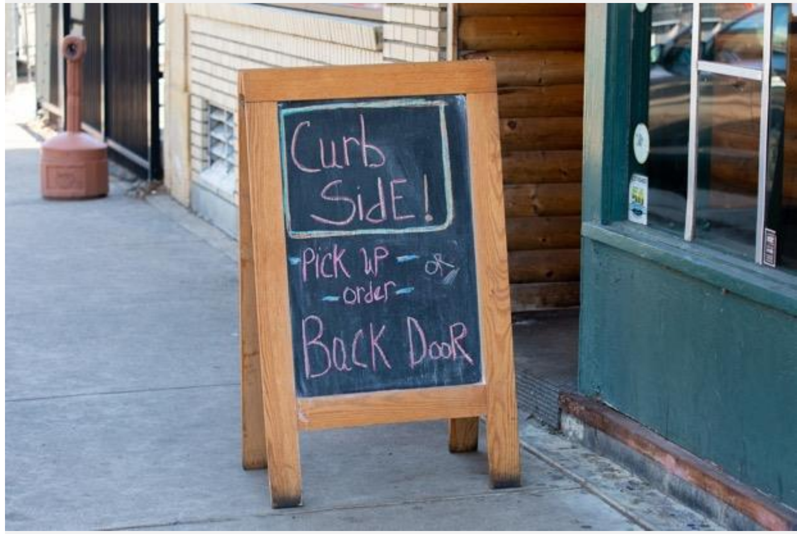
A NEW TAKEOUT CONVENIENCE

Sticking with pre-COVID, 90% of our restaurants' off-premise orders were for delivery, leaving only 10% for pick-up. During the pandemic, those percentages shifted to 50% delivery and 50% pick-up. Curbside pick-up is not a new concept but faced with limited revenue opportunities and the technology to support and bring efficiencies to the effort, the industry saw nearly 70% of restaurants add curbside during the pandemic. Pre-COVID, the percentage of restaurants that offered curbside was 15%. There are many factors that contributed to the increase in demand for pick-up and many of those aren't going away after the pandemic does.

The cost of delivery and specifically the convenience fee associated with getting food to your door is proving to be very costly. Food security remains a hot topic and food temperature is another issue that's encouraged people to become their own last mile solution. The technology supporting curbside pick-up removed a substantial amount of the friction that had turned the consumer off from coming to get the food themselves. As the technology continues to improve and as importantly, the embracement by the venues and consumers continues to grow, Branded believes curbside pick-up is not only here to stay, but will become even more important than delivery itself. Whether the following is considered a spoiler alert or a teaser for what you'll find in 2021, the hybrid model that is coming is going to win the day!

BRANDED'S PICKS

SoftPoint — Point yourself in the right direction.

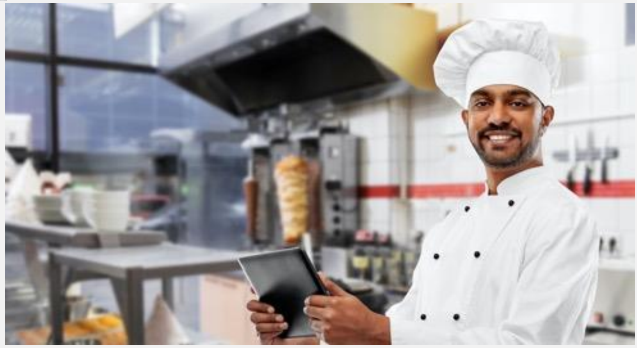


GHOST KITCHEN ACCELERATORS

ZUUL

kitchen united

kitch



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VIRTUAL KITCHENS

THE RISE OF A NEW TREND

Branded wants to make a rather bold prediction – by 2030, 50% of restaurants will be virtual. 2020 saw thousands of restaurants add off-premise only concepts that exist exclusively online. The continued growth and expansion of the virtual restaurant is going to accelerate because of the attractiveness that comes for the dramatically reduced cost structure of starting and operating virtual restaurants.

There is without question many challenges and headwinds associated with successfully launching virtual brands, but here again technology and innovation is on the side of the bold and we now have the tools required to market and engage with customers from our virtual stores.

CUSTOMER RETENTION & LOYALTY

In the current hospitality climate, loyalty has never been more important. Regular customers not only keep income steady but increase sales. An investment in a program that focuses on repeat guests is less expensive than the cost of acquiring new patrons, and on average, loyal customers spend 67% more than new customers.

The fastest way to inadvertently lose a loyal customer is to not capture their information. The second pitfall to customer drop-off is losing them to a third-party food delivery platform. Customers are given financial incentives (often times at the cost to the restaurant) which then also discourages them from ordering through your platform directly. The solution? Loyalty. The best way to guide customers to your platform is to remove all other options for ordering—and when they do order from a 3rd party, you can direct them to come to youdirect next time. How so? Provide a QR code with each delivery that allows the customer to scan for a percentage off their next delivery which leads back to YOUR website. Or how about incentivizing a guest to order again by gaining points through a loyalty program that YOU manage. Chew on these numbers…

75% of consumers say they favor companies that offer rewards.

Increasing customer retention by just 5% boosts profits by 25% to 95%.

The probability of selling to an existing customer is 60-70%.

Don't let the buck stop with just loyalty. Customer retention is equally as important. "Wait, before you go…" "We'd love your feedback"! …. "Tell us how we did!" … How many times have you left a restaurant only to find a note to provide feedback when it's too late. Incorporating a digital guest experience survey before a customer leaves is an opportunity to collect actionable guest feedback so you can fix anything in seconds and get instant insights to improve. Guests want to be heard, so give them an internal platform before they search for it elsewhere.

LOYALTY

Spendgo

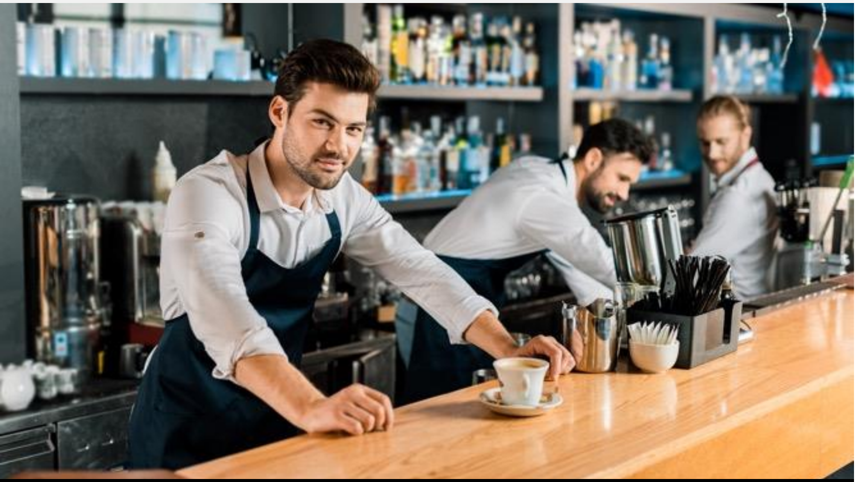
personica

CUSTOMER RETENTION

Ovation

yumpingo

HUMAN CAPITAL



AUTOMATION

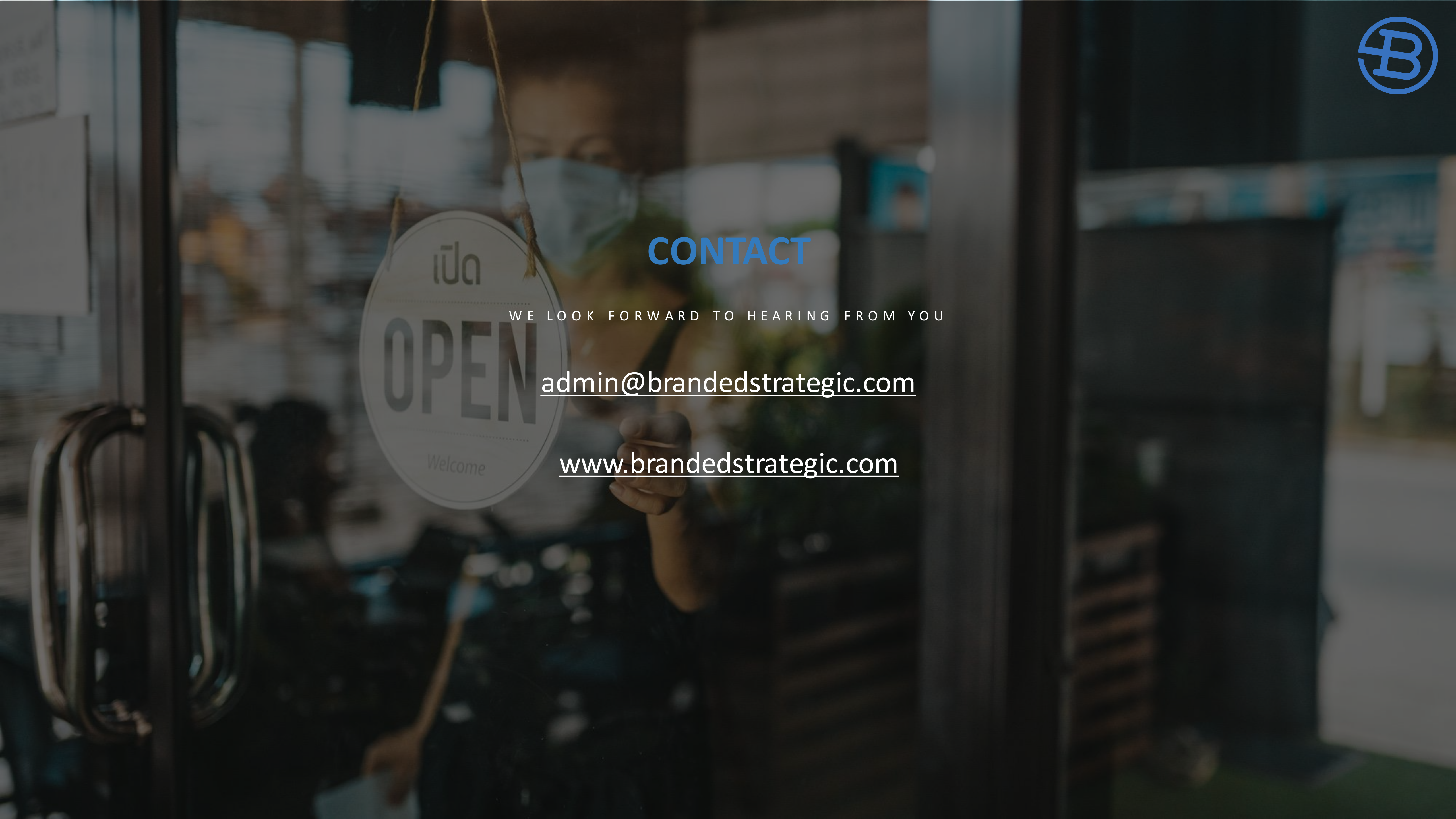
HUMAN CAPITAL & AUTOMATION

THE FUTURE OF EMPLOYEE INTERACTION

Technology changes the way HR departments contact employees, maintain employee files and analyze employee performance. Used well, technology makes HR practices more efficient. Good HR practices maximize the benefits and minimize the problems.

In an environment where personal interaction is minimized, the digital tools available to recruit, hire and most importantly, maintain employees is proving to be just as successful as in-person recruiting (and in the case of retention, the tech platforms are proving to be more successful). Once an employee has been hired, tech is the name of the game to keep employees engaged and accountable for their jobs and duties. Gone are the days where cell phones were banned on the floor. Now, employees can track cleanliness and health code requirements as well as collect payments and orders all through a mobile device. The BYOD revolution is upon us and it’s no longer just for the customers.

Digital in store services such as kiosks and self-pour beverage walls can be used alongside employees to save on labor and increase sales. Restaurants and Bars lose 23% of their beverage inventory to waste and freebies. Self-pour waste is less than 3%. A self-serve beverage wall can also decrease labor by 20% or more and increase overall beverage net profits by 45% or more. That is something we can all toast to.



CONTACT

WE LOOK FORWARD TO HEARING FROM YOU

admin@brandedstrategic.com

www.brandedstrategic.com