



QSR and the Seven Deadly Sins... of Technology



The definition of convenience has shifted quite a bit over the past ten years and in the last three years, driven by COVID, it has taken a massive leap forward. This means that customers expect low friction experiences which are supported by tools which make things cheaper, better, and faster. For convenience businesses this means that they need tools to manage visibility of inventory, delivery management, click and collect, pick and pack support, order accuracy and many other services which, if done manually, reduce the profitability of providing convenience to a negligible amount.

Customers expect recognition of their patronage but earn and burn loyalty programs do not drive behaviour and may not be applicable to all channels. Loyalty programs must also be connected to personalisation and soon hyper-personalisation systems so that rewards align to the customer's intent and purpose.

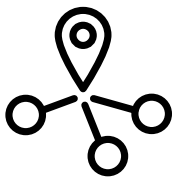
These shifts in the definition of convenience have also affected the competitive environment for QSR as mobility and convenience retail businesses must find new ways to enhance customer experience and extend the definition of convenience.

For franchisers, this shift in the definition of convenience and in the technology that it takes to operate a convenience business has also impacted on the franchise offering. Licensees will expect a franchiser to provide technology which supports the new definition of convenience, and this will also be about managing marketing technologies. The franchise offering must be a value proposition and above the line marketing is not going to sustain brands. Franchisers must transform their offerings to provide measurable competitive advantage in order continually renew the value of a license.





“QSR and the Seven Deadly Sins...of Technology” is a hook to get people to the presentation. There are unfortunately quite a few more than seven. The seven listed are big areas of challenge for all retailers. How these seven depend on each other and interoperate is another.



SIN #1

Marketing Technology

- Search, Maps, Buying Guides, Delivery Services will all be supported by AI
- Some of the services will allow for paid inclusions – Definitely Bing and Google
- Some agents which will live in cars and mobiles may require QSRs to optimise their accessible data in a way that allows them to appear in voice searches
- The winners in QSR will be the brands that develop capability in optimising their content for evolving channels and marketing technologies



SIN #2

Loyalty

- As stated above, earn and burn loyalty is fading quickly as a mode of loyalty
- Loyalty needs to be invisible and it needs to be automatic
- Each channel may require a different application of loyalty but one that is still unified with other forms that are offered
- Often hybrid forms of loyalty work best – when modes of loyalty are combined to form a multi-level interaction



SIN #3

Personalisation

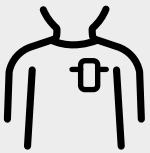
- Personalisation is a basic requirement
- Knowing the customer and assisting them to make choices, recognising their patterns and optimising interactions to meet their needs is now table stakes
- Delivery businesses will provide much better personalisation than QSR brands and will use this enhanced capability and more engaging customer experience to intermediate the customer relationship with QSR brands



SIN #4

Data Strategy

- Bottom Line: Data must be in a form to make it usable
- Data will be required to operate effective marketing technologies, personalisation, loyalty and almost all other relevant functions which provide QSR with specific retail advantage
- Data is likely to be worth more to a QSR than selling its product but only if the data is in a form that can be easily commercialised



SIN #5

EX – Employee Experience

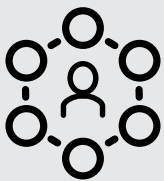
- QSRs spend a lot of money on induction, training and compliance for employees
- The IP around training and compliance requirements is expensive to develop as are the processes to ensure that employees understand and comply. These processes need to be automated - especially as training and compliance requirements vary
- QSRs also need to focus on engaging employees and managing culture because as the definition of convenience shifted so did customer expectations of customer service



SIN #6

AI

- Most QSRs will already be experimenting with AI supported technologies
- AI technologies will likely need to be integrated with customer and transaction data
- The structure and usability will be important (as previously mentioned)
- Integration with PoS data is a foregone conclusion – resistance to this integration will create a higher propensity for disruption from other convenience businesses including delivery companies
- In- store edge computing / IoT services will need also likely be supported by AI technologies and procurement and operation of these technologies will be challenging for QSRs



SIN #7

Unified Commerce

- Unified commerce provides a consistent and channel specific experience for all channels with which a customer would choose to interact with your brand
- Unified commerce seems like an innovation now but it will become the dominant form of retail operating system in the next year
- Unified commerce makes it much cheaper to add and remove channels
- It also unifies:
 - Compliance
 - Payments
 - Access to customer data – e.g., profile
 - Allows for channel specific modes of loyalty – if you have a loyalty platform as opposed to a loyalty system
- Fujitsu has just taken a majority stake in the leading unified commerce platform in the world – GK software

Obviously, I have only touched on a few of the challenges facing QSRs in their pursuit of value, but I tried to find the big ticket items. The 7 Deadly Sins is how I get you into this session, but all these factors are linked and the biggest challenge is how to make it all work together well.

How to understand the separation of operational architecture especially if you are a franchiser is going to be a growing challenge – e.g., what must I own and operate and what can I enable the licensee to own and operate?

The reality is operating QSRs is growing in complexity and the competitive landscape is diversifying. Ghost kitchens, grocery stores can become QSRs overnight with the help of a delivery business and immediately compete with QSR brands.

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