

NEXTCHOICE™

Smart Self-Service™

Sandwich Shop

White Paper

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1. Introduction

During the last 30 years, customer self-service has spread from banking automated teller machines (ATMs) to a variety of industries. These early adopter industries now use customer self-service as a significant differentiator, as another interaction point with customers and a means for improving customer experience and building brand loyalty.

The restaurant industry is no different.

The industry is testing and deploying customer self-service to increase top-line, bottom-line business results and meet customer expectations for expanded technology allowing for increased speed, flexibility, convenience and personalized consumer experience. This paper will focus on the upcoming self-service trends that are today's reality and tomorrow imperative as restaurants strive to deepen customer loyalty, increase sales and remain competitive.

Restaurants face many business challenges, such as how to increase same store sales without increasing the size of each location. At peak serving periods, wait times can exceed one hour. At this point, restaurants have reached their maximum revenue capacity. To expand beyond this physical boundary and grow the business there are two alternatives:

- 1.) Increase table turns above current levels, and
- 2.) Tap into the take-out growth market.

To do this effectively the consumer wants their dine-in and to-go experiences to be fast, accurate, convenient and personalized to their specific wants, needs and preferences.

NextChoice produces intelligent software for restaurant self-service ordering, payment and analysis. This includes the Dine-In and Take-Out Casual Family Restaurant vertical. Consumers have come to expect convenience based services from many other markets. Restaurants are no exception.

NextChoice's NextWave Intelligent Self-service System is unique in that it provides enhanced customer satisfaction, increased throughput and cost efficiencies for restaurants by allowing customers to enter new orders, repeat frequent orders at the touch of a button, receive offers uniquely suited to them and utilize this technology where they are and when it's convenient for them.

Experience has shown that our approach can significantly increase sales with high-margin take-out and delivery because of the time-savings and increased convenience provided by the system, as well as implementing intelligent upselling based upon analysis of unique customer data. The NextChoice solution helps build a successful, positive relationship between brand, location and consumer thus increasing overall store and chain revenues.

NextChoice's products are highly automated and designed for high-availability and minimal maintenance.

2. Self-Service History

Customer Self-Service began as the act of a customer helping themselves to obtain a desired product or service. But today it has evolved into a two-way relationship where each customer interaction means greater opportunity to personalize and improve the customer experience while building loyalty and increasing revenue. This process can include the convenience of customer payment, but it is not required.

Self-service first came to light in the 1920's when elevator operators were replaced by self- operating elevators. This was again seen on a much larger scale in the late 1950's when AT&T began to offer direct dialing without operator assistance. In both cases this transition accomplished two things.

First, it gave control to the consumer and improved consumer satisfaction. Second, it addressed the financial needs of the service provider, by reducing costs and improving speed of service or through-put.

More recently, during the 1970's, banks realized they needed to control costs and improve the hours of cash availability to be more competitive and introduced ATMS. By the mid 1980's, banks began to realize that the number of tellers was reduced and ATM usage and demand had skyrocketed. Customer satisfaction was much higher than in the past and customers were opening new accounts based upon ATM locations and convenience. Today, every three minutes a new ATM is installed somewhere in the world. In short, customers are making decisions based upon the degree of convenience offered via self-service.

Self-service is now widely used in the following industries:

- a) Airlines - Kiosks
- b) Grocery Stores – Kiosks and self-checkout
- c) Banking - ATMs
- d) Gas Stations – Pay at the Pump
- e) Parking Garages – Payment Kiosks
- f) Convenience Stores – Deli ordering Kiosks
- g) Home Improvement Stores – Self Check Out
- h) Home entertainment via “On Demand” – Self Ordering and Payment
- i) Any industry that leverages the Internet – Self Ordering and Payment

3. Solution Overview

The NextChoice NextWave™ Intelligent Self-service System is comprised of a core application with multiple NextPoint TouchPoints which are the consumers' interface to the system. It is the only software that integrates across multiple NextPoints. See Figure 1 below. Fast and Family Casual Restaurants can utilize most of the current NextPoints in various combinations. The NextPoints that have applicability in the Fast and Family Casual restaurants are any combination of the following: Internet Ordering, Kiosks Ordering, Call Center Ordering, Catered Ordering, Table Top Ordering, Smart Phone and Tablet Ordering. All of the NextChoice applications are designed for POS integration as well as Loyalty program integration and provide complete customer analysis and data-mining.

Personalization is an important aspect of the NextChoice software. By using a credit, debit, loyalty or gift cards, a consumer can automatically establish system recognition. Past orders are displayed allowing fast reordering for the repeat customer across all touch points. Past orders are dynamically correlated allowing the system to intelligently up-sell based upon past order history. Not only does this increase order size, but it responds to the increasing consumer demand that merchants know them, understand them and are creating experiences that are relevant to them. All of this information can be fed into an external loyalty system allowing for promotions and customer outreach programs.

4. Internet and Smart Phone Ordering

Retail On-line ordering such as Amazon.com, has been available for the last decade. Restaurants embraced this concept to augment their current take-out, delivery and curbside pick-up businesses. In the past, to-go business was done via phone or fax ordering--one order at a time. These orders were prone to errors since they were usually taken during the busiest operating hours.

Internet ordering is desirable for the consumer due to its convenience, accuracy and the elimination of the hold time. Retailers are attracted to the Internet for its ubiquity and low cost of doing business. Restaurant ordering has evolved into a valuable take-out tool. With optional full POS integration, this Internet ordering solution has an easy to use graphical interface, drives the consumers' appetite and provides the customer with their past order history.

An Internet ordering system should be quick, accurate, convenient and easy to use. This is what Internet ordering delivers.

Customer Benefits

- Easy to use
- Fast
- Multilingual

- Convenient
- Remembers past orders, payment information, delivery information
- Better order accuracy

Chain Benefits

- Reduced phone loads, less hang ups.
- Increased Order Accuracy
- Orders go directly into POS; eliminates re-keying orders.
- Intelligent up-selling, based upon past orders. (Yields higher average tickets).
- Higher customer retention due to native language support.
- Shift headcount to production.
- Centrally manage store level transactions.
- Gain above-store intelligence.
- Pinpoint promotions.
- Better understand customer behavior.
- Consistent consumer brand experience.

5. Catered On-Line Ordering

Catered ordering is a subset of Internet ordering. This plug in software module has several very useful functions for large corporate users purchasing food for meetings and events.

First, it allows the customer to email an on-line menu to all attendees and have their individual orders automatically consolidated and submitted as one large order.

Second, corporate information can be stored along with the company credit card information and delivery instructions. Multiple people can be granted ordering permission without access to credit card information. Alternatively, companies that want to have a corporate account can be billed monthly with specific people having ordering privileges. Simplifying the ordering process across a company and providing a centralized system for monthly billing will increase restaurant sales and shape customer's buying behavior.

The objective of this module is choice, convenience and rewarding behavior. If the end consumer can order what they want, and the process is quick, simple, convenient and rewarded, this combination will ultimately shape the ordering behavior process.

Customer Benefits

- Easy to use
- Order consolidation from individual orders
- Remembers all corporate customer delivery and payment information
- Remembers past group orders

Chain Benefits

- Reduced load on phone ordering; less hang-ups.
- Captures profitable corporate catering business.
- Improved order accuracy.
- Orders go directly into POS; eliminates re-keying orders
- Intelligent up-selling, based upon past orders.
- Higher customer retention due to speed of service and ease of billing
- Shift headcount to production
- Gain above-store intelligence
- Pinpoint promotions
- Better understand customer behavior

6. Kiosk Ordering

Kiosk usage, as with internet ordering, is a rapidly growing area of the restaurant business. Kiosks took hold in the late 1990's with airlines. Quick Serve Restaurants (QSR) have been the primary consumer of restaurant kiosks to date but that trend is starting to change as Fast Casual and Family Casual restaurants are beginning to deploy kiosks in greater numbers for a variety of uses.

Fast Casual concepts currently view kiosks as either an overflow ordering station for peak periods – such as line-busting -- or potentially a primary ordering and payment system to speed lines and improve customer satisfaction. Over time as customer usage increases these units will become the primary ordering method allowing restaurant labor to be shifted into production to support the increased restaurant through-put generated by the kiosks. Additional revenue will be gained by capturing the past “walk-away” customer and those employees that have been moved to food prep will support that additional demand.

Family Casual restaurant kiosks will have some similar but also some very different functionalities. Placed in the lobby, this unit can perform several functions that will drive same store sales. One benefit is the ability to take express “To-Go” orders and payment at the kiosk. Offloading this task from the staff and allowing the order to be routed directly into the kitchen will improve service. If the kiosk is configured to handle cash for cash payments, then it can also be used as a virtual ATM. Note: ATM locations yield to the site owner approximately \$2000 per year in fee revenue. This should be used to offset the system cost.

Customer Benefits

- Easy to use
- Fast
- Multi-lingual
- Can pay with cash, credit gift card or debit
- Can purchase Gift Cards
- Can get cash
- Remembers past customer orders

Chain Benefits

- Reduces staff work load.
- Captures those customers with take-out that would normally leave due to wait.
- Improved take out order accuracy.
- Orders go directly into POS; eliminates re-keying orders.
- Intelligent up-selling, based upon past orders. (Yields higher average tickets).
- Higher customer retention due to native language support.
- Shift headcount to production.
- Centrally manage store level transactions.
- Gain above-store intelligence.
- Pinpoint promotions.
- Better understand customer behavior.
- Consistent consumer brand experience.

7. Call Center Ordering

Call centers have been used for many years to interact with consumers. The internal staff is professionally trained to quickly and accurately ask pertinent questions to complete orders. Over the last 15 years, computer telephony has increased productivity by using incoming phone numbers to look up customer accounts and display them on the computer. This simultaneously addressed the issue of personalization and speed of service.

Accepting phone orders one at a time is a slow process which results in multiple customers left on hold leading to frustrated customers, lost calls and lost revenue.

Order accuracy is another important issue. Order takers are pressured to move from call to call. Rushed order taking leads to order errors which causes unhappy customers and wastes food. Faxed orders need to be keyed into the POS which can introduce errors. Faxed orders cannot include payment, so if the customer decides to abandon the order, the restaurant loses that revenue.

Call Center Ordering allows for the order to be taken by call center personnel with the same consumer recognition and order payment features as Internet Ordering.

Fast and Family Casual restaurants have been taking phone orders for many years. As these chains have grown the challenge becomes:

- 1) Taking orders quickly and efficiently without impacting the in-store customer.
- 2) Keep from exposing the take-out customer to the "Yellow Pages" of competition.
- 3) Eliminate putting the customer on hold because of peak hour loads.
- 4) Speed of service issues by knowing their personal information, past favorites, credit card numbers, etc. as the call comes in.
- 5) If delivery is an option, both home and office addresses are also stored.
- 6) Centralized call centers can serve the entire chain and use the NextChoice solution to appropriate route orders to the correct location for fulfillment.

Customer Benefits

- No hold time
- One toll free phone number to remember regardless of location
- Convenient and fast
- Remembers past customer orders
- Routed into the POS and into the in-store process

Chain Benefits

- Reduces in-store staff work loads, allows the focus to be on the dine-in customer.
- Captures those customers that are diverted due to other marketing, such as phone book Yellow Pages.
- Improved order accuracy and customer retention.
- Orders go directly into any store across the entire chain.
- Routed into the POS and into the in-store process.
- Intelligent up-selling, based upon past orders. (This yields higher average tickets.)
- Centrally-manage store level transactions.
- Gain above-store intelligence.
- Pinpoint promotions.
- Better understand customer behavior.

8. Table Top Ordering

In many cases this NextPoint has the greatest value to the Family Casual restaurant. A new process of ordering and payment is starting to emerge to address the speed of service issue and increased table-turns. A short lunch hour, movies and other scheduled events leave customers pressured to eat and run. Restaurants don't want to lose this business. A new section in the restaurant can be set aside at certain times to accommodate these busy customers. Each table would have a flat panel screen and a credit card swipe. The customer can be seated and order immediately. The order is routed directly into the kitchen. At the end of the meal the customer simply touches the checkout button and swipes a credit card. The idea of this offering is:

Customer Benefits

- Eliminate the wait time until the wait staff takes the order.
- Eliminate the delivery time for the order to get to the kitchen.
- Eliminate any wait time to order an additional item such as desert.
- Eliminate any the wait time to get the check.
- Eliminate the time it takes to get the check paid and have the receipt or credit card returned.

Chain Benefits

- Reduces in-store staff work loads.
- Captures those customers that are lost due to a short meal time.
- Improved order accuracy and customer retention.
- Routed into the POS and into the in-store process.
- Intelligent up-selling, based upon past orders. (This yields higher average tickets.)
- Centrally-manage store level transactions.
- Gain above-store intelligence.
- Pinpoint promotions.
- Better understand customer behavior.

9. Summary

Self-service technology is on the way and here to stay.

Amazon.com and eBay changed consumers' buying behaviors. ATMs and online banking have altered consumers' perception of and interaction with financial institutions.

The Casual Family Restaurant industry is no different.

Restaurants are adopting and adapting many of the self-service technologies consumers are already using, and demanding, in other industries to grow its business and enhance its relationship with customers. There are a variety of ways – or NextPoints – that can be deployed to achieve these business objectives. The flexibility of the NextChoice solution in serving consumers where they are and when they want that service, is critical to meeting the expectations of today's buying public: Speed. Accuracy. Personalization. Convenience.

The NextChoice NextWave Intelligent Self-service System provides a flexible, powerful, and comprehensive solution for Fast and Family Casual Restaurants looking to improve customer satisfaction, throughput and profitability. Implementing the NextChoice solution allows the restaurant chain to cast a wider customer net, accommodating new needs, customer access, speed of service and personalization.

Self-service is what the restaurant consumer wants. It is what they are expecting and, ultimately, what consumers will demand.