Meeting Younger Diners’ Preferences with Technology
Contents

Meeting Younger Diners’ Preferences with Technology 3
  Busy lives need quick and simple solutions 4
  Keeping customers loyal 5
  Moving into the future 6

Changes in How Restaurants Serve Customers 7
  Millennials and Generation Z lead in order-to-eat preferences 7

Customer Loyalty and Repeat Business 8
  QSRs are driving sales with loyalty programs 8
  Subscription plans offer additional path to customer loyalty 9

Technology is key to attracting and retaining customers 10
  Technology enthusiasts and the digital tools their restaurants offer 10
  Technologies that encourage consumers to purchase 11

Q&A with Charles Gray 12
More than half of United States restaurant customers want easier ordering and payment options enabled by technology, and millennial and Generation Z consumer preferences heavily impact that average. Additionally, 53% of millennial consumers want to augment their dining experiences with their mobile devices. Younger consumers’ preference for digital tools is a common theme in research, and many in this demographic rely on mobile devices for everything from checking restaurant reviews to exploring what is on the menu.

There has been a significant shift toward digital ordering and payment solutions in the past two years, and restaurants that do not keep up could lose the chance to boost sales with 40% of consumers. A 2021 report found that approximately 60% of all consumers and 71% of millennials were more likely to order food delivery than they were prior to the pandemic. Even at the drive-thru, only 17% of millennials in a recent study said they prefer giving their orders to servers as opposed to digitally, compared to 38% of all consumers.

53% of millennial consumers want to augment their dining experiences with their mobile devices.

Restaurants that don’t keep up with technology could lose the chance to boost sales with 40% of consumers.
Busy lives need quick and simple solutions

Takeout and delivery have been a growing part of the restaurant landscape for decades, but their presence in the market has increased greatly over time, and that is reflected in generational preferences. Millennials are four times as likely as baby boomers to order delivery or takeout several times a week. This preference appears to be influenced by busy schedules and hectic lives, and households with children show similar preferences for ordering out. The increasing variety of delivery and takeout options allows families to balance other demands on their lives with having family meals.

Millennials also very often are technology enthusiasts, meaning they regularly engage with nine or more technologies as a part of their lives. PYMNTS’ data shows that 27% of millennials and 30% of bridge millennials are technology enthusiasts. Another 26% of millennials and 27% of bridge millennials are technology natives, those engaging with five to eight technologies. This makes them more likely to have some familiarity with restaurants’ ordering and purchasing technologies. It also makes restaurants that employ such technologies more appealing to these demographics. On average, millennials and bridge millennials use more purchase-encouraging technologies than any other generation, including Generation Z. More than half of both millennials and bridge millennials report using at least five technologies, while only 44% of Generation Z consumers fall into that expanded category. Technology enthusiasts also are the most likely to purchase meals from restaurants repeatedly during the week, with 16% buying food from restaurants at least three times a week and 36% doing so once or twice a week.

<table>
<thead>
<tr>
<th>Persona Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>GENERATION Z</strong></td>
</tr>
<tr>
<td><strong>MILLENIALS</strong></td>
</tr>
<tr>
<td><strong>BRIDGE MILLENNIALS</strong></td>
</tr>
<tr>
<td><strong>GENERATION X</strong></td>
</tr>
<tr>
<td><strong>BABY BoomERS AND SENIORS</strong></td>
</tr>
<tr>
<td>Technology enthusiasts</td>
</tr>
<tr>
<td>Technology natives</td>
</tr>
<tr>
<td>Technology skeptics</td>
</tr>
<tr>
<td>Technology dodgers</td>
</tr>
</tbody>
</table>

Source: PYMNTS.com
In addition to ensuring that restaurants’ technology meets the expectations of those most likely to patronize them, loyalty programs can help restaurants make sure they are at the top of customers’ options. Among QSR customers overall, 21% say loyalty programs are either “very” or “extremely” important in determining the restaurants they patronize. That share is 24% among table-service restaurant customers. Among millennials, that share grows to 30% of QSR customers and 39% of table-service customers.

Millennial and Generation Z customers also are more likely than other demographics to participate in loyalty programs. Sixty-one percent of millennials and 64% of Generation Z consumers said they are part of a loyalty program with at least one table-service restaurant, compared to 37% of Generation X consumers and 27% of baby boomers and seniors. Subscriptions offer a similar way to encourage customer loyalty, and millennials and bridge millennials are more likely to have restaurant subscriptions than any other generations.

61% of millennials and 64% of Generation Z consumers said they are part of a loyalty program with at least one table-service restaurant.
Moving into the future

The trends that have shaped millennial and Generation Z consumer preferences will create even greater demand for fast, simple and easy ordering and payment options in the future. Technology makes it easier for restaurants not only to inform consumers about such concerns as food waste and healthy menu options, which motivate younger consumers and those with families, but also to retain their loyalty with incentives and subscription models. As restaurants add offerings that speed and simplify ordering and payment processes, these customer retention tools can be integrated into mobile apps and online portals that encourage younger consumers to keep coming back for more.
70% of Generation Z consumers and 62% of millennials are more likely to order from a restaurant that offers takeout and delivery of alcohol with their food.

Changes in how restaurants serve customers

Millennials and Generation Z lead in order-to-eat preferences

Ordering out has taken a central position in the lives of U.S. consumers, with 54% of adults in a recent report saying takeout and delivery food are essential to the way they live. That is even more true among younger generations, with 72% of millennials and 66% of Generation Z consumers considering takeout and delivery essential to their lifestyles. Those younger consumers also want the ability to order takeout and delivery alcohol with their food, with 70% of Generation Z consumers and 62% of millennials saying they would be more likely to order from a restaurant that offers alcohol as an option.

Additionally, 80% of millennials and Generation Z adults said they would be interested in meal subscription programs from their favorite restaurants, compared to only 57% of adults overall. Many restaurants still are catching up in terms of technology to support off-premises dining, with plans to continue ramping up in 2022. Investment is expected in online and mobile ordering, reservations, mobile payment and delivery management technology.
Customer loyalty and repeat business

QSRs are driving sales with loyalty programs

Canada-based QSR Tim Hortons is another chain seeing continued growth in its digital services, in large part attributed to its loyalty program. Tim Hortons’ online channels accounted for one-third of the QSR’s sales in its home market in Q4 2021. Ernest Choi, senior director of digital and loyalty sales for Tim Hortons Canada, told PYMNTS that the Tims Rewards loyalty program has helped the QSR better understand its customers, in turn leading to better and more productive customer engagement.

A February 2022 PYMNTS survey showed that 39% of restaurant customers would be encouraged to make more purchases with restaurants that offer loyalty programs. A January 2022 study showed that 61% of consumers had earned loyalty points in the past month, and more than half of consumers in their mid-40s or younger have loyalty program memberships.

More than half of consumers in their mid-40s and younger have loyalty program memberships.
Subscription plans offer additional path to customer loyalty

Subscription programs are providing another way for restaurants to both gauge consumer preferences and ensure customer loyalty. QSRs such as Panera and Caribou Coffee have launched successful subscription services for coffee, while Taco Bell ran a 30-day test launch for subscription tacos and Urban Plates offers a $10 monthly subscription that makes any item on its menu $11 or less for subscribers. Urban Plates said the program has generated a substantial increase in customer visit frequency, quadrupling visits for some customers. Caribou customers can order products ranging from craft-roasted coffee grounds to coffee pods, teas and canned beverages through its subscription service, which the company said has been very well-received.

While Urban Plates does not report having been struggling prior to launching its subscription program, the feature has helped the restaurant keep customers loyal as in-restaurant eating fell from 70% to 40% due to the pandemic. With more consumers ordering online or through mobile apps and either picking up their food or having it delivered, subscription programs can help restaurants retain a connection with their customers.
Technology is key to attracting and retaining customers

Particularly for millennial and Generation Z restaurant patrons, digital tools are increasingly significant in determining which restaurants they patronize.

Technology enthusiasts and the digital tools their restaurants offer*

More than half of both millennials and bridge millennials regularly engage with five or more technologies, and more than one-quarter of each demographic engage with nine or more technologies, making them technology enthusiasts. That preference for technology is reflected by the restaurants these technology enthusiasts frequent.

Tools Available at Technology Enthusiasts’ Table

<table>
<thead>
<tr>
<th>Service Restaurants:</th>
<th>QR code menus</th>
<th>Mobile device payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant-provided digital devices</td>
<td>72%</td>
<td>64%</td>
</tr>
<tr>
<td>Mobile device payments</td>
<td>70%</td>
<td></td>
</tr>
</tbody>
</table>

Tools Available at Technology Enthusiasts’ QSRs:

<table>
<thead>
<tr>
<th>Tools Available at Technology Enthusiasts’ QSRs:</th>
<th>Mobile device ordering</th>
<th>Self-service kiosks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile device payments</td>
<td>71%</td>
<td>55%</td>
</tr>
<tr>
<td>Mobile device ordering</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Technology features can influence consumer purchasing at restaurants, and restaurateurs who hesitate to modernize ordering and payment processes may miss an opportunity to boost sales.

Portion of consumers who indicate that select features would encourage them to make purchases at restaurants:

- **Online ordering ability**: 41%
- **Online payment ability**: 40%
- **Fast-lane in-store pickup**: 39%
- **Loyalty and rewards programs**: 39%

In what ways are millennials’ and younger consumers’ preferences driving best practices for restaurant ordering and payment channels?

Today’s restaurants take in nearly half of their orders from a digital channel — largely thanks to bridge millennials. This demographic’s higher income and familiarity with tech make them particularly valuable customers for today’s restaurants. They are a prime target for your loyalty programs and online ordering services, and they are likely to remain the driving force behind the digitization of the restaurant industry.

Throughout the pandemic, younger consumers grew accustomed to the convenience and safety afforded by digital solutions. Now, as indoor dining returns, today’s leading restaurants are combining digital and on-premises services to create a cross-channel guest experience that’s flexible and personalized. Once restaurants achieve that balance, they must optimize their tech stacks and operations to ensure a consistent and convenient guest experience across all channels.

What are the benefits for restaurants of integrating loyalty programs, ordering and payment into a single, digital customer experience?

A single, digital customer experience yields terrific benefits for restaurants and their customers. Integrated software tech lightens the load on operations, simplifies data reporting and allows brands to get the most out of their marketing investments. Paytronix’s platform provides a centralized hub to process orders — both in-house and through a third party — track customer information and sales data and launch AI-driven marketing campaigns all from one place. Restaurants can easily communicate with guests on a moment-to-moment basis and run tests to optimize their menus. Surveys show that guests ultimately care about the experience — an integrated digital solution enables restaurants to own every interaction with their guests.

On the customer side, a touch-and-go mobile app that combines loyalty, ordering and payment allows customers to fully interact with your brand wherever they are. The entire order and delivery journey is streamlined and personalized: Customers can check and redeem rewards effortlessly, save payment methods and orders to make their next order even easier and stay up to date on changes in store operations. Only through a single, digital customer engagement solution can restaurants provide an industry-leading customer experience.
Give your guests an exceptional online ordering experience with Paytronix.

Order & Delivery is an online ordering solution built to deliver exceptional guest experiences. A flexible, feature-rich platform enables rapid processing of digital orders.

**HANDOFF℠**
Achieve effortless integration with third-party aggregators and reduce errors by utilizing real-time menu management that keeps your kitchen on track.

**ORDER EXPERIENCE BUILDER℠**
The fast, easy and cost-effective way to customize your digital ordering. This cost-effective, first-of-its-kind solution helps your brand create a personalized, differentiated customer experience.

**DELIVERY**
Eliminate the huge commissions by offering delivery direct from your website. Customize delivery zones, fees and time estimates with our robust systems.

**PAYMENTS**
Provide a number of frictionless payment options, including Google and Apple Pay, for your guests and enjoy higher conversion rates.

**MOBILE APPS**
Brand our white-label app or build a customized one that enables your guests to order, make payments, and access your loyalty program.

**FEEDBACK℠**
Recover guests quickly with survey results that go directly to your front-line managers who can instantly respond to operational issues and win customers back with a personalized AI-driven response to guests.

**AI-DRIVEN PERSONALIZED EXPERIENCES**
Make AI-informed, personalized recommendations in the order flow to increase basket size.

**MENU VARIANT TESTING**
Take the guesswork out of structuring your menu by using variant testing and seeing how the data-driven results increase average check size.

**NATIVE LOYALTY AND GIFT FEATURES**
Remove points of failure from your tech stack with a digital ordering platform that includes native, world-class loyalty and gift solutions.

**POINT OF SALE INTEGRATION**
Receive orders and manage menus across all platforms and integration systems, including Aloha, Micros, Revel, and Toast.

For more information, visit [www.paytronix.com](http://www.paytronix.com) or call 617-649-3300, ext. 5. Or visit [www.paytronix.com/resources](http://www.paytronix.com/resources) for more tips on how to boost your online sales.