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Through guests' eyes

Serving up a great restaurant customer experience

Introduction

A restaurant's brand is no longer only about food. If it ever was. Quality food is a basic expectation—the ultimate table stakes—and it is only one of many components that drives guest experience, and ultimately, customers' decisions about where to eat and how much they're willing to pay. In fact, modern dining starts and ends far beyond the physical experience, as mobile apps drive everything from ordering, tracking, delivery, and pick-up to instant photo posts and opinion-sharing. This shift puts the guest squarely in the driver's seat. And that means the ability to deliver consistently engaging, memorable experiences that drive a connection to the brand at every touchpoint is more critical than ever.

But making these connections is increasingly difficult as brands compete within the industry, contend with adjacent spaces like on-demand, third-party delivery, and at-home meal prep kits, and try to navigate social and technological change.

To effectively build the relationships and behaviors that yield real loyalty, restaurants need to make conscious choices about their guest experience strategies.

What should that experience look like? What do guests want in an age where everything is a click away? We surveyed more than 2,000 diners¹ in an effort to understand these evolving expectations and to answer questions like: What drives choice to visit and return? What most influences guests' restaurant visits—good and bad? We also sought to understand the nuances that distinguish various dining formats, including sit-down, carry-out, and delivery, as well as dining styles including quick service, fast casual, and casual.

The results showed there really are basic fundamentals like good food and friendly staff that guests expect of all restaurants. And most brands have become pretty good at making sure these components are in place. Our results also reveal the outlines of an additional set of experiential elements that will help lay the baseline for competitive differentiation moving forward. The core mission for restaurants is the same as it has always been: Provide me with food that I want to eat, in a place where I want to eat it, at a price that I'm willing to pay. However, customers now want more than that. They also wanted to feel *engaged*, *empowered*, *heard*, *delighted*, *and known*.

This shift represents a fundamental change to how restaurants will compete in the future, as restaurants will experience a new basis for competition. This calls for new capabilities to truly engage and listen to guests—to build the ability to gather insights routinely and act on them rapidly, at a local level. It calls for putting to use the data that has been collected and placing it in the hands of frontline staff. And it calls for rethinking where a restaurant places its energy to drive the greatest return. While this transformation will take time, "bite-sized" changes can start to make a real difference, and fast. Restaurants should take a first step, a first change, and from there, the possibilities are endless.

60 percent of guests said a positive experience will cause them to dine at the restaurant more frequently.

Understanding what guests want

Because the core mission of restaurants is so well-established—serve good food—it's no surprise that many enduring brands have mastered the core elements that drive that mission: menu, taste, price, convenience, staff, and safety. When it comes to guest experience, the industry generally has table stakes, like menu and quality, covered. At least the restaurants with staying power do.

However, what worked in the past may not be enough for the future. Growth is already eroding in some places, and battles for share are tough and getting tougher.² Some forward-looking brands are well-positioned to grow, while many will require significant investments to compete effectively over the long term. The brands that are able to pull ahead of the pack are the ones that have committed to innovation in customer experience—changes that go beyond good service and focus on establishing the connections with guests that drive choice and ultimately loyalty.³

The basis for competition is evolving

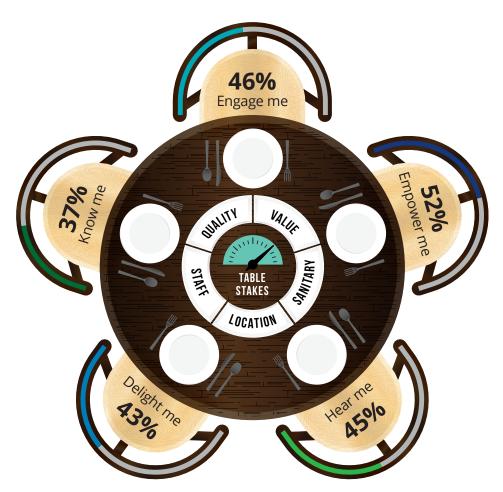
Before we go too far into what differentiates an experience and helps make it great, let's first hit the basics: Those table stakes requirements that every restaurant should meet for guests to include it in their considered set. The figure to the right represents the restaurant guest experience. The center of the graphic—the middle of the dining table—shows the five basic requirement categories that all restaurants need to meet to become part of a guest's consideration set: quality, value, sanitary, location, and staff. The dial in the center highlights that nearly three-quarters of the respondents we surveyed are very satisfied across these five dimensions.

To put it simply, these five requirements are bare minimum table stakes guests want restaurants to meet such as serving food people want to eat, at a price they are willing to pay relative to what they receive at a clean,

convenient location with friendly, helpful employees. Sound familiar? It should. This has been the basis of competition for many years, and it's a signature characteristic of industry mainstays and leaders. So, good news, the center dial points to the right.

However, our research revealed there is still quite a bit of work to do in terms of the total experience. The outside of the dining table graphic below shows the biggest opportunities we identified sit within the more differentiating, experiential elements of the expanded mandate, which we've illustrated with our guest-first framework:

engage me, empower me, hear me, delight me, and know me. As the percentages in the chairs that surround the table show, our study of American restaurant-goers said that fewer than half of guests on average are satisfied with these aspects of the restaurant experience. In fact, only one element, empower me, scored greater than 50 percent of very or extremely satisfied. These elements, which we believe will be the basis for future differentiation, represent a significant opportunity for the restaurant business—to enhance guest experience.



Colored bars indicate average percent of customers very or extremely satisfied

Source: Deloitte Consulting LLP 2017 restaurant customer experience survey

So what emerging elements of the experience do restaurants need to think about? We think about it using our guest-first model. With guest-first, companies can think about the experience across the categories that matter to their guests.

Beyond table stakes-new considerations for a successful relationship

Engage me. Interact with me in a friendly, authentic way. Be hospitable and genuine with me. Treat me as a person. Example: Chick-fil-A restaurants have developed an enthusiast's culture in which their employees are trained to deliver a friendly service atmosphere that helps add loyalty—among both customers and employees—without a big commitment.

Know me. Remember me and my preferences. Anticipate my changing needs. Example: Online and with a mobile app, Domino's remembers customers' favorite orders and makes reorders simple.



Empower me. Give me the ability to customize to my specific needs. Value my feedback and respond in an appropriate way. Example: Some people make fun of the wide range of options at Starbucks—"skinny vanilla, two pump, chai latte with caramel and whipped cream!"—but far more people value the control over their orders.

Delight me. Create moments beyond my expectations that I will remember and share. Personalize my experience. Example: There is nothing quite like getting something for free; it's even better when it's a dessert on your birthday. Ice cream giants Baskin Robbins and Ben & Jerry's both give birthday-goers free ice cream—a small gesture that can reap big rewards.

Hear me. Demonstrate awareness of the situation and acknowledge my needs. Listen to my unique needs. Example: For years, consumers lamented the late-morning "cutoff" of fast-food breakfast, so McDonald's made the well-received adjustment to offer breakfast all day.

Let's dig into each of these more to understand what guests are looking for and how these vary among dining formats.

Experient	tial elements	Relative importance
	Engage me The restaurant interacts with me in a friendly, authentic, and hospitable way	34
	Empower me The restaurant provides me real-time information to help me make decisions	22
(D)=	Hear me The restaurant understands my situation and listens to my needs	20
	Delight me The restaurant creates moments that surprise me and exceed my expectations	12
	Know me The restaurant remembers me, my preferences, and my needs	12

Across the five guest-first experiential elements, relative importance was assigned as a portion of 100 points. This helps easily understand where guests place the most importance across dining formats and dining styles.

100

Source: Deloitte Consulting LLP 2017 restaurant customer experience survey

Engage me

Guests are looking for more than just food—they want an experience. And that experience is most readily delivered through engagement with restaurant team members. Our survey found that being engaged by the restaurant and staff was the most important of all the experiential elements (34 of 100 points). Moreover, employees were a primary driver of both positive and negative experiences, underscoring the critical role they play in this category. Unfortunately, only 46 percent of guests surveyed said they are very or extremely satisfied with how restaurants are doing.

Unsurprisingly, when we look at different dining formats, components of *engage me* are most important during the sit-down experience as interaction time is longer and guests want staff to interact with them in an authentic and hospitable way. Yet it remains one of the top drivers across all dining formats. See the chart on the following page for how guests' assessment changes by dining format of sit-down, carry-out, and delivery.

Depending on the size and scope of the restaurant organization, this area can be a big challenge and one people may shy away from. In a franchise environment, the brand may have limited control over engagement at the local level. Many restaurants also suffer from high turnover rates. In these and other environments where employee engagement may not be as high, restaurateurs may not see the value in investing in people because they don't believe they will see a return. However, our research showed that winning here was a clear differentiator—the brand with the top-rated employees also had the best-rated overall experience.

Empower me

With the proliferation of digital as a part of daily life, it is little surprise that guests want to feel empowered, the close second to *engage me* in importance in sit-down formats (a score of 57 average attribute importance out of 100) and most important in carry-out and delivery (71 and 70, respectively). And like *engage me*, restaurants have room to improve as only 52 percent of respondents are very or

extremely satisfied with how restaurants empower them today.

As personalization continues to be a hot topic across industries, restaurant guests want to manage their own experience—they don't want the restaurant to make decisions for them. Guests want the freedom to place an order, customize it, and pay for it with ease.

Placing a personalized order that is saved and ready to go the next time. Paying for it and knowing it will be fresh and ready when desired with just a few clicks. These are becoming expectations in quick serve and fast casual environments thanks to forward-thinking brands and technology advancements.

Customers also want to be rewarded in ways that matter to them specifically. Interestingly, loyalty programs are generally focused on *know me*, but our research suggests that in these restaurant formats, a focus on empowering customers may yield greater impact on loyalty and future business.

Average attribute importance by dining format

		∭ Sit-down	arry-out	Delivery
	Engage me	67	58	63
	Empower me	57	71	70
(D)E)	Hear me	36	39	39
	Delight me	55	55	49
	Know me	37	47	39

We asked survey participants how important each of these elements are to them on a 100 point scale.
Participants evaluated each attribute for each dining format.

Source: Deloitte Consulting LLP 2017 restaurant customer experience survey

Hear me

Of all the elements we looked at, hear me was found to be least important across all dining formats (36 of 100 in sit-down; 39 in carry-out and delivery). Guests see the ability to provide feedback as not overly valuable—unless of course something goes wrong. Then it becomes priority number one. This tells us it's important for restaurants to prepare for these service recovery situations, but not overly flaunt their feedback capabilities. That may mean less focus on the publicly available tablet to capture feedback quickly near the exit, and more focus on creating an environment in which management is publicly available and actively reaching out for feedback in person. However, the importance of this wanes at both sit-down and delivery. Perhaps this is because guests do not expect restaurants to be able to easily match customer data when they are dining in or when using thirdparty food delivery options.

Delight me

We dine in or carry-out because sometimes we lack the time, don't want to cook ourselves, or simply want a certain cuisine

or experience we can't create ourselves. We want experiences that delight us—that go beyond what we expected—when we elect to spend our time and money with a restaurant. This can be found in the restaurant ambience, the procurement and preparation processes, or in something else altogether.

In our research, we found that *delight me* is equally important for both sit-down and carry-out at 55 out of 100, but less important for delivery (49 percent). Among the most important *delight me* aspects are creating an appealing ambience and deploying sustainable practices. This shows that dining is not just about the food on the table, but the story that is told alongside it—where it came from, how it got there, and what the experience is around it. The food in the dining experience is critical, but it is about everything that encapsulates it; otherwise, we would all be eating at home.

Know me

With so much data available and so many guests accustomed to personalized experiences in other parts of their lives, it is no surprise that guests expect restaurants



Speaking of sustainability

Our survey respondents stressed something we have been seeing for a while: the importance of using sustainable food products and practices. Perhaps driven by locally grown movements and headline-grabbing food quality mishaps, sustainability remains top-of-mind, and our survey respondents see it as an opportunity for the places they dine. For restaurants, this may mean reimagining its marketing if it is already driving sustainability efforts. Are you helping your guests become aware of your efforts? How might you better drive this information to your guests? And if you are not already driving sustainable practices, what small changes can you make to begin to chart a more sustainably-led path?

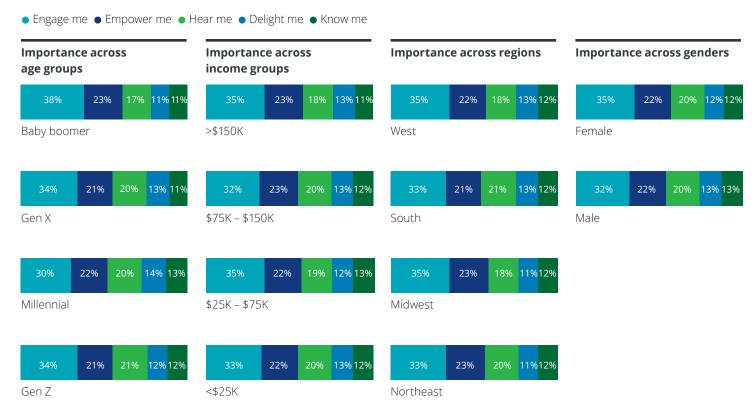
to remember and acknowledge their preferences when they dine, particularly in carry-out settings. However, what is surprising is restaurants' performance. Of all the experiential elements, *know me* scores worst at just 37 percent of guests saying they are very or extremely satisfied with how restaurants demonstrate that they know them.

The good news is delivering on this is likely not a giant challenge. Unlike in other hospitality segments, customers do not expect personalized greetings or other personalized niceties ("Hello, Mr. Smith" may actually feel intrusive). Nor do they want restaurants to select their preferences for them. Rather, they want to be remembered in order to help make their transactions like carry-out and delivery easier. Restaurants collect so much data at each carry-out and delivery order (e.g., name, phone number, email, credit card, order, preferences, etc.) that the ability to tie it back to the specific guest, with the help of the right relationship management technology, can really help restaurants excel here.

Is this for my guest?

It may be easy to look at some of these responses and say that they might not fit for your guests. But we have seen that the importance of each experiential element is consistent regardless of age, income, gender, or region. As the chart below shows, there is great consistency across respondents. This means that no matter where your guests are or who they are, their expectations are more similar than you think.

The importance of each experiential element is consistent across customer age groups, income groups, regions, and genders.



Note: Relative importance was assigned to each element as a portion of 100 points Source: Deloitte Consulting LLP 2017 restaurant customer experience survey

A Harvard Business School study found that when an emotional connection exists between restaurants and their customers, customer value can increase as much as 27 percent.⁴

Rewards for first-movers

Restaurant brands that make the commitment and investment to elevate their customer experience can reap measurable returns. The analysts at Jefferies have found that investments in customer experience technologies can drive a one to two percent improvement in same-store sales.⁵

Our research reinforced these learnings. When asked, 60 percent of guests said a positive experience will cause them to dine at the restaurant more frequently. Additionally, 39 percent said a good experience has caused them to spend more. Needless to say, there is money on the table. The changes that can generate those reactions can be small and bite-sized to start, which means the opportunity to improve guest experience is within reach for most brands.

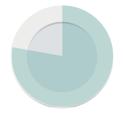
The risk of getting it wrong

But what happens if a restaurant does not consider the guest experience? What is the downside of focusing only on some parts of the experience? First, we know a negative or positive experience has more power when people can snap a picture and share it instantly with everyone online. When asked how they reacted to their best recent dining experiences, our survey tells us that 41 percent of diners recommended the restaurant to family or friends and 10 percent shared their experiences on social media. Imagine 10 percent of all your daily traffic going online to either praise your establishment—or worse, telling friends about a poor experience.

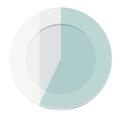
However scary that may be, recognize that even moments that don't go so well typically include an opportunity to recover the guest relationship and even extend it.

We asked guests if they had a service recovery failure while dining during the last three months—33 percent had.

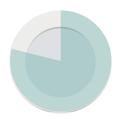
Of this group



78 percent reported that the restaurant attempted to resolve the issue.



57 percent said the issue was resolved to their satisfaction.



All fun facts, but the real kicker is that when the issue was resolved to the satisfaction of the guest, **79 percent** of the diners said they planned to return to the restaurant.

By hearing the guest, acknowledging him or her, and engaging the guest in the resolution, the restaurants had actually increased loyalty in the direct aftermath of a short-term breakdown. This shows the power of getting it right when things go wrong. We know they will on occasion—but it is how the brand bounces back that counts.

Conclusion

For restaurants in this competitive, fast-moving space, differentiating on these new and evolving experiential elements will likely separate the winners from the losers. Being able to *engage, empower, hear, delight,* and *know* guests won't be a nice to have, it will be the key differentiator. So where do you start? How does a restaurant tackle this guest experience challenge quickly, without biting off more than it can chew?

For each restaurant, the capabilities needed are likely a little different—dependent on the target customer experience strategy—and the tools needed may vary based on guest type, location, and service-level, to name a few. However, even with those differences, we know that nearly all restaurants today should refine their capabilities in three areas in particular: insights, digital, and employee engagement.

Insights

To be able to succeed in a world in which guest experience may be the competitive advantage of the future, restaurants need the ability to gather data about their customers, turn that data into insights, and then place those insights into action. It's no longer enough just to collect a bunch of facts and information about guests. The real winners in the restaurant race will be those who effectively build the capabilities to quickly dissect that data and deploy it in real-time back to the frontline or through a guest's preferred digital channel.

Digital

Restaurants should enhance their capability to leverage digital technologies to help the right data reach the right hands at the right time. Develop the tools and technologies to enable those who interact with guests directly—servers, deliverers, caterers, managers—to drive personalized experiences. Equip frontline employees with real-time analytics that will empower them to improve an experience in the moment. On the customer side, enable guests to dictate their own journey by placing information and empowerment in the hands of the guest. Tools like digital ordering, detailed menu and food preparation information, and loyalty tracking can all be digitally enabled to support an empowered, customized experience.

Employee engagement

Restaurants should develop the capabilities to engage the frontline to make fast, high-touch changes. Big organizational changes and major technologies can help, but in the end, the customer experience comes down to those moments between employees and the guest. Employees should be enabled and rewarded for their role in delivering the experience. In fact, a great guest experience begins with a great employee experience and empowering employees to drive the changes which guests desire.

All this may seem daunting at first, but start small, with bite-sized efforts. For example, a restaurant can begin by monitoring the experience from the guests' point of view to understand what guests value relative to what is currently being delivered. Start with a customer intelligence assessment to listen to what guests are saying about their experiences in customer service channels, on social media and in online forums, and via dedicated "voice of customer" research. Determine what it is they look for and identify the gaps.

The point is, building a strong guest experience that runs deep in the company culture and is supported by digital capabilities and well-trained, data-empowered frontline employees is critical. And restaurants should start now. After all, the brand already knows how to make guests feel full. Now the challenge is to make them feel engaged, understood, and wanted—to make them feel like part of the family, even in a location they may never have visited before. When that happens, restaurants can serve a great experience that offers much more than food.

Looking for more information on how to get started? Our customer intelligence labs are custom tailored sessions that help organizations rapidly innovate, prioritize, and focus on what is most important and impactful. We look forward to helping you set the path for greater guest experiences.

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Endnotes

- 1. Deloitte Consulting LLP survey conducted in Winter 2016 / 2017 with more than 2,000 participants in the United States
- 2. Restaurant industry outlook, National Restaurant Association, 2017
- 3. Restaurant customer experience survey, Deloitte Consulting LLP, 2017
- 4. "The new science of customer emotions," Harvard Business Review, November 2015.
- 5. Jefferies, "Restaurants: Better late than never; Restaurants adopting technology, but at what cost?," October 13, 2016

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