FROM TABLETS TO CUSTOM APPS

In one of the first technology upgrades, customers now find tablets on the table alongside the condiments at restaurants like Chili’s, Applebee’s and Buffalo Wild Wings. Creating a more customized experience, tablets take the role of “a third server,” allowing guests to re-order drinks, order dessert and pay for the check. This optimizes service, minimizes interruptions and allows guests to be in greater control of their dining experience.

Tips have risen 15 percent at restaurants using tablets, and owners are reaping even greater benefits. As reported in Full-Service Restaurants, within 24 months of featuring tablets, 125 operators saw appetizer sales increase an average of 20 percent and dessert sales climb 30 percent.

Clearly, tablets have been well-received by customers because they deliver greater control over the business of ordering meals and paying the bills. While customers may be indifferent about...

Mobile devices have become ubiquitous, and our dependence on them to inform decision making is growing. This is particularly evident in purchase choices, specifically around dining options. Whether they use their iPhone to find the closest restaurant and map the best route there, or check online for menu information or customer reviews, restaurant patrons increasingly rely on technology to guide them to the table. And, according to Technomic’s Consumer-Facing Technology Market Intelligence Report, consumers want restaurants to further integrate technology into their customer-facing operations; 51 percent want to tap technology to order and 42 percent think technology could expedite the payment process.

In spite of consumer demand, restaurants’ use of technology remains in its infancy. In fact, almost half of all restaurant operators described their use of technology as “lagging.” However, these same restaurant operators see the value that technology can bring to their businesses; 73 percent of all respondents (91 percent of chain franchise operators) agreed that “investing in restaurant technology makes your operation more profitable.”

Accordingly, over the next few years, we expect operators will increasingly adopt customer-centric technologies not only to enhance the dining experience, but also to differentiate themselves from the competition. Less visible, back-of-the-house applications will likely follow. The integration of both should yield the greatest benefits to both customers and operators.

<table>
<thead>
<tr>
<th>Enhancing the Experience through Technology</th>
<th>Quick Service</th>
<th>Fast Casual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer-facing technology (such as Wi-Fi, iPads/ Tablets and smartphone apps)</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>Point-of-sale or back-of-the-house technology</td>
<td>36%</td>
<td>43%</td>
</tr>
</tbody>
</table>

utilizing advanced technology for entertainment in restaurants – 23 percent say it is important to them – restaurant operators have the opportunity to use technology to allow customers to participate at each stage of their dining experience.

A good example of an innovative approach that engages millennial customers is Domino’s Pizza Tracker app. Complete with a Yelp button to post feedback, the app allows customers to monitor their pizza’s progress. Domino’s has also tested a live kitchen video feed on its Tracker website that enabled customers to watch pizzas being made. Customers are taking advantage of a greater number of restaurant mobile apps:

### Customer-Focused Technology: A Win/Win

A one-time cutting edge technology that may soon go the way of the drive-in movie: buzzers. With new paging systems such as the NoWait app, restaurants notify guests when their table is ready via text message. The app, primarily focused on casual restaurants, is being used by more than 1,000 restaurants in the U.S. and Canada to serve more than five million customers a month.

While guests appreciate that they can finish shopping or enjoy a walk while they wait for a table, the new technology benefits restaurants too. Collected cell phone numbers can be used to develop personalized offers to enhance customer loyalty. And real-time availability of data on the number of parties and typical wait times can help inform staffing decisions. NoWait’s floor map feature also helps manage seating, so that large parties are seated appropriately to maximize table utilization.

### A Look Ahead

As new technologies for the restaurant industry proliferate, it’s important that restaurant operators evaluate where technology investments will have the greatest impact. Best practices for prioritizing tech investment include:

- Aligning tech applications with brand positioning
- Ensuring technology is both secure and easy to use
- Streamlining ordering to create a good first impression
- Expediting payment systems to enable a positive final impression
- Considering tech applications that are scalable and can be integrated into future operations

The bottom line is that by helping restaurant operators cultivate customer loyalty, enhance profitability and expand into new market segments, customer-facing technology is poised to deliver a distinguishing, competitive edge – for a price. For many operators, strategic financing can be the key that will help them adopt technology that can enhance their operations as well as the customer experience.

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### Introducing Panera 2.0

Ordering via an iPad® is just the beginning when it comes to Panera Bread’s Panera 2.0, a series of integrated technologies launched in mid April 2014. Ron Shaich, the company’s founder, Chairman and CEO described Panera 2.0 in a press release:

“It’s more than a mobile payment system or simply a digital ordering process. It’s an integrated, comprehensive, end-to-end solution that we believe will reduce friction such as wait times, improve order accuracy, and minimize or eliminate crowding – all while creating a platform for an ever more personalized experience.”

While customers can use iPad kiosks alongside cashier stations to reduce wait time and store favorite orders for easy retrieval, Panera 2.0 also includes advanced ordering options. **Rapid Pick-Up** enables customers to place an online/mobile order from their office, car, work or home – up to five days in advance – and pick up their food at a pre-determined time without waiting in line. **Order from Your Table** allows dine-in customers to place an online/mobile order from anywhere within the café and have the meal delivered directly to their table.

Operational efficiencies designed to deal with the volume generated by new ordering pathways include upgraded **Kitchen Display System (KDS)** and a new, centralized phone system. Moreover, to increase capacity and accuracy, Panera 2.0 cafés feature customer-facing order displays at checkout and an expeditor station, where an associate confirms and verifies every order before it is delivered to the customer.

Panera expects to roll out Rapid Pick-Up to the entire café system by the end of 2014, and the full suite of Panera 2.0 elements to all cafés over the next 36 months. The technology cost for rolling out Panera 2.0 with mobile and kiosk ordering is $42 million, or roughly $125,000 per store, according to the St. Louis Business Journal.

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### Features Available on Mobile Apps of Restaurants Worldwide, April 2013 (% of respondents)

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Menus</td>
<td>96%</td>
</tr>
<tr>
<td>Restaurant search, location-based (GPS)</td>
<td>65%</td>
</tr>
<tr>
<td>Nutritional information</td>
<td>52%</td>
</tr>
<tr>
<td>Integration to customers’ social media accounts</td>
<td>48%</td>
</tr>
<tr>
<td>Ordering food</td>
<td>43%</td>
</tr>
<tr>
<td>Coupons</td>
<td>35%</td>
</tr>
<tr>
<td>Payment</td>
<td>35%</td>
</tr>
<tr>
<td>Restaurant search, non-GPS</td>
<td>35%</td>
</tr>
<tr>
<td>Gift certificate/gift card sales</td>
<td>30%</td>
</tr>
<tr>
<td>Area information</td>
<td>26%</td>
</tr>
<tr>
<td>Consumer reviews</td>
<td>26%</td>
</tr>
<tr>
<td>Games</td>
<td>22%</td>
</tr>
<tr>
<td>Loyalty program access &amp; sign-up</td>
<td>22%</td>
</tr>
<tr>
<td>Real-time feedback via customer survey</td>
<td>22%</td>
</tr>
</tbody>
</table>

**Note:** U.S. hospitality executives overseeing 81,748 restaurants worldwide

*Hospitality Technology, 2013 Customer Engagement Technology Study, August 2013*
CITIZENS COMMERCIAL BANKING RESTAURANT FINANCE

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6 https://blogs.technomic.com/high-marks-for-high-tech-restaurant-ordering-and-payment/
10 https://blogs.technomic.com/high-marks-for-high-tech-restaurant-ordering-and-payment/
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