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EARNINGS REPORTS SHOW AUTOMATION IS KEY TO POST-PANDEMIC SUCCESS

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Labor challenges caused by the pandemic have hurt the restaurant industry across verticals as more and more businesses have been forced to close their doors to account for being short-staffed. However, restaurants that embraced technology fared better throughout the pandemic. This is because restaurants with technology meet consumers where they want to order—be it online, at a kiosk or using a tableside QR code. For restaurants hurt by the labor situation and high operating costs, investing in technology presents a clear solution to not only survive, but grow in the post-pandemic economy.

Based on an analysis of several restaurant brands' Q4 2021 earnings reports, it is clear that automation is the key to long-term success. Chipotle's Q4 earnings and 2021 results demonstrate this point. In fact, the results for the full year of 2021 show that digital sales grew 24.7% to $3.4 billion and represented 45.6% of total sales.

In other words, nearly half of all orders at Chipotle were from digital transactions, and as such, the brand has focused their efforts on growing this segment of the business. This showcases that the industry shift towards digitization directly results in increased sales and revenue. Fast-casual restaurants s like Chipotle are benefitting from new technologies and digitization, and this trend is not new within the restaurant industry.

Crediting the chain's recent success to the use of automation, Chipotle CEO Brian Niccol said, "Moving forward, we believe expanding access and convenience through our digital ecosystem, accelerating unit growth and continuing to develop and support our restaurant employees will put us in a much stronger competitive position."

Chipotle has also changed its business model to focus more on "Chipotlane" drive-thrus, and estimates that greater than 80% of new restaurants will have a Chipotlane, including the chain's 3,000th restaurant in Phoenix. Chipotlanes offer higher revenue margins than a traditional Chipotle make-line and dining room. This is because consumers spend, on average, 12% to 20% more when they order from a self-ordering device than when ordering from a cashier.

This focus on automation with digital ordering and drive-thru represents a major change from Chipotle's original "assembly line" business model, but nonetheless proves that the brand's willingness to adopt technology has contributed to its $2 billion earnings success and expansion.

Likewise, Yum! Brands reported an overall 5% same-store sales increase for the fourth quarter, and accelerated development with the opening of 3,057 new stores. The company saw 8% growth at Taco Bell, 5% growth at KFC and 3% growth at Pizza Hut. Nevertheless, all saw restaurant margins shrink in Q4 as operators have been dealing with higher food, freight and labor costs.

To offset these increased costs, the brands have turned to digital and automated solutions. David Gibbs, CEO of Yum! Brands, said "We reached new heights in digital sales that topped $22 billion. I'm confident and energized heading into 2022...we continue to build the world's most loved and trusted brands while delivering lasting value for our stakeholders."

This lasting value is achieved through innovation; adapting to the changing landscape of the restaurant industry by meeting consumers where they are and where they want to order. Samsung and GRUBBRR solutions enable businesses to increase their consumer base while simultaneously driving incremental revenue and streamlining operations. By providing more avenues through which to meet consumers—avenues that are algorithmically programmed to make consumers spend more—restaurants increase their bottom line.

Taco Bell, arguably the most technologically innovative of the portfolio with its automated ordering systems and contactless drive-thru, reported the highest jump in same-store sales. Nevertheless, the brand was hurt by a lack of late-night and morning customers due to shortened store hours as a result of labor shortages. Thankfully, automation directly eases the effects of any labor shortage by allowing restaurants to run their businesses with fewer employees. Implementing automation to work alongside employees can not only help retain existing restaurant staff, but also repurpose them to other essential functions of the restaurant, thus maximizing labor.

This, in turn, reduces a restaurant's labor and operating spend. On average, employing a cashier at a quick service restaurant that is open 15 hours per day will cost more than $6,000 per month, whereas the Samsung kiosk powered by GRUBBRR is a fraction of that price, and can function 24 hours a day, seven days a week without interruption.

With record digital sales of $22 billion in 2021, it is likely that Yum! Brands will continue to turn to automation, such as the Samsung kiosk powered by GRUBBRR, to address labor shortages and improve the customer experience.

Finally, while Shake Shack saw restaurant margins shrink in Q4 due to temporary closures of certain locations and decreased hours, the brand's turn to digital investments and apps in 2017 positively impacted their business, making it easy to pivot during the pandemic.

Shake Shack CFO Katie Fogertey has previously stated that "the need to enhance and alter the physical restaurant to meet the needs of digital is so important" and pointed to one unit of the franchise that offered a kiosk order mode, which, when combined with digital, made up 75% of sales. "We've seen it from previous earnings, and I believe we'll continue to see it as an ongoing trend—those restaurants that continue to embrace technology, and specifically automation, will ultimately prove to be the most successful both with meeting customer wants and maintaining positive revenue growth," Fogertey said.

Self-ordering technology, such as the Samsung kiosk powered by GRUBBRR, minimizes human contact, eliminates ordering errors and allows restaurants to implement integrations, such as loyalty programs and discount codes, that reward consumers. GRUBBRR's loyalty integrations provide businesses with an opportunity to capture data intelligence about consumer history, including most recent orders, to execute suggestive selling and communicate more efficiently with the consumer. Implementing kiosks also allows restaurants to streamline efficiency, leading to a reduction in average transaction time.

As restaurants struggle to adapt to ongoing labor challenges, many have implemented operational changes that negatively impact the customer experience, such as increased menu prices, limited hours and less dining capacity. Nonetheless, self-ordering technology gets to the root of the issue by reducing operating costs while actually improving the customer experience, providing a win for both consumers and operators. As evidenced by Q4 earnings reports, the key to growing a successful restaurant brand lies in embracing automation, and GRUBBRR offers the most comprehensive self-ordering solutions.

To learn more about GRUBBRR's self-ordering technology, visit **www.grubbrr.com/samsung** and schedule a demo today.

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