



2022 FUTURE OF RESTAURANTS



Future of Restaurants: automation is not a bad word

Covid-19 pandemic has changed our relationship with restaurants. More and more consumers embraced alfresco dining, contactless payment, QR code scanning and ordering, more take-aways & meal kits.

According to 2022 Future of Restaurant report from Square where 500 restaurateurs and 1000 consumers in the US were surveyed, here are some highlights.

- **78%** of restaurants say that there are significant benefits to digital menus
- **50%** of restaurants added new products or services as a result of the pandemic
- **68%** of customers prefer to **order delivery directly from a restaurant's website.**

The pandemic has highlighted the vulnerability of traditional business models which rely solely on off-line sales.

As consumers get more used to the convenience of shopping online and ordering from home office, restaurants are undergoing digital transformations, faster than they expected!

The growth of contactless payment

According to 2021 Future of Restaurant report from Square, nearly half (**46%**) of restaurants introduced contactless payment options to increase safety for their customers.

Over a quarter of consumers (**26%**) consider contactless technology critical to their dining experience.

The growth of online ordering

In the 2022 Future of Restaurant report from Square, **79%** of customers say that they prefer to order through online kiosks rather than staff, and **78%** saying that they enjoy the benefits of ordering with QR code.

QR code isn't just for contactless ordering and re-ordering. It gives the staff more room to focus on hospitality and dialogue with the customers!

50% of the restaurants implemented online ordering for take-away and delivery in the past 12 months. **69%** of restaurants plan to offer online ordering despite of Covid-19 subsidies.



This not only requires a digital ordering system to take customers' orders, collect payments, but also requires delivery staff & resources. It can be done via a third-party delivery APP or via restaurant's own website.

Restaurants that offer online ordering option have on average **34%** of their revenue currently from those channels. **91%** of restaurants expect that some of their revenue will come from takeaways in the next 12 months. **20%** of restaurants expect that majority of their sales will come from delivery and take-out.

However, there is a **shift from third party delivery APPs to restaurants using their own websites** to serve their clients as both the consumers (**68%**) and restaurants (**70%**) would prefer this option.

Restaurant automation technology

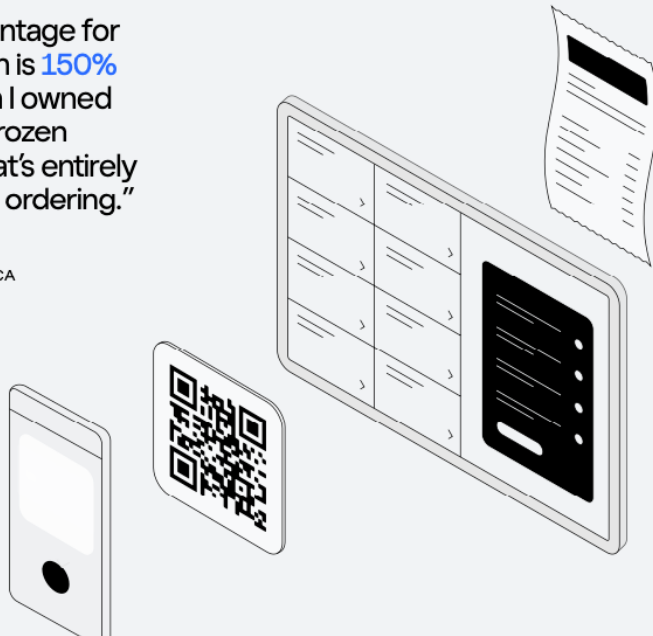
In the past year, **35%** of restaurants have invested in kitchen automation technology, with a further **41%** plan to invest in the technologies in the upcoming six months.

Many restaurants adopted self-serve ordering at the table solutions due to the lack of staff during Covid-19 pandemic. Many are continuing offering this as they relieve the pressure on service personnel and save time for customers.

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Our labor cost percentage for an entire beer garden is **150% less** than it was when I owned a 300-square-foot [frozen yogurt] shop, and that's entirely because of QR code ordering."

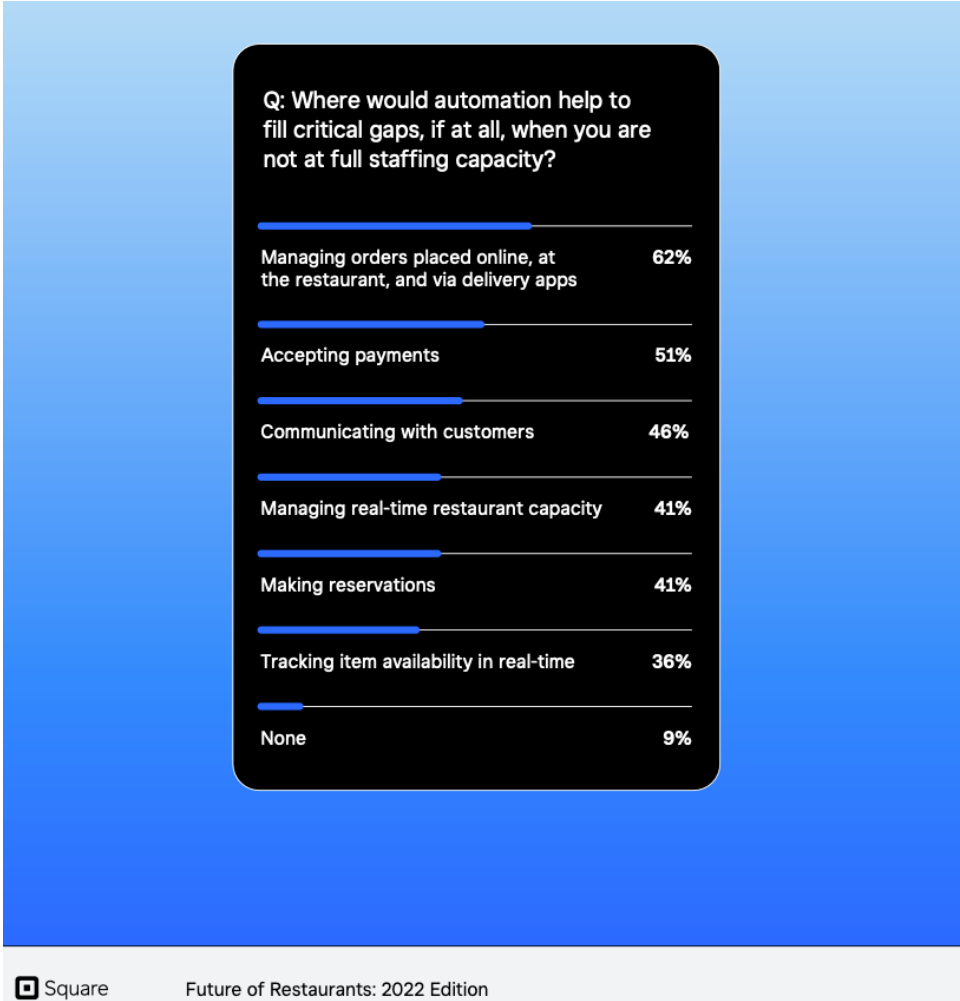
Liz Fielder
Co owner, The Junction, Mill Valley, CA



□ Square Future of Restaurants: 2022 Edition

Restaurants have **an average of 35% sales increase** in the first 30 days of implementing self-serve ordering with QR codes because they could turn the tables much faster as the customers do not have to wait for the waiters to take their orders and payments.

As restaurants now have more orders coming in online and in-person, **90% of restaurants agree that increased automation would allow their staff to focus on more important tasks.**



In China, restaurant automation technology has been taken to the next level due to Covid-19. The end-to-end automation goes from the robotic cooking and drink preparation, robotic delivery to the table to self-digital payment in the restaurant.

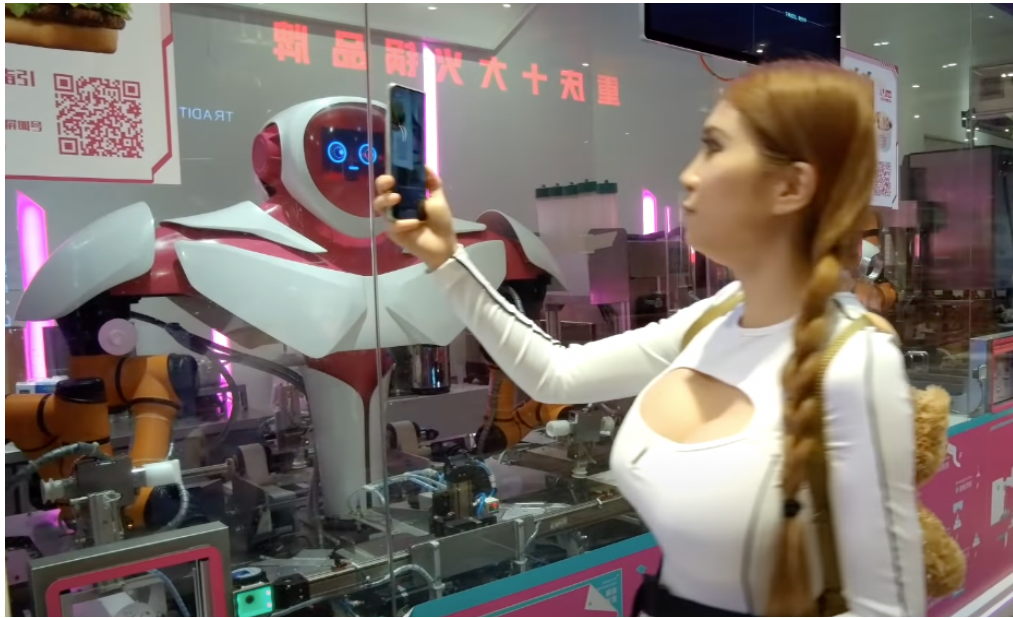
During 2022 Winter Olympics in China, robotics cafeteria has been implemented to serve western journalists, athletes and staff in a 5400 square meter hall. It can serve more than 1700 guests with drinks and food 24 hours non-stop.

The robotics cafeteria uses robots to **cook over 200 dishes**, mainly Chinese dishes accompanied by western fast food e.g., hamburger. Robotic cells mix cocktails, make coffee and ice creams.

You can order by credit card or mobile payment, completely contactless from waiters. The food and drinks will be served by “flying robots” coming down the ceiling.



This kind of fully automated robotic restaurant concept in China was born amid Covid-19 in 2020. The pioneer Qianxi robot opened the world's first fully automated robotic restaurant Foodom Robotic Chinese Restaurant in Guangdong in China in June 2020.



Chinese restaurant's digital transformation journey started back in 2018 when Alibaba took the lead to transform a century old traditional Chinese restaurant Wu Fang Zhai, famous for its "Zongzi" to a modern and digital Chinese dining experience. Zongzi is a traditional Chinese snack made of glutinous rice filled with meat or sweet red beans.



Founded in 1921, Wu Fang Zhai started as a small workshop in Jiaying, a city in the province of Zhejiang. It now makes over 1.8 million Zongzi per day. The company has also diversified into other traditional savory and rice-based snacks such as moon cakes, dumplings, and pastries.

In 2018, Wu Fang Zhai adopted automated payment via QR code scanning, self-pickup box for dine-in and a 24-hour food pickup retail store.

As a result, the restaurant **increased their sales by 40%, saved 3 cashiers, 2 waiters for on-premise dining and 2 service personnel** in the unmanned retail store, a total labor saving of 7 from 13 staff prior to its technological transformation.





They achieved annual **labor cost saving of 320,000 RMB (45,000 EUR) to 350,000 RMB (49,000 EUR) in one restaurant.**

From 2018 to 2020, the Zongzi maker earned a steady 2.4 billion RMB (\$380 million) a year in annual revenue. But last year (2021), after the worst of the pandemic went past, it reportedly earned 2.1 billion RMB (\$330 million) just in the first half of the year!

As of June 30, 2021, Wu Fang Zhai had 497 stores in cities such as Jiaxing, Hangzhou, Shanghai, Wuhan, and others.

Now Wu Fang Zhai plans to raise 1 billion yuan (\$158 million) through an IPO, which will be used to construct more food and R&D labs as well as digital upgrades of its production facilities.

The key of Wu Fang Zhai's success is to leverage technologies to diversify their revenue, manage labor cost and create a delightful & efficient customer experience.

In Germany, robotic waiters also entered a few restaurants since 2020. Currently all robotic waiters sold in Germany are from Chinese manufacturers.

Recently, I was in touch with 2 restaurant owners who are early adopters of robots in Germany. Here is what they said. 🍽️

Restaurant Owner 1

“We provide self-service Chinese buffet. Since I bought 1 robot, I was able to **save 1.5 personnel. The payback is less than 5 months!**”

Restaurant Owner 2

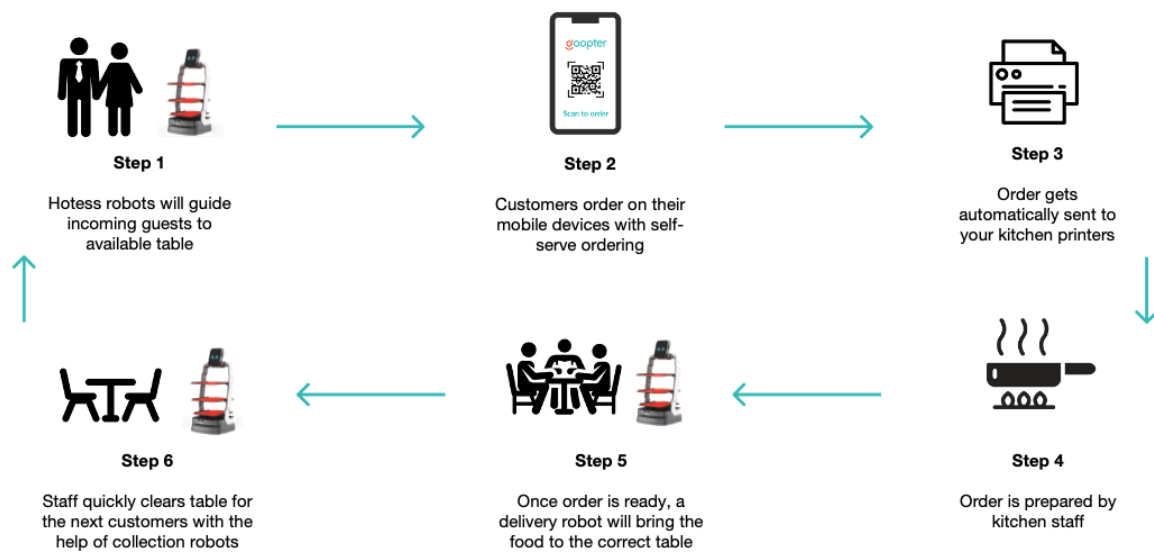
“We invested 100,000 EUR for 4 robots. Since we had robots as helpers in the dining hall, we **increased per customer spend by 2 EUR** because the waiters have more time attending to the customers and asking if they want anything in addition. We also increased the number of tables a waiter can serve by 3!

The waiters can reduce the walking time between kitchen and guest table by 30-40%! The waiters are much more relaxed despite of the increasing demand nowadays. The payback is only 2.3 months!”

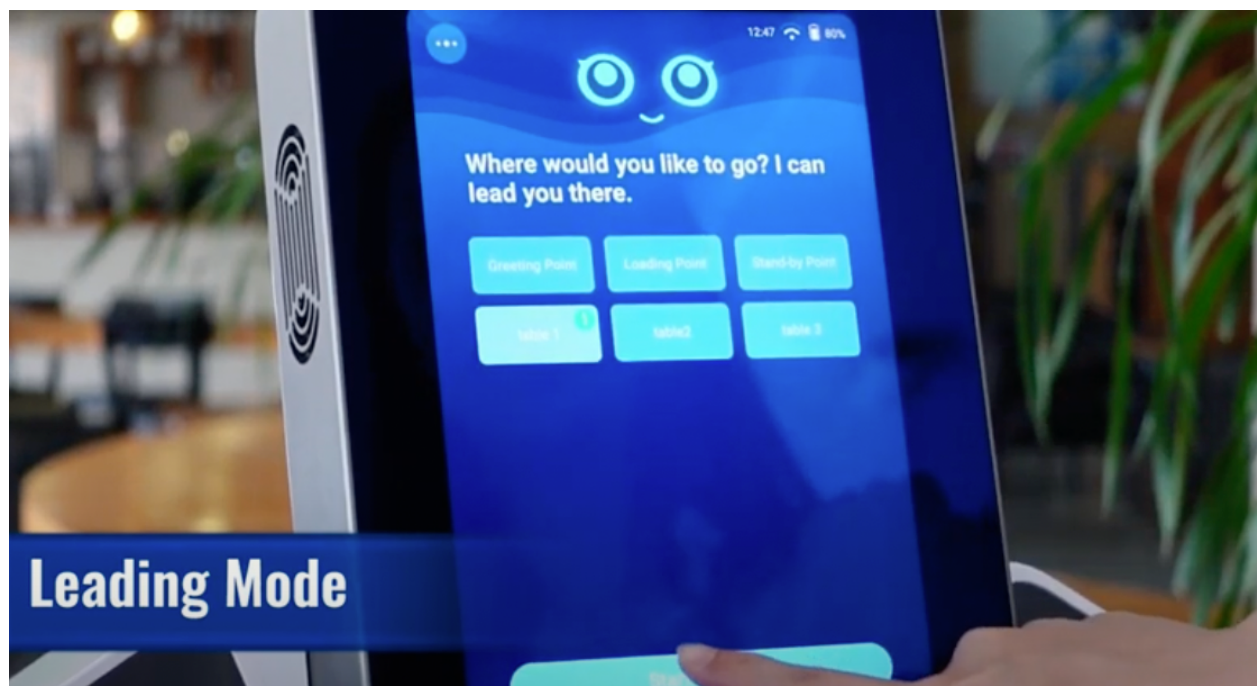
Currently majority of sold restaurant robots in the market is mainly used to help deliver dishes to guest table and collect empty dishes as shown below.

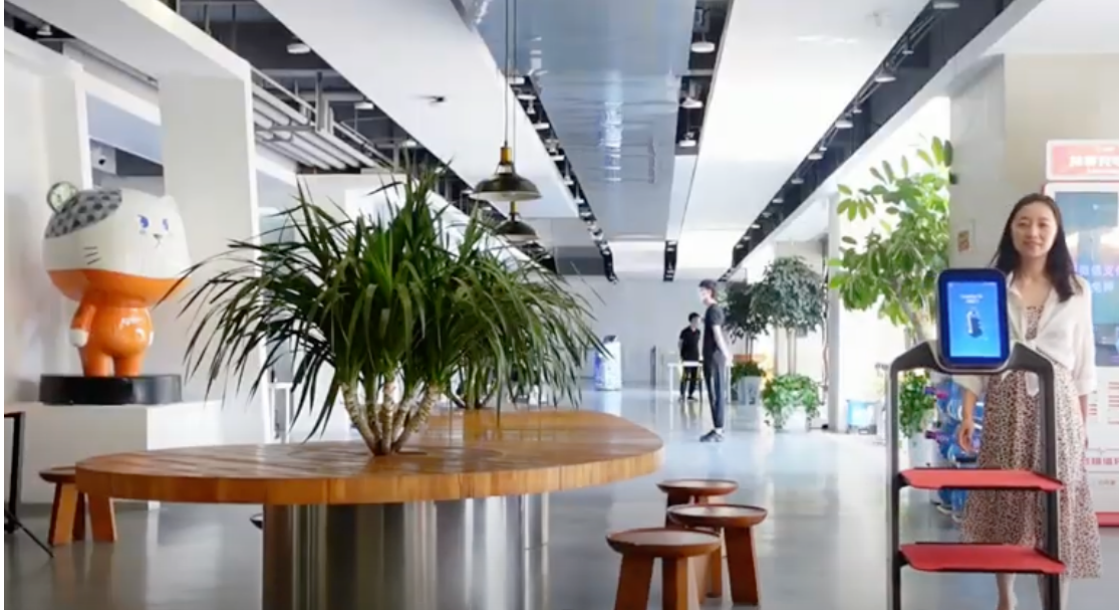


Dining Automation Process



As the restaurant becomes more familiar with service robots, it's also used the robot to guide the guest to the booked table and do sales and promotion for specialty offers.





In the near future, the robot will also be able to take the customer orders and give the customer the option to pay for their meal and drinks.

Leverage customer data: loyal schemes & personalized dining experience

Customer data is key for restaurants to personalize their offers in special occasions, like birthday, Valentine's Day and Christmas Holiday.

By capturing the customer ordering and spending history with intuitive and graphical reports, it allows the restaurants to provide individualized coupons, gift cards and dishes on special occasions, as well as during downtime where there is an over-stock or low capacity utilization.

Loyal customers are the backbone of the restaurant's business. **Over 25% of restaurants** have introduced or expanded loyalty schemes for their customers last year.

Between October and November 2021, Square found that **buyers bought 64% more gift cards** from food and drink merchants.

Gift cards and other loyal programs give more flexibility to their customers on how they can spend the money and reward them for repeat purchase.

To attract more customers to restaurants or their websites, almost 25% of restaurants developed personalized dining experience for events like Valentine's Day by leveraging data and technology.

Other ideas to encourage loyalty include meal and cocktail kits (28%), pre-made frozen food (12%), and subscription services (14%) such as wine clubs. 25% of restaurants has provided either online cooking classes or video tasting & dining events.

The human-interaction element of dining won't go away completely. By embracing the change and adopting new technologies, you will have the tools to continue to delight your customers and better utilize your existing staff in the face of labor shortage challenge.

Post Covid-19 restaurant: stronger, greener and more creative!

Are you encountering off-line sales decline since Covid hit us in 2020 because less people discover your restaurant by walking past but more people shift to find you online?

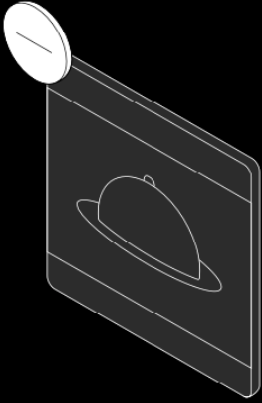



Are you facing labor availability challenges as older people are going into retirement and younger people are less interested in lowly paid jobs with long & inconvenient working hours such as weekend?

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Across the industry, staffing continues to be the No. 1 challenge restaurants face. As states continue to increase minimum wages and demand for restaurant staff continues to be robust, restaurants may need to compensate front-of-house and back-of-house staff more and provide benefits historically not ubiquitous in order to attract and retain employees. This means that labor costs may go up, and restaurants may need to find ways to operate with more efficient labor. This is where we believe restaurants can lean on tech — to help them better utilize their existing staff, manage their labor cost, and maintain delightful customer experiences.”

Bryan Solar
GM, Square for Restaurants



 Square Future of Restaurants: 2022 Edition

Are you paying a high commission fee (13-30%) to third party food ordering platforms?

Are you looking for ways to increase the average spend of your existing clients after they leave your restaurant?

If your answer is "Yes" to any of the above, we'd love to help you!

Contact us today for a FREE 1:1 consultation call!

Book a meeting with me via <https://calendly.com/chanfang-wang>

Source: Square, SupChina, Alizila, NBC Sports