

Industry Weekly Digest

School of Hospitality & Tourism Management



Omnichannel Orders

Previous editions of this Industry Digest have highlighted the experimentation with store formats in the Quick Service Restaurant sector, driven in part by consumer ordering format changes as a result of the COVID-19 Pandemic.

This trend shows no sign of slowing as Mark Ashton picks up on a recent investment announcement by McDonald's who aim to upgrade their UK restaurant estate as part of their 'Convenience of the Future' initiative. Read on in this digest to learn more about this and other similar innovations in the restaurant sector.

Have a great Weekend!



Catering for Mass Customisation . . . Designing for Diverse Delivery Models . . .

Mark Ashton

The appetite for **restaurant food delivery** remains high with sales at 350% of those in April 2019. Somewhat surprisingly, new restaurants continue to open with this channel only partially considered in their servicescape design; riders in leathers and helmets toing and froing through the main restaurant impacts on the experiences of dine-in customers.

Last week, **McDonald's** announced an investment in excess of £250 million over the next four years as the brand embarks on a programme to redesign some of its UK restaurant estate. The 'Convenience of the Future' initiative hopes to facilitate customers' increasingly diverse expectations, providing 11 different ways of getting a meal. The revamp also reflects the fact that about half of sales are now made through digital channels. In addition to the traditional walk-in and drive-thru, a redesign of the kitchens and dining areas caters to the growth of digital sales channels such as self-order touchscreen terminals and the McDonald's app, as well as introducing a separate area for delivery riders. Further envisaged benefits of the scheme can be explored **here**.



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McDonald's aren't the only brand playing with store formats to better serve customers choosing to order through omnichannels. San Francisco based **Lazy Susan**, launched last year, aims to be the Domino's of Chinese takeaway: the counter-service takeout joint is optimized for fast service and quick expansion. They feel that customer expectations have been forever changed because of e-commerce and that everyone, including independents and high-end restaurants, is affected. They also see smarter use of technology allowing emerging concepts to scale faster than ever before. **Inspire Brands** is also betting on the power of small restaurant models and is exploring modular drive-thru units. **Wetzel's** is leveraging diversified store formats to grow and other brands including Taco Bell, Chipotle and Portillo's continue to **innovate at the drive-thru and with smaller, less expensive store formats**. Read this **past digest** for more examples and analysis of innovations in this space.

Noting the above changes, the 'cookie cutter' approach used by restaurant chains wishing to expand quickly may well be a thing of the past, with a more nuanced range of store formats needed to reach tomorrow's customer wherever they want to order, be it at home, work or play.

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