



## **NATIONAL RESTAURANT ASSOCIATION SHOW 2024**

### **Michelle Korsmo Keynote: “High-Tech / High-Touch”**

*Final: May 20, 2024*

My family *loves* to go out to dinner. For me and my spouse, it’s the experience of enjoying a meal and talking about the day with our three daughters instead of rushing to make it all come together in our kitchen between activities and homework time.

After a busy day last week of musical rehearsals, tennis, and choir and me coming home from work a bit late, we all agreed going to Matchbox was a great idea.

I say this as if we don’t go to Matchbox at least once a week.

We know the team who works at Matchbox and they know us. This particular time last week we had a new server taking care of us and I paused thinking about how we would communicate the details of our order to make sure that everything came out just right. Like many families, we have some picky eaters who know how they like their favorite meals at our favorite restaurants.

Our regular servers are great at making sure there aren’t tomatoes in my daughter’s order of the crab and shrimp fettuccine and my husband’s insistence on Old Bay wings. NOT buffalo wings.

Well, this new server was more than prepared. She used a handheld device to take our orders and input all our modifications, and she was clearly trained to carefully read back the entire order and modifications before she sent it into the kitchen without leaving our table, all while chatting and laughing with my three girls.

What struck me about this experience was how technology had allowed even a new server to provide warm, accurate, and efficient service.

When you think about the challenges you are facing there is no question that technology needs to be part of the solution.

But we know that technology is not the singular solution. It is finding the right balance of high tech and high touch for your restaurants that will bring you the most success.

This balance between high tech and high touch is what we’re talking about at the National Restaurant Association.

I am so glad you have joined us this week at the National Restaurant Association Show to learn more about what is happening in the industry and to think about how to strengthen your business.

Speaking of learning more we are going to learn so much this afternoon from José Andrés, particularly on his insight into the transformative power of food.

So, let's talk more about that high tech/high touch balance for restaurants.

It all starts with the value proposition of your restaurant - what are you creating for your customers? What needs are you meeting for them? Do they want something easy to get? Do they want to sit down with family and friends? Are you the place for a special meal?

Thinking about technology starts with understanding the value proposition you offer your customers - determining their needs, wants, preferences, and behaviors - and then tailoring your technology and service accordingly. This is the high tech/high touch approach that is critical in the restaurant business today. It can build loyalty and ultimately lead to growth.

Technology has developed significantly in the restaurant industry. Now each of you are at the crossroads where you must figure out what is that high tech – high touch balance for your business.

But your customers choose your restaurant based on the experiences they have with your location your team and of course, your food.

Ultimately, the experience you provide *in real life* is what keeps your customers coming back.

How you use technology to interact with them is what converts new customers into regulars and regulars into high frequency guests.

Our research shows, today's customers demand new, tech-driven ways to interact with restaurants. You *must* get your technology strategy right for your restaurant.

But remember, you can't have a technology strategy that is separated from your value proposition. Ultimately, it is your value proposition that sets you apart and makes you successful.

So, what does high tech/high touch really mean for restaurants?

The restaurant industry is growing. 2024 is estimated to be the biggest year ever in sales anticipated to reach \$1.1 trillion by the end of the year.

And much of that growth is driven by how you are incorporating technology into your businesses.

- Over three quarters of operators say using technology gives them a competitive edge.

- Well over half of operators are planning investments to improve their service areas or are looking for technology that will enhance the customer experience.

This isn't happenstance – it's based on changing customer preferences and needs.

Nearly three-quarters of all customers say they'd use an app to order and pay for their meal from a restaurant.

Around half of limited-service customers say they'd do everything using technology from ordering to paying using a QR code.

Think about that.

Regardless of what you hear about QR-code resistance customers are comfortable and want these options.

And we're talking about customers of all ages.

Let's take that a step further and look at these age groups.

Baby boomers tell us they would place an order and pay in advance on the restaurant's website or exercise the option to order food by talking to a live person on a video screen.

When you zoom out and look at what we're seeing across the country, the rise of technology in the dining experience is becoming increasingly a part of daily life for *all* customers.

For well over half of Gen Z and even more for Millennials, technology is positively impacting that restaurant experience. The same is true for nearly half of Gen Xers.

And while the desire for technology is increasing, Baby Boomers still prefer at least the option of in-person interactions for their dining experience.

In fact, more than half of Baby Boomers would like to see fewer technology options at table service restaurants.

And nearly every generation, save for Millennials, prefers traditional "high touch" table service from employees at a fullservice restaurant over one that incorporates technology into the experience.

Delivery and takeout, however, is a space where increased technology is a positive for consumers.

Our research shows:

- 8 in 10 adults say they would order delivery directly from a restaurant's website or their app.

- And nearly half say they would order delivery using voice enabled platforms like Alexa, Google home, or Siri.

And how you service delivery and takeout is extremely important. More than half of consumers say ordering takeout from a restaurant is an essential part of their lifestyle.

We see this desire to interact with technology for delivery and takeout across all age groups.

Technology is also having a tremendous impact on improving the experience for our workforce and creating greater efficiency for operators.

One operator out of Florida shared with me that a new pay-by-smartphone app implemented at their locations saved about 1,000 combined customer and employee hours.

In our operator surveys, workforce has been on the top of list of concerns since the pandemic.

- Their most significant challenge is recruiting and retaining employees.
- Nearly half of restaurant operators report needing more employees to meet customer demand.
- Most have job openings that are hard to fill.

There is also a known lack of job readiness among applicants and the overall size of our talent pool is shrinking.

Addressing these staffing challenges is paramount.

Operators need to get *really good* at training their staff to use technology effectively and efficiently.

And when teams in restaurants are well trained and on technology that fits the value proposition for your restaurant, the experience for your guests is better than before.

While I am at work and the girls are at school, my husband, John, likes to go to the drive-through in our neighborhood to get lunch.

The times when I join him going through the drive-through, I always get a kick out of the friendship that John has developed with Jaime, a team member of the restaurant who is a point person for the drive-through lunch rush.

Jaime takes orders with a digital pad outside of the drive-up window at the order panel.

One time, I went through with John, and it was a slower time, so no one was outside with the iPad, we just rolled up to the menu board to order.

When John told the person working on the other side of the speaker his order, Jaime came back and said: "Hi, boss! How are you today!"

The restaurant is using technology well to keep their drive thru moving. But still providing that great personal interaction that keeps my husband coming back to see Jaime.

Because as I have said, it's our people that make the restaurant experience special and we need more of them.

When we think about technology and our workforce, we have to remember how central people and the creativity and hospitality they bring are the reason people love restaurants. You are getting my message. We must remain a 'high touch' industry by necessity.

It is crucial to continue to evaluate investments in technology and evolve over time to meet customer preferences.

An example of this is with loyalty and rewards programs – including how customers view the value they get from loyalty programs.

- A vast majority of adults say they often look for a daily special or discount.
- Even more say they would take advantage of deals during off-peak times.
- Nearly all those who currently participate in a loyalty program say being a member is a good way to get more bang for their buck – a critical decision in most meal choices.

The customer is more discerning than ever when it comes to where they go and how they spend their money on meals.

I believe we're heading toward a period where balance will lead the way for the restaurant industry.

We know from our surveys that customers want you to use your people and your technology to bring:

- More ease interacting with restaurants;
- More variety and diverse formats, especially for special occasions; and
- More convenience and speed from online ordering and delivery to self-service and mobile payment.

So, you need to be very clear on how you balance your technology with the high-touch hospitality your people bring to customers.

To get that right, you must go back to your value proposition.

Ask yourself questions such as:

- What is my restaurant all about?

- Who am I serving? Who are my customers?
- What is the experience that I am trying to create for my customers? What do they need from my restaurant experience?

Once you can answer these questions, you'll be able to create a framework that allows you to decide what technology is right for your restaurant, and what technology might be a disruption.

And then you can balance your technology and service from your team accordingly bringing enhanced efficiency, convenience, and personalization and high-touch hospitality.

What business looks like for those that can achieve that balance is exciting.

And it's exciting because restaurants are so important to Americans and our communities.

People LOVE restaurants.

Nine out of every 10 adults say they enjoy going to restaurants.

Restaurants allow them to enjoy a favorite meal or a dinner that has flavor and taste sensations that can't be replicated at home.

Add how restaurants provide customers the ability to enjoy each other's company in a time and a place where personal interaction and connection is more valuable than ever.

I am so optimistic about where we are going as an industry as I watch operators continue to delight customers in new and exciting ways.

Thank you so much for being on this journey with us and taking some time to think deeply about where our industry is headed.

And now, I am excited to bring to the stage one of Time's "100 Most Influential People, recipient of the National Humanities Medal, a world-renowned culinary innovator, author, educator, humanitarian, and chef José Andrés.

###