



4th Annual

State of Digital

for QSR & Fast Casual Brands

Top 8 Trends to Watch in 2023 & Beyond



1

Digital growth spikes are cooling down and settling into a more **predictable pattern**.



2

The off-prem guest experience will not improve until **order accuracy**, via kitchen fulfillment, improves.



3

Consolidation & efficiency are new mantras, as QSRs and Fast Casuals prioritize cloud POS and platform investments.



4

50% of enterprise brands will upgrade to **unified commerce platform** in next 2 years.



5

Online Ordering no longer ranks in top 3 investment areas, as the focus shifts to **platforming**.



6

The 'Big 3' functional areas (IT, Ops, Mktg) must get **more aligned** on system priorities if the enterprise tech stack is to succeed.



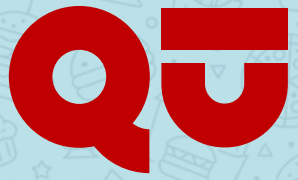
7

AI & ML are moving from "nice to have" to "must have" with 70% of brands pursuing this innovation.



8

Technology providers must be more **transparent** and customer service oriented.



Off-prem/digital sales find a predictable groove

Trend 1

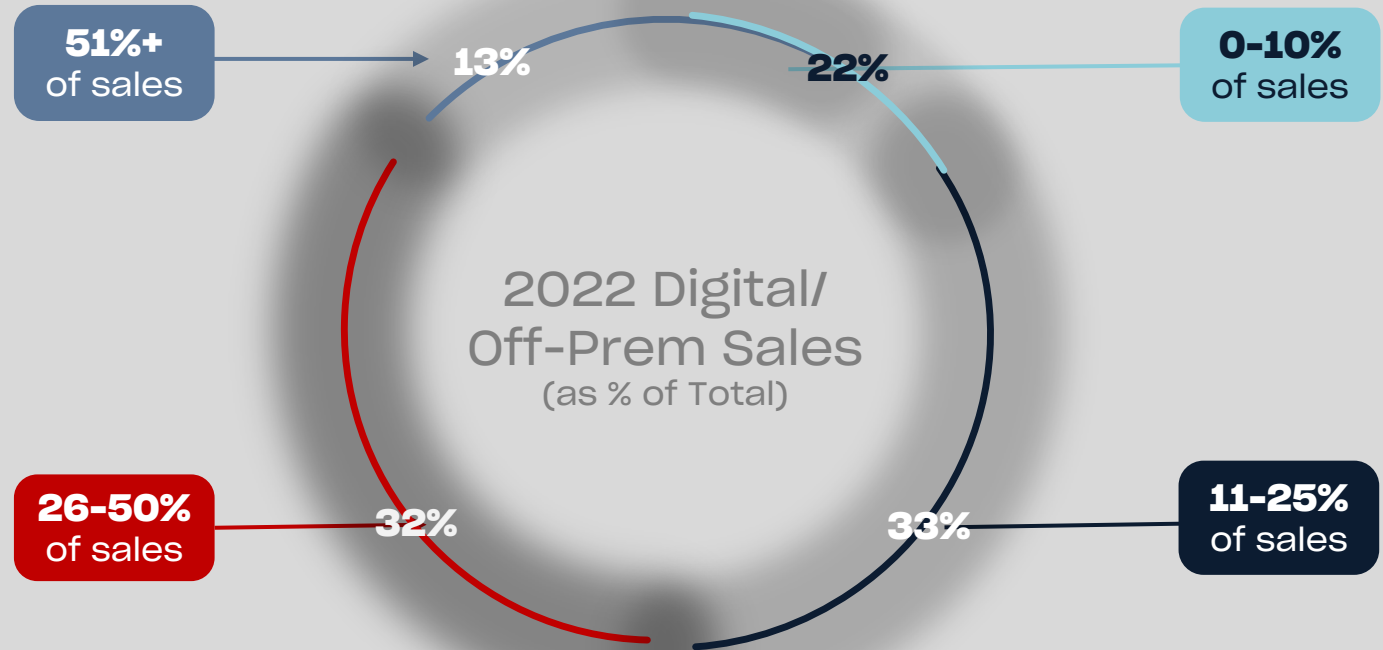
Trend 1

Off-Prem sales continued to grow in 2022, with more top performers



Top digital performers continue to out-perform. The 50%+ off-prem sales category doubled over previous year, from 6% to 13% of responders saying over half of sales came from digital.

- **Growth in the 50%+ category came from the 26-50% category**, signaling that the brands performing well continue to perform even better.
- **0-10% and 11-25% categories stayed flat over prior year.**



Trend 1

Off-prem sales will continue to grow, but at a slower rate in 2023-2024



Fewer brands expect digital sales to increase in 2023.

More brands expect digital sales to stay the same in 2023 and some are even planning for a decrease.

78%

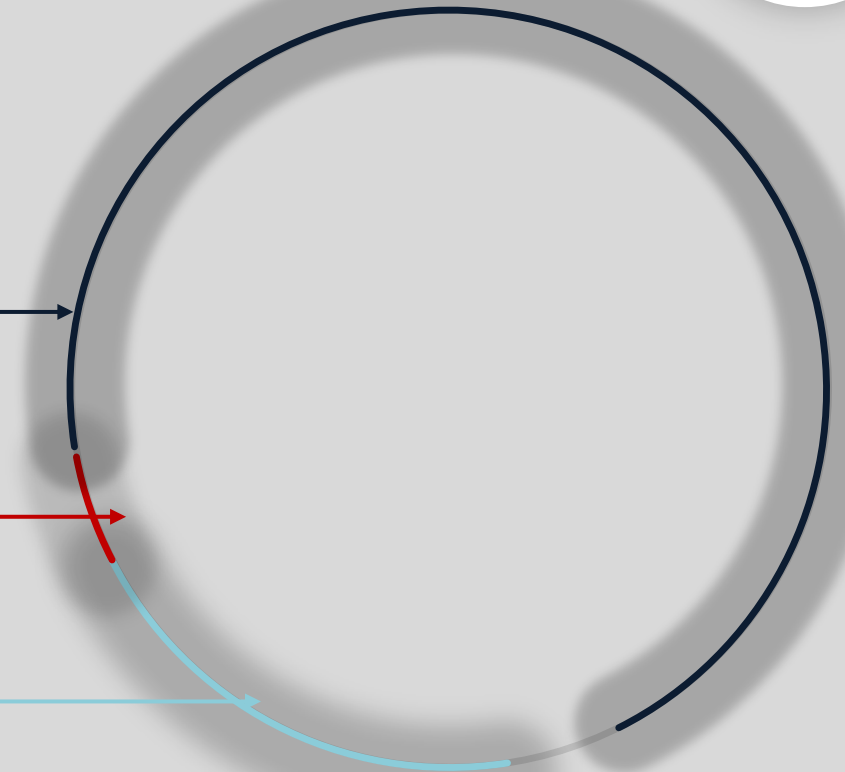
Increase
vs. 85% in 2022

3%

Decrease
vs. 0% in 2022

19%

Remain the same
vs. 14% in 2022



Trend 1

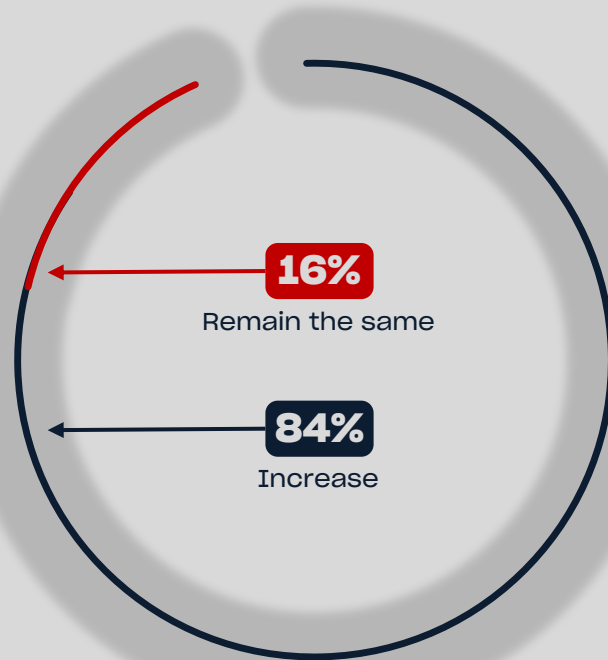
QSRs will see more digital growth in 2023 than Fast Casuals



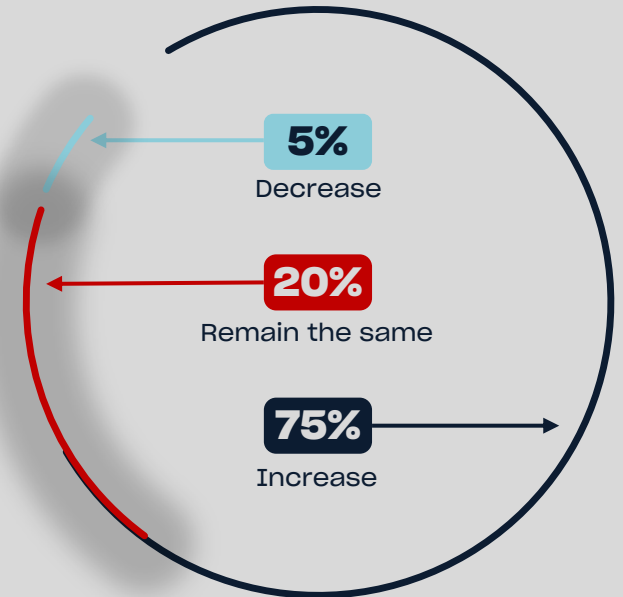
- **84% of QSRs** said digital sales would increase vs. 75% of fast casuals.
- **5% of fast casuals** said digital percentage of sales will decrease.

Trend: QSR consumers were slower to adopt digital ordering channels but are now catching up as more QSR brands improve off-prem ordering solutions, packaging quality and delivery speeds.

 QSR:



 Fast Casual:



Trend 1

Enterprise brands can expect more predictability, with 1/3 of sales from digital



Hockey stick-like digital growth rates settling in at average of 30% digital sales.

As digital and off-prem growth numbers settle into a predictable pattern, operators are focused on improving experiences and order accuracy across the ever-growing number of order channels.

- **Digital sales stayed relatively flat in 2022.**
- **Brands predict more conservative digital growth estimates in 2023.**
- **QSRs will see stronger digital growth than Fast Casual**, as consumers in that segment have been late adopters in off-prem ordering.
- **Some fast casual brands will experience decreases in digital ordering** as spikes level off and hockey curve growth evens out.

Trend 1

Digital & Off-Prem Sales: 3-Year Outlook



14% avg digital sales growth
(5% of orders from digital channels)



16% avg digital growth



35% avg digital growth

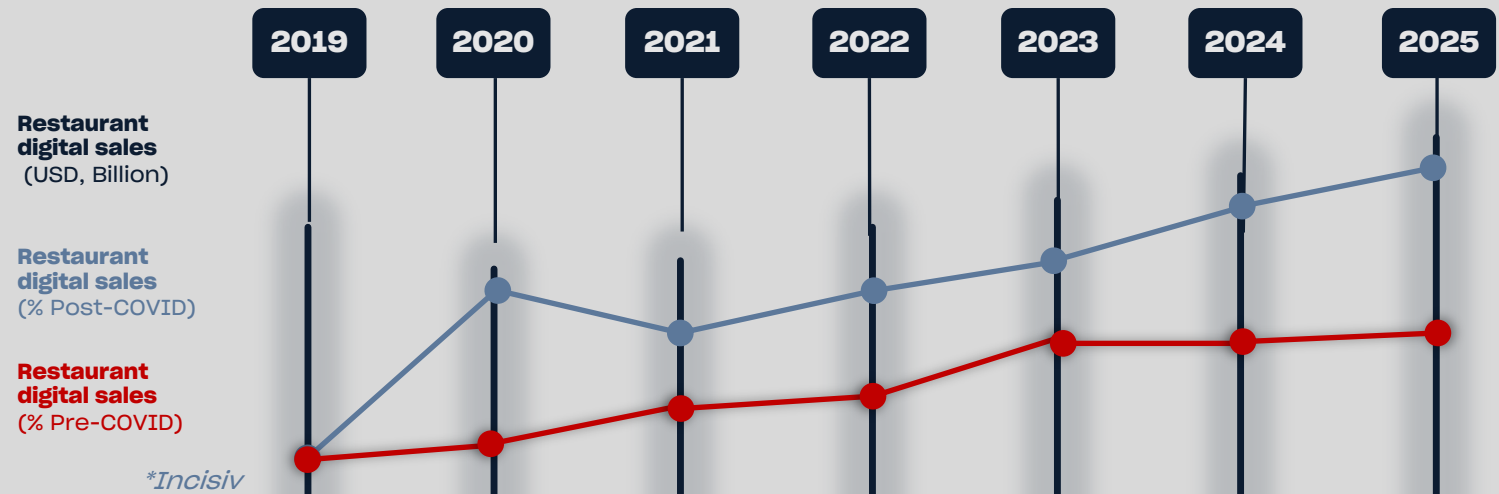


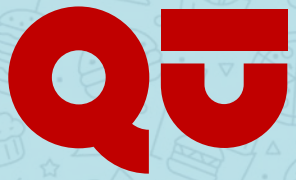
31% avg digital growth



30% avg digital growth
**(25% of orders from digital channels—
all segments)**

Digital sales growth peaked in 2020 and is now settling down at a more predictable rate. Brands can plan for approximately one-third of sales to come from off-prem channels.





The off-prem experience hinges on order accuracy

Trend 2

Trend 2

The off-prem guest experience will not improve until order accuracy improves

Kitchen fulfillment is the most fraught area for inaccuracies and technology is poised to help.

Many brands see 15% lower guest satisfaction scores on digital orders.



Restaurants' ability to improve guest satisfaction across order channels relies heavily on the accuracy and timing of orders.



Trend 2

64% of brands aim to improve the accuracy of kitchen fulfillment in 2023



Consistency and order accuracy are the biggest factors impacting the **guest experience.**

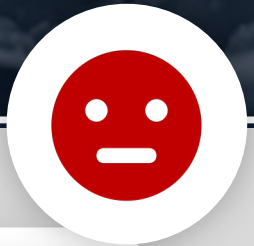
- Brands are aligned in their mission to improve order inaccuracies across growing digital channels, using more integrated technology solutions, updated operating models, and improved labor utilization.

What factors impact guest experience most heavily?



Trend 2

More symbiotic kitchen and order fulfillment solutions are needed...



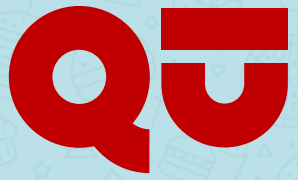
...to better predict and manage order flow, throttling, timing & accurate fulfillment of digital orders.

- Operators are focused on unified fulfillment and production optimization. Brands are trying to control what they can with digital order accuracy: better guest communications and expectation setting; guest recovery strategies; and more personalized experiences using data.

Qu's modern KDS integrates ordering and fulfillment workflows for all your ordering channels, on- and off-prem, helping kitchen and on-prem staff better manage the timing and accuracy of orders.

The screenshot displays a KDS interface with several order tickets. Each ticket includes an order ID, a status (e.g., TAKE OUT, WEB, DRIVE-THRU, OLO, THIRD PARTY DELIVERY), a preparation time, and a list of items with their respective quantities. The items are organized into numbered lists, and some tickets include additional details like vehicle type or specific modifications.

Order ID	Status	Prep Time	Items
1019 F	TAKE OUT / WEB	6m 25s	5 FC-TENDERS (SIDE JALAPENO RANCH SAUCE), 5 D BITES (NO CREAM CHEESE ICING, NO CINNAMON & SUGAR), 5 MEDIUM, DRINK (PEPSI)
1021 G	TAKE OUT / WEB	5m 18s	1 TACO-BF (NO CHEESE, NO LETTUCE, NO MILD SAUCE), 1 LARGE, DRINK (TROPICANA LEMONADE, LARGE)
1022 H	DRIVE-THRU... / OLO	4m 32s	1 SPAAP CRISPY (NO CHEESE, NO LETTUCE, + MILD SAUCE, + CHEESE, + TOMATOES, 2 MEDIUM POTATO OLES), 6 PACK - MIXED (TACO-BF, TACO-BF, TACO-RF, TACO-BF, TACO-BF, 2 MEDIUM POTATO OLES), 4 ORANGE JUICE, 4 MOUNTAIN DEW, 4 DIET PEPSI, 12 CHURRO, 12 D BITES (ADD SHREDDED CHEESE, ROASTED CORN & PEPPER SALSA, SOUR CREAM)
1023 I	THIRD PARTY DELIVERY / WEB	3m 10s	1 TACO-BF (NO CHEESE, NO LETTUCE, REMOVE MEAT, EZ CHEESE, + BEEF, + MILD SAUCE, + CHEESE), 1 TACO-CK (+ CHEESE, + LETTUCE, + MILD SAUCE), 1 TACO-CK (NO CHEESE, NO LETTUCE), 1 SS-BF (EZ LETTUCE, + BEEF, + MILD SAUCE, + CHEESE, + TOMATOES, + LETTUCE), 1 MPB-CK (+ SOUR CREAM, + TOMATOES, + NACHO CHEESE), 1 MPB-FC, 1 TACO-BF (+ SOUR CREAM, + TOMATOES, + LETTUCE, + NACHO CHEESE, + POTATO OLES), 1 KM-TACO-BF (+ CHEESE, + TOMATOES, SMALL, DRINK, RASBERRY TEA, SMALL), 1 KM-QUES (SMALL, DRINK, MOUNTAIN DEW), 4 D BITES, 4 CHURRO, 1 COFFEE, 1 CHOCOLATE MILK, 1 COLD BREW - VANILLA, 1 COLD BREW - MOCHA
1024 J	DRIVE-THRU... / WEB	51s	1 TACO-BF (+ MILD SAUCE), 1 MEDIUM, DRINK (UNSWEET TEA, MEDIUM)
1025 K	TAKE OUT / WEB	21s	2 D BITES (+ CREAM CHEESE ICING, EZ CREAM CHEESE ICING), 2 CHURRO, 2 CHOCOLATE MILK



Technology investments favor platform & cloud

Trend 3

Trend 3

Cloud-based POS is the #1 investment priority, followed by foundational platforms



More QSRs and Fast Casual brands are investing in modern cloud POS, but it must be with a foundational architecture that's data-first and has easier integrations

- Kiosk dropped significantly in ranking over last year, from 3rd to 7th this year.
- CDPs & Data Lakes lowest priority

2023 is the first year that Online Ordering isn't a Top 3 investment priority; signaling an evolving focus on more foundational, integrated systems (platforms) with centralized data.



**Percent selected as #1 priority by survey responders.*

Trend 3

QSR is highly focused on cloud POS; Fast Casual is evenly split between POS & Platforms



- **QSR** ranked cloud POS as the first priority by a large margin.
- **Fast Casuals** had a fairly even distribution of priorities between cloud POS & Architecture, with Online Ordering & Loyalty close behind.

POS:

41%

QSR

28%

Fast Casual

Foundational Architecture & Platforms:

28%

9%

Loyalty & Marketing:

20%

14%

Online Ordering:

24%

9%

Trend 3

Kiosks are still a viable order channel, but tech solutions need to be more affordable



Qu heard operators loud and clear during the pandemic and developed a **flexible POS & kiosk solution that combines the best of both worlds.**

- Qu Flex can be guest or employee facing, based on labor and in-store demand.
- Eliminates additional hardware expenses, addressing the #1 barrier to deploying kiosks at scale.



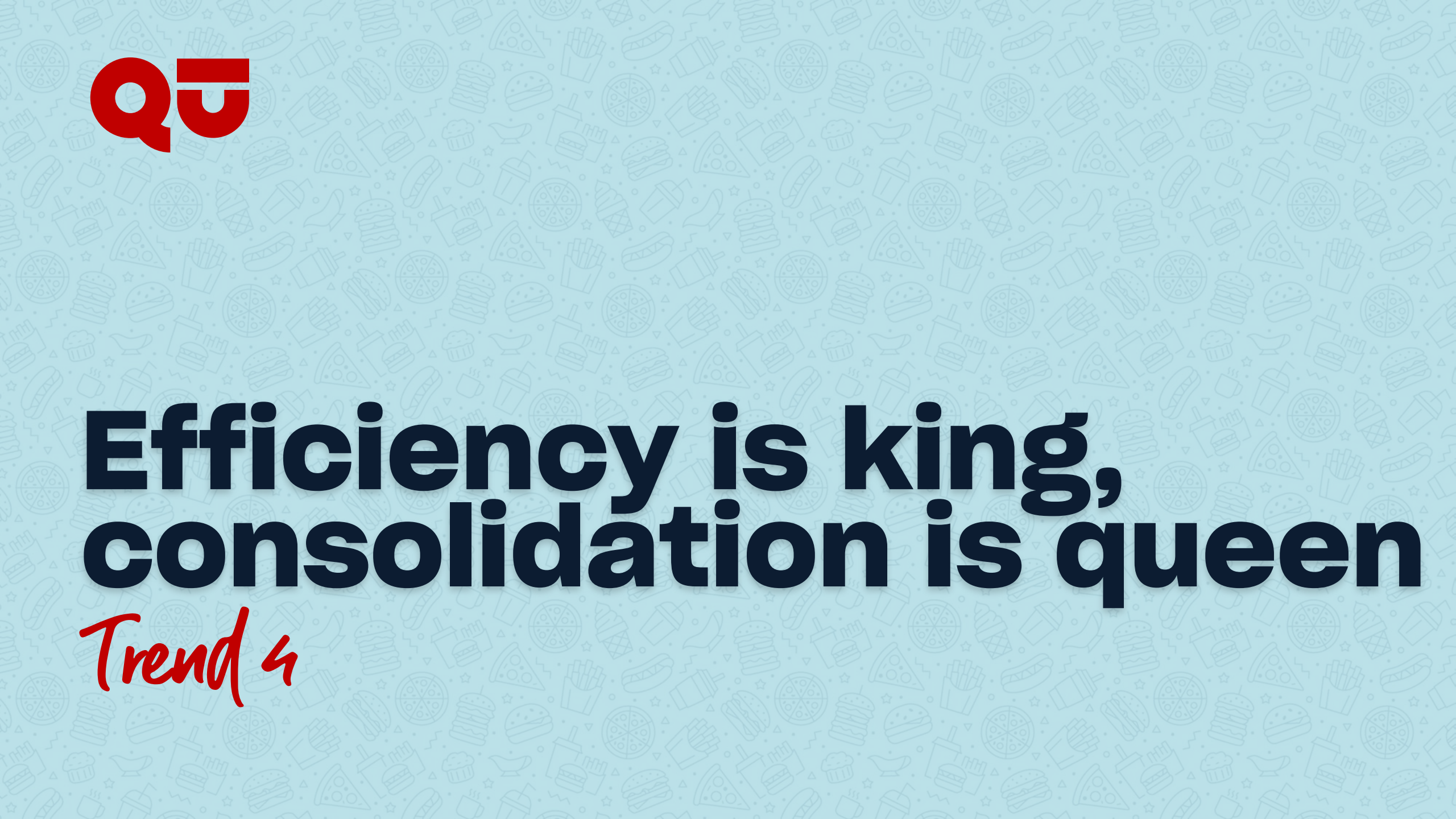
Employee-facing POS



...swivels to become...



Guest-facing kiosk

The background of the slide is a light blue color with a repeating pattern of various food icons in a darker blue. The icons include pizzas, burgers, fries, ice cream cones, and other fast-food items.

QT

**Efficiency is king,
consolidation is queen**

Trend 4

Trend 4

50% of brands will transition to a unified commerce platform for all ordering channels in next 24 months

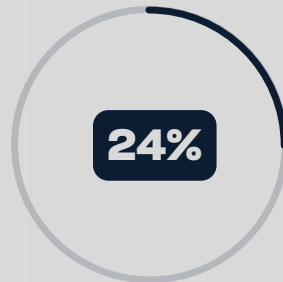


Systems consolidation with streamlined ordering, data & menus will continue to be a key focus area, as operators struggle to drive efficiencies and tighten their belts.

“In 2024 or later.”



“Yes.”



“Already did.”



“No.”



Will you transition to a unified commerce platform in the future?

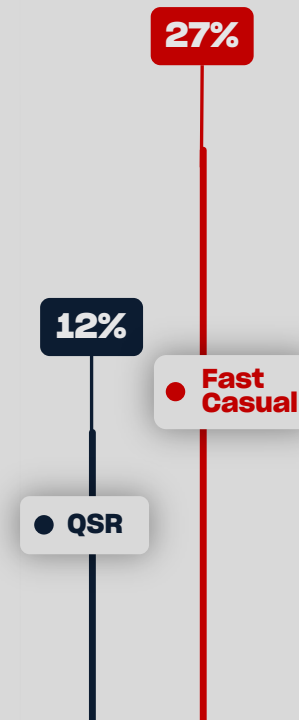
Trend 4

Fast Casuals will move to unified platforms faster than QSRs, due to lower complexity



- **49% of Fast Casuals** will upgrade to unified commerce platforms vs. **40% QSRs**, in the next 2 years.
- Foundational platforms are more complex in the QSR space, requiring more time to implement.

Moving in 2023:



Moving in 2024:



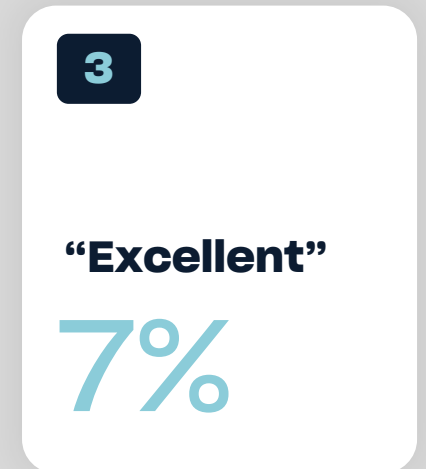
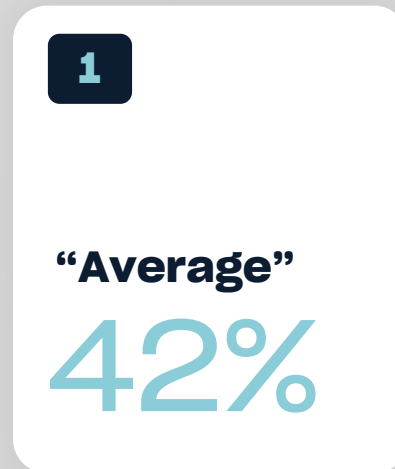
Trend 4

Nearly 70% of brands rate their ability to extract and use holistic data as “Average,” “Below Average,” or “Poor”



Only 7% of QSR & Fast Casual brands said they can easily extract and use data to drive decisions.

Further evidence that restaurants are struggling to activate real-time data to quickly make business decisions and improve profitability.



Trend 4

80% of participants say having one centralized real-time data repository is very important or mission critical.



Faster and easier access to data is imperative; multi-unit chains seek a unified platform to centralize data, with standard integrations and well-documented APIs.

Very Important

65%



Mission Critical

High priority for 2023

14%



Somewhat Important

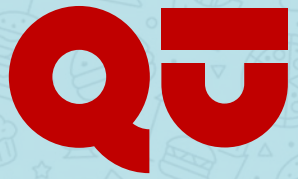
17%



Not Important

4%





Tech proliferation drives brands to platform

Trends

Trends

Online ordering dropped out of top investment spot, signaling need for integrated ordering platforms



After 3 years coming in as the top investment priority, online ordering dropped to #4 in ranking for 2023.

- 41% of QSRs ranked cloud POS first, followed by foundational architecture and platforms; showing evolving QSR focus on solving guest experience issues across fragmented order channels with more unified solutions.

1

Cloud POS

26%

2

Foundational
Architecture
& Platforms

17%

3

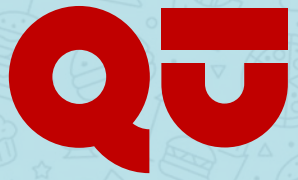
Loyalty/
Mobile Apps

14%

Platform versus Point Solution:

70% of top QSRs and 50% of Top Fast Casual chains are moving to platform solutions vs point solutions.

**Incisiv Report*

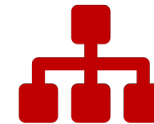


**Functional leaders
align on industry
challenges, but not
on tech priorities**

Trend 6

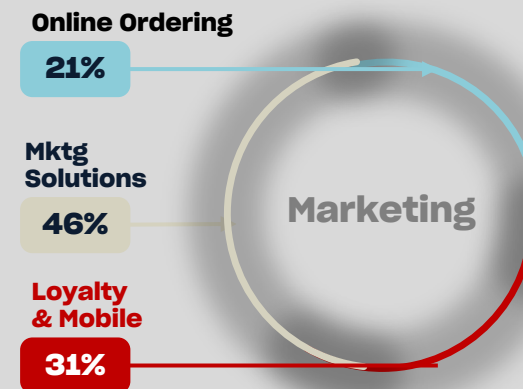
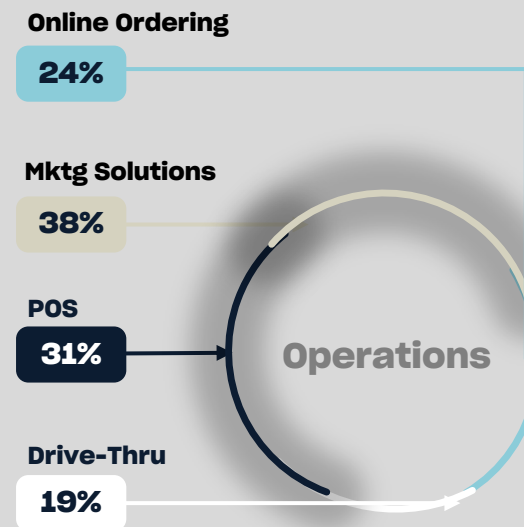
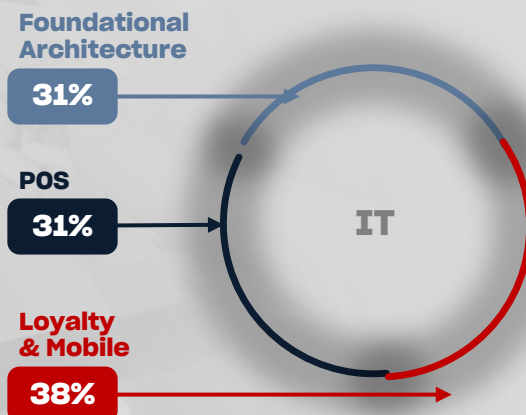
Trend 6

Functional leaders must get more aligned on systems prioritization



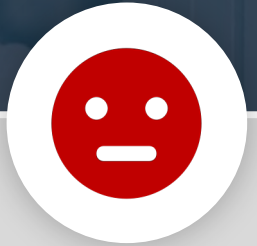
The “Big 3” functional areas (IT, Ops, Mktg) are not aligned on systems to prioritize within the enterprise tech stack, making the connected restaurant of the future harder to reach.

- IT prioritized loyalty and mobile apps.
- Operations prioritized marketing solutions.
- Marketing prioritized online ordering.
- Highlights the complexity of running an enterprise tech stack with many competing needs & priorities.



Trend 6

Functional leaders agree: labor & supply chain pose biggest obstacle to profitability



Amid price increases and recession concerns, operators are struggling to solve pricing challenges without alienating guests.

1

**Labor
Availability**

67%

2

**Supply
Chain**

57%

3

**Employee
Retention**

37%

4


**Controlling
Costs**

36%

5

**Menu Price
Increases**

35%

The background of the entire slide is a repeating pattern of light blue, stylized food icons. These icons include pizzas, burgers, fries, ice cream cones, and other fast-food items, arranged in a dense, overlapping grid.

QU

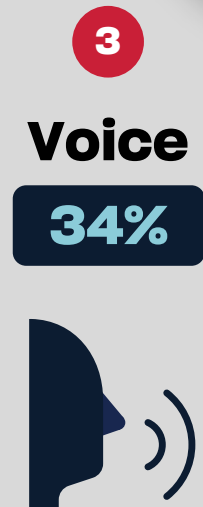
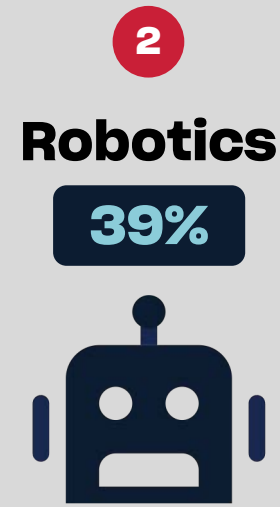
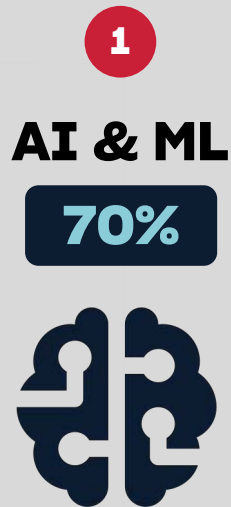
Let's Innovate!

Trend 7

Restaurants are “all in” with AI & Machine Learning



- Brands are aligned on innovations they’re pursuing, with AI & ML leading by a wide margin (70%), followed by robotics and voice.
- Significant increase in interest of AI/ML over previous year (from 13% to 70%); shows that brands are taking it more seriously and getting closer to automating key processes.
- AI/ML drive revenue! Qu’s Notify app is a crowd pleaser among all customers.



Did you know...

Qu’s Notify App uses AI & ML to track daily sales volumes and uses voice technology for forecasting?

Trend 7

Top innovations enterprise brands are pursuing in 2023



Many innovations have entered the space, but only a few are sticking.

It's clear that AI/ML and cloud POS solutions are here to stay.

ARTIFICIAL INTELLIGENCE/MACHINE LEARNING

ROBOTICS

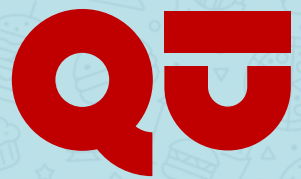
VOICE

FACIAL RECOGNITION

NFT, BITCOIN, CRYPTO PAYMENTS

METAVVERSE

OTHER



**Tech companies
must be more
transparent**

Trend 8

Trend 8

Restaurant brands need better customer care, transparency and responsiveness from tech providers



Technology partners must deliver more consistently and transparently, or brands will continue to distrust them.



Brands' number one concern is Customer Support & Dependability:

1

Customer Support & Dependability

80%

2

Transparency

70%

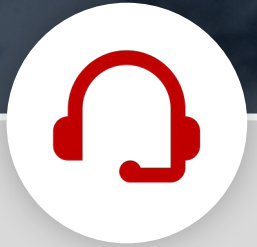
3

Responsiveness

70%

Trend 8

“Transparency” was ranked in the top 3 by both QSRs & Fast Casuals

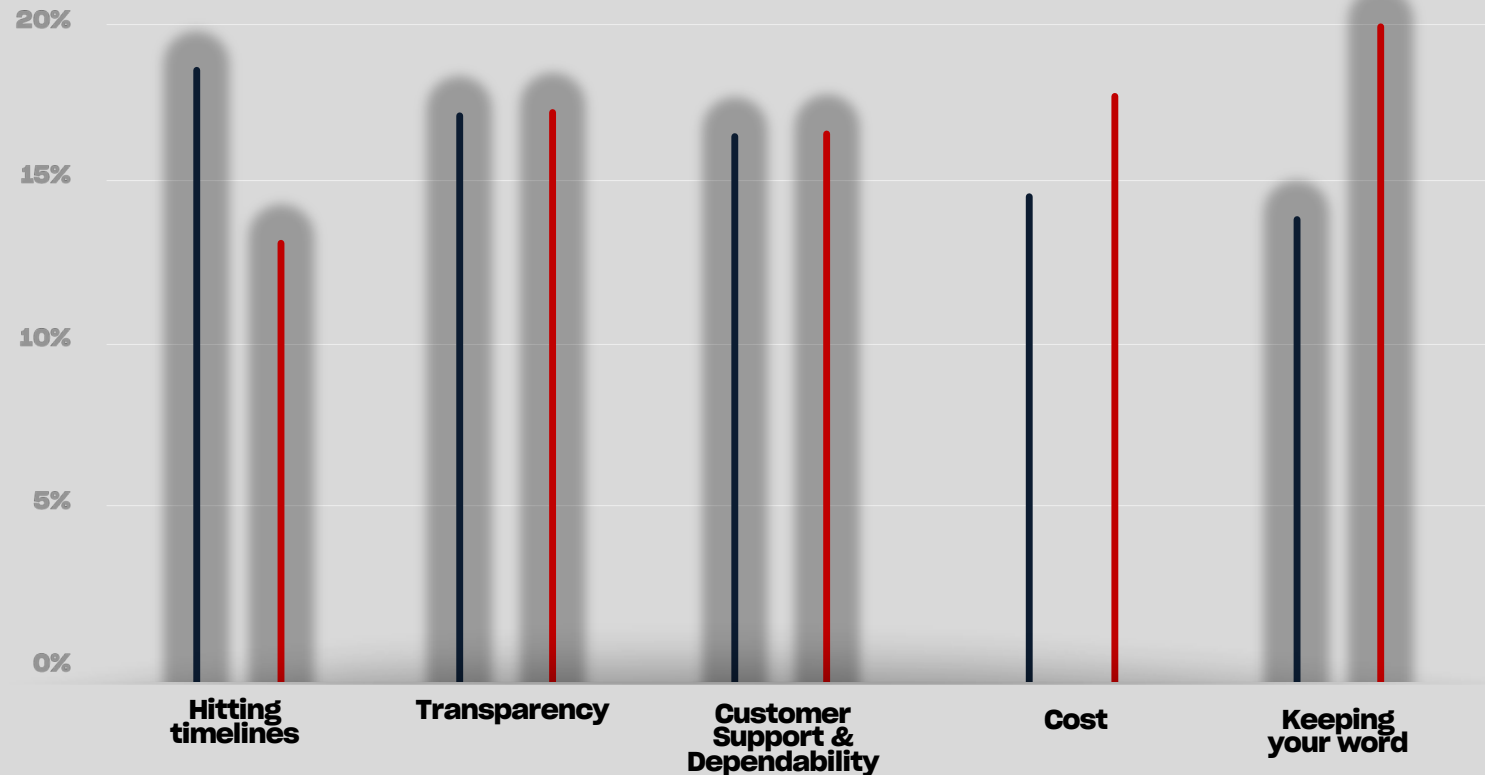


QSR:

Hitting timelines, transparency and customer support are tops.

Fast Casual:

Keeping your word, cost, and transparency are tops.



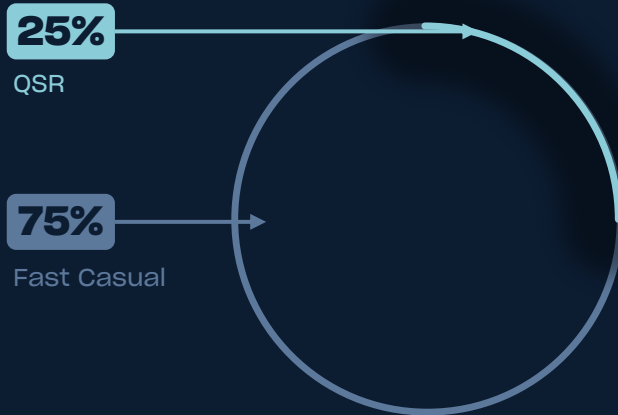
Participant Profile



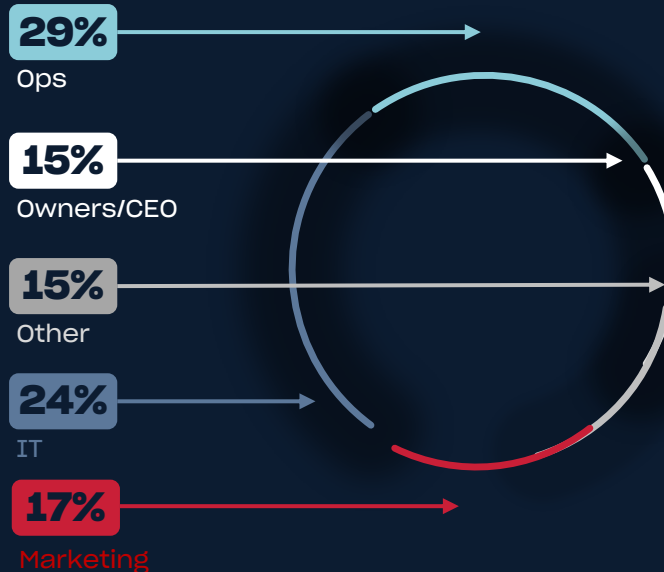
37,000 Locations across 85 brands & 130 participants from Fast Casual & QSRs

For the first time in 4 years, Operations jumped to the largest functional group participating in the survey, pointing to that role becoming more involved in off-prem and technology decisions.

📄 Concepts

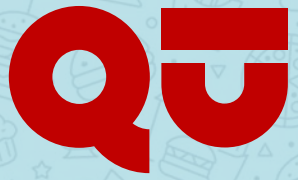


👤 Functions



🔪 Seniority





Results versus Prior Years

YoY changes

4 years of the “State of Digital” survey



2019 Top Findings Pre-Pandemic

Brands get digital ordering in place & struggle to manage multiple menus

- Investment Priorities: Online ordering #1, (75%) followed by mobile apps & loyalty solutions
- Menu Mayhem: Operators managing too many menus (6 menus avg managed)
- 70% on legacy POS; 30% on cloud POS



2020 Top Findings First Pandemic Year

Off-Prem & digital sales explode; repeated focus on online ordering, mobile, delivery channels

- Investment priorities: Online ordering + Curbside; then mobile apps, delivery and drive-thru.
- Average 50% YoY digital sales growth
- 82% want single ordering platform and better consolidation; data collection.



2021 Top Findings Second Pandemic Year

Off-Prem sales continue to grow; more ordering channels; strong desire for consolidation

- Investment Priorities: Online Ordering, Mobile App, POS, Kiosk.
- Off-Prem Sales 40% at 25-50%;
- Consolidation: 75% want to consolidate systems

• *Labor, employee experience, supply chain, price increase and order accuracy = big business challenges*



2022 Top Findings Post-Pandemic

Off-prem sales grow but at slower rate; Cloud POS & Platforms overtake online ordering

- Investment Priorities: POS; then Mobile App, Loyalty & Platforms
- More Platforms, fewer Point Solutions - 50% say yes to Unified Commerce in 24 mo.