Digital Transformation in the Restaurant Industry

Keeping up with the digital transformation needed to run a successful restaurant business is a key piece of business success. As a result of the pandemic's long-term effects, restaurant industry executives and technology decision-makers are faced with economic, workforce and logistical challenges. In today's restaurant workplace, it's a matter of adapting or getting left behind.

Executive takeaways

Here's what you'll learn from this survey report:

1 How seriously network outages threaten your restaurant business's profits, productivity and reputation—and how secure, reliable cybersecurity from a best-in-class managed service provider can be a game-changer.

2 How network stability and cloud-based connectivity provided by a trusted digital transformation partner can ensure you successfully and securely integrate third-party delivery platforms and overcome ongoing staffing challenges.

3 How relying on an experienced, innovative single vendor for physical networking, cloud services and cybersecurity gives restaurateurs a measurable competitive advantage.

4 How most restaurants are inadequately prepared for a major cyberattack—and how you can help keep your business thriving online and guests' personal data safe with a fully managed service with next-generation cybersecurity.

5 How you can successfully protect your food business, maximize your bottom line and grow a loyal customer base with a leading cloud-based provider.

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COVID-19 changed American consumer behaviors, making convenience and safety top priorities. It further accelerated the adoption of digital ordering platforms. Additionally, restaurants are increasingly automating and digitizing back-end processes to increase agility and scalability and stay ahead of the competition.

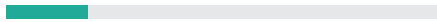The upshot? Reliable, secure and easy-to-implement digital solutions are essential.

According to PYMNTS' Restaurant Readiness Index 2022, 19% of restaurants have had to turn customers away[1] because of labor challenges. That's just one of the worrisome scenarios that can damage a business's profits and reputation without wise use of technology to plug the gaps.

Other top-of-mind challenges for restaurateurs include cybersecurity threats, compliance scrutiny, supply chain disruptions[2], labor costs and staffing shortages. At the same time, consumers expect and demand seamless, secure and personalized dining experiences.

As restaurants struggle to achieve their goals and maximize revenue in an ever-shifting operating environment, the need for trusted digital transformation partners has never been more urgent.

This report commissioned by Windstream Enterprise is based on a survey of 376 restaurant industry professionals—including fine dining, casual dining and fast-food decision-makers—from the C-suite to senior management. It pinpoints the key challenges and offers recommendations for success as the industry gears up for its next chapter.

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Key Insight #1:
Avoid getting burned by the challenges

Restaurants that assume they'll enjoy network stability and process online orders smoothly at all times may be playing with fire. The survey dished up a sobering taste of reality.

A whopping 57% of survey respondents said they had suffered a network outage in the last 12 months that disrupted guests' access to online ordering.

That network outage could stem from a backhoe digging up a cable or a freak winter storm. Or it could be a malicious cyberattack by someone looking to wreak havoc on your business or access sensitive guest data. In any scenario, it's unacceptable for successful restaurateurs.

The cost of an outage is staggering. Uptime Institute's 2022 Outage Analysis Report[3] noted that more than 60% of outages led to at least $100,000 in total losses, a big increase from 39% in 2019. No sector is immune, as the breakdown of our survey respondents found: Forty-two percent represented casual dining, 35% fine dining and 22% fast food.

Network outages also hit everything from payment processing to back-of-house equipment. In fact, 71% of respondents said payment processing solutions (such as POS terminals) would not be fully functional during a network outage at their organization. And 36% indicated back-of-house equipment (including inventory management) would not be fully functional either.

Loss of productivity and reputation are other pain points linked to downtime. It's serious food for thought in this competitive marketplace.

RECOMMENDATIONS

Ensure that you adopt the right digital solutions to avoid network downtime, including cloud-based connectivity to stay agile and efficient when a crisis strikes. And learn from your competition.

Fact: Eighty-one percent of survey respondents said they had already adopted cybersecurity technology and 76% already had a managed service provider to help their networks maintain optimal performance. That emphasizes how important it is to take a consistent, focused approach to give your restaurant business the network stability it requires.

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Key Insight #2:
Prepare for the costs and stay competitive

Most Americans use online or mobile food ordering and delivery platforms. Digital transformation in the restaurant industry ensures businesses don't miss out on this market.

According to our survey, 96% of respondents were setting up or already used a third-party ordering platform such as UberEats or DoorDash. Also, 83% said they had adopted unified communication solutions to streamline ordering, encompassing everything from voice calls to instant messaging.

For on-premises dining, 50% or more said they used QR codes or self-checkout kiosks. These trends will only increase in view of ongoing staffing challenges[4], the push to reduce labor costs[5], and the widespread acceptance of QR codes and self-checkout kiosks among millennial and Gen Z diners.

Meanwhile, many restaurants are investing in automation technology[6], especially for back-of-house jobs, from cutting dough to operating a fryer. Kitchen delivery systems that sync up on-site and delivery orders are also increasingly popular productivity tools.

It's no wonder, considering that 50% of our survey respondents said they anticipated increasing workforce and labor challenges in the next 12 to 18 months.

There's a common thread here: Ever-increasing automation means that network stability and cybersecurity are vital.

For instance, when using third-party ordering platforms, missing or dropping orders takes money directly out of your pocket. And when coordinating an in-house workflow, an online workflow and multiple third-party ordering platforms, you must meet the networking challenge, ideally with a robust cloud infrastructure.

RECOMMENDATIONS

Investment in reliable networking, cloud-optimized connectivity and cybersecurity is key. With a best-in-class digital toolkit from a trusted digital transformation partner such as Windstream Enterprise, you can achieve these must-haves and keep your focus on providing great food to satisfied repeat customers.

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Key Insight #3:
Cook up the right vendor relationships

We've all heard the saying: "Too many cooks spoil the broth." Our survey sheds light on the prevalence of a common misconception.

Seventy-three percent of survey respondents indicated that their organizations would prefer more specialized applications, infrastructure and systems rather than fewer vendors. In a food context, that's understandable. For instance, many restaurants seek out multiple vendors for variety and quality when sourcing fresh meat and produce.

However, when it comes to digital solutions in this fast-paced industry, it's a competitive advantage to have a single, trusted point of contact for networking, cloud services and cybersecurity.

In fact, Gartner recently predicted[7]: "By 2025, 80% of enterprises will adopt a strategy to unify web, cloud services and private application access from a single vendor's SSE platform."

The advantages are numerous. Whether you're integrating your processes and services for the first time or you need a quick resolution to technical issues, you can go straight to that single, trusted point of contact.

Your trusted digital transformation partner won't contract services out to third parties, so you always get the quality and reliability you need.

For ease of implementation, lowered costs and competitive advantages, the right single vendor delivers the goods.

A top casual dining brand testifies about its Windstream Enterprise relationship: "Since implementing SD-WAN, we've seen network performance uptime improve dramatically, and we estimate that repair tickets have been reduced by about 90%."

Simply put, a best-in-class digital toolkit from a larger aggregated partner such as Windstream Enterprise makes your life easier, improves technology performance and reduces your costs.

RECOMMENDATIONS

Consider aggregating mission-critical services under a single vendor to implement services with ease and save money. Stay ahead of the competition with transformative connectivity, communications and security products from a cloud-based provider.

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Key Insight #4:
Get a heaping serving of next-generation cybersecurity

Sadly, some of America's biggest restaurant chains have suffered from cyberattacks[8], malware and phishing scams, and security breaches. In fact, one recent group of hackers caused more than $1 billion in damage by stealing 20 million-plus credit card and debit card records from more than 6,500 POS terminals. Affected companies included Arby's, Chipotle, Chili's and Red Robin, among others.

Is your cybersecurity robust enough to prevent your restaurant business from becoming the next victim? According to our survey, 68% of respondents indicated they were "moderately concerned" or "extremely concerned" about a potential cyberthreat or data breach.

An additional 61% said they were "moderately concerned" or "extremely concerned" about their organization's preparedness for a PCI DSS compliance audit. Meanwhile, just 39% of respondents reported they were "very confident" about mitigating potential cyber-risks after implementing the latest digital technologies in their organization.

Happily, you can implement cybersecurity measures today to keep your restaurant business securely online and keep your guests' private data safe from inappropriate sharing. As an example of a trusted digital transformation partner, take Windstream Enterprise and its cybersecurity solutions.

Managed Network Security with Fortinet provides next-generation firewall security, high-bandwidth connectivity and network diversity, ensuring you stay industry-compliant and keep costly downtime to a minimum.

Holding an important internal meeting or conferring with restaurant industry partners? OfficeSuite HD Meeting® protects your meetings with built-in security at the platform and web services levels.

Bottom line: With a fully managed service, you can ward off dangerous cyberattacks and the resulting network downtime, which hurts your financial standing and results in reputational damage.

RECOMMENDATIONS

Using a unified solution from a provider such as Windstream Enterprise, you can maintain secure, stable access to cloud-based applications and stop attacks by malicious cyber-actors. Protecting guest data, maintaining PCI DSS compliance, avoiding costly downtime and keeping pace with the competition are among the many mission-critical benefits.

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Key Insight #5:
Prepare for the costs and stay competitive

Network stability, cloud-optimized connectivity and cybersecurity are all means to an end when it comes to growing your restaurant industry business. Respondents to the survey had three clear top priorities for the next 12 to 18 months.

Forty-five percent said they wanted to improve their guest experience and build loyalty. Forty-four percent said they were looking to access or acquire additional market share. And 42% said they wanted to improve their omnichannel strategy, offering a fully integrated food-purchasing experience across multiple touch points.

With a best-in-class digital toolkit from a trusted digital transformation partner such as Windstream, restaurant industry organizations can:

- Protect your business with managed security for minimal downtime and secure guest data.

- Maximize your bottom line with reduced inventory costs and improved operational efficiency.

- Grow a loyal customer base with a secure, personalized experience.

RECOMMENDATIONS

Implementing the right digital solutions—with ease and lowered costs— holds major competitive benefits for your company.

Our survey respondents identified improved guest personalization (47%), reduced inventory costs (43%) and improved operational efficiency (41%) as the top three benefits from using a best-in-class digital toolkit.

Now is the time to feast on the opportunities with an experienced, innovative single vendor such as Windstream Enterprise. Get the secure, unified cloud-based connectivity experience your restaurant business deserves today to protect your network stability and cybersecurity operations.

Windstream Enterprise can help you achieve a seamless digital transformation with a reliable and secure network.

45%
said they wanted to improve their guest experience and build loyalty

44%
said they were looking to access or acquire additional market share.

42%
said they wanted to improve their omnichannel strategy, offering a fully integrated food-purchasing experience across multiple touch points.

Conclusion

Successful digital transformation requires the right partner. Windstream Enterprise can help with a secure, reliable network and cloud-based solutions. With Windstream Enterprise on your team, digital transformation is accessible and efficient, putting your restaurant organization in the best position to achieve successful outcomes.

Cloud-enabled connectivity, communications and security—guaranteed.

Windstream Enterprise drives business transformation through the convergence of our proprietary software solutions and cloud-optimized network to unlock our clients' revenue and profitability potential. Our managed services streamline operations, enhance productivity and elevate the experience of our clients and their end users while securing their critical data and brand reputation. Analysts certify Windstream Enterprise as a market leader for our product innovation, and clients rely on our unrivaled service guarantees and best-in-class management portal. Businesses trust Windstream Enterprise as their single-source for a highperformance network and awardwinning suite of connectivity, collaboration and security solutions—delivered by a team of technology experts whose success is directly tied to our clients' complete satisfaction. .

1. PYMNTS. "1 in 5 Restaurants Have Turned Customers Away Amid Staffing Challenges." Oct. 21, 2022.

2. Gary Occhiogrosso, Forbes. "How Supply Chain Issues Continue to Impact the Restaurant Industry." Feb. 14, 2022.

3. Uptime Institute. "2022 Outage Analysis Report." June 8, 2022.

4. Danny Klein, QSR. "A Status Check on the Restaurant Labor Market." Oct. 7, 2022.

5. Yahoo! Finance, "Shake Shack, KFC, Others Tap Kiosks to Boost In-Restaurant Margins." PYMNTS, Aug. 8, 2022.

6. Tricia Contreras, SmartBrief. "Restaurants reallocate some tasks to robots to deal with staffing shortages." Oct. 5, 2022.

7. Gartner. "Gartner Unveils the Top Eight Cybersecurity Predictions for 2022-23." June 21, 2022.

8. Ben Coley, QSR. "Chipotle, Arby's Involved in $1 Billion Hacking Scheme." April 8, 2022.

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