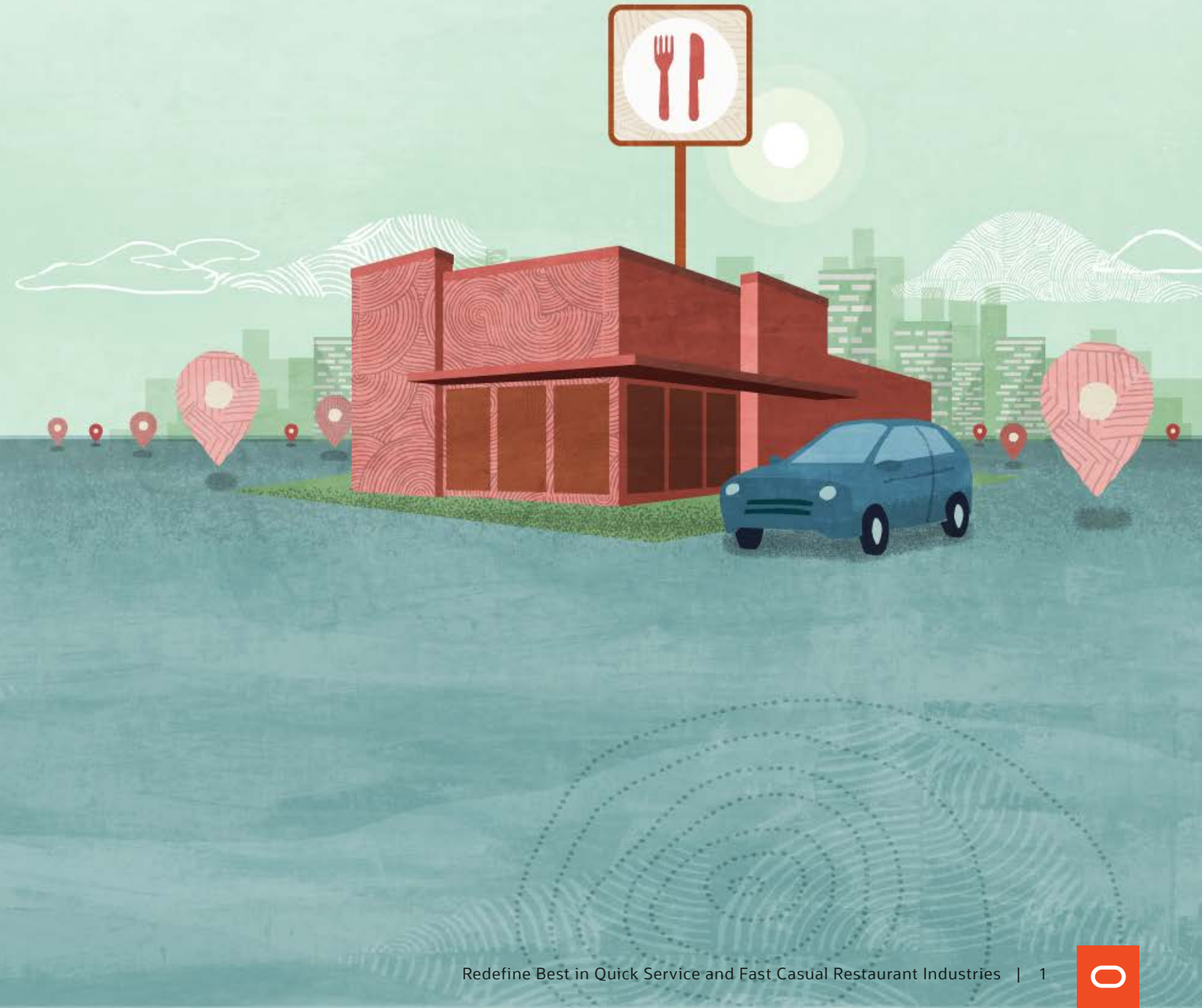


Redefine Best in Quick Service and Fast Casual Restaurant Industries

Four priorities for finance and supply chain leaders



Introduction

Intensifying competition and pandemic-induced disruption have inspired a wave of innovation across the quick service and fast casual restaurant markets that has caught customers' attention. From ghost kitchens to menu updates and new delivery channels, new entrants and established eateries are revolutionizing their experience to satisfy the appetites of guests accustomed to ordering and enjoying a meal whenever and wherever they want.

For finance and supply chain leaders, success in this vast competitive landscape requires a customer experience that instantly impacts brand value, reputation, and the bottom line. Whether a customer orders online, on a mobile app, from the counter, or via a self-order kiosk, every interaction must be seamless, efficient, and gratifying.

Those interactions must also be faster than ever before, and it's clear that customers have embraced digital channels for speed and convenience. For example, in [our recent survey](#) of 5,700 consumers, 64% said they don't want to wait more than five minutes to order at a counter or drive-thru window. However, nearly half (45%) still desire the personalization of receiving order suggestions based on purchase history, and 33% are more likely to reach for their mobile device when ordering takeout. More telling of the times is this research finding from [Deloitte](#): **55% of customers are willing to pay between 10% and 50% more when safety and cleanliness are evident in the preparation and transport of their food.**



CFOs and COOs are well-aware of the public demand for convenience, digital access, and safety. But they also know top-line growth opportunities—such as boosting same-store sales with promotions and adding new locations and engagement channels—can go a long way toward gaining loyal customers. To widen margins and deliver a frictionless customer experience, quick service and fast casual brands adopt an omnichannel sales approach that creates an integrated ecosystem of consistent brand experiences managed across every guest touchpoint.

With cloud-based, integrated industry solutions that connect order capture, processing, inventory, delivery, and billing across all sales channels, quick service and fast casual brands can deploy an effective omnichannel strategy. Brands can also securely connect their customer data to loyalty and marketing applications, so they can convert new customers into loyal advocates through targeted offers and real-time data on redemption, profitability, and more.



Fast-evolving trends and preferences driving continuous innovation

The pandemic accelerated the industry's shift to new technology, business models, and revenue streams, such as curbside, ghost kitchens, and virtual brands. As customer preferences continue to shift, quick service and fast casual brands are challenged to continually rethink their omnichannel strategy. For example, customers may have become more adept at ordering food off-premises and on the go, but they are also eager to dine in again.

To remain competitive, quick service and fast casual brands need to keep up with customers' increasing interest in new business models and services that deliver nontraditional dining experiences. By quickly pivoting operations, restaurants can take advantage of lucrative opportunities to avert business disruption and differentiate themselves from a crowded market.



Three innovative trends that are meeting this expectation include:

- 1) Cloud kitchens:** Also known as virtual or ghost kitchens, this model caters to delivery and carry-out requests and relies on delivery service providers (DSPs) for marketing, ordering, and delivery services. It not only helps businesses decrease their capital expenditures, but also quickly tests an adjacent sub-segment to gain market share.
- 2) Virtual brands:** The delivery-only food concept is sold exclusively online with no physical space for guests to interact with the brand. It augments revenue potential, amplifies the brand, and extends reach into existing and new markets. Furthermore, restaurants can utilize current staff and kitchens to maximize their investments without additional capital expenditure.
- 3) Menu and dining upgrades:** Some menus, including those featuring bundled meals and meal kits, have been re-engineered to target customers interested in plant-based, gluten-free, allergen-free, local, and organic food options. Even experiential dining is getting upgraded with unique ambiance and modern indoor and outdoor seating arrangements to address health and safety concerns.

In addition, some brands are experimenting with their menus, promotions, and channels to streamline their kitchen operations and deliver a consistent and more-efficient customer experience. This approach gives restaurateurs the confidence and freedom to test four or five new concepts simultaneously and offer customers those that prove to be the most profitable and successful. If businesses have complete control over their payment process from card to bank, they can take advantage of anonymous, yet still highly valuable, tokenization data to identify guest patterns and customer behavior.



Four priorities for quick service and fast casual success

With cloud-based digital technologies, quick service and fast casual brands worldwide are more empowered to deliver great customer experiences and control their finances and operations. The cloud enables you to tap into new and emerging trends, with foundational capabilities and best practices outlined in four key areas.



1 Diversify revenue streams

Expand revenue-generation options by creating ghost kitchens and virtual brands, expanding menus, and considering merger and acquisition (M&A) activities.

Most restaurants are full of ideas and opportunities to diversify revenue streams. However, they often struggle with acting on them because their core business functions still run on legacy systems—limiting their ability to change a business model, add new sales channels, experiment with different menus, or undergo a merger or acquisition.

Additional challenges also prevail when deciding which opportunities to pursue. Revenue and profitability forecasts may not accurately identify new revenue streams. Existing point-of-sale (POS) systems are likely disconnected from third-party applications when needed, such as hotel self-service kiosks, room-service devices, or menu boards. Companies could even lack the seamless visibility required to control costs and determine which revenue streams are the most profitable.



Chipotle overcame this challenge by using cloud-based ERP to automate the generation of forecasts. The company soon realized that this was a huge time-saver, going from providing suppliers with forecasts a couple of times a week to delivering them every day. With [Oracle Fusion Cloud Enterprise Resource Planning \(ERP\)](#), every business area can quickly leverage external data to choose the right opportunities and move forward.

In addition to achieving the same advantages that Chipotle gained, businesses can also benefit from fast modeling scenarios embedded in the ERP. They can add or drop products, change delivery options, and assess new customer segments. Then, the financial and operational impact of their assumptions can be evaluated by customer, product, family, service, channel, and more to find out where and why they're generating revenue or losing it.



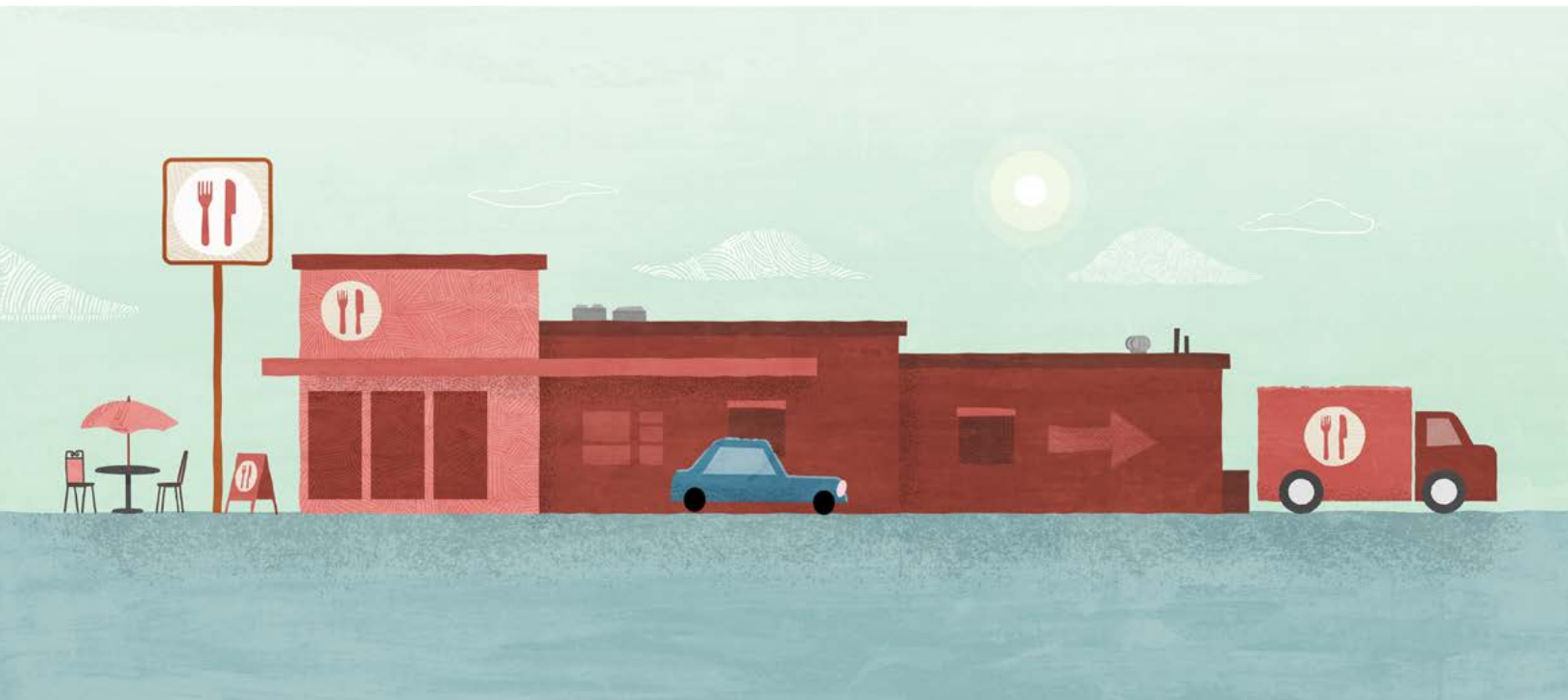
This ability to better predict whether new revenue ideas have true potential can help boost decision-making confidence. Restauranteurs can improve their understanding of expected outcomes across the bottom line, balance sheet, cash flow, and shareholder value before changing their business models. In return, they can bring new revenue streams to market faster, invest more strategically, and optimize profitability.

2 Perform strategic planning

Prioritize strategic, operational, and financial planning across the entire enterprise.

With cloud technology, industry players can continuously improve their supply chain and financial performance. However, most brands still lack integration of their business plans across their supply chain, financials, sales, and other business areas. This enterprisewide disconnectedness slows down active monitoring of customer demand and responsive changes to the menu portfolio.

By increasing forecast accuracy, visibility, and guided resolution support, brands can overcome that common challenge. Long-range and what-if financial models can be created to examine opportunities and threats and to plan and analyze at a level of detail that scales to meet their business needs.



[Arcos Dorados](#), which owns, operates, and grants franchises of McDonald's restaurants in 20 Latin American and Caribbean countries and territories, knows well the benefits of using cloud technology to transform finance operations. With [Oracle Fusion Cloud Enterprise Performance Management \(EPM\)](#), the franchisor eliminates the time and resources needed to integrate across markets and break down information silos created by legacy software that is becoming obsolete. As a result, business value increases with simplified processes and resolutions related to challenges, such as consolidation, currency calculations, and automation.

This approach helps align supply and demand to streamline and accelerate supply chain processes. As a result, brands can increase menu availability and reduce costs. Furthermore, the solutions give business owners complete control over plans by connecting financial and operational planning.



Subsequently, restaurants can balance business growth and margin objectives, including faster time to market with new stores and menu items, better customer experience, and more effective store designs. And with scenario modeling tools, they can simulate long-term alternative strategies to develop contingent strategies and stress-test finances.

3 Control your inventory

Maximize productivity and reduce waste with effective inventory and menu planning.

Restaurant owners can optimize stock levels, reduce food waste, and manage cash flow—all with the assistance of cloud solutions. In addition, they can manage restaurant inventory from anywhere in the world, control purchasing with real-time understanding of product usage by individual store or companywide, and drive vendor negotiations with a global view of the best deals.

Take, for example, Chipotle. The chain of fast casual restaurants increased its rate of service to approximately 99%, up from 90%, after implementing [Oracle Fusion Cloud Supply Chain Management \(SCM\)](#). For the brand, this improvement was a win because its restaurants depend on a steady supply of fresh and wholesome ingredients to satisfy their customers' cravings. Plus, as it adopted more modules from the platform, the company advanced its ability to finish inventory reports in only a few minutes, versus the standard 40 minutes.



Brands that gain all these capabilities can take a more proactive approach to their inventory and menu planning with tasks such as:

- **Pinpointing** which menu items are least and most profitable
- **Tracking** food waste for more accurate ordering and forecasting
- **Forecasting** sales in real time to optimize stock levels and order costs
- **Performing** what-if analysis to gain insights on how ingredient changes affect recipes
- **Identifying** recipes that produce the most waste and inventory variance across locations
- **Analyzing** future price changes to determine changes in menu items, sales, and the bottom line
- **Comparing** actual costs against theoretical costs to optimize menu and cost of goods sold (COGS)
- **Reviewing** beginning and closing stock, receipts, transfers, and production to lower operating costs



- **Creating** stock orders with periodic automatic replenishment (PAR) levels for every item on the menu
- **Streamlining** and centralizing recipe management to ensure high-quality standards across all locations
- **Updating** inventory stocks levels for menu ingredients and nonfood items in real time with automatic inventory tracking



4 Master your financials

Control financial risks associated with change, while complying with privacy and accounting regulations and elevating the user experience to boost satisfaction.

Many quick service and fast casual brands suffer from the same challenges:

- *Highly customized and aging legacy systems that are out of date and costly to maintain*
- *Limited real-time visibility into the business due to disconnected processes and inconsistent data*
- *Reduced profitability due to inefficient business processes*
- *Inconsistent, jarring user experiences due to outdated systems or processes*

Mastering your financials requires a modern cloud ERP that provides unified financial data for timely data-driven decision-making. And when that ERP runs on a single cloud platform that connects finance and operations and critical business processes, you gain real-time insights to:

- **Determine** profitability by product, location, channel
- **Control** escalating costs, including the cost of goods sold
- **Accurately** plan and forecast
- **Gain** insight into revenue sources across multiple channels
- **Integrate** multiple revenue sources and allocate costs across channels
- **Understand** business performance and risk better
- **Improve** investment decisions and performance tracking
- **Automate** the end-to-end lifecycle of financial management processes for better efficiency

By taking financial processes and systems to the next level, brands can easily adopt new business organizations or business models to stay up to date and reduce total cost of ownership.



Food Delivery Brand discovered that moving to the cloud was essential for succeeding during a global pandemic and amid growing competition in the pizza sector. The operator of Telepizza, Pizza Hut, Jeno's Pizza, and Apache Pizza now has a single source of truth for accounting, cost management, reporting, and financial planning, budgeting, and consolidation. And more importantly, it's making more-informed decisions and facilitating real-time analysis and reporting of month-end close and profit-and-loss statements.



Promising safe and responsibly produced food with improved sustainability

The urgency around sustainability is higher than ever. As sales pivoted to off-premises and contactless service, for example, the use of disposable cutlery and packaging suddenly surged. Brands must ensure their packaging is lightweight and strong enough to stand up to the rigors of delivery and be recyclable, minimal, and free of hazardous chemicals.

However, many supply chain teams lack the visibility to handle these types of challenges. They struggle to trace ingredient sources accurately, conduct related processes quickly, and ensure compliance to their sustainability ideals and commitments. Meanwhile, their finance leaders grow increasingly concerned about reputational risk, brand exposure, and incurred costs due to difficulties enhancing product quality, repurposing raw materials, and reducing waste.



Cloud-based technologies can help quick service and fast casual brands:

- **Boost agility** and timeliness with real-time exception data
- **Respond quickly** to issues through forensic investigation of the supply chain
- **Increase sales** with competitive differentiation through quality and transparency
- **Keep menu items fresh** longer to expand the delivery area and market size
- **Restrict cost exposure** from recalls with artificial intelligence (AI) and predictive analytics
- **Know product origin**, authenticity, and provenance to diminish tampering and counterfeits
- **Mitigate brand**, compliance, and reputational risks with uncontested and actionable visibility into your supply chain
- **Maintain brand trust** with demonstrated due diligence in collecting, capturing, and validating supplier and product data



Innovating in a new era of accelerated change

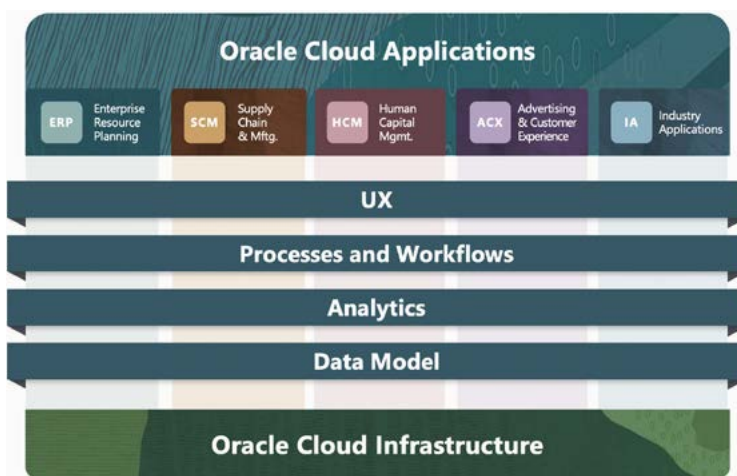


When a market shift happens, greater agility and innovation aren't achieved by replicating your legacy solutions and hosting them in a cloud. Your quick service or fast casual brand must also evolve with a modular set of business capabilities tailored to your strategic needs—so you can leverage innovations where they're needed most.

As more capabilities are added, your organization can become more nimble through:

- 1) **Continuous business monitoring** powered by machine learning to help consistently analyze your operations, seize opportunities, and address challenges
- 2) **Touchless processes** that leverage artificial intelligence (AI) to automate mundane, repetitive tasks and improve your operations continuously
- 3) **An immersive user experience** with an AI-powered digital assistant, allowing employees to accomplish common tasks in less time
- 4) **One cloud** that covers every part of your business with consistency across user experiences, processes, planning, analytics, and data

One cloud, engineered to work together



With your data and interactions connected and in one place, you gain the power to quickly apply technologies such as AI, automation, and analytics across your business to detect and act on changes, as they happen.





Learn more. Get more resources to help you move your quick service or fast casual restaurant brand to the top of the food chain.

[Learn more](#)