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RESTAURANTS' RESERVATION TRENDS

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Executive Summary

Our team has been assigned the task on doing research on restaurants' reservation trends for 2017 and 2018 for the marketing course. The team was composed of 4 people.

While doing research on different trends that changes way to reserve for a restaurant, there is almost one common element which stands out: Technology. Living in a globalised world where there are huge technological breakthroughs, each and every sector are shaped by technological advances which it use at its advantage. The restaurant industry is implementing technological features which changes how people book for a restaurant.

We have been able to identify eight trends regarding to reservation namely: "White-Hot" Reservation, OpenTable, No reservation, Ticketing and Prepaid online booking, Pre-ordering, Niche Targeting, New Delivery and Geo-Targeting and Voice Ordering. These are trends which can possibly shape the way of reservation in 2018.

Online reservations and the use of mobile applications has gained much importance nowadays among consumers that is why most restaurants are moving towards these elements. However for high-end restaurants, they make use of no reservation policy. Delivery services offered by restaurants has also increased since recently.

Our work is based on reports, articles, other peoples' writings, statistical data and websites dealing with the topic of restaurants' reservation trends.

Trends :

1. White-Hot Reservation

The reservations space has changed dramatically over recent years, and will likely continue to evolve. All of these services, old or new, share the common goal of giving people what they want when they want it. And in a world where we're all connected all the time, consumers have come to expect, and will embrace, any innovation that makes this possible. Comes the trend of 'White-Hot' reservation. As consumers have become more demanding, they tend to not only reserve for a table but rather reserve the best table at their favorite or new restaurant.¹

This element has become essential in online reservation services. Instead of having to search for different restaurants on different websites, it gives the consumer the ability to search for availability of tables by time, thus easing the search process. It can also drive additional traffic to a restaurant based on its availability. This feature allows customers to reserve at partner restaurants if there is no availability to one specific restaurant in the group. They share profit from each reservation and are usually transparent about the service they offer.²

Consumers are conditioned to use their smartphone for everything from texting to reservation. As technology is moving at a fast pace, new ideas and products are joining the 'white-hot' reservations space.

2. OpenTable

Another trend that has been growing over the past years is efficient point of sale (POS). There has been a shift from traditional pen and paper reservation book to electronic reservation

¹ <http://blog.opentable.com/2010/how-opentable-works-for-restaurants/>

² <https://upserve.com/restaurant-insider/trend-alert-new-ways-to-make-a-reservation/>

book. Having an efficient POS is a time saver and helps the restaurant to better manage orders, both delivery and in house orders.³

OpenTable is one of the most popular electronic reservation book. This product provides restaurants with access to the OpenTable network of diners as well as online reservation booking capabilities for their own websites. In addition to help restaurants run their operations, OpenTable helps restaurants attract incremental guests.⁴

OpenTable has gained importance due to various advantages it offers:

- i. Low monthly subscription (\$199)
- ii. Restaurant Marketing
- iii. Training and Support
- iv. Restaurant's own application
- v. More revenue

Managing a restaurants with many technologies working separately is not efficient, not cost-effective and time consuming. Being able to have a platform that regroups all these features such as online reservation, managing tables and generates reports with only one software allows restaurants to operate more efficiently and effectively.⁵

3. No Reservations

One of the big actions for both upper class and informal restaurants will be about no bookings. Bookings are excellent for the customers since they provide certainty but a risk for restaurants by allocating tables if the customer may not show up. There are incredibly successful restaurants with a policy of No Reservations which means that their tables are always full, and there is an opportunity to sell a pre-dinner drink at the bar or even a beer to the customers who

³

<https://pos.toasttab.com/hubfs/Content + Assets/Restaurant%20Technology%20in%202017.pdf?hsCtaTracking=c342eb7a-0ed6-44b2-b996-dcdf422a665%7C71f1208e-e93e-42d3-88fc-3541b4f48961>

⁴ <https://pos.toasttab.com/blog/restaurant-pos-features>

⁵ <https://restaurant.opentable.com/why-opentable>

are waiting in the line. The important point to keep in mind is to offer a combination of price, product and experience which creates willingness for people to wait in the line. These restaurants must have a strong marketing strategy as they consistently need to update themselves to assume that customers will come again where the No Reservations policy wins with profitability which is the gold standard for restaurants. ⁶

Actually, a great number of restaurants have completely desisted accepting reservations. Not accepting reservations is an incredible marketing tool for trendy places. People may find it rewarding to wait in the line. It is mentioned in the Washington Post that this method works quite well for restaurants with radical menus. Surprisingly, walk-in-only restaurants make more profits than if they would accept reservations. It is shown that there is a 15% of no-shows average rate which cuts revenue every time when a reservation is missed. Additionally, there will not be a gap time between reservations so new comers could be immediately placed. In spite of the popularity of walk-in-only bars and restaurants, they carry the risk of missing many customers such as older generations and parents who hire babysitters. Even though walk-in-only restaurants are not for everybody, they attract crowds and make profit.⁷

4. The Ticketing and Prepaid Online Booking Trend

Even though many restaurants manage their reservations online, some restaurants have started to use a ticketing system efficiently to ensure profits. The tickets are non-refundable, priced by person and have to be bought in advance. They have an increasing popularity. It may prevent profit losses due to no show-ups.⁸

Using this type of booking, the customers may make a reservation at a restaurant with a similar way to purchase airplane tickets or rent a car. The customer pre-pays for their reservation so the restaurant gets paid before dinner and do not have the risk of no-shows because it is a

⁶ <https://marketing4restaurants.com/features/secret-sauce/>

⁷ <https://www.lavu.com/blog/trends/no-reservations-benefits-walk-only-restaurants.html>

⁸ <https://www.katom.com/blog/restaurant-reservations/>

non-refundable amount. It is also an advantage for millennial who do not prefer to wait for anything.⁹ The advantage of prepaid booking are as follows:¹⁰

- a) Improved efficiency (less mistakes for miscommunication, staff more productive)
- b) Larger orders (customized and better service provided)
- c) Greater show-up rate
- d) Better management of table inventory
- e) Cost effective (Less risk)

5. Pre-ordering

Many restaurant owners and managers believe that table booking does not give enough advantage to attract customers. They support that food pre-ordering may add an important value to customer experience which is also a strong selling point. People appreciate cozy restaurant atmosphere and delicious meal on their plate but they are busier than ever so a way to save time could be attractive. By proposing a new time saving service to customers could highly result in an increase of sales and table turnover rate. This feature is becoming trendy as is able to reduce the main problem of reservation according to the global booking reports and a study from the Northwestern University by Jeffrey Ely, that is the not showing up for the reservation. Using new tools and technological applications, restaurants are trying to retain and give incentives to its clients to keep their reservations and minimize the risk associated with booking..¹¹

⁹ <https://restaurantengine.com/seven-trends-restaurants/>

¹⁰ <https://www.gfs.ca/en-ca/ideas/four-key-benefits-ordering-online> / <http://www.chicagotribune.com/ct-alinea-tock-1130-biz-20141128-story.html>

¹¹ <https://medium.com/technology-invention-and-more/restaurant-reservations-2-0-table-booking-food-pre-ordering-cde37700239> / <https://www.theglobeandmail.com/life/food-and-wine/food-trends/restaurants-turning-to-pre-paid-meal-reservation-system/article24753657/>

6. Niche Targeting

Restaurants will concentrate more on the significant niches. For example, vegetarian, family friendly, family unfriendly, gluten and allergen free meals. Niches are a critical part of their strategy for Restaurants in their operations and marketing plans. It is crucial to be special to anyone like an Indian Restaurant with extremely hot spices, a restaurant which does not use genetically modified organism food and serves vegetarian food. It is a way to build loyalty among customers.¹²

7. New Delivery

Having the opportunity to get restaurants meals directly at your doorstep, has been changing the food restaurants. In fact, in 2017 we have seen an increasing number of restaurants which offered delivery services. It is forecasted that this trend will continue in 2018.¹³

Delivery service is not 'THE' new thing. It existed since the early 2000's. However, it originated from the unavailability of customers and longer queuing at restaurants. Today, we talk about new delivery. By new delivery, it is meant that a restaurant partners with a third-party delivery company. Then the client orders from that said restaurant through the third-party company's application, which handles the delivery. This rise in delivery services is the result of the increasing traffic for restaurants coming from mobile usage. Restaurants offering that kind of services are mushrooming. The general idea behind the new delivery is to attract new customers. Outsourcing the delivery logistics, has various advantages. Even though, it may represent additional cost for the restaurants, it is viable in the long-term:¹⁴

¹² <https://marketing4restaurants.com/features/secret-sauce/>

¹³ <https://www.ve.com/blog/7-food-delivery-trends-2017>

¹⁴ <https://www.mckinsey.com/industries/high-tech/our-insights/the-changing-market-for-food-delivery#0>

- i. New source of revenue
- ii. Higher utilization rate of existing kitchen facilities
- iii. Greater market share
- iv. Free marketing
- v. Do not deal with the planning of delivery
- vi. Ability to measure performance

From recent study conducted by Mckinsey, it was shown that:¹⁵

- a) Worldwide market for food delivery stands for about \$126 billion CAD.
- b) New delivery platforms, target the customer specifically according to his choices and method of payment. Once customers sign up, 80% never or rarely leave for another platform.
- c) From most delivery orders 82% were placed from home while only 16% came from workplace.

There exists various third-party delivery services but focus will be put on UberEATS and Foodora, two major players in Montreal. These companies are called new delivery compared to aggregators which connects various restaurants on a single online platform and also delivery is handled by the restaurant itself. Instead of competing directly with aggregators, new-delivery actors are expanding throughout the food market. Foodara offers services from over 50 restaurants, including Burger King while UberEATS offers delivery from over 100 restaurants, including McDonald. On the consumer side also, it can be deducted that that more and more consumers are using this type of service. They can have at home, the same quality food they would get at restaurants. They are also able to track in real time their deliveries. According to Statista, 2016 and QSR magazine, 51% of Americans use delivery services to purchase meals from dining restaurants. It was also found out that 26% of Americans order on delivery at least once a week. ¹⁶

¹⁵ <https://www.mckinsey.com/industries/high-tech/our-insights/the-changing-market-for-food-delivery#0>

¹⁶ http://quebec.huffingtonpost.ca/2017/04/19/ubereats-montreal_n_16102032.html / <http://www.nrn.com/sponsored-content/restaurant-takeout-and-delivery-are-taking-bite-out-dine-traffic/> / <https://blog.restaurantscanada.org/index.php/2016/02/05/from-digital-to-delivery-meet-uber-eats/>

8. Geo-targeting and Voice ordering

Geo-targeting means sending content to a user based on his geographic location. These contents varies from advertisement to discounts coupons. As location is one of the most important factor when creating an ad campaign, with this feature, the company can attract customers more efficiently.¹⁷

By using geo-targeting, companies are also able to target each customer in real time or on a historical basis. As different users have different tastes and preferences, this tool helps marketers to make each individual to become a segment, often described as "delivering the right message at the right time." ¹⁸

Digital geo-targeting allows for more advanced and precise measurement of the ad campaign than with traditional geo-targeting. With the increased number of mobile phones and rapid evolution of the technology, companies are able to understand consumers in real-time and make rapid changes to their ad campaign if necessary.¹⁹

In this era where technology is rapidly evolving, consumers are becoming more tech-savvy. Also in recent past years, the use of digital personal assistant has increased significantly on platforms such as Google, Apple and Amazon.²⁰

With over 400 million devices running on google assistant and over 20 million of 'Alexa' enabled devices, voice ordering has gained much importance in 2017. Many companies such as Domino's, Pizza Hut and Starbucks have voice ordering features on their mobile application or by using amazon or google home application. It can be deducted that more companies will add this feature in 2018. As said by the Vice President of Strategic Partnerships Evan Korzon "As consumers become more tech-savvy, they become more sophisticated in how they wish to

¹⁷ <http://www.geomarketing.com/geomarketing-101-what-is-geo-targeting/> / <https://seoperson.net/geo-targeting-techniques-2017/>

¹⁸ https://www.geoedge.com/meetus_university/40/how-does-geo-targeting-work

¹⁹ <https://blog.justuno.com/5-ways-to-utilize-geotargeting-in-your-marketing-campaigns/> /

https://www.geoedge.com/meetus_university/40/how-does-geo-targeting-work

²⁰ <https://www.ve.com/blog/7-food-delivery-trends-2017>

interact with their favorite restaurants. Integrating voice activated chatbots into the online ordering process is a natural next-step because of the billions of dollars being invested in developing digital assistants from Amazon, Google and Apple.”²¹

²¹ <http://blog.thelevelup.com/voice-ordering-next-big-thing-restaurants> / <https://www.cnet.com/news/alexa-amazon-restaurant-food-delivery-restaurants-voice-order-command-echo/> / <https://www.voicebot.ai/2017/10/27/bezos-says-20-million-amazon-alexa-devices-sold> / <https://techcrunch.com/2018/01/05/google-says-it-sold-a-google-home-device-every-second-since-october-19/>

Evaluation Grid

Industry Trends						
An executive summary outlining the summary of the assigned trends is provided (1 page): 2 points						
The various trends are well described and a minimum of 3 credible sources of information is provided per trend: 6 points						
The Guide for Writing Assignment was utilized, language is of outstanding quality: 2 points						
Very unsatisfactory 0	Unsatisfactory 1 to 4	Satisfactory 5 to 8	Very satisfactory 8 to 11	Excellent 10	Total 10	Mark:

APPENDIX

Statistics:

92% of **customers** search for a restaurant online before they go eat

69% of **customers** order food online at least once in month

84% visit restaurant website before making a reservation

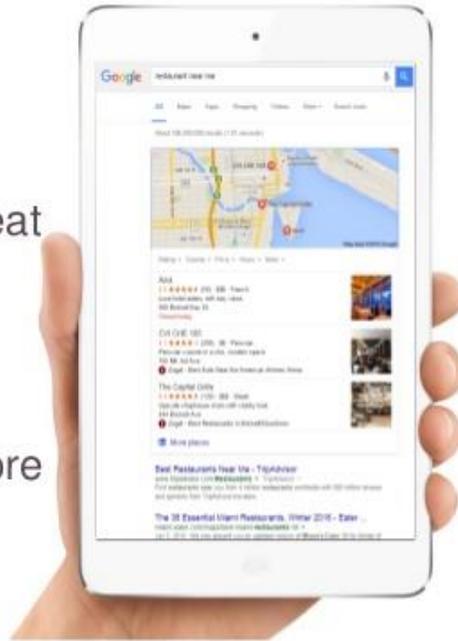


FIGURE 1²²



FIGURE 2²³

²² Slide Share- <https://www.slideshare.net/SergeyKashin3/restaurant-solution-presentation-for-anna-golub>

²³ Statista- <https://www.statista.com/statistics/319066/frequency-of-making-online-restaurant-reservations-us/>

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