Digital Innovations in the Food Industry

Tanmay Kumar, Chief Financial Officer, Burger King India, describes how mobile and web technologies has had an impact on the food delivery and dine-in business.

It is said that there is no digital strategy, just strategy in a digital world. The application of technology to build new business models, processes, software, and systems that result in more profitable revenue, greater competitive advantage, and higher efficiency have become the cornerstones of digital innovation.

The rapid pace of change in business and technology means that more and more companies will find themselves being disrupted. A lot of times, the new developments can certainly be disruptive. Who would have thought that the Unified Payments Interface (UPI) or digital wallets would be front page news and capture national attention in India, or that the finance minister himself would be announcing sops for digital payments; thereby rapidly accelerating digitization change.

Digital is no longer the glittering front end; it is integrated into every aspect of today’s organization. Despite business leaders anticipating dramatic change over the coming years, most believe digitization presents exciting opportunities for them and four in five see it as a positive force. Digital innovation is important for sustainable growth today. One needs to be at it, and all the time.

Transforming Processes and Business Models

Mobile and web technologies have transformed the way business has been done in multiple industries. It has touched the food industry in a similar manner making the process of ordering food simple and fast. The impact is both in deliveries of food as well as on dine-in business.

When the food delivery market started to show signs of over-saturation, digital innovation provided opportunities to innovate upon existing business models. ‘On-demand’ food does not necessarily mean delivered food, and startups started working on this opportunity, looking for
faster ways of getting quality food on the table. The links between the offline and online culinary experience are stronger than ever. Also, greater personalization is the key to rebooting growth.

In the restaurant industry, food aggregators have become facilitators for restaurants and other food service providers to tap customers online. Emergence of these players lets the user choose from listed eateries, check prices and place orders online, or through mobile apps. Customers find multiple options to choose from and bypass the bother of placing an order in person or over the phone. This also bolsters sales without investing much on infrastructure and manpower.

However, what appears as a simple order on the food app at the customers end involves complex digital integration with the restaurant company’s systems at the back end. The order must reflect instantaneously on the POS of the retailer. I cannot help but point out the criticality of time in the food industry, in terms of food preparation, food expiry as well as customer delivery. In case the restaurant is unable to service the customer request, the information should reach the customer through the app immediately. Also the order has to be tracked and information captured for delivery, time taken for delivery and most importantly feedback at the organization’s end, all of which is possible through digital innovation and integration.

I have had the experience of using an app which makes live product wise sales information of the stores available to the management staff. Info about cancellation, returns or abnormal transaction is also reflected continuously in the app thus creating a system which is efficient and transparent. The gains were significant and the organization has been successful and nimble.

In the back end, business integrated with the supplier wherein orders, corresponding suppliers’ invoices and the GRN’s in the distributed outlets are digitally exchanged, help to create significant efficiencies and enable a lean organization. I have personally experienced its benefits.

Additionally, the cost of cloud technology becoming increasingly affordable is creating opportunities for innovation in the back end for the food industry. Abroad, start-ups are using technology to help companies keep food safe and HACCP compliant. Handheld temperature sensors links back to a central cloud system, allowing for transparent control point regulation and more efficient checking processes.

**Creating A New Customer Experience**

Mobile apps are a key link between the online and offline worlds of food retail. Brands that rely on home delivery, such as pizza chains, were quick to recognize the benefit of apps. Let me share an example of a unique digital innovation strategy from outside of India. Italian restaurant Zizzi took customer engagement to a new level, through gamification, adding an element of fun. It launched an online board game which captured data through competitions and voucher uptake. The result was 3X sales increase in its 140 outlets.
Similarly, Starbucks which has one of the most effective loyalty card programs in the US, continues to now push hard on its use of technology and mobile apps as a way to boost sales and increase service speed. Its mobile app became an instant hit and has now become one of its core strategies. It lets customers order and pay for beverages in advance and pick them up without waiting in the cashier line. There are rewards like free beverages for using the app. Through strategies like these Starbucks has made a leap from convincing people to drink coffee to concentrating more on customer experience and convenience. I love their idea of Barista Chatbot that lets customers place their orders via voice command or messaging interface and hope to be able replicate it at some point of time.

In the dine-in business, technology is supporting the reinvention of many food outlets. From diners placing their orders on tablets to customers being welcomed or being given dietary advice, technology is doing a lot more than just letting customers locate restaurants, book tables and rate their meals online. Proximity sensors can enable customized offers based on past buying behavior when customers are near-by but not yet in.

Food and social media share a unique relationship, they have almost become inseparable. Visuals of people’s brunch, cocktails, and tea-time snacks are splashed across Instagram and Facebook. Food Talk India which began as an invite-only Facebook group in mid-2013 with a few people who were passionate about food and wanted to talk about what they were trying, and where to eat. Barely three years later the company has a pan-India social following of about 500 thousand people. Their app is a visual platform that allows people to log on and discover dishes and restaurants recommended by others.

Burger King in India, even before a formal store opening had a pre-sale launch of its burgers on e-bay which created a noise that was unprecedented in the digital world. Additionally, Burger King turned to social media platforms including Twitter and Facebook to promote this idea. This successfully stoked pre-launch interest among consumers instantly making Burger King the talk of the town. This is how the company hopped into the e-commerce bandwagon setting a unique example of increasing customer base through digital innovation.

Social listening tools monitor the entire cloud for brand mentions and interactions. They give an opportunity to understand the reputation of the brand, understand the existence of different target markets, ranging from prospects to competitor’s customers, respond to or simply engage in conversation with customers.

The digital platforms facilitate the interchange of large volumes of information that characterizes usage patterns, preferences, and the intent of users. The value of this information can be tremendous, and a coherent strategy can emerge post mining and analysis. Among the very first things to invest in, is a common server wherein the tables from all the different softwares will be polled in and enabling a data warehouse which has the POS data, and the online site data as well as the financial data, which we can use subsequently for business intelligence.
Empowering Workforce Innovation

The digitization of the economy is one of the most critical issues of our time. Technological revolutions are highly disruptive to economies and societies. While technologies advance rapidly, organizations, people and skills absorb the change slowly. We have had the chance to experience this first hand through demonetization.

Knowledge is not competitive advantage anymore, connecting knowledge to maximize innovation is. Digital organizations build real-time information systems to support decision making. Digital teams are increasingly subjected to similar expectations as in house teams and evaluated under similar parameters. This has become a possibility only through digital innovation.

To support decentralized and empowered culture, real-time, mobile-enabled information platform are available. Everything the company does, from hiring to customer acquisitions to service to employee engagement, can be done either through cloud based platform or through mobile apps. District managers and leaders in headquarters can monitor hiring, MBO tracking, employee satisfaction and sharing of information as well as best practices at different geographic locations. This can create an outstanding operating structure of “network of teams.”

A customer focused retail organization which is as widely spread as a multinational western QSR chain; has to ensure consistency in culture, training standards and operating practices. It has launched a “link” which everyone in the company can go to; to access, share, collaborate and network.

Conclusion

Digital innovation is primarily about investing in new technologies that yield lasting, long-term returns, as well as a consumer-facing challenge that it’s trying to solve. However, it is not only about bringing about transformational operational changes. It has to be backed by bringing about an improvement in what the business has already been doing. While the front end is foremost, the back end is equally important. Digital innovation requires empowered and informed teams.

Opinions expressed in this article are the author’s own.