

Using Better Data to Drive an Increased Share of Wallet

How your receipt printer could be your new sales leader



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Executive Summary



There are forces at work that are causing notable shifts in the way small and medium restaurant owners do business. Customers are demanding more, loyalty is wavering, margins are thinner, budgets are tighter, and overheads are higher. And somehow, on top of all the distinct systems, competition, and market forces, entrepreneurs need to navigate big data to publicize their brands, get more from their customers' wallets, optimize operations, minimize employee hang-time, and more.

But how can you gather data, analyze it, take action on it, and implement it into every part of your already complicated day-to-day operations? The answer is simple: You need an integrated solution that will do the job for you. You need a solution that will work across tablets, mobile devices, multiple locations, and with nearly any type of POS system that might be sitting on your counter.

To answer the big data challenge, many POS providers are offering solutions with complex, hard-to-understand features. But just because it is complicated and costly doesn't mean it's going to work well – or answer all of the challenges restaurant owners are facing today.



Growth-oriented restaurant owners today are looking beyond the bottlenecks of the POS solution



Growth-oriented restaurant owners today are looking beyond the bottlenecks of the POS solution – and other less-than-optimal approaches to big data analysis – to access a cloud of smart apps that analyze data automatically and provide owners with access to cost-effective best-of-breed big data solutions.

These new approaches are allowing savvy owners to build profits and future-proof their systems. No matter what new-fangled POS system comes their way, data and analytics generated by the apps are now theirs to keep where they are available – independent of the POS or other in-store platforms.

This report gives you an overview of recent trends in big data analysis and capture – from market imperatives and revenue-generating opportunities to smart apps that will help you save costs on inventory, lost productivity, and line speed. Make no mistake about it: Big data is here to stay. The question is how can you most effectively leverage it.

Real-Time Data and Analytics Matter

Big data is changing the way restaurant owners do business. It's the central driver that's transforming the small and medium restaurant enterprises of today into the empires of the 21st century.

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With better data, you can improve almost every aspect of your business, whether it's your product, the connection you have with your customers and employees, cost structure, or even overall operations. A more streamlined process improves market stealth and makes it possible to get more out of every transaction.

But data needs to work for you – not the other way around. Savvy restaurant owners aren't asking whether or not they need data (they already know that they do), but how they can use it to get more from their customers' wallets, and how they can implement an integrated solution that sets up their operations for continued – and expanded – success.

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The future of real-time analytics in the restaurant business will require owners to look beyond the bottlenecks at the point of sale, and become data-friendly throughout their product cycle, from employee management to customer engagement.

By the Numbers The Benefits of Analytics

01

57%

Medium businesses using business intelligence software and analytics.

02

6,000

Customer behavior groups created by Pizza Hut to predict future purchases.

03

\$5 Million

Incremental sales on a birthday offer with real-time tracking for a 200-unit casual chain.

*Source: National Restaurant Association

■ Looking for the right approach

A lot of restaurant owners simply don't have the time or bandwidth to effectively use the transaction data being generated at the store. Or, if they are using data, they're working with non-customized systems that don't allow for future-proofing, are unwieldy, or that can't be adapted to new market forces. There are three main approaches that restaurateurs typically take – and none of them are quite right.



The first is the most old-fashioned: Using brainpower, intuition, memory (rather than a more formal system) to store, analyze, and take action on what's generally going on in their environment. They know data is important, but generally rely on instincts, unique connections with customers and employees, and years of experience in the field to make decisions. While their approach has worked in the past, in an increasingly competitive environment – with narrow profit margins of just 3 to 5 percent¹, sprawling data sets, and competitors circling on every corner – it simply isn't cutting it anymore. Efficiencies are lost when you don't make an extra dime on every invested dollar, when employee time is left idle, and when unengaged customers take their business elsewhere.

Another option – more modern but still not at the forefront – is using spreadsheets to stay organized. But this solution takes a lot of time, and unless you have a doctorate in statistics or mathematics from MIT, you're not likely to get the full bang for your buck. Spreadsheets don't provide real-time analytics, nor

do they work across data sets to answer questions about inventory, employee habits, or customer engagement. In other words, a spreadsheet isn't going to tell you your turnover rate, nor will it tell you how to optimize your lettuce-purchasing (or whatever food you might need), and it certainly won't show you how your employees are performing over time. On top of that, keeping a spreadsheet organized is a hassle – and hassles are certainly not what growth looks like.



Then there's the point-of-sale solution that many restaurant owners were forced to adopt over the last five years. It turns out that the point of sale is not the center of the universe when it comes to managing a restaurant – these systems fall short in providing the best solutions to address sales or customer and operational priorities. Integrating other in-store technologies is difficult – sometimes impossible – and key POS features fall below other competitive options, while point-of-sale companies work hard to keep you “locked in” to their closed-loop systems. This creates a natural bottleneck where many disparate systems are

thoughtlessly layered on top of each other with no purposeful integration, and no way to help restaurant owners reach their goals or leverage actionable data to drive growth. This approach also leaves out the new technology trends that are pushing away from traditional point-of-sale systems to cloud computing, tablets, mobile integration, and more.

■ A data solution that's just right

Data analysis doesn't have to be complicated. And very often the simplest solution is the best one. So let's think back to the beginning before a million systems for customer engagement, data analysis, spreadsheets, undecipherable reports, multiple POS systems, and lackluster real-time analysis tied you in knots. What did you have? You had a cash register, a receipt printer, and a customer.

Now imagine combining that tried-and-true simplicity with the modern benefits of real-time analytics, streamlined employee and product management, and connected, all-in-one solutions. The solution has been there all along: your receipt printer. It's the central gateway where all your transaction data converges. Think about it. A receipt printer is central in every sale, cost-effective, and the perfect interface between you and your customer. More importantly, no matter what new-fangled POS the future brings – be it a mobile app, tablet or far-out brainwave monitoring – your data will remain connected to the core of your business.

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Opportunities

So how do you increase sales with a receipt printer? There are numerous tactical entry points that span the entire course of your product cycle, including stock ordering, customer engagement, and employee management. As a cross-cutter used for virtually every transaction, your printer is a solid interface that can help facilitate so many operations, including:



- tracking data analytics;
- supporting custom couponing;
- delivering one-to-one marketing;
- improving labor management and employee performance;
- facilitating online ordering;
- tracking customer transactions;
- automating shift-based payroll, inventory management and remote device management.

As a single piece of technology that remains consistent between you and your customer, the platform is also an ideal analysis and marketing tool that can ensure retention, build loyalty, and drive engagement at every corner.

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Obviously, you'll need a system that can separate the wheat from the chaff. The starting point here is called “structured data,” which indicates who's buying what and where they're buying it, who's slacking, who's performing, and how much money you're making on the margins. Structured data can even tell you your line speed, if people are stealing, and how many tomatoes your staff used on Thursday. It can also tell you how your customers behave and when they come back.

The other piece is called “unstructured data” – imagine that! This is the hard-to-understand piece that strives to answer the “Why?” It includes social media trends, emails and geospatial information, and data on weather, demographics, traffic patterns, and more. For instance, on hot days, it makes sense that you should stock more cold drinks — and unstructured data can show that to you clearly.

Connecting more regularly with your customers individually and anticipating their needs with your custom-couponing campaign means better chances for repeat visits and higher-averaging checks. But crunching all those megabytes of

data is impossible for one person to do alone. By combining the data collected via your receipt printer with real-time analysis, easy-to-understand dashboards, and broader solutions available through cloud and mobile services available in the marketplace, you don't have to worry about how it gets done. You know it'll be done — and be done right. The key is separating your data from your POS, and leveraging any number of analytical tools that can help you dig through both structured and unstructured data at the click of a mouse.

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*Your profit is in your product.
Knowing when to do what is
the key.*

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Take, for example, the good-old-fashioned drive-through. When the line is long, you can update your menu board to feature items that can be prepared quickly. Your churn is where the profits are when lines are long. Is it 4 p.m. on a snowy Tuesday? Your analytics can tell you to feature higher-margin items that take longer to prepare but make you more money. Your profit is in your product. Knowing when to do what is the key. And as your business grows, knowing when to do what in 200 locations across three states with 2,000 employees and 2 million customers is nearly impossible without some supporting analysis.

■ **Cost savings and performance optimization**

Take a second to think about your inventory and your employees. These are two of the biggest overhead items – aside from retail space – facing any restaurant owner. Lucky for you, these are also the two items you can actually have some control over. It's a simple formula: Increase productivity, reduce waste, make more money.

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Do you regularly have food that goes to waste because you ordered too much? Is your freezer full of chicken stock, even though nobody eats chicken soup in summer? Do employees sit on the line when they should be up-selling cookies? A little simple analysis can help resolve these issues.

For example, using the Mobivity SmartScore application, a Subway franchise owner used real-time data to let employees know how they were doing compared to their expected results. Through the data analysis, the owner was able to educate employees on the importance of line speed, the value of up-sale items such as bacon and cookies, and reduce wastage by having the right inventory at the right time.

So yes, the employees knew how to up-sell, but were they up-selling the right items to the right people at the right times? Probably not. That would take a



super-computer to achieve — or an app that leverages real-time data collected through your printer.

In the end, the small investment in modernizing data analysis had a large bottom line for the franchise: The owner increased drink sales by 2.5 percent. In a business where the profits are made on the margins, that small increase resulted in a jump of \$23,000 in annual sales per store. The same data sets and easy-to-use analysis can be used to manage stock levels, time prep work, track theft, and optimize shift-based payroll.

■ Customer engagement

Everybody on the block has a loyalty card, and they love the rewards. But is your loyalty system working for you?

Engagement is about knowing the needs and behavior of your customers and reacting to those needs with tailored promotions. One example comes from a restaurant chain with multiple locations that used transaction data to deliver offers to customers based on their purchase patterns. These tailored promotions were delivered via the customer's preferred method of delivery – from smartphones to tablets to the physical receipt – resulting in a 6 percent total sales increase and a 12 percent redemption increase for an eight-week promotion. Further analysis confirmed that the tailored offers were not cannibalizing sales — that's hard proof that good data makes for good decisions.

The marketing space is changing quickly in the restaurant business. A nice menu, quality service, and prime location simply aren't enough anymore. In fact, restaurants in the family dining, casual dining, fine dining, quick service, and fast casual spaces all reported significant jumps in digital marketing ad spend in recent years (for both social media and email and text campaigns). But you can't optimize that ad spend if you don't know your audience, know what they like and how they like it, and how they are ultimately changing their spending habits as a result.

It's hard to navigate your way through these complex and uncharted waters. The levels of analysis, data, and options available are simply astounding. With OmniLink® Merchant Services, restaurant owners have access to a wealth of best-of-breed apps from market leaders that offer tailored customer-loyalty programs like the one mentioned above, that create micro-marketing campaigns



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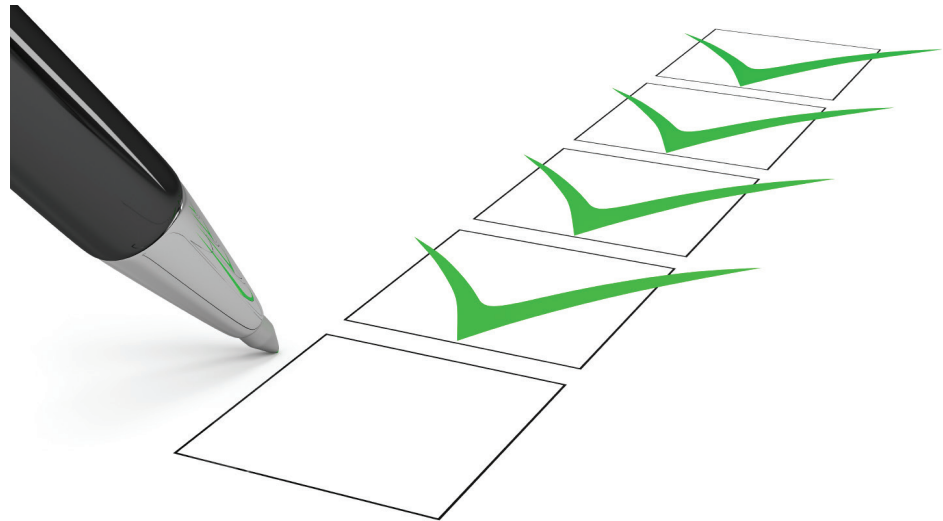
with real-time analytics, and that facilitate integrated online ordering. Simply put: If you can think of an idea that might help your business, it's probably already out there waiting for you in a suite of optimized cloud solutions. OmniLink Merchant Services – which is basically your intelligent receipt printer – is also an integrated all-in-one platform that's easy to deploy. All of the detailed business data processed by the printer is integrated with these cloud and mobile solutions “out of the box.”

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Know your customer, and give them what they want, when they want it, and how they want it

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In the end, what this means is that customers will keep coming back. And when they come back, you will be able to tailor your offering to meet their needs. It means you can continue to strengthen your brand – not only by making flashy signs or hiring a million-dollar Madison Avenue advertising agency – but by going back to the simple truths of business. Know your customer, and give them what they want, when they want it, and how they want it – with a medium soda on the side.



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Volume, variety, velocity and veracity are the commonly described as the “Four Vs of Big Data.”

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■ Big Data Checklist – Future-Proofing Your System

In the era of big data, your analysis, metrics, and actionable packaged information needs to be spot-on. And it needs to respond to not just one need (say, inventory management), but to every need with real-time data from every transaction.

Volume, variety, velocity and veracity are commonly described as the “Four Vs of Big Data.” But as a restaurant owner building a business, you shouldn’t have to think about that, or create some sort of labyrinthine system to use data to your advantage. Your analytics system should do it for you. By automating your

analytics, you can focus your energies on more important things, like cutting costs, retaining customers, building your brand and making more money on every transaction because you know your customer, know your employees and know your product. This simplified approach means you can focus on another V – Value.

Here’s a checklist to future-proof your system. Your data strategy and solution should be simple, effective, and directly aligned with your business and operational priorities. Unlike the POS solution, it should be customizable to meet your specific needs. If you can’t check off all these with one system, it’s time to think differently.



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Future-proof Your System

Your Current System	Epson OmniLink Merchant Services	
	✓	Centralized and normalized data, generated by one system
	✓	Cloud integration for sharing of data between in-store and above-store systems
	✓	POS independent solutions that deliver the right data, to the right people, in the right context, at exactly the right time.
	✓	POS agnostic loyalty, rewards and gifts
	✓	Analytics that makes it easy to understand the data and even easier to take action to improve your bottom line
	✓	Cost effective, easy to install
	✓	Works across all delivery platforms (mobile, tablet, smart phone, mail, carrier pigeon)
	✓	Meets brand and operational requirements
	✓	PCI-compliant
	✓	Allows for growth and expansion with ease
	✓	Freedom to use transaction data as you choose – and work with best-of-breed solutions

Epson OmniLink Merchant Services



Big data should be simple. [Epson OmniLink Merchant Services](#) — an integrated, cost-effective system that goes beyond the point of sale (POS) — is the simplest big data solution for restaurants. By looking at the central transaction point between you, your customer, and your data stream, the platform provides centralized data, cloud software, mobile marketing, supply chain optimization, loyalty and reward integrations, and true guest engagement. So how do you get better data from old and disparate POS systems without costing an arm and a leg? Go back to basics: Think of and use your receipt printer as the new data gateway that sometimes happens to have paper flying out of it. In that small, economical device, the Epson OmniLink Merchant Services platform provides integrated solutions for all the requirements of a big-data system. This innovative approach has turned your printer – previously the most simple and benign device – into the most intelligent one in the store.

Upgrading your current receipt printer is simple, and provides for three options to help minimize capital costs. Depending on your needs, you can simply replace your printer at the same price as a static thermal receipt printer, expand your system by introducing an upgraded interface card, or go even easier by just downloading a proprietary Epson print driver. No matter what path you go down to optimize use of the transaction data in your store, the Epson OmniLink[®] Merchant Services provides the freedom to choose between the most advanced and trusted solutions on the market.

Notes

1. Pre-tax profit margins according to the National Restaurant Association.

Learn more about Epson OmniLink Merchant Services at:
Epson.com/OmniLinkMerchantServices

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