New technology is influencing and impacting restaurants like never before. Whether it’s entertainment like HDTV or back-of-the house tech to streamline the kitchen, operators are turning to tech to drive sales, simplify operations, cut costs and stay ahead of the curve.

Entertainment technology in particular has become a vital component of the restaurant experience. Amenities like TV and Wi-Fi permeate the industry, creating an enhanced and more engaging experience for diners while giving operators additional support for sales opportunities.

Though just about every type of restaurant can take advantage, distinct trends and implications affect segments in different ways. So how is this exciting and engaging technology playing out at today’s casual-dining, fast-casual, quick-service and convenience-store chains?

AT&T retained Technomic to answer that question. With input from representatives at several national chains, Technomic provides a snapshot of the current state of entertainment tech and reveals what is on the horizon so that operators can stay at the leading edge of what their customers want.
KEY TAKEAWAYS AT CASUAL DINING

1. Major CDRs are revamping their bar areas to become more contemporary hangout spots, and HDTV and Wi-Fi have become critical elements for attracting younger consumers.

2. Groups lingering over small plates and drinks is an occasion operators are targeting and one that younger consumers use to socialize — entertainment must be geared toward these prolonged occasions.

3. CDRs are looking to grow the lunch daypart, stealing share from each other and from fast casual — entertainment should be aligned with speed of service, productivity and quick amusements.

4. The act of dining itself is increasingly becoming a form of entertainment — tech must enhance and amplify mealtimes.

5. Wi-Fi will become increasingly important at CDRs as operators scramble to woo younger diners — both Millennials in the bar area and children in the dining area.

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**CDR SNAPSHOT**

<table>
<thead>
<tr>
<th>TARGET AUDIENCE:</th>
<th>families with children, couples, groups, Millennials</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATTRIBUTES:</td>
<td>table service, adult beverages</td>
</tr>
<tr>
<td>ENTERTAINMENT TECH:</td>
<td>HDTV, music/audio, Wi-Fi, tabletop tablets, apps, gaming</td>
</tr>
<tr>
<td>DAYPART FOCUS:</td>
<td>dinner, lunch, late night, brunch</td>
</tr>
</tbody>
</table>

76% of 25 – 34 year-olds say dining out is one of the top activities they enjoy with friends.

70% of consumers say visiting a restaurant is a form of entertainment.

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TV at CDRs

TV continues to be one of the most crucial forms of entertainment that CDRs make available to their guests, whether it’s relegated mostly to the bar area of a premium steakhouse or part of a multiscreen presentation that fits into the décor package of an entire sports bar and grill.

With the rise of higher-quality HDTV and more robust programming available, operators today can leverage the technology to achieve many goals. HDTV programming can underscore a concept’s positioning and make quality sports events available to guests in an exciting atmosphere. It can serve as the background ambiance or the main event.

It remains an incredibly engaging medium and one that CDRs are leveraging to drive traffic, delight their guests and build loyalty.

Opportunities:

- TVs dedicated to live kitchen feeds to serve as entertainment for foodies and to underscore fresh preparation
- Exclusive live streaming of concerts and in-house events to multiple locations
- While Millennials have a greater preference for entertainment TV shows and music videos than Boomers, it’s kids’ programming that is expected to be increasingly important at CDRs as younger diners begin to start families
Wi-Fi at CDRs

While TV has traditionally been a primary form of entertainment at CDRs, Wi-Fi is quickly emerging as a must-have. And for a variety of reasons.

First, Wi-Fi for younger diners is transitioning from a demand to an expectation. Many Millennials and Gen Zers expect that the restaurants they visit offer free Wi-Fi if not just Wi-Fi availability. As these consumers get older and increase their purchasing power, it will be critical for restaurants to make Wi-Fi a core tech amenity.

Consumers are also increasingly using their smartphones and tablets to engage with their peers at the same time they are watching their TVs. Smart operators will offer not only TV that is compelling and high quality, but complement that with Wi-Fi service that their guests can use to enhance their viewing and dining occasion.

Finally, for many sports watchers today, internet connectivity is a must-have. Fans don’t just want to see their favorite sports on TV — they also want to check up on other scores, their fantasy leagues and chat rooms. CDRs with a strong HDTV and Wi-Fi package will be well suited to attract these guests. This is especially important when considering special events like March Madness and group occasions like fantasy draft parties.

Opportunities:

- Partnerships with third-party apps to reward engagement like reviews and check-ins via Wi-Fi
- Marketing Wi-Fi for use with augmented reality apps to entertain children (and children at heart) during family dining occasions
- Connectivity-optimized areas with charging stations and group seating options for draft parties and fantasy sports-watching

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FAST-GROWING CHAINS

ROCK & BREWS

#1 Fastest Growing CDR
2015 Stats: 10 units with sales of $44.9M (+39.9%)
modern American comfort food | high energy | craft beer meets rock ‘n’ roll | concert atmosphere

Rock & Brews’ TV and sound package is primarily dedicated to showcasing great moments and performances in rock history, with sports secondary. The audio and visuals not only serve as family-friendly entertainment, but as a vital part of the concept’s rock-inspired ambiance and theme.

BAREBURGER

#3 Fastest Growing CDR
2015 Stats: 27 units with sales of $60.5M (+30.1%)
premium organic burgers | indulgent, exotic, healthy | urban barnyard vibe | environmentally friendly

Bareburger often shows classic cartoons on TVs to enhance the entertainment value of patrons’ dining experience and to bolster its playful and kitschy atmosphere. Wi-Fi is an added convenience available at some locations.

CASUAL DINING TRENDS IN ACTION

A look at the latest entertainment tech developments at leading CDRs:

Tilted Kilt debuted a next-gen prototype that emphasizes enhanced entertainment. Amenities include a central bar with USB charging ports, large-screen TVs for sports-watching, an area with pub games, a live music venue and a variety of seating options. In addition to regular TVs, the new prototype will feature a TKTV Crew Cam that allows guests a real-time view inside the kitchen.

On The Border launched a summer concert series called Rock The Border. The chain hosted a series of live bands at select locations with a live stream of each concert along with guacamole and drink specials available at all locations.
KEY TAKEAWAYS AT FAST CASUAL

1. The newest, fastest growing fast casuals are prioritizing the presence of HDTVs and free Wi-Fi as **central design and service elements**.

2. Fast casuals are pursuing dinner and evening traffic in an effort to grab share from CDRs — entertainment-focused technology that **enhances a relaxing and fun ambiance** for dinner occasions can help build appeal around evening visitation.

3. FCRs are **targeting specific occasions** beyond traditional daypart hours — entertainment features, especially HDTVs, paired with multiple types of seating areas, can engage guests and encourage socialization.

   At fast casuals, **65%** of consumers prefer to watch TV in the dining room

   ...while **34%** prefer to watch in a separate dining area.

4. Because they are often positioned as “third place” destinations between work and home, FCRs must **market Wi-Fi as an amenity** more than other segments in order to capture visitation from guests who need internet access for work or personal use while they dine.

FCR SNAPSHOT

**TARGET AUDIENCE:** professional adults, Millennials, city dwellers, Hispanics, families

**ATTRIBUTES:** fresh preparation, modern ambiance, customization, menu quality

**ENTERTAINMENT TECH:** Wi-Fi, HDTV, digital menu boards, ordering kiosks/tablets, apps

**DAYPART FOCUS:** breakfast, lunch, dinner, snacking

5. FCRs with extensive adult-beverage programs can leverage strong dine-in patronage and **use HDTVs as a draw** for popular, seasonal event-based promotions — particularly for national and international sporting events.
TV at FCRs

The industry’s emerging, more contemporary fast casuals are making widespread use of HDTVs both behind the counter, as a way to showcase specials and market menu offerings, and within the interior space as a design and entertainment element. While this represents a burgeoning trend in terms of design, FCRs overall have yet to leverage HDTV programming as a traffic driver for dining occasions in the same way that CDRs currently do.

“TVs provide some ambiance in our dining rooms and provide guests free entertainment.”

— FAST CASUAL SANDWICH CHAIN OPERATOR

Fast casuals with expansive adult-beverage programs have the greatest opportunity to compete directly with CDRs for evening traffic. TVs are increasingly becoming central to that focus to heighten the entertainment factor for dinner and after-dinner dine-in visits.

TV programming preferences at FCRs:

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sports</td>
<td>55%</td>
</tr>
<tr>
<td>News</td>
<td>51%</td>
</tr>
<tr>
<td>Entertainment TV shows</td>
<td>32%</td>
</tr>
<tr>
<td>Mixed programming</td>
<td>31%</td>
</tr>
</tbody>
</table>

Opportunities:

- FCRs with multiple dining and seating areas can use HDTV programming to promote visitation during sporting and cultural events and market menu or drink specials as the draw
- Kids’ programming can enhance dine-in visits during the day for families with children at fast casuals with a solid family appeal
- To foster longer visits and bigger spend, consider entertainment-centric programming or edgier reality TV programming as long as it aligns with the larger concept positioning of the brand
Wi-Fi at FCRs

Constant internet access and easy Wi-Fi connectivity is vital to consumers when visiting a fast-casual restaurant. Beyond the everyday need to access the internet via smartphone or tablet for personal use, fast-casual customers often linger in the dining area and use Wi-Fi for work or meetings. Wi-Fi then functions as more than a mere amenity — it’s often a necessity that fits into how customers routinely engage with FCRs.

“We used to oppose free Wi-Fi because we didn’t want guests to linger. The times have changed and it appears that consumers expect free Wi-Fi in public places and it is becoming a table stake.”
— FAST CASUAL SANDWICH CHAIN OPERATOR

While Wi-Fi access is an important must-have across consumer clusters, it’s crucial to target younger generational groups in promoting the availability of this service. Data shows that smartphone use is highest among Gen Z and Millennial restaurant-goers, and their usage has increased over the last two-year period. Because Millennials are also categorized by Technomic as “super heavy users” of fast-casual restaurants, operators that ignore this basic technology expectation risk alienating this younger consumer base.

Beyond using free Wi-Fi to fulfill the basic expectation of the fast-casual consumer, the advantage for FCRs with effective Wi-Fi is the opportunity to leverage marketing partnerships and promotions for guests who use the service. Further, as more FCRs focus on entertainment with HDTV and other tech-based platforms, Wi-Fi presents another channel for in-house entertainment and engagement.

Opportunities:

- Fast casuals can team up with restaurant-review apps to optimize menu promotions and specials when guests use the app via Wi-Fi during their visit
- Use of Wi-Fi can not only enhance the customer experience, but can help fast casuals utilize guests’ sign-in information to develop and target marketing lists
- Wi-Fi access can help fast casuals track new versus repeat patronage, customer spend and traffic flow throughout operating hours

Younger consumers are driving popularity of smartphones among restaurant users

<table>
<thead>
<tr>
<th>Generation</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>GEN Z</td>
<td>88%</td>
</tr>
<tr>
<td>MILLENNIALS</td>
<td>89%</td>
</tr>
<tr>
<td>GEN X</td>
<td>81%</td>
</tr>
<tr>
<td>BABY BOOMERS</td>
<td>64%</td>
</tr>
<tr>
<td>MATURES</td>
<td>36%</td>
</tr>
<tr>
<td>OVERALL</td>
<td>75%</td>
</tr>
</tbody>
</table>

Up from 64% in 2014

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FAST-GROWING CHAINS

MOD PIZZA

#1 Fastest Growing FCR
2015 Stats: 92 units with sales of $67.8M (↑220%)
customizable pizzas | unlimited toppings | ultra-fast prep and service | hip, modern ambiance

MOD Pizza offers fast, free Wi-Fi in all of its units. Larger stores feature mounted HDTVs that broadcast sports and other programming for dine-in guests. MOD is distinguished by its MOD Music Player, which provides background music in all locations. To foster deeper brand engagement, the chain also makes its MOD Music Player playlists available for guests to access on its website.

SHAKE SHACK

#1 Fastest Growing FCR (among Top 250)
2015 Stats: 49 units with sales of $119.4M (↑53.6%)
modern day burger shack | fresh and simple ingredients | hospitality focus | eco-friendly

Shake Shack’s restaurant design and branding echo its clean, simple and refined menu. Restaurants combine elements of a shack structure with modern décor and amenities as an extension of the chain’s modern roadside burger positioning. The free Wi-Fi offered at many locations helps keep the chain current and relevant with its customer base. Other amenities may include fire pits, TVs and foosball tables.

FAST CASUAL TRENDS IN ACTION

A look at the latest entertainment tech developments at leading FCRs:

Dickey’s Barbecue Pit introduced a new unit prototype and installed free Wi-Fi as an amenity. The chain plans to roll this out systemwide.

Saladworks debuted a revamped store design and a new Wi-Fi bar is a primary focal point of the contemporary space. New menu boards and graphics also emphasize the company’s practice of chopping fresh ingredients daily.
KEY TAKEAWAYS AT QUICK SERVICE

1. HDTV and Wi-Fi will remain two of the most central tech and entertainment elements that QSRs leverage to differentiate from each other and better compete with the elevated experience consumers associate with fast casuals.

“Increased dwell time and adding a more modern, appealing, inviting feeling to the dining room experience overall have been the positive outcomes of adding both TV and Wi-Fi.”
— QUICK SERVICE BURGER CHAIN OPERATOR

2. While takeaway is key for QSRs, driving dine-in business continues as a key focus for sales growth — engaging entertainment afforded by TVs as well as fast and convenient Wi-Fi access will help chains as they modernize their dining areas to meet demand for today’s families and younger consumers.

3. While the sudden rise of augmented reality gaming spurred by the enormous popularity of Pokémon Go presents opportunities to every type of dining establishment, QSRs may be best positioned to leverage this emerging trend and support sales opportunities thanks to convenient locations with Wi-Fi access, promotional finesse and demographic focus.

QSR SNAPSHOT

TARGET AUDIENCE: Millennials, Gen Z, families, time-pressed, blue collar

ATTRIBUTES: value, convenience, craveable

ENTERTAINMENT TECH: Wi-Fi, HDTV, ordering kiosks/tablets, apps

DAYPART FOCUS: breakfast, lunch, dinner, snacking, late night
Upgrades to everything from the décor package to the quality of food and beverage ingredients to engagement via entertainment are just a few of the many ways that QSRs are retooling their strategies to elevate the in-store experience to better compete with fast casuals.

Rolling out HDTVs with targeted and compelling programming for guests fits in nicely with operators’ ongoing strategies. This technology offers several benefits: it helps contemporize the atmosphere to appeal to today’s tech-savvy consumer; it layers in a new way for guests to be informed and entertained while they dine or wait for a takeaway order; and interactive programming can serve as a brand-boosting element to drive loyalty and visit frequency.

Considering what consumers want from QSRs in terms of the in-store TV experience can help operators determine the amount of screens they should offer and where to put them. Technomic data shows that in general, consumers want just a few TVs with large screens and mostly placed in the dining area or in a separated dining area.

**Opportunities:**

- A less-is-more approach may be most beneficial when it comes to TVs — consumers indicate that they want TV entertainment when they visit, but want to view it mostly where they dine, and they don’t want to be inundated.
- A strong HDTV package addresses strategies like contemporizing the dining space and enhancing entertainment to encourage more sit-down visits.
- Desire for TV programming that links to smartphone games might be relatively small today, but represents a significant area for brands to make deeper connections with younger consumers.

### Top Placement Preferences

- **DINING ROOM**: 66%
- **SEPARATE AREA**: 33%
- **PICKUP COUNTER**: 20%

### Screen Preferences

- **ONE**: 27%
- **TWO**: 25%
- **THREE**: 20%
- **FOUR**: 16%

### Size Preferences

- **SMALL**: 12%
- **MEDIUM**: 25%
- **LARGE**: 43%
- **VERY LARGE**: 12%
Wi-Fi at QSRs

For QSRs in recent years, offering Wi-Fi has evolved from a better-to-have-it-than-not amenity to an essential component of the convenience proposition so central to this segment’s overall positioning.

“[Wi-Fi] enables us to add to the dining room guest experience, increase dwell time and improve the potential for the guest to re-order after their initial purchase.”

— QUICK SERVICE BURGER CHAIN OPERATOR

Gen Zers and Millennials are the heavy users of quick serves, and these always-connected digital natives expect that the brands they frequent cater to demands that go beyond food and value to include features like Wi-Fi, charging stations and décor and lighting conducive to Instagram photo-taking.

While expectations for Wi-Fi that is free is not so huge that a high number of consumers will go to a competitor to find it, this amenity is significant and compelling enough that operators who do feature it should call attention to it with window stickers, tray liners and table tents.

Opportunities:

- Be sure that your guests know you offer Wi-Fi — especially if it’s free — and be sure they know how to access it to maximize visit potential and loyalty.

- As Millennials and Gen Zers spend more time on their smartphones and online, QSRs should promote accommodations that keep these core consumers powered up and on their Wi-Fi networks to foster loyalty, frequency and incremental sales.

Free wireless internet at QSRs is...

- Expected: will go elsewhere if not offered
- Expected: not likely to cut visits if not offered
- Not Expected: would not encourage visits
- Not Expected: but would encourage visits

37%
27%
10%
26%
FAST-GROWING CHAINS

TROPICAL SMOOTHIE CAFE

#5 Fastest Growing QSR
2015 Stats: 466 units with sales of $261.3M (+26.1%) active lifestyle | fresh better-for-you food and drink | tropical flavor profiles | rewards app with order and pay ahead

Tropical Smoothie Cafe offers a warm, inviting and contemporary atmosphere for guests dining onsite or who are simply stopping in to pick up an order. Offering complimentary Wi-Fi is one of several aspects that helps elevate this chain to a premium positioning within the quick-service segment.

ARBY’S

#21 Fastest Growing QSR (among Top 250)
2015 Stats: 3,214 units with sales of $3.5B (+8.6%) “Fast Crafted” positioning | meaty deli sandwiches | contemporary design | strong brand heritage

While Arby’s brand revitalization in recent years has relied heavily on menu and marketing upgrades, the chain’s newest restaurant design package perhaps best aligns the chain with what today’s consumers want from an elevated QSR experience. Tech and entertainment elements featured at some of the chain’s newer units include free Wi-Fi, charging stations at a contemporary eating bar as well as TVs near the dining area.

QUICK SERVICE TRENDS IN ACTION

A look at the latest entertainment tech developments at leading QSRs:

**Chuck E. Cheese’s** is making several tech, hospitality and menu enhancements to boost traffic from the growing number of Millennial parents it’s seeking to attract to its gaming restaurants. Among the tech investments the chain is making is the addition of free Wi-Fi availability and adding more TVs to the dining area tuned to sports events.

**Taco Bell** is seeking to capture the “live, work, play” ideal that Millennials seek out in urban environments with its new Cantina concept. Among the many features and differentiating elements intended to appeal to younger consumers that want a contemporary hangout space are relevant technologies like digital menu boards, TV monitors and an area to pick up orders placed via mobile.
KEY TAKEAWAYS AT CONVENIENCE STORES

1 Foodservice is a rapidly advancing key area of strategic focus for c-store operators today

88% of c-store operators say that foodservice is a traffic driver

88% say foodservice is a sales driver

87% say foodservice is a strategic priority

“Wi-Fi is a way for us to differentiate, connect with our guests and ultimately drive sales.”

— C-STORE CHAIN OPERATOR

2 Retail meal solutions are becoming more varied and higher in quality, drawing customer traffic — particularly younger consumers — away from traditional restaurant segments

48% of 18 to 34 year-olds report that they visit convenience stores for prepared foods at least once a week or more often

3 Amenities like HDTV and Wi-Fi will be an important complement to the overall foodservice proposition as operators look to boost their dining programs and better compete with traditional restaurants

4 The top players in the c-store space are increasingly rolling out free Wi-Fi in order to engage customers and fulfill their expectations for technology

C-STORE SNAPSHOT

TARGET AUDIENCE: males, Millennials, Gen X, mix of city and rural dwellers

ATTRIBUTES: fast service, extensive grab-and-go, competitive coffee category, convenient locations

ENTERTAINMENT TECH: Wi-Fi, apps

DAYPART FOCUS: breakfast, lunch, snacking

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**TV at C-Stores**

It’s estimated that 25 to 30% of c-stores currently have TVs inside the unit, and that the vast majority of these c-stores use the TVs strictly for the chain’s ads, menu information, or at the most, basic programming.

“**TVs in our stores are mostly tuned to weather and sports. Occasionally a soap opera. Our guests tend to get in and out in a hurry.**”

— C-STORE CHAIN OPERATOR

**Opportunities:**
- As more c-stores expand foodservice areas and attempt to attract customers to distinct sections of the store, HDTVs that showcase more than just ads and menu information can provide entertainment that appeals to guests and keeps them engaged during the visit.

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**Wi-Fi at C-Stores**

Most c-stores are not currently making major investments into Wi-Fi as an amenity. Just 12% of c-stores report offering Wi-Fi in their locations, underscoring the wide-open opportunity to differentiate by rolling out this technology.

Wi-Fi and HDTV can heighten the perception of value during visits to c-stores for food and drinks. Consumers do not currently rate service, amenities or atmosphere as a primary factor in the overall value proposition. To square off more effectively against QSRs, fast casuals and c-store competitors, operators can use Wi-Fi, TVs and other entertainment technologies to address the lagging perception of good amenities and ambiance within their space.

“**Wi-Fi has been a big promotions point for us. We are reaching out on social media, to our loyalty guests and at the store.**”

— C-STORE CHAIN OPERATOR

**Opportunities:**
- Because top-tier brands are positioned as head-to-head competitors with QSRs — and even fast casuals — store amenities must align with those available in those competitive segments in order to steal share of customer traffic.
- Considering the needs of younger consumer clusters is vital — free, easily accessible, fast and secure Wi-Fi is a must for Gen Z and Millennial guests who highly prioritize internet connectivity.
- Similar to opportunities at QSRs and fast casuals, c-store operators can leverage the analytic information they can gather on a Wi-Fi system to target marketing of LTO offerings and optimize food and beverage promotions for frequent guests.
TOP CHAIN C-STORES

7-ELEVEN

2015 Stats: 8,152 U.S. units with U.S. food and beverage sales of $2.8B

7-Eleven is the worldwide convenience-store leader. Foodservice is central to its positioning, including hot and cold prepared foods and a widely varied beverage program. Many of its stores (particularly in global markets) offer free Wi-Fi, and its newest concept stores in major cities feature an increased tech focus, with mounted HDTVs and touchscreens for ordering.

SHEETZ

2015 Stats: 489 units with U.S. food and beverage sales of $330M

Sheetz is a c-store with a trend-setting foodservice program. Its signature MTO (made to order) platform is centered on customization via use of touchscreen ordering. Additionally, free Wi-Fi is available at all locations and HDTVs are positioned throughout the unit, primarily for advertisements and menu promotions.

CONVENIENCE STORE TRENDS IN ACTION

A look at the latest entertainment tech developments at leading c-stores:

Pilot Flying J recently overhauled its in-store Wi-Fi system to improve access and speed. Following the overhaul, members of the chain’s loyalty program could access the service free for 10 days to test it out. Pilot Flying J’s Wi-Fi is priced at $3.99 for four hours and $99.99 for a year of access.

ProStop, a high-tech and sports-themed chain that offers multidaypart foodservice, snacks and beverages, installed numerous large widescreen HDTVs inside its stores. Sports-related programming, from basketball, football and other games to fitness videos, complements the chain’s concept positioning and enhances in-store entertainment.
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