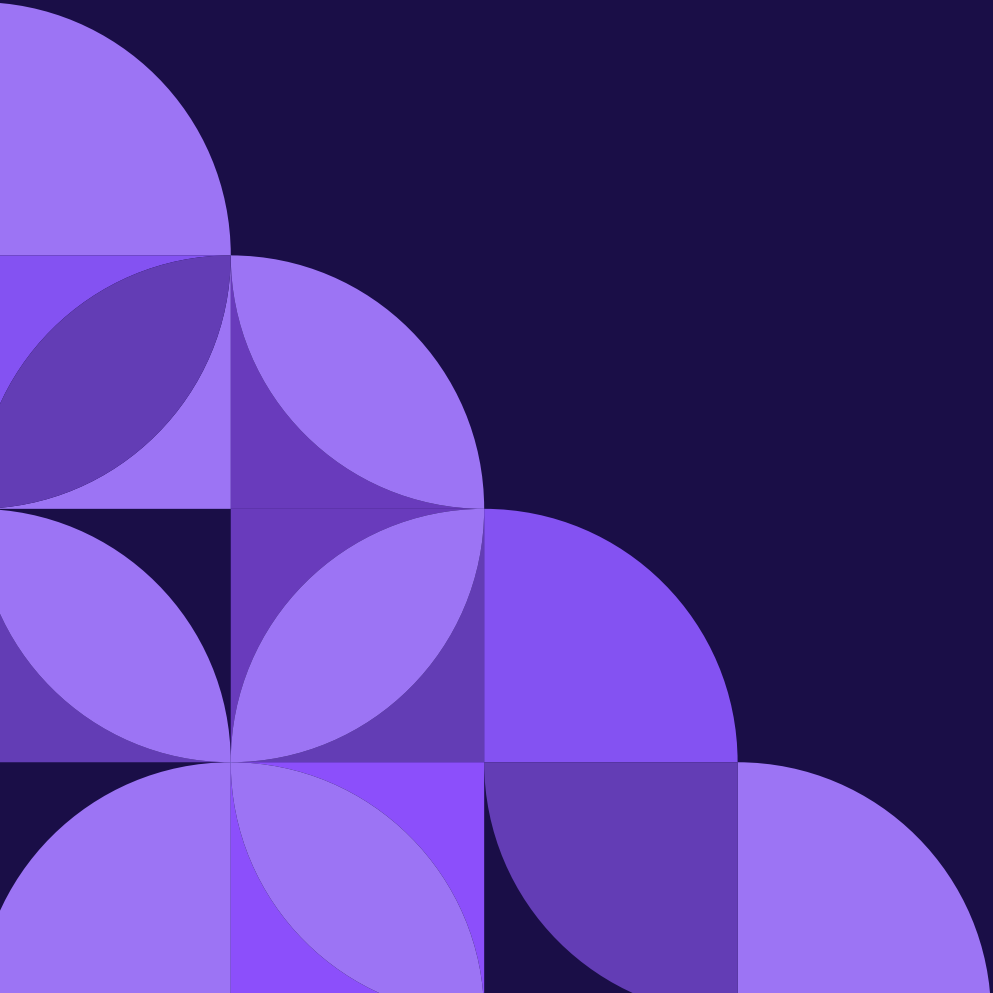


Hospitality Tech 2024:

Bridging the efficiency and profitability gap



We explore the tech challenges facing restaurant operators – and see how forward-thinking brands are overcoming them.

Vita Mojo has partnered with KAM – a hospitality-focused market research agency – to identify how operators can unlock growth opportunities for 2024.

KAM |  **vita mojo**

Opportunities for 2024.



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A LETTER FROM THE CO-FOUNDER AND CEO

Hospitality is one of the most important industries in the world. But making a restaurant business work can feel impossible.

Between minding the margins and overseeing all the moving parts, operators are in a constant battle just to manage the day-to-day. And when your time is spent putting out fires, when can you focus on growth?

The hurdles are frequent: being short-staffed, wasting time updating menus, keeping up with multiple orders coming through different channels, struggling with constantly rising VAT and energy costs...



These are all tough challenges that technology can solve. But sometimes this technology can make things even more complex, particularly if you're relying on multiple, individual point solutions. Managing operations with this kind of fragmented tech stack creates inefficiencies that can actually slow down growth, rather than fix operational problems.

We wanted to shine a light on the struggles currently facing many restaurant operators. So we partnered with KAM, a hospitality-focused research firm, to survey the industry and ask operators about the tech they use, the challenges they face, and their focus for the future.

In this report, we take a close look at the results and discuss how these challenges can be overcome with a new way of thinking. We hope you find it useful, enjoy!

Nick Popovici,
Co-founder and CEO,
Vita Mojo

THIS REPORT COVERS:

1 **The challenges technology is creating in the hospitality sector**

2 **What the traditional point of sale (POS) approach is, and why it's broken**

3 **What the results mean for your hospitality brand's future**



Tech in a volatile hospitality industry

Managing a restaurant is a complex business. Sometimes it seems technology is only making life more complicated.

For all the promises of simplified operations, increased revenue and deeper guest insights, most restaurant operators find managing orders an uphill battle.

You're spending countless hours updating menus, pricing and site information several times across multiple systems that work pretty well on a good day...but on a bad day they can cost you time, money and revenue.

On top of that, making agile data-driven decisions for menu changes, inventory and marketing is a cumbersome, frustrating process. It's in these day-to-day operational areas, after all, where your business will win or lose. Technology itself isn't the obstacle here. Your guests love tech, and when

implemented well, digital tools can [transform brand loyalty and boost sales](#).

On delivery apps, for example, smaller restaurant chains have taken market share from the big names. Consumers are tending to ['trade down'](#) – instead of their previous upmarket choice of restaurant, they might tend to eat at a lower tier brand to help save money. At the same time, well-executed loyalty schemes have rewritten the rules of customer acquisition and retention.

Clearly, in order to grow, operators need to get technology right. **The question is: why is it going wrong, and how can operators make things better?**

That's what we set out to discover by commissioning a survey of hospitality sector professionals.

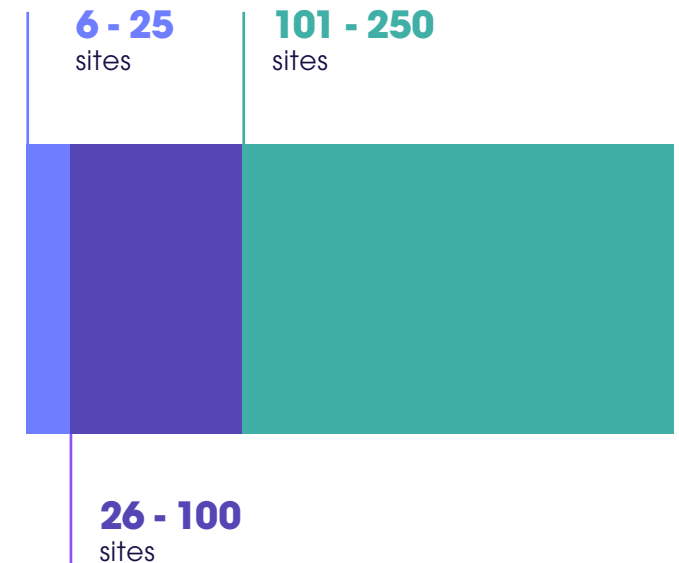


CHAPTER
TWO

Survey methodology

Partnering with [KAM](#), a hospitality-focused market research agency, we explored the reality of day-to-day operations in restaurants, the obstacles to growth, and the way technology is being used.

Interviews took place in May and June 2023, surveying 81 experts in the hospitality industry within the UK across three levels of estate size:





Who we surveyed

All respondents were screened to ensure they held responsibility for selecting and/or purchasing technology solutions.

Managing Directors

CEOs

Operations Directors

Financial Directors/
Chief Financial Officers

Marketing Directors/
Chief Marketing Officers

Digital Directors



Top focus areas for hospitality growth

The research identified four main obstacles that are blocking profitability and slowing productivity:

1. A disconnect between efficiency and growth
2. Frustrations with the complexity of technology
3. Business decisions not being driven by data
4. Technical support failing to deliver

 **Let's take a look in more detail...**



TAKEAWAY #1

A disconnect between efficiency and growth

Unsurprisingly, profitability and growth are top of the list of priorities right now.

64% of operators reported increasing profitability as a top focus area for their business, and 54% said that growing customer numbers is their main priority.

64%

of operators say increasing profitability is a priority

54%

said that growing customer numbers is their main priority

A missed opportunity?

... but only 28% say 'improving efficiency' is their priority





Top focus right now for their business

64%

Increasing
profitability

54%

Growing the
number of new &
repeat customers

52%

Improving
the customer
experience

36%

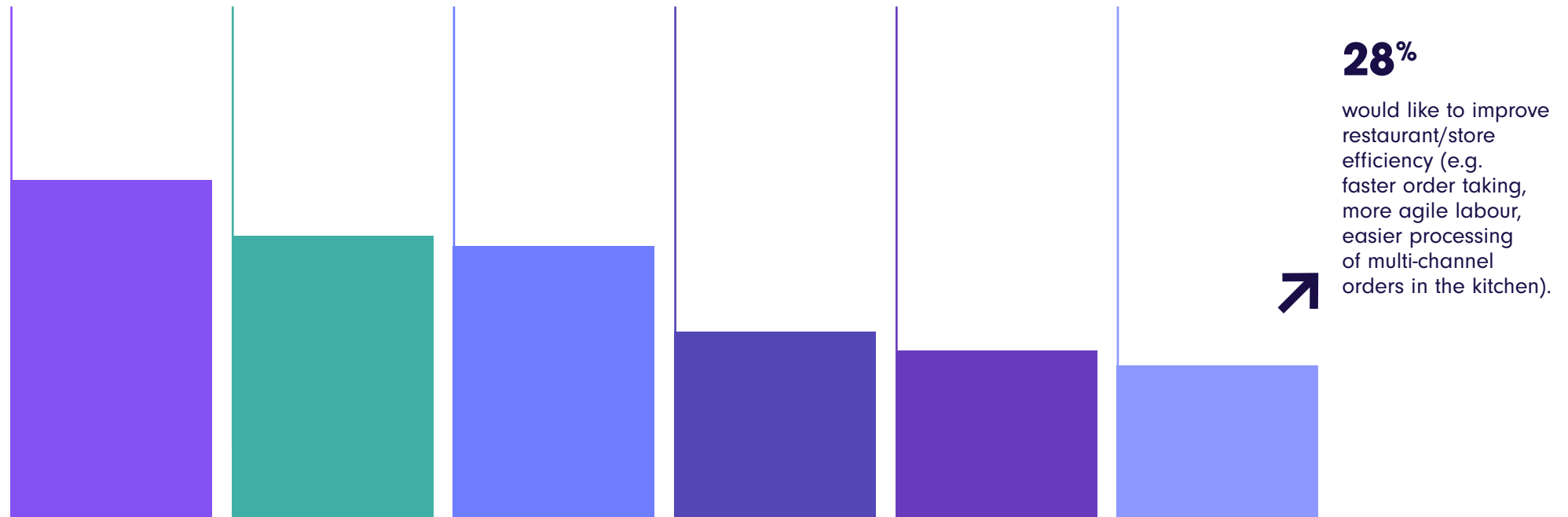
Reducing the cost
of doing business

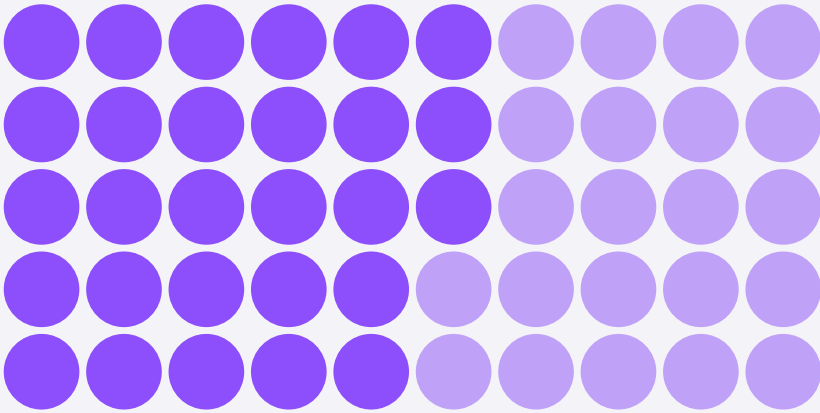
32%

Staff retention

28%

Improving
efficiency





56%

of operators say that lack of time is a barrier to achieving their business goals

With the current state of restaurant tech, these objectives often feel out of reach.

For example, omnichannel ordering has amazing potential to boost profits, but it can also create kitchen chaos - especially if a restaurant uses a different tablet for every ordering channel.

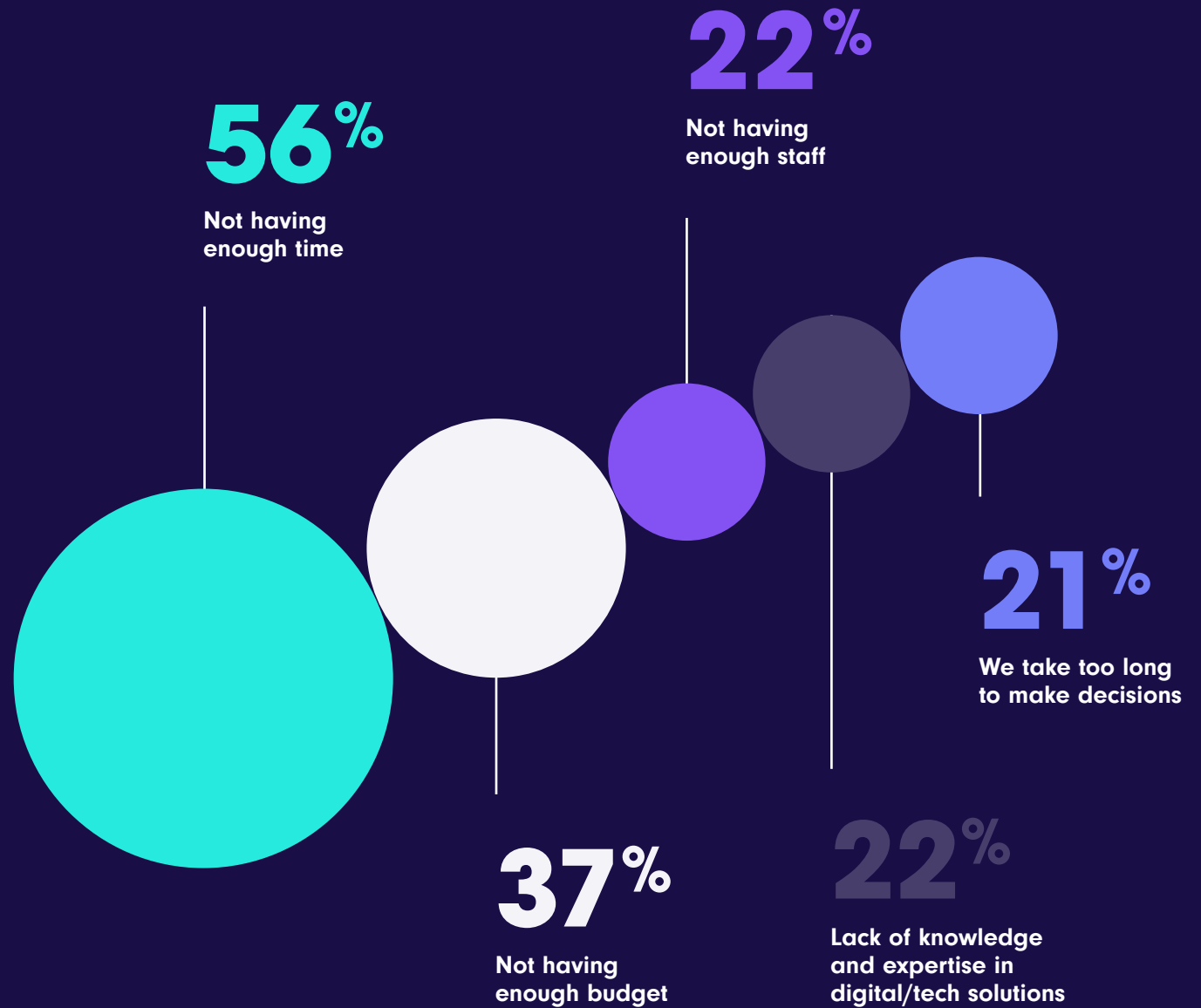
Siloed menu management software is another barrier to growth. Without the right tools in place, even a simple action like adding a limited-edition drink to a menu involves hours of logging into several systems for online and third-party menus.

With so much intensive manual work to do, it's no wonder that 56% of operators say that not having enough time is a significant barrier to achieving their business goals. After all, how can you grow your customer base when you're struggling to fulfil the orders you're already getting?



Current barriers to achieving business goals

Time (56%) and money (37%) are the main issues that are holding operators back from achieving their business goals. Interestingly these factors switch around between smaller and larger businesses, with the smaller ones believing time is the biggest barrier and the larger organisations stating money.





TAKEAWAY #2

Frustrations with the complexity of technology

But for all the time wasted by overly complex tech stacks, improving efficiency is the lowest priority for operators.

In many cases, tech is seen as an obstacle to success – it's causing problems, breaking, and not offering clear advantages. Sadly, too many operators have come to accept this unacceptable situation, dedicating valuable resources to managing tech inefficiencies instead of trying to fix them.

Fears of tech complexity are holding back change.

Despite the hassle of constant account switching, time-wasting and the inevitable human error that arises from using fragmented systems, one in five operators are risk averse to change, worried that their investment won't make things better.

When we look at the state of restaurant software, it's easy to understand why. Most operations have what we call a 'Frankentech stack' of integrations: a traditional POS at the centre and point solutions that have been bolted on over time, creating a vast web of integrations.

This approach makes for an inconsistent guest experience that is clumsy and complex to manage – even for the most digitally-savvy employees. In fact, 44% of operators don't think they have the in-house skills to make the most out of their tech solutions and 31% believe that too much training is needed to use digital solutions properly.



Biggest tech challenges faced by operators

36%

We experience too many technological errors and/or more downtime than we would like

17%

Our ability to innovate is limited due to the fact our POS is out-dated

37%

Having multiple technology providers is inefficient

38%

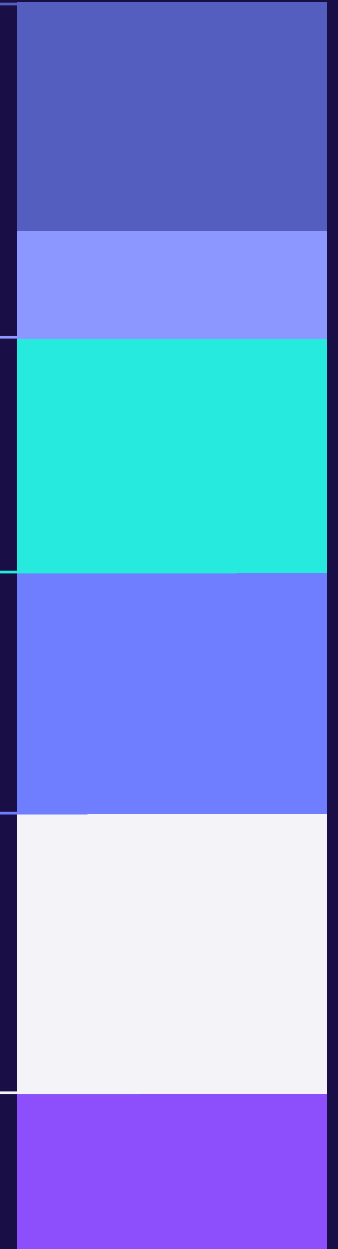
We find it difficult to use data in day-to-day decision making because it's split across different parts of our operation

44%

We don't have the required skills/knowledge in our business to truly make the most out of our technology/digital solutions

25%

We have too many technology solutions from different providers which makes it hard to get them all working together





Current frustrations with POS providers

More than half (57%) of those spoken to have frustrations with their current POS system. This is highest within the largest organisations (67%), suggesting that the size of business creates heightened stresses on functionality and execution of the tech stack.

67%

of larger operators are unhappy with their POS

More than half (57%) of those spoken to have frustrations with their current POS system. This is highest within the largest organisations (67%).

31%

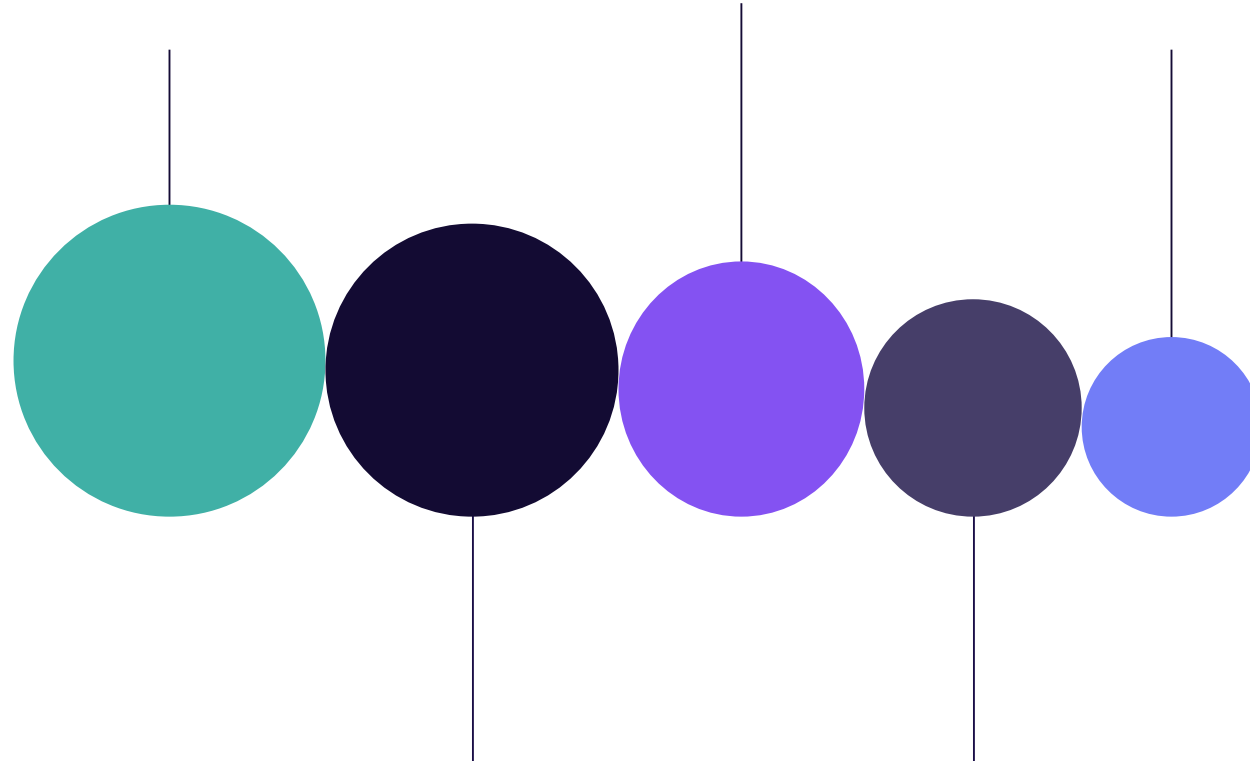
Too much training is needed to use it properly

23%

Time-consuming to update menus

19%

Difficult/confusing to analyze the data from it



28%

Too expensive

21%

Too technical



We used to work through the night to make menu updates because there was no way to update everything in a simple way during trading hours. We would have to wait until the last store was closed, update every menu (in the software), store by store with new pricing or amends and then push everything out to our different platforms.

Richard Gilliatt

Digital Brand Manager, Crêpeaffaire



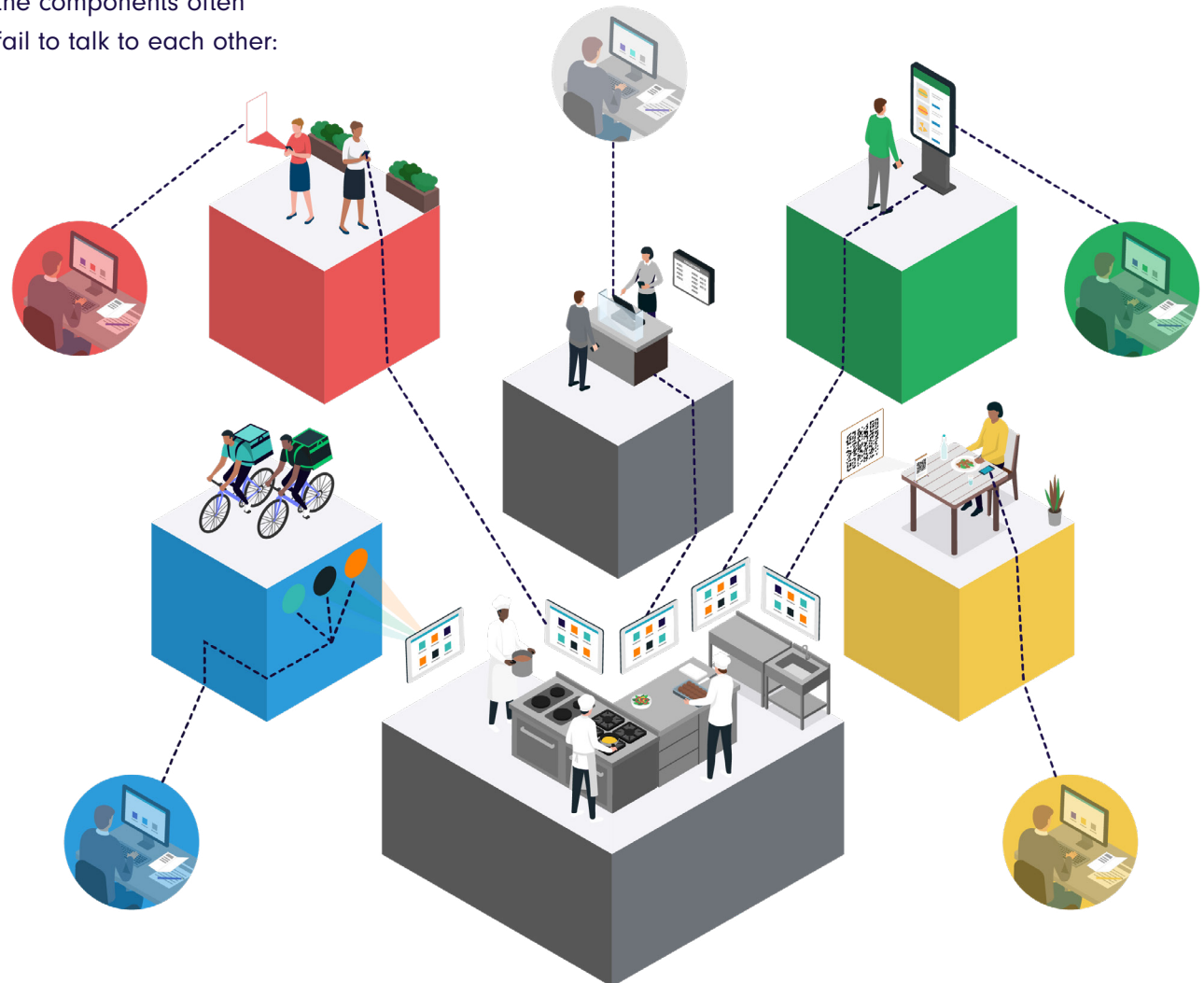
Why POS systems aren't working

Most restaurant tech stacks are built from individual solutions bolted onto the POS.

This POS-centric approach has been the only option for operators looking to innovate and grow with the advent of new technology. But it results in a fragmented tech stack of complicated integrations launched with separate point solution providers.

Old approach

With a fragmented POS, the components often fail to talk to each other:





But there is another way. By moving from a POS-centric tech stack to a single, cohesive order management system to fulfilling 100% of your orders, you can simplify operations and save time.

New approach

An integrated Order Management System:



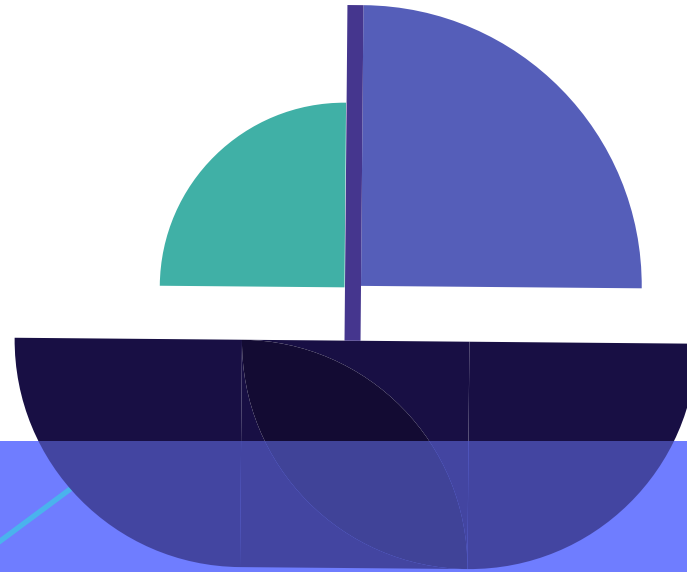
44%

of operators don't feel they have the required skills within the business to get maximum benefit from their tech



Tech is holding you back

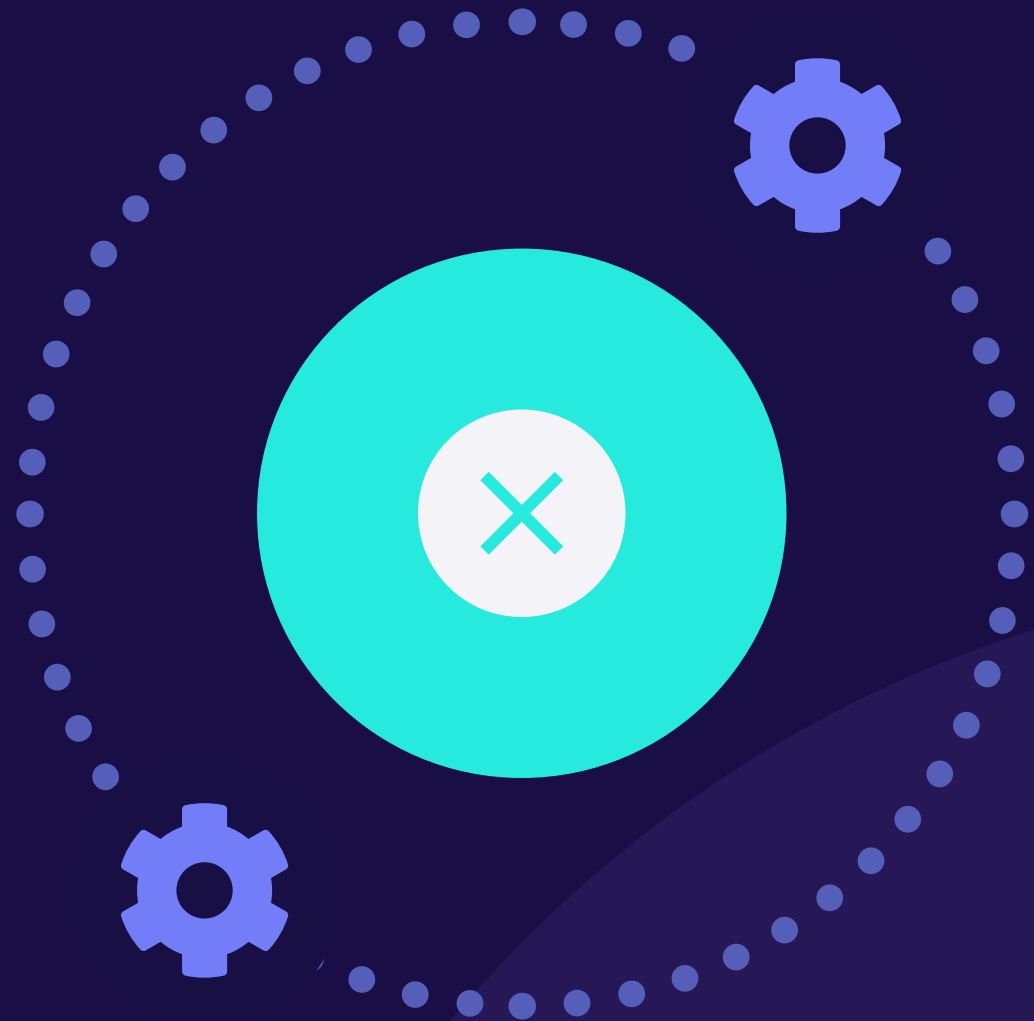
Because of the skills shortage and the complexity of using technology, it's understandable that half the operators surveyed have frustrations with their current POS systems. Not having enough support to solve business problems is the biggest technology issue, according to operators.





In fact, instead of solving problems, it appears that tech providers are causing them. There are many different reasons for this, but it can be boiled down to one thing: **technology providers only support their own software and hardware** – if it doesn't work with your other tech platforms and systems, then you've got no one to turn to. As you add more tech, you're likely adding new problems further down the line.

Technology that is designed to expand your capabilities and make you more efficient is having the opposite effect: it's creating problems, reducing efficiency and holding you back from embracing change.





My biggest frustration with our old tech stack was that it was very fragmented. Nothing integrated well with each other. We had a POS from one provider taking orders; six tablets from different delivery partners; a separate stock system and a loyalty app. The systems didn't speak to each other.

Paul Hopper

Founder, HOP Vietnamese



Just 1 in 4 are very satisfied with the support or advice they receive from their providers.





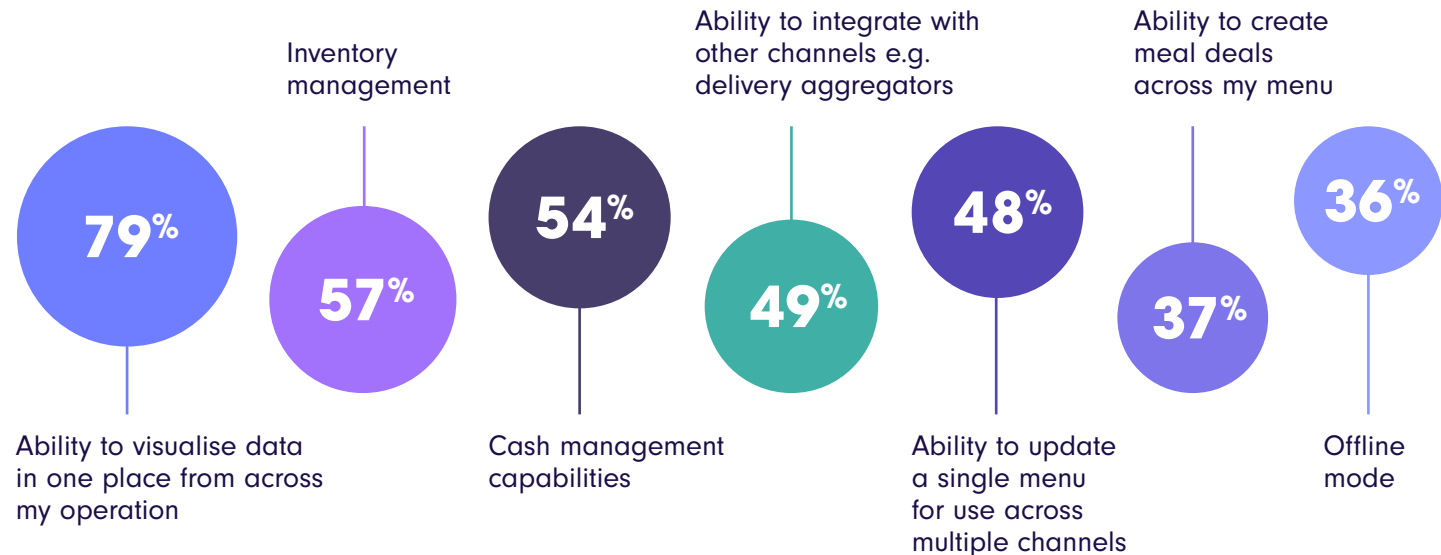
TAKEAWAY #3:

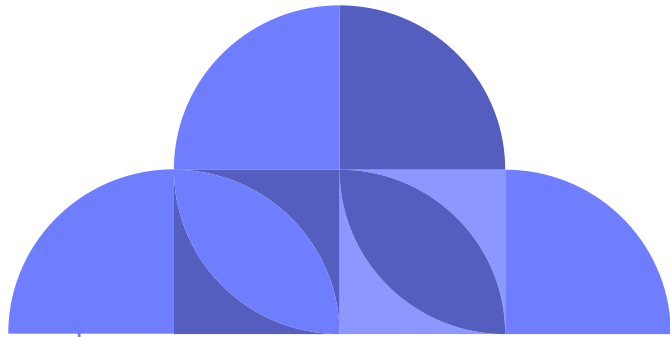
Decision-making is not being driven by data

All operators looking to grow their business know that data is an invaluable asset. Whether for marketing, inventory or sales, making data-backed decisions is the way to go. For example, personalised loyalty programmes, revenue-boosting menu engineering and site-level business insights all depend on data access.

Given the benefits to be reaped from data analysis, it's unsurprising that 79% of operators believe the most important aspect of a POS is visualising all data in one place.

What businesses value most from a POS system





66% are frustrated that they are not making the most of their data

Is this happening in reality? Not for most. Two in three businesses are frustrated that they are not making the most of the data they collect through their tech solutions, with almost 40% finding it hard to use data for day-to-day decisions because it's split across different, siloed platforms.

After all, the real value of data analysis comes from the ability to get an accurate, real-time and holistic view of performance. But with data hiding in disjointed platforms, harnessing its power is just a pipe dream for many brands.





TAKEAWAY #4:

Technical support fails to deliver

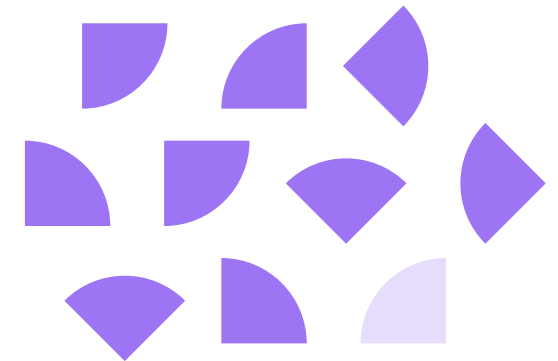
Unfortunately, most technology providers aren't doing a lot to help.

In fact, over half (56%) of operators say they are frustrated with their POS platform support – or lack of it.

If we narrow the results to larger operators only, the 56% rises to a staggering 87% for the largest business size – **nearly 9 out of 10 operators are disappointed by the level of technical support they receive from their POS provider.**

Putting this in context, almost all brands will be familiar with the painful process of trying to fix a technology outage: being passed from contact to contact with each provider blaming the other for the problem.

However, when a business relies on numerous 'Install & Go' point solution providers, its tech stack is only ever as strong as its weakest link.



9 out of 10 operators are disappointed by technical support from their POS providers



What frustrates operators most about their POS providers?

More than half of businesses experience frustrations with their current POS providers. Technical support, or lack of, is also one of the biggest frustrations that businesses have with their POS provider (21%). However, it's not the biggest.

The biggest frustration is not having enough support as to how it can help with business problems/improving business performance (27%). This also grows in importance for the larger businesses (40% for those with 101-250 sites).

27%

Not enough support in how it can help me with my business problems/how it can improve my business performance



21%

Poor technical support



12%

Poor customer support



7%

I have to ask for new features/innovations



37% know that relying on multiple tech providers is inefficient

The good news? Operators are wising up to the perils of this disjointed approach. **Almost 40% realise that relying on multiple technology providers is inefficient, and 41% want more external support to improve efficiency.**

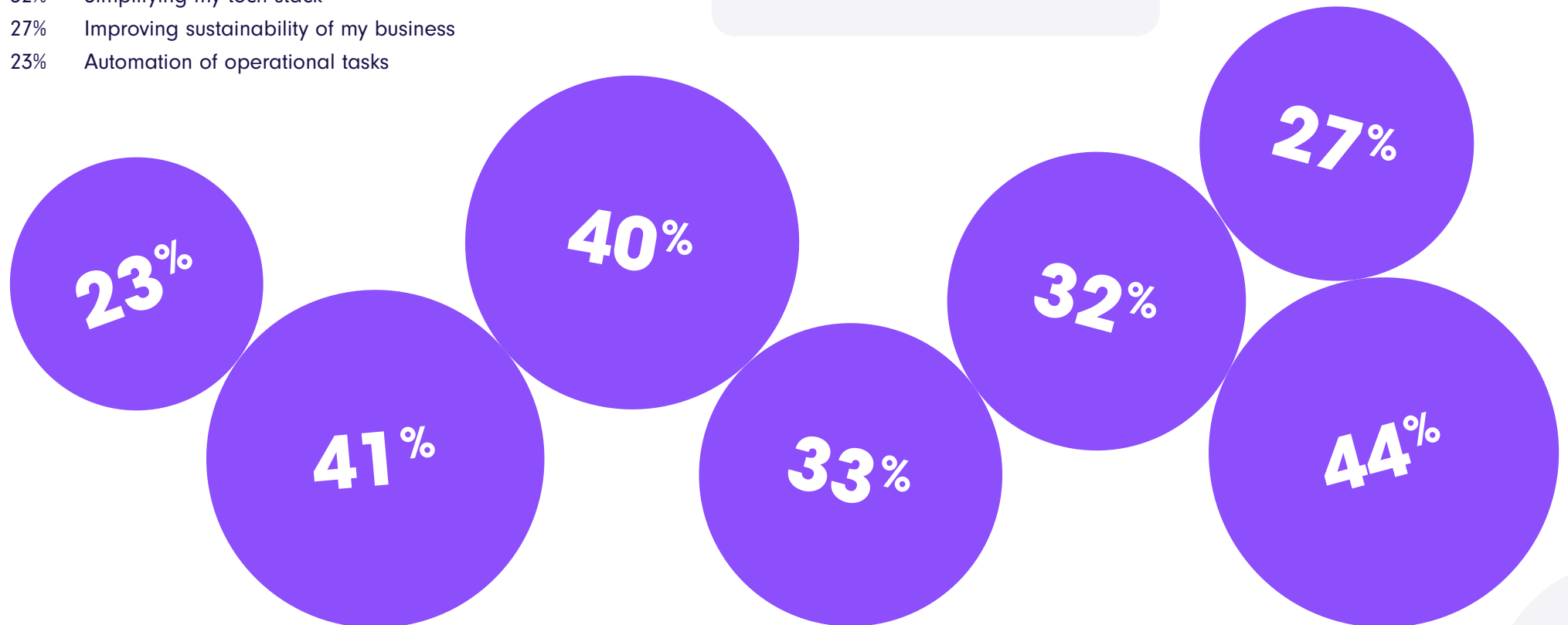


Areas in which their business would benefit from external support

- 44% Increasing profitability/growing sales
- 41% Improving efficiency
- 40% Improving the customer experience
- 33% Reducing the cost of doing business
- 32% Simplifying my tech stack
- 27% Improving sustainability of my business
- 23% Automation of operational tasks

1 in 4

would like their POS to be able to do something which it currently doesn't (increasing to 1 in 3 for businesses with 101-250 sites)





How to approach 2024 and beyond

Don't accept the hand you've been dealt by tech companies

To save time, boost operations and grow, the whole industry needs a new way of thinking about hospitality technology. Fragmented technology stacks are, ultimately, causing more harm than good. It's time for brands to tackle the challenges they've been handed by tech companies.

While it might sound like a tall order, there are some simple actions you can take that will make a huge difference to day-to-day operations.

Until recently, a fragmented tech stack was seen as the only way for restaurants to keep up with the pace of innovation. Operators had no choice but to rely on a jumble of providers to chase growth - even though, ironically, the resulting inefficiencies made growth impossible.

The good news is that technology has evolved.

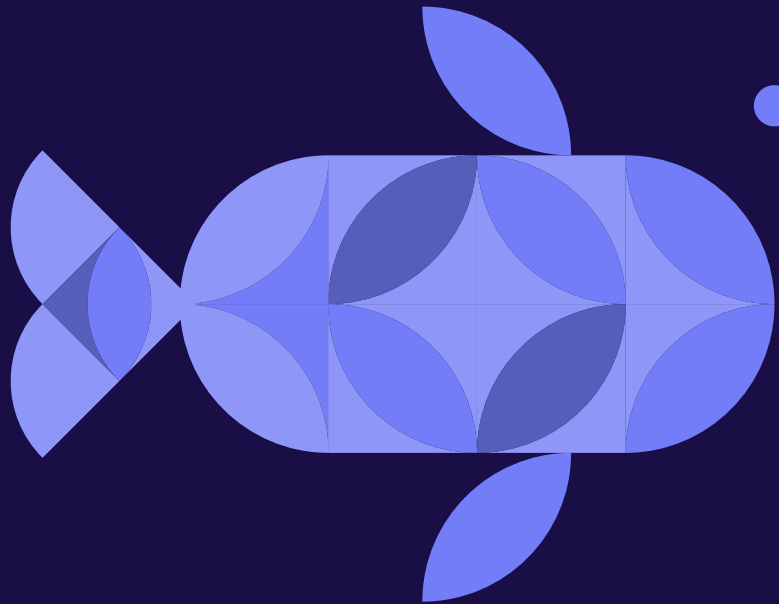
Instead of relying on the same old tools, operators need to reframe their mindset around growth by first fixing the inefficiencies blocking this growth.



CASE STUDY

Deep Blue

The largest fish and chip chain in the UK, Deep Blue, has seen a 30% increase in ATV, with 500 hours saved on menu updates alone by focusing on operational efficiency and simplifying their tech stack with the Vita Mojo Order Management System.



30% 

Increase in ATV

500 

**Hours saved on
menu updates**



Get to grips with what you need

Before making any sudden moves, you should get a robust idea of what your business needs. The better you understand your problems, the easier it will be for a new provider to solve them.

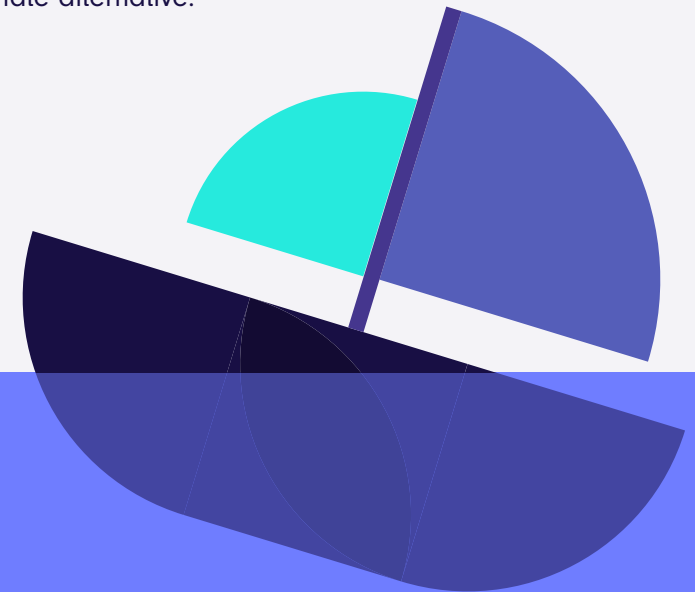
Look at the user journey both from the perspective of your guests and staff. Do you need help to increase throughput over peak times? Do you need to improve your customer experience? Are your kitchen staff overwhelmed by third-party delivery platforms?

These questions will help you understand what's right for your business as you look for ways to fix inefficiencies or change the way your operation uses tech.

PSYCHOLOGICAL BIAS EXPLAINED

Sunk Cost Fallacy

Have you ever justified sticking with what you have because you've already invested a great deal of time, money or effort? If so, you may have made a common human logical mistake: **the sunk cost fallacy**. It can be best described as the mistake of **'throwing good money after bad'** – in other words, staying with what you have (a broken and fragmented POS system) because it was expensive instead of cutting your losses and investing in a stronger, more appropriate alternative.





Aim for simplicity

Instead of being in constant catch-up mode, operators need to reflect on how they do things and set themselves up for a profitable future.

Moving away from complicated, time-consuming solutions to embrace the simplicity of a [single order-management system](#) is one way to do this.

These systems equip operators to handle digital ordering, POS, omnichannel loyalty, menu management and data in one system that doesn't depend on a complicated web of integrations. By taking and fulfilling 100% of orders in one system, you'll be able to create a consistent guest experience and boost the performance of your restaurant brand.

YO!, for example, operated for 22 years without knowing how many of each dish they actually sold in their restaurants. By partnering with Vita Mojo, **YO! has unlocked basket-level data for 95% of all sales across Order & Pay, Click & Collect and Kiosks.**



Look for a partner, not a supplier

With operational agility now more crucial than ever, brands must avoid falling into the trap of signing up to a provider that blocks them from building the right tech ecosystem for their business.

Instead, find a partner who empowers you to build the right partnerships and attain the cost and time efficiencies you know you need. The important thing is choosing systems that work together and integrate with your existing back-of-house. This guarantees that your tech saves you time and effort, rather than causing you more hassle, and enables you to gather vital data across your operations.



Technology in the hospitality space is evolving at pace and it's good to find a team that's innovative and happy to experiment with new features. One of the things I really value from the Vita Mojo partnership is that we can go to them with suggestions and they are always open and receptive.

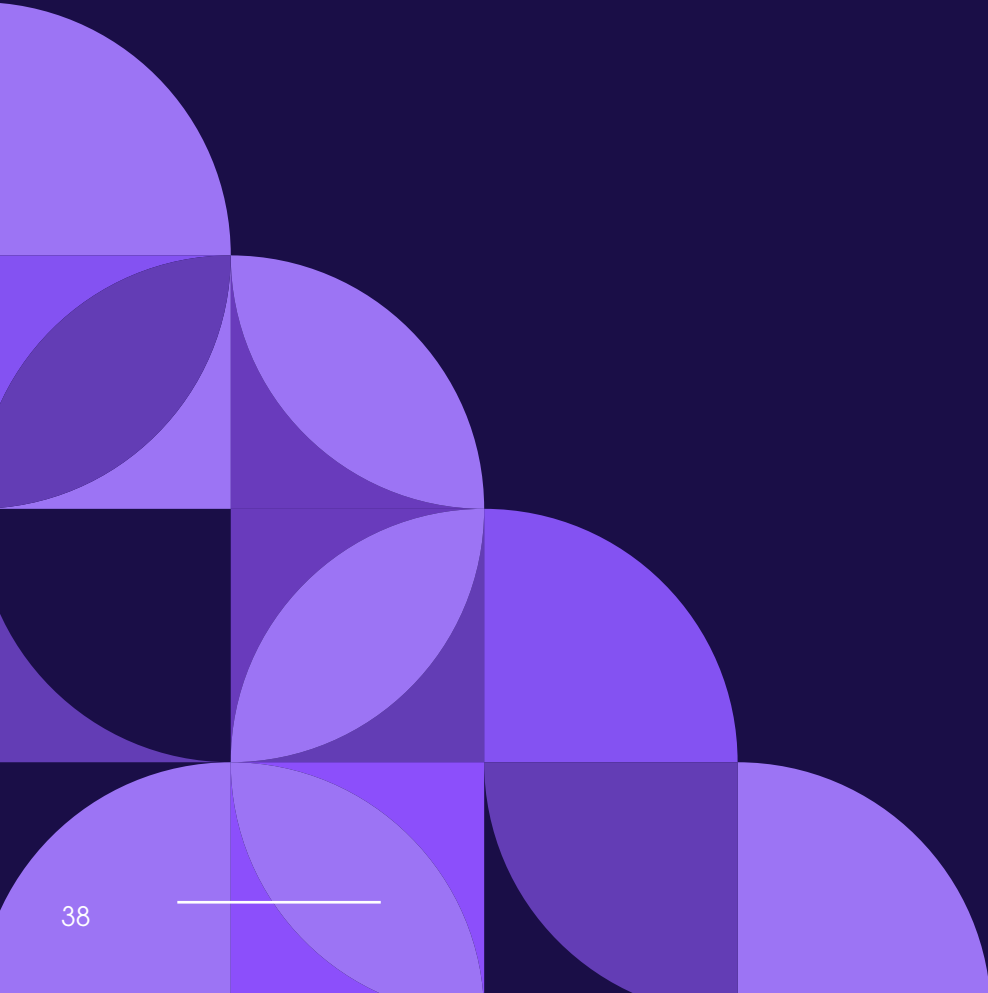
Neil Sebba

Managing Director of Tossed



What's

Next?





Transform chaos into confidence

Operations leaders and their teams face many challenges. But before you tackle the strategic ones, it pays to clean up the underlying issues first.

Learn how to bring your EPOS, digital ordering, menu management, kitchen systems, data and marketing, and delivery partner systems together into one with Vita Mojo's Order Management System.

Learn more at
www.vitamojo.com

