

AI and unified commerce: two technologies boosting restaurant loyalty

Article

“The restaurant industry is still reeling from the impact of the pandemic,” our EMARKETER analyst Becky Schilling said on an episode of [“Behind the Numbers: Reimagining Retail”](#)

podcast. On top of that, inflation and economic uncertainty has made for a tough four years. But the integration of new technologies is helping restaurants court loyal diners despite the tough environment.

The challenge: In addition to rising operating costs amid inflation and labor shortages, restaurants are dealing with a consumer base that is tightening their budgets—and dining out less often as a result.

- From 2019 to 2023, food prices rose 25%, according to a February 2024 finding from the US Department of Agriculture’s (USDA) Economic Research Service.
- When the cost of groceries and other essentials are eating up a bigger share of consumers’ wallets, they cut back on expenditures like dining out and entertainment, our analyst Blake Droesch said.
- Weekly visits to dining chains nationwide trended downward YoY throughout 2023, per a February 2024 report by Placer.ai.

AI to the rescue? In face of persisting challenges, restaurants are investing in technology, both on the back- and consumer-facing ends, to provide the type of experience that is valuable and still profitable, Droesch said.

Many gamified or points-based loyalty programs rely on automation to be personalized, Droesch said, which is why the industry is looking to AI. A third of US restaurant operators who plan to use AI will do so for personalized marketing, according to December 2023 data from Restaurant365.

For example, IHOP has teamed up with Google Cloud to offer AI-powered food recommendations based on customer preferences, past orders, and menu changes. For example, a customer, logged into the system, may have spicy items suggested if it’s part of their order history.

Investing in unified commerce: These systems connect all marketing and sales channels with back-end systems. These ensure that all customer touchpoints, whether through the app, desktop, or in-store, are linked together, creating a cohesive experience for the customer and more reliable data for the restaurant. Thirty percent of quick service restaurants in the US are already using a unified point-of-sale platform, while another 35% intend to use one in 2024 or 2025, per December 2023 data from Qu.

This year, McDonald's is rolling out a bespoke universal software that its restaurant and customer platforms will run on, linking everything including the loyalty program and in-store kiosks. "It's giving [McDonald's] better insights into their customer, making it easier for them to give them personalized rewards and a better experience," Drosch said.

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