
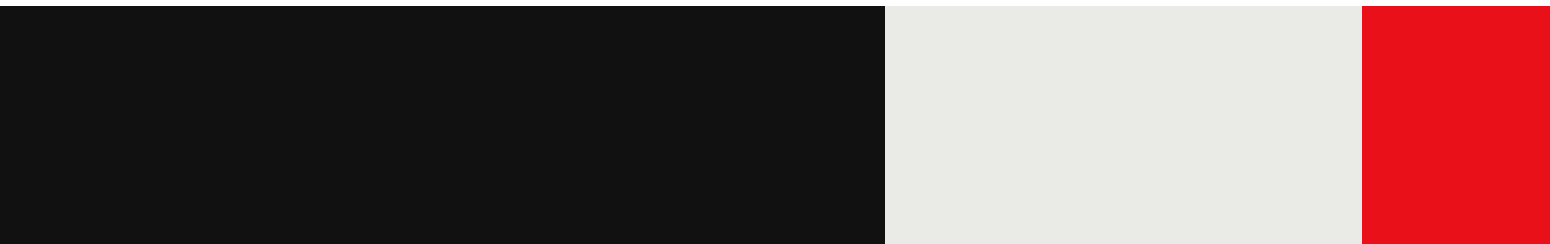


Toast turns attention to bigger restaurant and hospitality brands

Article



The news: Toast is using partnerships to expand beyond its traditional stronghold of payment services for small and medium-sized restaurants.

- **FreedomPay** will become Toast's preferred payments gateway partner for some large restaurant brands in the US and Canada, according to a press release.
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- A separate tie-in with **Marriott International** will make Toast's technology available to food outlets within Marriott's Select service hotels in the US and Canada, per another release.

Why it matters:

- **Restaurant industry sales are forecast to grow 6.4% this year to reach \$997 billion, per** the National Restaurant Association. Toast's partnerships should help it capture a greater share of these increasing sales and build out operations with more restaurant clients like franchises—one of the fastest-growing restaurant segments.
- **Toast enjoyed a strong Q1**, but there could be challenges ahead: At the end of last year, **just 16% of restaurants expected profits to increase in 2023** as climbing costs ate into their businesses, per the National Restaurant Association, although cooling inflation may have changed this. Widening its customer base to larger restaurants and hotels could help Toast offset any potential economic hit.

Why partnerships make sense:

- A broader move to **grow its user base among hotel restaurants** can help it capitalize on sustained high spending on travel.
- Partnering with firms like FreedomPay helps Toast better serve large firms, which often have more complex needs than smaller restaurants.

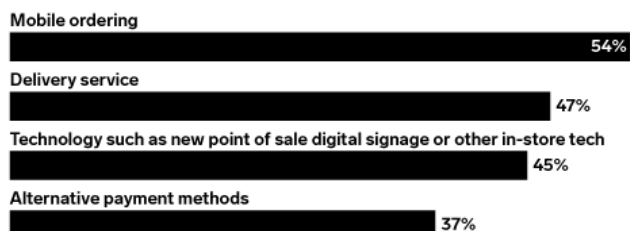
What's the catch? Toast faces fierce competition in restaurant point-of-sale payments from **Square**, **Shift4 Payments**, and **Fiserv-owned BentoBox**, among others. It'll be tough to attract and retain clients as legacy providers, fintechs, and Big Tech firms like **Amazon** jostle for market position.

The bigger picture: Toast can use partnerships with firms like FreedomPay to expand its payments ecosystem. That will become more important as competition intensifies from restaurant payment-specific providers and incumbents looking to expand in the space.

- Toast's growth could be threatened if businesses feel they can get a comparable offering—supplemented by a wider array of benefits—from a bigger legacy provider.
- But widening the companies it caters to can limit the risk of that happening and stave off competition.

Leading Areas of Investment in 2022 According to US Restaurant Franchise Owners

% of respondents



Source: TD Bank as cited in press release conducted by Engine Insights, Jan 4, 2022

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