

## Target Markets

*Food service and hospitality*

*Sales reference guide*



## Overview

The food service and hospitality market can be divided into six categories: quick service restaurants (QSRs), deli/sandwich shops, casual dining, fine dining, pubs and bars, and hotels. *(For more detail on how these food service retailers vary, see the segment demographic matrix on page 7.)* All six share similar business issues. This segment is extremely competitive. Workloads are intense and many establishments stay open 18 to 24 hours a day, so reliability is a major issue for point-of-sale (POS) systems and other onsite technology. Employee turnover is constant, which makes training a constant problem. Physical conditions are demanding, and POS equipment is regularly exposed to contaminants not found in other retail environments. Finally, customer expectations are high. Whether the operation is a single bistro, a chain of coffee bars, or a regional discount hotel, customers expect fast, flawless service and a pleasant dining experience.

## Pain points and market drivers

All retailers are up against the same trends driving the need for e-business on demand in retail. In the food service and hospitality segment, these trends are responsible for four pain points:

### 1. Rising customer expectations

From the moment they walk through the door to the moment they leave, restaurant customers expect an enjoyable and efficient dining experience. Regardless of how much the meal costs, they expect good value and flawless service from the staff. Today, outdated manual processes and paper-based systems pose the biggest threat to customer satisfaction. Common problems include lost checks, illegible handwriting, inaccurately tabulated bills, no central table management, delays in credit card authorization and no automated customer recognition for loyalty. Additionally, restaurants that lack IT infrastructure are also losing customers to competitors that utilize Web-based ordering and advertising.

### 2. Stronger competition

Food service and hospitality retailers are up against an incredible variety of competitors, including local favorites, regional and national chains, upscale locations and the latest 'trendy' places, and grocery stores that prepare complete meals for takeout. And although there are major differences between fast food chains, table service outfits and others, all of them are competing for the same customers. Compounding this problem, the North America market is saturated, and international markets are becoming crowded as chains increase global expansion.

### 3. Technology choices

Food service and hospitality retailers have an enormous range of options to consider when mapping out how to become on demand businesses. Overall, they must prioritize their needs: is it more important to adopt the latest trend, or address fundamental questions of multichannel integration, outdated POS systems or customer data analysis? Is it more important to increase efficiency, increase ticket price, increase visit frequency, or meet government regulations? No matter which priority is rated highest, it will be absolutely critical for these retailers to select solutions that are reliable, sustainable and scalable across the enterprise.

### 4. Economic uncertainty

With more choices than ever and less money to spend, consumers continue to create an unpredictable economic climate for food service and hospitality. Food service and hospitality retailers need to select onsite and enterprise-wide solutions that protect their investment in the technology, as well as solution partners that can be counted on for stable, long-term support.

## Four imperatives for on demand food service and hospitality retailers

In an on demand world, food service and hospitality retailers need to address four key challenges.

### 1. Captivate customers in a comfortable, compelling environment

An engaging atmosphere with just the right ambiance helps build loyalty, keeps customers coming back, and generates positive recommendations for restaurants, bars, cafés and hotels. On demand food service and hospitality retailers create this experience for customers every time they visit. To do this, many on demand restaurants and hotels incorporate interactive devices and e-business strategies to differentiate their locations and give customers more control over the dining experience. They deploy these solutions consistently in one location or across the chain. On demand food service and hospitality retailers also understand that restaurant patrons are ideal targets for point-of-purchase marketing, because they are a relatively captive audience.

There are many offerings in the IBM Retail Store Solutions portfolio designed to help food service and hospitality retailers address this key challenge. They include:

- *Sleek, powerful POS systems that enhance the decor of any restaurant and help retailers manage the complexities of on demand world, including communications with corporate headquarters, inventory control, employee sign-in and access to food safety regulations. In hospitality, these systems can be integrated across the establishment, from the front desk to the bar to the gift shop*
- *Web-enabled POS systems that accept online takeout orders and reservations*
- *Wireless kiosks that allow customers to review a menu, read a review or place an order upon arrival*
- *Table-side kiosks that enable customer self-ordering and delivery of personalized incentives*

- *PDA devices that allow staff to process orders more efficiently and maintain contact with customers*
- *Secondary POS displays that can be used to promote new items, automate upselling or run advertisements for vendor partners – all of which create opportunities for alternative revenue streams*
- *Wireless POS terminals that can be used during rush periods for line-busting without recabling the restaurant or reconfiguring the network, allowing managers to position staff wherever demand for customer assistance is highest*
- *IBM Business Partner applications that enable customer relationship management (CRM), cashless payment, loyalty systems, stored value cards, and digital merchandising and messaging*
- *High-quality thermal printers that produce receipts quickly and quietly, and can print coupons or special messages for customers*

### 2. Increase efficiency to help reduce costs

Food service and hospitality retailers are very cost-sensitive. They must protect IT investment at all times, and they will be attracted to solutions that reduce initial costs, ongoing maintenance and the cost of upgrading equipment over the long term. Minimizing costs also requires food service and hospitality retailers to manage their facility, workforce, and service quality with exceptional efficiency. On demand retailers achieve this through a common framework for both single-site and enterprise-level management. IBM Store Integration Framework helps provide a complete infrastructure for streamlining business processes in food service and hospitality. It is designed to enable retailers to integrate multiple points of service, including pervasive, consumer-focused systems driven by wireless technology. The Framework helps establish an easy, unified way to manage data in realtime, so retailers can make faster, more informed decisions in the bar, café, restaurant or hotel.

Other ways IBM Retail Store Solutions can help food service and hospitality retailers take out costs and operate more efficiently include:

- *Upgradeable POS platforms with expansion options for memory, ports, peripherals and wireless capabilities that allow retailers to add new capabilities at the POS without always having to purchase new hardware*
- *POS systems that are engineered according to open standards, which gives food service and hospitality retailers more freedom to select a platform, operating system, peripherals and POS applications, and allows them to select the best, most affordable configuration*
- *Pricing and financing options that can be customized for different-sized food service and hospitality establishments, from one table service restaurant to an international chain of sandwich shops to a regional hotel operation*
- *IBM offers repair parts and service for IBM POS systems for up to seven years after the particular model has been withdrawn from the market. This is an IBM exclusive and a strong investment protection message*
- *IBM hardware has high residual value. When food service and hospitality retailers are ready to buy new POS systems, they can sell their old systems into the used and refurbished market for considerably more than competitive offerings*

### **3. Empower employees to provide world-class service**

Restaurants that consistently deliver attentive, personalized service tend to succeed. Yet rapid employee turnover is a fact of life in food service and hospitality. It can't be minimized, so businesses must anticipate it and plan for it. Employees tend to be undertrained, and many are unskilled. Training employees quickly and cost-effectively is a big concern, especially for QSRs. That's why the on demand roadmap includes technology designed to minimize the time and money food service and hospitality retailers spend on training – so they can help employees deliver attentive, responsive service and break the cycle of unacceptable customer service caused by inadequate training.

Offerings from IBM Retail Store Solutions that help food service and hospitality retailers address this challenge include:

- *Infrared touchscreen technology and intuitive graphical user interfaces (GUIs) that make training sessions shorter and improve ease of use at the POS, reducing the risk of errors and promoting employee job satisfaction*
- *Web-ready kiosks that broadcast daily employee updates about specials, menu changes, or new amenities and services*
- *Employee-only kiosks that provide a convenient touchpoint for scheduling, time and attendance and other HR concerns*
- *Handheld devices that deliver realtime messages to managers regarding schedule conflicts, menu shortages/outages, or arrival of loyal customers*
- *Tablesides kiosks can allow customers to place their own orders, allowing restaurants to accommodate more diners without adding staff*

### **4. Operate a resilient enterprise**

Restaurants pose considerable challenges for IT equipment, especially if systems are anywhere near a kitchen. Common problems include grease, smoke, heat, steam, food hazards, water, soft drinks, oil and industrial-strength cleansers – not to mention the physical toll of 24-hour operation. And unlike department stores or mass merchants that have 20 registers in a store, restaurants typically have one or two POS terminals. If one goes down, it compromises customer service and customer loyalty, so uptime is critical. Operational resilience also depends on choosing an experienced technology partner. With IBM, retailers in this segment can rely on a proven track record in food service and hospitality, combined with world-class service and support. IBM works with a wide range of food service and hospitality retailers, from global brands to smaller chains and individual establishments, and understands the full range of needs in the industry.

Specific offerings from IBM Retail Store Solutions that help address the fourth challenge of on demand retailing include:

- *Retail-hardened POS systems that can withstand food, grease, smoke and other airborne contaminants, as well as exposure to heat, humidity, vibration and electrostatic shock*
- *Retail-hardened POS peripherals that are designed to withstand the challenging conditions in food service and hospitality environments*
- *IBM POS systems and displays that feature spill-resistant construction that helps protect against damage from liquids*
- *Unique cooling tunnel technology that ventilates POS systems without exposing electronics to outside air, which helps reduce the risk of motherboard failure and helps improve overall system durability*
- *POS systems that are stress tested for heavy-duty operation and designed to withstand repeated opening and slamming of cash drawers, the banging of coin rolls and rough handling*
- *Open infrastructure that allows retailers to add new components and replace current technologies easily and cost-effectively*
- *Store-based and Web-based tools that help safeguard personal transaction data and help ensure security of information*
- *Systems management tools that can be used to monitor enterprise-wide operations and route alerts automatically, helping retailers reduce or easily outsource IT requirements*

## Solutions overview

The building blocks of the retail on demand vision are found in this portfolio of retail-hardened POS products and next-generation store technologies from IBM Retail Store Solutions and authorized IBM Business Partners.

### Hardware

#### *IBM SurePOS 500 Series*

The IBM SurePOS™ 500 Series offers the performance, durability and sleek, compact design required in food service and hospitality. Offered with innovative infrared touchscreen technology, it features a 2GHz Intel® processor and OS support that includes Linux, Microsoft® Windows® and IBM PC DOS 2000. Flexible configurations with a wide choice of options look good in any décor.

#### *IBM SurePOS 300 Series*

The IBM SurePOS 300 Series is the most cost-effective distributed POS system in the IBM portfolio. With processing power up to 1.2GHz, this space-saving system features thick-client or thin-client configurations, storage media options, high-bandwidth Ethernet and an open platform for OS and application software.

#### *IBM SureOne*

The IBM SureOne® system is an integrated POS system designed for the budget-conscious as well as proprietors with limited floor space, such as pubs and bars. Its compact, all-in-one design includes all the tools you need to run your business, eliminating the need for complex systems integration.

#### *IBM SureMark™ Printers*

These fast, quiet, high-quality thermal receipt printers help reduce transaction times, customize receipts with marketing messages, and maximize POS uptime.

#### *IBM Kiosk*

The IBM Kiosk provides a unique, rugged platform for self-service that can help food service and hospitality retailers enhance the dining experience and attract new customers. Inside, it is Web-enabled and multimedia-ready, with ample processing power and multiple peripheral options. Outside, it features a sleek, durable enclosure and touchscreen display.

#### *IBM SurePoint™ Solution*

IBM touchscreen displays incorporate infrared technology to help improve image quality and maximize accuracy in user interaction. By reducing glare, these displays help increase visibility in brightly lit food service and hospitality environments. Because the touchscreen's fixed optical alignment lasts throughout the life of the display, no time-consuming recalibration is necessary. These products are durable and sealed to help protect against the inevitable spills in food service and hospitality. You can also choose nontouch, flat-panel color displays.

### **Software**

#### *IBM Business Partner Applications*

IBM Business Partners provide expertise and specific knowledge sets required to develop highly customized and targeted software for food service and hospitality retailers worldwide. These applications enable you to integrate a wide range of capabilities at the POS to help enhance customer satisfaction, improve information capture, and increase table-turn. They also include Ready for IBM Retail Innovations solutions pretested for use with IBM POS and IBM Kiosk technologies.

#### *IBM Retail Environment for SUSE LINUX*

The IBM Retail Environment for SUSE LINUX (IRES) is a service and support offering from IBM for the SUSE LINUX retail solution. SUSE provides and distributes the Linux OS, which has been optimized for retail. IBM provides a support and maintenance model designed to work with IBM SurePOS and IBM @server™ systems and IBM middleware.

#### *IBM Store Integration Framework*

IBM Store Integration Framework provides a reliable, store-level Web services architecture that helps connect consumers and employees to critical information in realtime. Based on open industry standards, the Framework provides the integration infrastructure for adding new software and hardware capability in the store.

#### *IBM Data Integration Facility*

IBM Data Integration Facility, a component of the Store Integration Framework, allows retailers to leverage realtime sales data for system-wide analysis.

### **Service and Support**

#### *National Retail Services Center*

The National Retail Services Center (NRSC) is a services group within IBM Retail Store Solutions that can help retailers implement the retail on demand vision and roadmap while helping minimize the time and risk typically associated with customization and complex solution integration. The NRSC specializes in integrating and implementing store-level solutions delivered through IBM and IBM Business Partners.

## Segment demographics and buying behaviors

Food service and hospitality retailer	Description	Example
QSRs	QSRs represent what is traditionally thought of as very large fast food chains that assemble precooked food for customers. IT infrastructure is generally very integrated between front-counter order processing and back-area production. Current trend is to integrate restaurants with enterprise management.	<ul style="list-style-type: none"> <li>• McDonald's</li> <li>• Burger King</li> <li>• Starbucks</li> </ul>
Deli/sandwich	These food service retailers are similar to QSRs, but slightly different in that they are making food to order on a customer-by-customer basis. Their IT needs and trends are similar to those of QSRs. Kiosks are making inroads in both markets.	<ul style="list-style-type: none"> <li>• Subway</li> <li>• Schlotzky's Deli</li> <li>• Independents</li> </ul>
Casual dining (table service)	Casual dining establishments are generally chains that provide an affordable table service dining experience for their customers. Handheld wireless order devices are having a big impact on this segment. Order processing and food preparation are integrated.	<ul style="list-style-type: none"> <li>• Olive Garden</li> <li>• Red Lobster</li> <li>• Pizza Express</li> <li>• TGI Friday's</li> <li>• Independents</li> </ul>
Fine dining (table service)	Typically, fine dining establishments are independently owned. They provide a table service experience that covers a broad spectrum of price, from medium to very high. IT plays less of a role in this segment. However, the increase in chains is driving a need for loyalty systems and the IT infrastructure these systems require.	<ul style="list-style-type: none"> <li>• Independents</li> <li>• Morton's</li> <li>• Ruth's Chris</li> <li>• The Palm</li> </ul>
Pubs and bars	This segment has an even mix of chains and independent locations. These establishments focus on selling alcoholic beverages at the bar, and some combine this with a casual dining environment. IT is playing a bigger role in order processing, beverage management and employee cost reductions. Ordering devices can also double as entertainment. Kiosk opportunities are high in this segment.	<ul style="list-style-type: none"> <li>• Laurel Pubs</li> <li>• Independents</li> </ul>
Hospitality	Most hotels have at least one restaurant, bar or lounge connected to the lobby. In these cases, the food service solution must also integrate with the property management system. This segment also includes restaurants on cruise ships, in casinos, in theme parks, and concessions stands at professional sports venues. IT needs have always been biggest in this segment. The need to understand consumers and provide them with pervasive access and service is driving a need for wireless handheld devices and kiosks in this segment.	<ul style="list-style-type: none"> <li>• Cafeterias</li> <li>• Hotel restaurants</li> <li>• Cruise ships</li> <li>• Casinos</li> <li>• Theme parks</li> <li>• Sporting venues</li> </ul>

## Suggested solutions

Segment	NA	EMEA	AP (SBCS)	AP (DBCS)	LA
QSRs	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne
Deli/sandwich	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne
Casual dining (table service)	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne
Fine dining (table service)	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne
Pubs and bars	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne	SurePOS 500 Series SurePOS 300 Series SureOne
Hospitality (restaurant or lounge)	SurePOS 500 Series	SurePOS 500 Series	SurePOS 500 Series	SurePOS 500 Series	SurePOS 500 Series
Hospitality (specialty shops)	SurePOS 500 Series SurePOS 300 Series	SurePOS 500 Series SurePOS 300 Series	SurePOS 500 Series SurePOS 300 Series	SurePOS 500 Series SurePOS 300 Series	SurePOS 500 Series SurePOS 300 Series

In 2001, IBM became the largest provider of POS systems in the food service and hospitality segment. The IBM SurePOS 500 Series is the preferred system for food service and hospitality customers worldwide, because it is specifically designed to meet the needs of food service and hospitality retailers. However, there are some prospects that may need a distributed system unit. In these instances, the IBM SurePOS 300 Series is a more appropriate choice. There are others around the world who will be making a transition from a PC cash drawer system. For these customers, the IBM SureOne – an affordable, all-in-one solution – is the right choice.

### Market view of IBM

IBM has been involved in the food service and hospitality industry for more than 15 years. Our customers include food service and hospitality retailers from more than 100 countries. IBM is seen as a provider of high-quality solutions that tend to fall on the upper end of the cost spectrum. Food service and hospitality retailers believe IBM has an excellent understanding of their needs and concerns, as well as the worldwide food service and hospitality industry. In North America, IBM is seen as an established leader in the segment; however in Europe, Middle East and Africa (EMEA) and Asia Pacific (AP), IBM is still emerging into the QSR and casual dining markets. The award-winning IBM SurePOS 500 Series, a POS solution designed specifically for food service and hospitality, has helped IBM make significant gains in mind share and market share during the last two years.





© Copyright IBM Corporation 2004.  
All Rights Reserved.

IBM Corporation  
PO Box 12195  
3039 Cornwallis Road  
Research Triangle Park  
NC 27709

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates. Copying or downloading the images contained in this document is expressly prohibited without the written consent of IBM.

IBM assumes no responsibility of liability for any use of the information contained herein. Nothing in this document shall operate as an express or implied license or indemnity under the intellectual property rights of IBM or third parties. No warranties of any kind including but not limited to the implied warranties of merchantability or fitness for a particular purpose are offered in this document.

© eServer, IBM, the IBM logo, SureMark, SureOne, SurePoint and SurePOS are trademarks of International Business Machines Corporation in the United States, other countries, or both.

© Intel is a registered trademark of the Intel Corporation in the United States, other countries, or both.

™ Java is a trademark of Sun Microsystems, Inc. in the United States, other countries or both.

© Microsoft and Windows are registered trademarks of Microsoft Corporation, in the United States, other countries, or both.

All other company names or product names are trademarks or registered trademarks of their respective companies.

For a copy of the terms and conditions of IBM's Statement of Limited Warranty, please contact your IBM representative or authorized reseller.