

# WHAT'S THE ROI OF DIGITAL MENU TECHNOLOGY?

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The proof behind digital  
menu boards as a priority  
restaurant investment.



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### Improve Restaurant Operations, Increase Sales, and Create Positive Customer Experiences

The restaurant industry faces challenging times. Sales are down at traditional restaurant concepts both domestically and internationally, consumers are shifting how and where they spend money, and higher labor and commodity costs make for difficult operations. Tight margins and rapidly changing markets demand restaurants do something different to get sales and profits back on track. Digital Menu Technology creates a better customer experience, increases sales, and improves restaurant operations.

# Introduction: Digital menu board ROI comes in many forms.

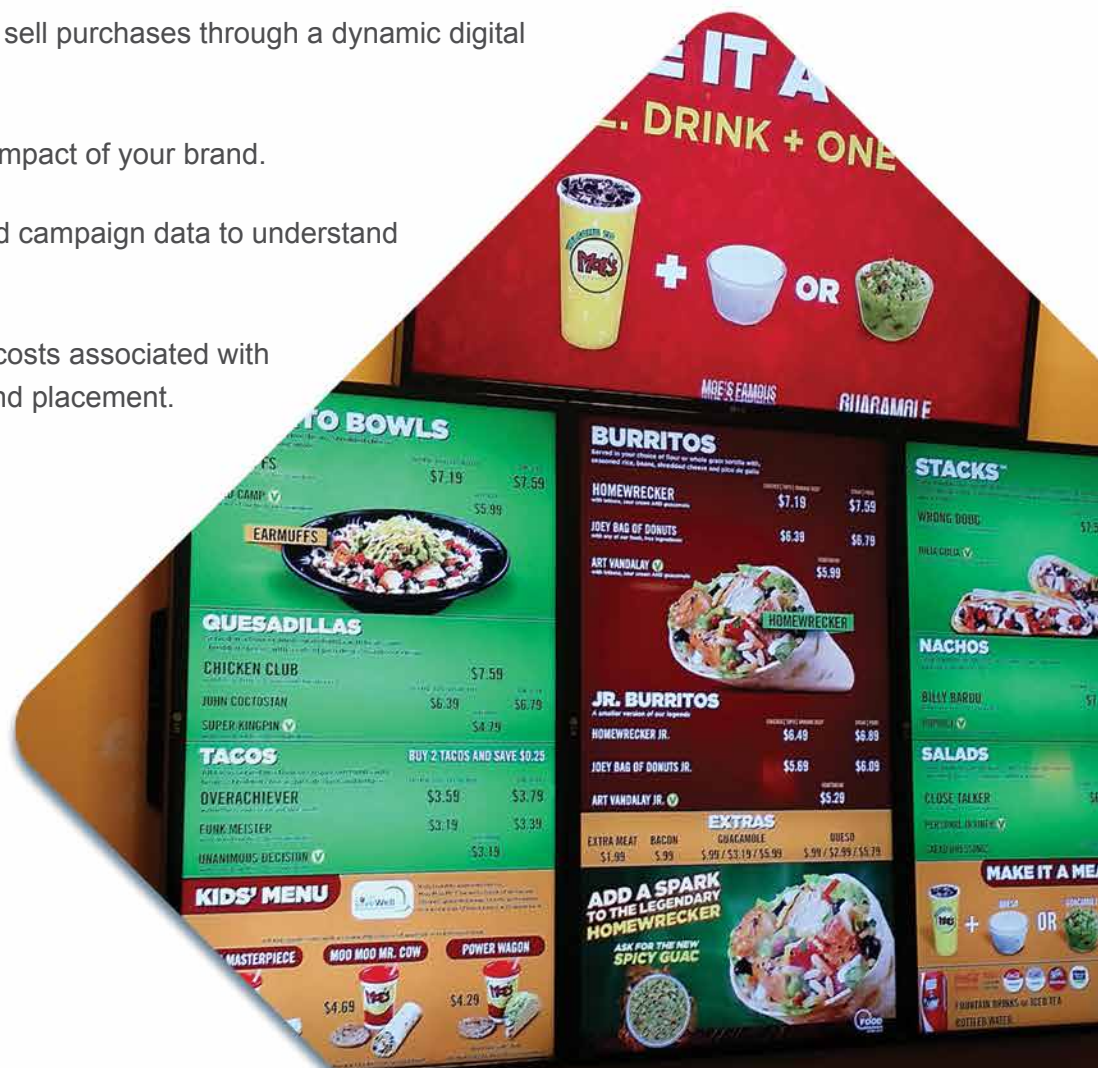
Maximizing food, beverage, and dessert sales is a top priority for restaurateurs. Changing customer behavior at the point of sale predominately impacts consumer buying habits. Engaging customers in innovative ways captures interaction with your brand.

Your customers' experiences from the moment they enter your restaurant contain multiple soft and hard ROI touch points and opportunities to positively impact both their purchasing behaviors and allegiances to your QSR or fast casual restaurants.

In addition to financial gains and customer experience, operations must be efficient. When it comes down to making a technology investment, it must be easy to operate, reliable and dependable, and versatile.

In this short guide, you'll learn how your digital menu board strategy will more than pay for itself by:

- Increasing sales margins by maximizing seasonal and LTO opportunities.
- Promoting impulsive and up sell purchases through a dynamic digital marketing experience.
- Improving the strength and impact of your brand.
- Providing real time sales and campaign data to understand what is and is not working.
- Eliminating the static menu costs associated with creative, printing, delivery and placement.

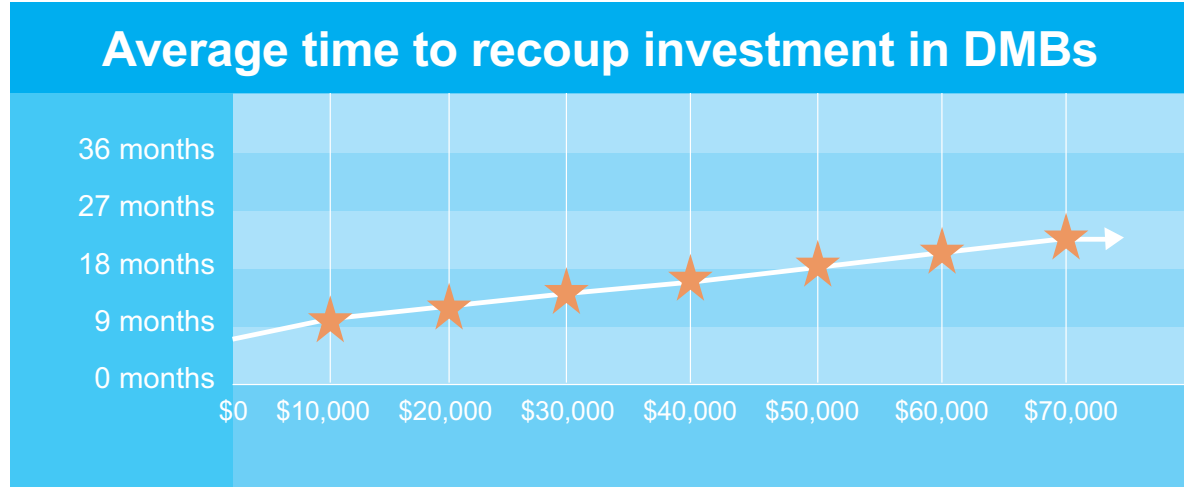




# How will digital menu boards increase your revenue?

“From talking to a variety of sources on both sides of the digital menu boards divide, both providers and end-users, is about 3 to 5 percent uplift in sales.”

(Source: Network Media Group’s Digital Menu Boards and ROI Study)



★ = break-even point. Typically, it takes a deployer between nine and 18 months to recoup the initial investment in a digital menu board system.

(Source: Network Media Group’s Digital Menu Boards and ROI Study)

While industry studies highlight a 3-5% lift, a study conducted at WAND showed a 2% incremental sales increase for an average digital menu deployment at a single store. This efficiency in scale jumps for a ten-store deployment as all updates to a digital menu board can come from one single point of management. Therefore, a one-store system would incur generally the same operational costs as a ten-store system, making digital menus a practical and scalable alternative to static boards.

- One-store system: \$1.2 million in annual sales = \$24,000 estimated increase in sales
- Ten-store system: \$1.2 million in annual sales = \$24,000 estimated increase in sales x 10 stores = \$240,000

Compare the cost savings between one person sitting at a computer clicking a few buttons and instantly changing menus at 10 stores to 10 people at 10 stores climbing ladders to swap out menu translates on five different boards.

Digital menus can quickly move sales from the value menu to premium LTO’s therefore increasing sales and margins and decreasing food costs.

## Synthesizing Data to Maximize Premium vs. Value Offers

By reviewing menu mix reports, a store can discover that premium item sales are declining. To quickly solve this, a store can digitally launch a new monthly LTO that will feature new premium items where the average food cost of the LTO items are more ideal. Key in this process is that digital menu boards, used properly to promote LTO items, can influence 1 in 5 customers (20% or more) to positively influence and change purchase decisions. There is the opportunity for digital menus to move sales from the value menu to premium LTO's, which increases sales and improves food costs.



### The Digital Divide



Digital menus receive 10x more eye contact than static menus



70% of customer purchasing decisions are made at the register



30% of video viewers make unplanned purchases



Relevant, timely marketing creates impulse to make incremental purchases



Reduces perceived wait time by over 15%



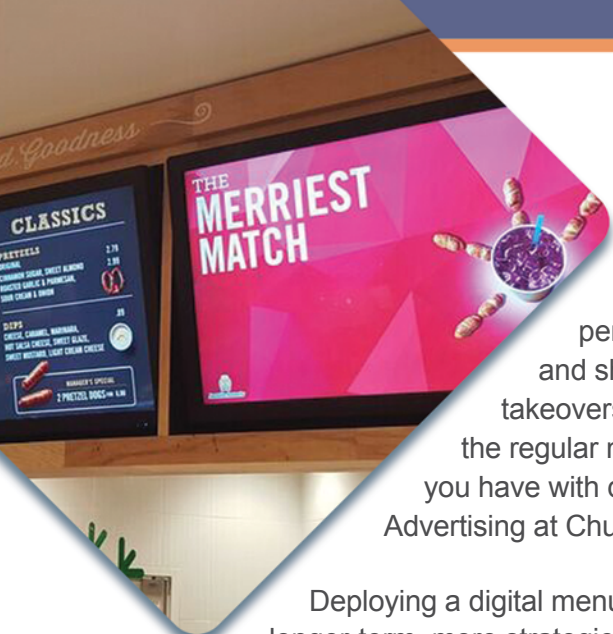
Appeal to multiple audiences at the same time

### Average sales lift for digital menu boards

The average restaurant can expect to see between a 3 percent and 5 percent sales lift after installing DMBs. Given that:

Annual sales of a given restaurant	3% increase	4% increase	5% increase
\$2 million	\$60,000	\$80,000	\$100,000
\$1 million	\$30,000	\$40,000	\$50,000
\$500,000	\$15,000	\$20,000	\$25,000
\$100,000	\$3,000	\$4,000	\$5,000

# How can digital menu boards save you money



“The fact that we can update content digitally during our 13 promotional periods, saves us money not having to print the promotional translights and ship those out to each restaurant. We also have great flexibility to do takeovers for LTOs or special items, five to ten seconds and then switch back to the regular menu board. So the laundry list goes on and on for the capabilities that you have with digital menu boards versus static.” Georgia Margeson, Senior Director, Advertising at Church’s Chicken

Deploying a digital menu board solution can help you cut costs in short order while also reaping longer-term, more strategic cost reductions. By replacing static menus, content and manual processes, you can:

- Eliminate or significantly decrease costs associated with creating, shipping and deploying static menus
- Reduce capital costs and payroll associated with manual, static menu board updates and changes
- Do more with less based on a central management platform.
- Cut down on time and revenue loss to make seasonal, campaign and daily menu changes.

For example, a typical QSR with 10 locations running monthly offers is likely to save on static menu costs in the following categories:

- Menu printing - \$200/store x 10 stores x 12 offers = \$24,000
- Menu shipping - \$75/store x 10 stores x 12 offers = \$9,000
- Deployment labor - \$50/store x 10 stores x 12 offers = \$6,000

Total hard cost static printing, shipping and deployment savings for 10 stores = \$39,000/year

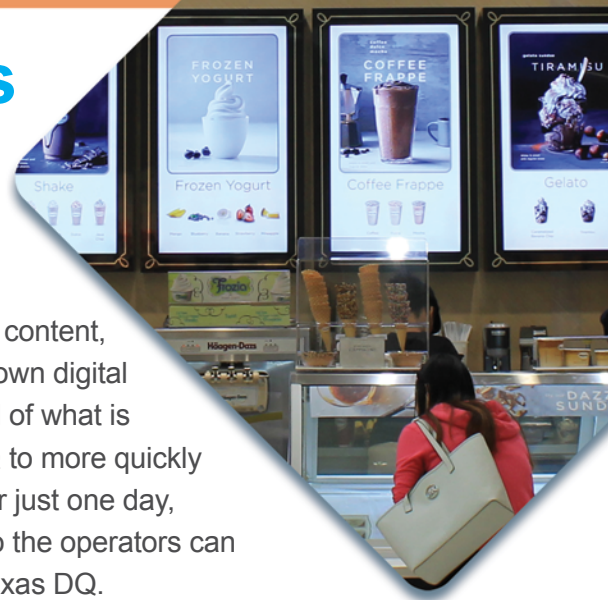
Digital menus pay for themselves in printing costs alone. Additionally, expenses for translites for menu boards should be considered; the typical translite costs approximately \$100, so a four-board menu system with four changes each year adds up to \$1,600 at least. On top of this, many restaurants are charged rush printing or shipping fees when menu changes must be made quickly, which, multiplied across hundreds of stores, can be quite costly. Digital menus save you money in the long run. In addition to reducing the cost of printing and shipping static menus, digital menus give franchisees the ability to promote items they need to clear out or remove items they do not have in stock. For example, if a franchisee has \$500 in beef product left for the week, sales have been slow and the beef will expire soon, the franchisee can promote burgers and other beef items on their digital menus to help move this product out before it spoils. Conversely, if they run out of chicken, they can replace their chicken sandwiches with burgers so as to not lose out on sales.

***“WAND actually helps us with our food stock so we can make quick changes to focus on surplus items and get those perishables moving; it’s a big help on food supply costs. If something is not moving, or if we want to create an upsell, I have the flexibility and speed to do it right and reap the benefits.”***

Renee Nowak, Franchisee, Sun City Dairy Queen Stores, Inc.

# What other positive benefits are being seen through digital menus?

“The greatest benefit of using WAND allows us to quickly swap out menu content, to promote a new item or run a new LTO. Because Texas DQ creates its own digital menu content and deploys it on-site we are able to have complete control of what is playing, where and when. The digital menus have also allowed Texas DQ to more quickly respond to operator requests. If an operator is running a special, even for just one day, Texas DQ can quickly create and deploy the promo in their restaurants so the operators can capitalize on more sales.” Gilbert Torres, Senior Digital Media Director, Texas DQ.



Digital menus don't just impact sales and marketing departments, they make significant impacts company-wide. Your choice of technology partner shows up and reflects within your brand. Customers associate a digital restaurant as modern and clean encouraging customers to return. Restaurants are able to tie merchandising messages to web, print, and television in real time. The ability to highlight national advertising messages can promote recollection and brand loyalty. A digital menu solution fosters a consistent message, schedule and can achieve 100% brand compliance.

- BRAND ENHANCING - All store rebranding and expansion efforts will be enhanced through digital menu deployments.
- EMPOWERING CUSTOMERS - Customers will make clearer and quicker decisions and enjoy a more pleasurable customer experience.
- PLEASING - Digital menus instantly create a more modern, clean and positive esthetic image over static menus.
- ONE-CLICK - Simultaneous brand and promotional consistency can easily be achieved nation-wide through digital menus.
- ACCEPTANCE - The consumer feels more connected to stores featuring dynamic, digital menu content that leverages customized, timely and seasonal offerings.
- FRANCHISE CONTROLS – The franchisee is given a new option for displaying menus in their stores and engaging their customers, as well as the ability to change price points and swap out LTOs (as pre-determined by the marketing team).

***“New restaurants are getting digital menu boards as well as those needing a re-image so it's critical to have WAND in place to update or maintain 200 restaurants and that list just keeps growing.”***

Georgia Margeson, Senior Director, Advertising at Church's Chicken

# Conclusion: How to best take advantage of a digital transformation

Digital menus provide not only real, tangible, and rapid ROI but also intangible benefits that allow multi-unit restaurant chains to manage their operations more efficiently and to create positive customer experiences. In this study we learned the following key facts:

1. Digital menu ROI can be instantly gained from a customer experience perspective as well as from cost savings and increased revenue standpoints.
2. Digital menu break-even points can commonly be achieved in as quickly as 9 months.
3. Soft digital menu ROI can take multiple forms, but are wide in scope and long lasting in terms of impact.
4. Digital menus enable stores to be more flexible and nimble to achieve Higher Margin Per Transaction (HMPT aka the gold accounting standard in the restaurant business).

*“At Texas DQ, we wanted to ensure greater brand consistency in all of our restaurants and WAND has really been the conduit and platform to achieve this goal from a digital technology perspective.”*

Gilbert Torres, Senior Digital Media Director, Texas DQ.

## About WAND

WAND Corporation is the market leader in enterprise digital menu technology for Quick Service and Fast Casual restaurants. Pioneering innovations in digital menu boards and software solutions for multi-unit restaurant operators, WAND has made it possible to simultaneously manage multiple restaurant locations anytime, on any device, from anywhere in the world. Backed by 24/7/365 technical customer support, WAND is the chosen technology provider for a multitude of well-known restaurant brands in over 3,000 locations worldwide.



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