Consumer Engagement Through Mobile

October 24, 2013
Today’s Panel

Gavin Waugh
VP & Assistant Treasurer
The Wendy’s Company

**Responsible For:** Capital market activities, cash management operations, POS payments, and risk management activities.

**About The Wendy's Company:** The world's third largest quick-service hamburger company. The Wendy's system includes more than 6,500 franchise and Company restaurants in the United States and 27 countries and U.S. territories worldwide.

Caleb Mitsvotai
Sr. Manager, Innovation Technology Strategies
Panda Restaurant Group

**Responsible For:** Enterprise Back Office, ERP, Integrations, and researching strategic innovative technologies.

**About Panda Restaurant Group:** The nation’s leader in Asian dining experiences. Launched in 1983, there are more than 1500 Panda Express locations throughout 42 states, Puerto Rico and Mexico.
**Today’s Panel**

**Mike Church**  
VP, Interactive Ecosystem  
Darden Restaurant Group  

**Responsible For:** Co-Leading Darden’s “Digital Transformation”, In-restaurant Guest facing experiences, CRM & Loyalty Marketing, E-Commerce and Mobile Payments, and Gift Cards Sales and Marketing.

**About Darden:** Darden is the world’s largest full-service restaurant operating company with annual sales of $8 billion. The company owns and operates over 2,100 Red Lobster, Olive Garden, LongHorn Steakhouse, The Capital Grille, Bahama Breeze, Seasons 52, Eddie V’s, and Yard House restaurants in North America.
Today’s Panel

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<tr>
<th>Andy Shober</th>
<th>Responsible For: Merchant recruitment and sales</th>
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<td>Vice President</td>
<td>About Merchant Customer Exchange: MCX seeks to lead the shift to mobile payments by providing better shopping and paying experiences for customers and merchants alike. MCX’s owner-members include leaders in the big-box, convenience, drug, fuel, grocery, quick- and full-service dining, specialty-retail, and travel categories. These companies collectively operate nearly 90,000 stores and process more than $1 trillion in payments annually, giving MCX scale and ubiquity unparalleled within the mobile payments industry.</td>
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Dustin Young  
VP of Mobile Product  
Vantiv

**Responsible For:** Helping to define the strategy and roadmap driving the company’s rapid expansion into mobile payments, which is a key part of Vantiv’s broader omni-channel vision.

**About Vantiv:** Vantiv is the third largest merchant acquirer and the largest PIN debit acquirer based on number of transactions in the U.S. The company’s growth strategy includes expanding further into high growth payment segments, such as ecommerce, payment facilitation (PayFac™), mobile, prepaid and information solutions, and attractive industry verticals, such as petroleum, business-to-business, government, healthcare, gaming and education.

Rick Orr  
Founder & EVP Products  
TabbedOut

**Responsible For:** Product roadmap and strategy  

**About TabbedOut:** TabbedOut is a leading mobile payments provider for the hospitality industry offering one-of-a-kind POS integrated payment for consumers and a powerful CRM for its merchants. Consumers are able to open, view, split and pay at over 5000 full-service bars and restaurants from their iOS or Android phone. Merchants gain real-time access to KYC data for enhanced engagement with its guests.
Today’s Agenda

1. Defining the Mobile Value Proposition

2. Panel Discussion / Q&A
Level Setting

• **What is “mobile”?**
  • Is it a cell phone, smart phone, tablet, laptop, wrist watch, or something else?
  • **For Today:** We will assume we are referring to a smart phone (aka mobile phone)

• **What is “mobile payment”?**
  • Is it a B2B wire payment approved on a mobile phone?
  • Is it a C2C funds transfer between two consumers using mobile phones?
  • Is it a C2B payment for food at a restaurant?
  • **For Today:** We will assume we are referring to a C2B payment for food at a restaurant

• **What is “mobile engagement”?**
  • Is it a payment made on a mobile phone?
  • Is it a coupon sent via email to a mobile phone?
  • Is it using a mobile phone browser or app to look up a restaurant address or menu?
  • Is it using a mobile phone browser or app to place an order?
  • **For Today:** We will assume mobile engagement is where the enhanced capabilities of a smart phone are leveraged to enable a restaurant and its customer to engage in a personalized, two-way conversation that enhances value for both parties.
The 5 Mobile Trigger Points

Discover
- Proximity
- Menu Preview
- Online Ordering
- Online Payment

Locate
- Navigation

In-Restaurant Experience
- Check In
- Guest Recognition
- Guest Engagement
- Line Jumping
- Mobile Payment
- Loyalty & Rewards

Post Communicate
- Electronic receipt
- Post-visit experience defined by customer preference (e.g. coupons, offers)

Broadcast
- Reviews
- Social Media

What Just Happened?
We created a value-enhancing experience for our customer by harnessing the power of a smart mobile phone our customer loves and carries with them everywhere to electronically connect them to our restaurant systems; followed up with great operational execution, including letting them pay quickly and easily; and combined all of this with smart marketing interaction before, during, and after the transaction. Essentially, we had an enriching, personalized (i.e. non-anonymous) conversation with our customer using their mobile phone, which they loved and told all their friends about. As a result, they came back to our restaurant time and again. We just engaged our customer using mobile. Mobile ties it all together.

Merchant (Marketing, Treasury, IT, Ops, etc.)

Consumer Engagement
Personalized Conversation Through: Coupons, Offers, Rewards, Ordering, Loyalty, Payment, Social, etc.

Consumer
(Surprised, Delighted, Loyal)
How Do We Achieve This Nirvana?

Consumer Engagement Framework: Shows a Merchant’s Engagement with its Customer, enabled by the Mobile Ecosystem, and subject to Macro Environmental Considerations.
An Alternative Viewpoint

Source: Payments.com 2013 Mobile Commerce Insider Series Reports and Digital Discussions
## Defining the Mobile Value Proposition

Customers will ultimately decide the winners and losers in mobile engagement, but while they are deciding, merchants have an opportunity to influence their thinking.

### What do Consumers Want?

1. **Simple/Easy/Fast**
   - Setup must be easy
   - Must be faster/more convenient than plastic cards
   - Help available if needed (in app and in restaurant)
2. **Value Proposition: More Than Just Payment**
   - Must do more than payment (plastic cards work pretty well)
   - Incentives/value proposition must be interesting enough to give up plastic payment card rewards
3. **Relevant and Personalized**
   - Personalized engagement customers actually want
4. **Secure with Privacy Protections**
   - Personal information protected
   - Opt in to marketing / promotional messages
   - Transactions are secure
   - Protected from fraud
5. **Ubiquitous**
   - Don’t want to learn and manage more than a handful of mobile engagement schemes
   - Should eventually replace my leather wallet
6. **Free / Very Low Cost**
7. **Other?**

### What do Merchants Want?

1. **Enhance Shareholder Value**
   - Drive sales and profits, build brand loyalty
2. **Secure with Privacy Protections**
   - Transactions are secured from the beginning, not after the fact (reducing or eliminating the PCI burden)
3. **Transaction Cost Control**
   - Negotiated, risk-based pricing
   - Settlement certainty
4. **Leverage The Data**
   - Ownership of the data (not disintermediated)
   - Targeted, personalized conversation with customers
5. **More Than Just Payment**
   - Must be a platform customers want to participate in
6. **Control Over The Customer Experience**
   - **Have an App**: In App open-loop payments
   - **Don’t Have an App**: 3rd Party mobile app integration
7. **Manageable Operations and IT Impact**
   - Mobile meets or exceeds current POS and operations check out standards (e.g. speed, accuracy, convenience)
   - POS investment and planning certainty
8. **Other?**
Despite Starbucks’ Success, Many Consumers Aren’t Excited About Paying With Their Phone

Figure 5. What are the main reasons you have decided not to use mobile payments?

- I’m concerned about the security of mobile payments: 38%
- It’s easier to pay with another method: 36%
- I don’t see any benefit from using mobile payments: 35%
- I don’t have the necessary feature on my phone: 30%
- I don’t trust the technology: 16%
- I don’t really understand all the different options: 14%
- I don’t need to make any payments: 10%
- The cost of data access on my wireless plan is too high: 10%
- I don’t know of any stores that allow mobile payments: 9%
- It’s difficult or time consuming to set up: 7%
- The places I shop don’t accept mobile payments: 5%
- Refused to answer: 4%
- Other: 2%

Note: This was question 43 in the survey (see Appendix 2); number of respondents was 1,973.

Whatever we do with mobile, it must be secure; it must be about more than just payment; we’ll need to address infrastructure and acceptance; and we’ll need to educate consumers.

Source: Federal Reserve March 2013 Survey Consumers and Mobile Financial Services 2013
Restaurant Technology Investment

Source: Hospitality Technology 2013 Customer Engagement Technology Study

Mobile represents 3 of the top 4 planned restaurant technology investments over the next two years.
Restaurant Technology Investment

Source: Hospitality Technology 2013 Customer Engagement Technology Study
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