

THE DIGITALIZATION OF FAST FOOD

The Arrival of Artificial Intelligence (AI) and Plant-Meat

By Henk Hoogenkamp

Wellbeing, health, great taste, clean label and ecological sustainability are today's key drivers influencing consumers' purchase decisions, particularly in the affluent societies. This is especially true for the Millennial and Generation X-consumers. Knowing all these wants and needs, it can be expected that the food industry continues to go through a disruptive transition and the end is nowhere in sight. Winning with words, or "storytelling" are nowadays "essential ingredients" for food companies who want to successfully communicate a growing consumer affinity for products including social or ethical causes. After all, it is very important to recognize the important marketing rule that "when people are not consciously including, they are subconsciously excluding".

The food industry is adapting to changing consumer expectations in an on-demand affluent world as home-cooked meals are on the decline, and meals eaten away from home and away from restaurants are expected to accelerate. Instead a greater proportion of the food intake will be substituted by food delivered from virtual restaurants, cloud-kitchens, subscription food services and grab-and-go pickup stations. Especially cloud-kitchens -sometimes grouping together different food specialities under one roof- will continue to rapidly grow and disrupt the traditional food service markets. Consumers will become increasingly loyal to third-party delivery apps, and as such a risk of impacting brand



loyalty to individual restaurants. The surviving restaurants likely will become smaller, not larger. Automated food preparation kitchens and evolving individual dietary restrictions will accelerate menu changes to provide specific health benefits.

The Story of Success

For the success of a new brand or an ingredient, it is crucial to entice the consumers with a story outlining why they should buy the product.

In this day and age, consumers are informed and influenced by social media and their purchase decisions are based on health, taste, price, transparency and honesty. This is especially true for the emerging generations who want to know where their food comes from. Differences in generational eating habits need to support well-being and mental-health, particularly for people managing healthy lifestyles around work, families and social peer interactions. Add to that the

growing number of consumers who expect food companies to package all of these complicated variables into sound and easy-to-understand stories explaining the merits of the product.

For example, the use of chemical and unsustainable ingredients can lead to a variety of issues for both consumer health and the true interpretation of sustainability. The sustainability issues are now so deeply embedded in the entire supply chain - from core agriculture to food processing and ending at the environmentally friendly products. Increasingly, the Millennials and Generation X-ers want to know what is in a product and are seeking out simple-to-understand ingredients to understand how it benefits their health and well-being. However, sustainability is not just about counting carbon credits, it also encompasses ethical and social values, and often its role

in peer-dominated social media influences.

Social Media Health

Literally out of nowhere, social media has created an overwhelming pressure for brands and consumers to interact. Initially, the legacy food companies underestimated the change in social dynamics and its effect on purchase decision making. It therefore comes as no surprise that particularly young people -teens- are fully engaged with food and drink brands. Unfortunately though, a massive 90%+ is related to brand platforms such as unhealthy snacks, candy, sugary drinks and fast food. Social brand engagement targets peer influenced groups. This is designed to make products and services seem fun, cool and daring. Food companies should not relentlessly promote their least healthy -but good tasting- products, but instead accept social responsibility

and find common ground by introducing health alternatives.

However, as the teens are still attracted to less-healthy foods, the Millennials and Generation X-ers are setting the stage for a new era of food dynamics. The traffic to roughly 14,000 McDonald's US restaurants continues to stagnate. Part of the decline is due to consumers switching to food that they view as more healthy. Much to the chagrin of franchisees, McDonald's US has invested heavily in updating mandated investments in digital ordering kiosks. This seems to have resulted in an orchestrated push-back from franchisees or owners making these huge capital investments. Another underestimated issue is the all-day breakfast menu and some complex menu-board offerings that -in some restaurants- have significantly slowed down restaurant operations, including increased wait-times at drive-throughs.





McDonald's tests new P.L.T. made with a Beyond Meat patty in Ontario

Face and Voice Recognition

As consumers in affluent societies turn to healthier alternatives, traditional fast-food sales are slowing across various target groups. To reverse the trend of the traditional salty and greasy fast food, subtle menu board changes are made including the addition of plant-based meat alternatives. These strategies attract a younger crowd which can be considered a cultural shift as these businesses evolve. Besides adding plant-based food options -like the Beyond Meat Burger- to the familiar array of favorites such as the Quarter Pounders and Chicken Nuggets, also artificial intelligence (AI) is

quickly becoming a strategically essential tool to anticipate a customer behavioral decision making. For example, digital ordering boards and camera technology using facial recognition or license-plate numbers, allow a fast food company to define a list of suggested purchases based on previous visits taking into account such factors as the weather, time of day, the popularity of foods as well as the length of the wait. Drive-through businesses have taken a page from internet algorithms and personalization to collect consumer data and then use that information to encourage more spending.

As the fast food industry grows more competitive, food delivery apps

allow the opportunity for gathering consumer information. This includes the use of Bluetooth devices tracking real-time consumer's movements. Actually, it seems as though the large fast food companies are ultimately transforming quasi-technology business platforms into an e-commerce that happens to sell food. The bottom-line is that the recommendation algorithms and voice recognitions built into ordering systems have generated larger orders, not only fattening the profit but also the waistline of the consumers. After all, when looking at delicious food pictures, it is hard to resist the temptation to splurge. Critics of artificial intelligence have long warned that the technology eventually will lead to a dystopian future in which humans are subordinate to computers. It remains to be seen, but the unintended consequences have the potential to further worsen the current obesity crisis by driving up unhealthy eating habits. Despite all good intentions, it will make it difficult for people to find moderation.

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