

Chain Leader

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Remote Control

Hardee's and McDonald's take orders miles away from the drive-thrus they serve.

By Christine Zimmerman

What's the worst thing that can happen to a drive-thru customer? Leaving the window with an incorrect order, of course. What's the worst thing that can happen to the chain that serves up that incorrect order? Losing that customer—for good.

This has led Hardee's and Arch Nemesis Inc., an owner-operator of 12 McDonald's stores, to experiment with a new way of taking and fulfilling drive-thru orders: using remote order takers who do nothing more than talk with customers, take their orders and key them into a system, often half a country away from the customers.

"This is an emerging concept," says Jeff Chasney, executive vice president of strategy and chief information officer of Carpinteria, Calif.-based CKE Restaurants Inc., parent company of Hardee's. "Hardee's and McDonald's are the leaders testing this out."

Both chains use high-speed Internet connections to link customers in their cars with order takers. Once a car drives across metal loops, or detector wires, in the ground of the drive-thru, a message is transmitted to a central server that interacts with an order taker and pulls up an order screen with pop-up windows noting new menu items or any problems in the unit. The system marries the customer and the order taker using voice-over-Internet protocol. "Other brands are trying to emulate us," says Shannon Davis, president of Cape Girardeau, Mo.-based Arch Nemesis. "People are realizing this idea has legs."

Rob Grimes, chairman of Accuvia, a global technology-consulting firm in the foodservice, hospitality and retail markets, notes that remote order-taking is not necessarily innovative. "Pizza Hut started using call centers 10 years ago. But it is new to the drive-thru industry," he says. And using voice packets carried over the Internet makes the practice more efficient, according to Grimes.



Remote order-taking can get customers through the drive-thru more quickly and with better accuracy.



Remote order takers enable staff to focus on preparing and delivering meals.



During high-volume periods, a call center can help cut the cost of taking an order in half.

Staying Focused

In the typical drive-thru, employees are taking orders, changing money, bagging items and pouring drinks. They often take the next order before the first customer leaves the window. This can lead to orders not being filled correctly.

Articulate and often bilingual, remote order takers focus solely on listening to the customer and keying orders in.

Both Chasney and Davis say that having individuals dedicated to order-taking does not reduce labor in the units but instead takes one big task away so workers can focus on food production and delivery.

"I have the same amount of people in the units, but it seems like I have a couple more bodies because everyone is more efficient," Davis says. "People can excel in different duties instead of having to do it all. It creates less stress on the staff."

One Idea, Two Implementations

The two chains have put the technology into practice in very different ways.

Using software it developed in-house, Hardee's started its beta test of remote order-taking in late December with two stores and added a store about every three weeks. It now has 20 units in test across the country.

With each unit using a digital subscriber line, or DSL, over regular phone lines to bring in broadband Internet, Hardee's tailored its existing hardware to the system. The order takers' computers interface with the speaker posts, which interface with the detector wires. The speaker posts' noise-cancellation technology eliminates the sound of car motors or rain. The cost to deploy the system is less than \$1,000 per store, dramatically less than any of the other beta tests that "make the news," says Chasney.

The order takers are Hardee's employees who work all over the country—some even work from home. Many are bilingual and can slip into another language if they think it will make customers more comfortable.

Arch Nemesis has had six of its McDonald's units in test since last July. The franchisee uses software by Andover, Mass.-based Exit 41 to link customers with Arch's custom-built and wholly owned call center in Colorado Springs, Colo., which employs 40 order takers.

The McDonald's units use digital photography of cars and drivers to help with sequencing for the units that have two lanes.

Davis says the cost per unit to implement remote order-taking is about 10 percent more than implementing a traditional point-of-sale system. But, he says, he recouped his investment in about three months.

Craig Tengler, chief marketing officer and co-founder of Exit 41, says his system costs about

SNAPSHOT

Concept

Hardee's, St. Louis

Parent Company

Parent Company CKE Restaurants, Carpinteria, Calif.

Units

2,034

2004 Systemwide Sales

\$1.8 billion

Average Check

\$4.71 (company-owned units)

Expansion Plans

None for 2005

\$695 per terminal. Additionally, a third-party call center can cost each store about \$400 per month. But, he adds, most units see return on investment in three to four months. "People who work in order centers are really good at what they do," he says. "The average cost of taking an order is between 28 and 45 cents. At any time of day, a call center can get that cost down to 15 to 17 cents per order."

What's in the Bag?

Getting orders right is the biggest reason Hardee's invested in remote order-taking. "I know our competitors out there are interested in increasing their speed, increasing their sales, using more suggestive selling. That is not even on our radar screen," Chasney says. "We're not just trying to get the customer through faster. We're trying to improve their experience."

He adds that it is not only important that customers have a pleasant interaction with order takers. "In lower Texas, Arizona, Florida, we have a heavy Hispanic populations and sometimes, when order takers are chatting with customers, it can be difficult to understand them," Chasney says.

While Hardee's is singularly focused for using remote-order taking, Davis has several objectives. Giving customers a "consistently fantastic order experience," is key, he says. But he has found savings by reallocating labor in the stores and increased sales in the beta units by moving customers through the drive-thrus more quickly.

Davis would not offer real numbers but says his stores are outpacing local and regional sales averages. "Our accuracy is up, we are faster than we were, we are being graded by customers as being friendlier, there are more cars going through," he says. Arch plans to implement the technology in its remaining six units.

Grimes opines that remote order-taking is not about saving money. "In fact, I'm not even sure it will help companies save money," he says. "It's really about creating a higher level of customer satisfaction and rounding out the meal experience."

And Grimes cautions that there is a downside: "You are losing the nuances of personal interaction. If a customer is mad, you cannot see the look on his or her face in front of you, and you may not realize a problem."

Measuring Success

Chasney admits that measuring the success of remote order-taking is difficult. "It is a soft issue, and, as a result, you need to test more stores to get enough data," he says. "We are not yet able to see statistical analysis."

While CKE continues beta testing the technology at the 20 Hardee's units, by the middle of summer, it will expand its test to include Carl's Jr. restaurants. The company is also in the process of placing cards in customers' bags that offer an 800 number to call regarding satisfaction.

Chasney does know that the stores using remote order-taking have received fewer complaints. And with drive-thrus, that is good news, indeed.

SNAPSHOT

Concept

McDonald's

Company

Arch Nemesis Inc., Cape Girardeau, Mo.

Units

12

2004 Systemwide Sales

\$21.8 million*

Average Check

\$4.50

Expansion Plans

None for 2005

*Chain Leader estimate

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