

# Benefits of Integrating Financial, Employee & Customer Experience Data for Restaurants



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# Introduction

Running a successful restaurant business hinges on three key elements: financial data, workforce data, and customer experience (CX) data. When these data streams are integrated, restaurants can identify potential cause-and-effect relationships to understand the underlying patterns, make predictions, and inform decision-making. For instance, understanding the relationship between customer feedback and financial performance can guide strategic decisions, like menu adjustments or marketing campaigns.

However, companies often rely on multiple systems and databases to collect and analyze different data sets, leading to fragmented information and challenges in obtaining a unified overview of their operations.

## Access to a single repository of your brand's restaurant data containing both industry and organizational information results in:

- **Streamlined Data Management:** Reducing the need to manage various databases and systems gives organizations more time to act on insights and increase productivity, ultimately saving money.
- **Collaboration and Cross-Functional Insights:** Sharing the same data across departments encourages a culture of knowledge sharing. An organization's ability to solve problems and make decisions is improved when all employees have the chance to see and comprehend systemic problems or major enhancements from the viewpoint of the consumer.
- **Granularity / Configurability:** A unified data solution allows brands to access insights across different sectors of the organization, enabling them to analyze data in detail or from a broader perspective, depending on their specific needs or use cases.





# Financial Insights

Having a comprehensive understanding of your financial health and the ability to compare your performance by location to your competitors enables you to spot areas for innovation and ensures funds go where needed without sacrificing other aspects of the business.



**Find out which metrics you should track to gain a holistic view of your brand's financial health:** [“Restaurant Calculations: Financial Metrics Every Restaurateur Should Track to Outperform the Competition”](#)

## The benefits of monitoring financial data include:

- ▶ **Cost Control:** By analyzing financial data, restaurants can identify areas of excessive spending and implement cost-saving measures to improve profitability.
- ▶ **Menu Optimization:** Understanding financial data can help restaurants identify popular and profitable menu items, allowing them to optimize what they offer.
- ▶ **Revenue Forecasting:** Financial insights enable restaurants to forecast future revenue more accurately, helping with budgeting, staffing, and inventory management.
- ▶ **Operational Efficiency:** By analyzing financial performance, restaurants can streamline operations, reduce waste, and improve overall efficiency.
- ▶ **Cash Flow Management:** Insights into cash flow patterns can help restaurants manage their finances more effectively, ensuring they have the necessary funds for day-to-day operations and investments.
- ▶ **Strategic Decision-Making:** Financial data empowers restaurant owners and managers to make informed decisions about pricing, promotions, and expansion strategies based on solid financial analysis.
- ▶ **Risk Management:** Understanding financial trends and metrics allows restaurants to identify and mitigate potential financial risks, such as over-reliance on certain suppliers or fluctuating food costs.
- ▶ **Investor Relations:** For larger restaurant chains, robust financial insights can strengthen relationships with investors by providing transparent and compelling financial performance data.



# Combining Financial Insights with CX and Workforce Insights

The combination of financial insights and CX insights can, for example, aid in menu engineering: by analyzing sales data alongside customer feedback and preferences, restaurants can optimize their menu to feature items that are not only profitable but also align with customer tastes and preferences.

Additionally, your financial data can show you where you can invest more funds to improve your workforce sentiment if you notice an increase in turnover rates or a decline in employee efficiency, for instance.

## USE CASE

### Financial Insights / CX Insights: Restoring Quality



**Identifying the Cause:** Upon analyzing customer reviews, Restaurant A identified increased customer complaints about a decline in the restaurant’s food quality. This issue was traced back to a recent change in suppliers, a decision made by the company to reduce costs.



**Financial Analysis:** Restaurant A conducted a thorough financial analysis to understand the impact of the supplier switch on costs and profit margins. It was evident that while costs may have decreased, the quality compromise resulted in a decline in customer satisfaction and subsequent drop in sales.



**Strategic Solution:** To address the situation, Restaurant A decided to reassess their supplier strategy. While cost savings were essential, the impact on food quality and customer satisfaction could not be ignored.

They decided to switch back to their previous supplier and (1) explore alternative suppliers that could offer a balance between cost-effectiveness and maintaining the desired food quality and (2) implement a rigorous quality assurance program to ensure that any adjustments made to the menu were effectively improving food quality.





## USE CASE

### Financial Insights / Workforce Insights: Boosting Efficiency



**Identifying the Cause:** Restaurant B faced a sudden decline in sales and foot traffic and an uptick in negative reviews. After analyzing their customer reviews, they noticed most of the negative reviews mentioned slow service and extended wait times.



**Further Analysis:** Sales and traffic began to decrease shortly after Restaurant B implemented a new point-of-sale (POS) system aimed at enhancing operational efficiency. Upon further investigation, they determined staff members were not proficient in using the new POS system, leading to operational bottlenecks.



**Strategic Adjustment:** To address the issue, the restaurant decided to prioritize investing more time in training staff on how to use the new POS system properly.

As a result of addressing the training gap, Restaurant B witnessed a positive turnaround: service times improved, negative reviews decreased, and foot traffic gradually returned to normal levels.

## USE CASE

### Financial Insights / Workforce Insights: Streamlining Operations



**Data Integration:** Restaurant C decided to analyze sales patterns in conjunction with their workforce insights to identify underutilized labor resources during specific shifts.

The analysis revealed instances of suboptimal staffing levels during peak periods, potentially impacting customer service and limiting revenue generation.



**Shift Schedule Adjustment:** Armed with this insight, the restaurant adjusted shift schedules, ensuring optimal staffing levels precisely during peak periods.



**Financial Impact:** Optimized staffing levels led to increased efficiency and an uptick in positive customer reviews, which ultimately contributed to a boost in sales.







## Case Study: Willie's Grill & Icehouse



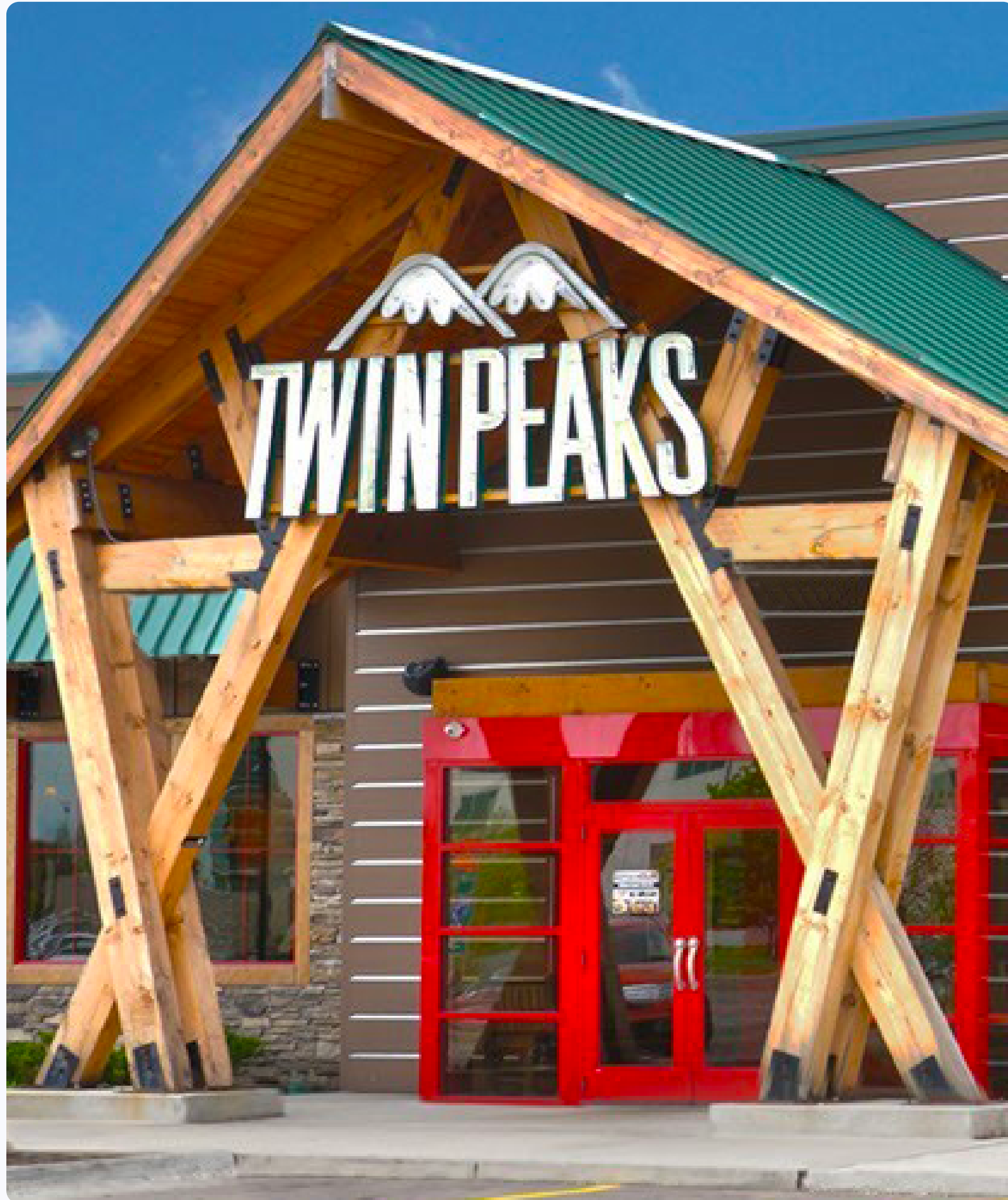
Willie's Grill & Icehouse used GuestXM's Financial Intelligence solution to find efficiencies throughout their operations as their team prepped for new store growth and limited-time offers (LTOs):

- They were facing a couple of challenges, including understanding how Willie's compares to the competition, managing multiple areas of the business while keeping a balance of their teams' digital activities, and not having the right tools for sales and traffic data.
- For example, Willie's realized they were putting too much energy and focus on digital activities, while other areas of the business required more attention.
- By removing the manual administrative work, Willie's was able to reshape their workforce, investments, and resources.
- These improvements helped Willie's gain the output and benefit of having an additional headcount without the additional labor hours.

### Results:

- Willie's can set attainable benchmark goals, and their team is able to monitor progress.
- Insights are shared with every department and member of their team.
- Streamlined data has allowed Willie's to better monitor the overall health of the brand.
- With more cohesive data, they've become more proactive in their approach to addressing the health of their employees and business.





## Case Study: Twin Peaks

- According to Andy Wiederhorn, CEO and president of FAT Brands, a global franchising company that acquired Twin Peaks in 2021, the benchmarking metrics that bring them the most ROI or value are “sales, traffic, intent to return, turnover, actual versus theoretical food costs, and labor hours per 100 guests.”
- As to the positive effects on the business he's seen from benchmarking their metrics, he shared:
  - "It has helped us understand where our strengths and weaknesses are, what makes our guests come back, and what keeps them away. From there, we can create plans to maintain our strengths while focusing on our weaknesses."
  - “We firmly believe that sales and traffic speak to the health of the business. We need the clarity of knowing our own health and trends versus the impact of external market conditions.”

**Read more on Twin Peaks' success strategy here:**  
[“Restaurant Benchmarking\\_Q&A with Twin Peaks”](#)



## Workforce Insights

In recent years, the labor shortage has forced brands to prioritize exceptional employee experiences. As a result, more restaurants began investing in tracking internal and external workforce insights to understand employee sentiment and remain relevant in a highly competitive market.

2024 will be no different: As per our survey conducted during the “Turning Customers into Raving Fans: Lessons from Cult Fast Casual & QSR Brands” webinar, approximately 85% of respondents plan to attract new candidates by offering competitive salaries and benefits in 2024. All respondents agreed that the main HR challenge in 2024 will be boosting employee engagement and morale. Regarding their focus for 2024, all respondents unanimously prioritize implementing effective employee training and development programs.

Focusing on retaining employees will be paramount. The latest FSR research showed that the average cost of training a new restaurant employee is \$3,646. Thus, investing in retention strategies can lead to significant cost savings for restaurants.

### According to GuestXM’s most recent data:

- Each quarter in 2023 saw a gradual decline in turnover, but it was still higher than pre-pandemic norms. Non-management turnover for full-service restaurants in Q4 was only 5% higher than in 2019; however, for limited-service brands, it was 17% higher pre-pandemic.
- Restaurants that retained their general manager during the last 12 months had a total employee turnover 24 percentage points lower and had year-over-year (YoY) sales and traffic growth in the last quarter which was 1.0 percentage points higher than those restaurants that lost their general manager.
- General managers in the top quartile of tenure enjoyed total employee turnover 16 percentage points lower for their restaurant and outperformed on sales and traffic growth by 1.0 percentage points compared to those restaurants in the bottom three quartiles of general manager tenure. This remains true for hourly workers as well; both limited-service and full-service restaurants saw improvement in sales and traffic if they were in the top quartile of tenure of hourly workers compared to those that weren’t.

Overall, workforce data can provide crucial insights into internal and industry trends, enabling you to address skill gaps, cultivate a positive workplace culture, and ultimately position yourself as an employer of choice.



# Combining Workforce Insights with CX Insights

Restaurant brands must blend workforce and CX insights to understand the impact of each stage of the restaurant journey. For instance, as we touched on previously, if employee training levels correlate with customer complaints about slow service, aligning these insights can help you focus on targeted training programs to improve both staff efficiency and overall customer satisfaction.

## USE CASE

### Elevating Employee Engagement for Superior CX



**Data Integration for Insight:** Restaurant D decided to combine workforce insights related to employee engagement with CX feedback to identify employees consistently contributing to positive interactions.



**Implementing Recognition Programs:** In response to these insights, the restaurant initiated recognition programs specifically designed to celebrate and reward employees who consistently enhance CXs.



**Boosting Morale:** The recognition programs had a direct impact on employee morale, fostering a positive work environment by acknowledging and appreciating their contributions to exceptional customer service. Recognized employees became more motivated to sustain and elevate their exceptional service levels, which created a cycle of continuous improvement.



## Case Study: Workforce Insights

One of America's most successful full-service dining companies experienced significant growth, exceeding industry benchmarks for same-store restaurant sales and traffic, by using GuestXM's Workforce Intelligence solution to optimize their workforce strategy across all locations, including enhancing new-hire onboarding in the first 90 days:

- By leveraging sales, their labor efficiency improved by 120 basis points in Q3 2022 and by 40 basis points in Q4 2022 compared to the previous year, and their restaurants continue to run efficient labor despite the hourly wage inflation.
- Engagement survey results indicated high levels of employee satisfaction, with employees demonstrating a clear understanding of their job expectations.

# Case Study: Pinthouse Pizza

Pinthouse Pizza used GuestXM's Workforce Intelligence solution to uncover several critical issues that demanded immediate attention:



## Results:

Hourly team-member turnover decreased by 9%

Manager retention above industry for casual- and fast-casual segments

Reduced turnover for hourly teams within the 30- and 60-day tenure

100% improvement of team-member training program completion

Sales & profit improved due to consistent training and better hiring process

Guest feedback on cook time, presentation, and service noticeably improved



## Issues Uncovered:

**High Turnover Rates:** The turnover rates within the 30–60–90-day tenure were particularly concerning, with the 30- and 60-day turnovers being significantly high.

**Compensation Discrepancies:** Manager salaries were observed to be below market standards.

**Mental Wellness Benefits Gap:** There was a notable absence of mental wellness benefits, which are increasingly recognized as essential for employee well-being.

**Communication Challenges:** Communication with field staff was inconsistent and insufficient.

**Guest Feedback Concerns:** Guest feedback indicated areas needing improvement, such as service quality, wait times for food delivery, and presentation.

## Methods Employed to Address These Issues:

**Revised Bonus Plans:** Bonus plans were adjusted to ensure they were attainable. They also included strategies to reward top performers and remain competitive in the market.

**Enhanced 401k Match:** Their 401k match was increased to 100% of the first 6%

**Mental Health Coverage:** Mental health coverage and resources were added to employee benefits

**Implementation of LMS:** A Learning Management System (LMS) was implemented system-wide to ensure consistent and updated training materials, track completion and certification, and provide an additional communication channel.

**Improved Communication Channels:** To ensure consistent and timely communication, communication boards and a weekly newsletter were set up in each location.

**Guest Feedback Tracking:** A dedicated headcount was assigned to track and respond to guest feedback, building training programs for hospitality improvement and guest recovery.



# CX Insights

Success in today's restaurant industry, or any hospitality industry for that matter, relies heavily on positive CXs: a study by Weber Shandwick revealed that global executives attribute 63% of their company's market value to their company's overall reputation.

Seeing that hospitality is the lifeblood of any restaurant brand's success, listening to the voice of the customer (which involves collecting and analyzing customer feedback via online reviews and surveys) becomes a critical and indispensable practice to help you uncover any CX issues, such as poor-quality food, long wait times, rude staff, etc., that may be impacting foot traffic, loyalty, sales, and so forth.

## **Our data has consistently shown that CX directly impacts a restaurant's traffic and sales numbers:**

- Restaurants that provided higher levels of hospitality during Q3 of 2023, had 2.4 percentage points better same-store sales growth and 1.8 percentage points better same-store traffic growth than brands classified as providing lower levels of hospitality to their guests. Units that improved net sentiment YoY saw better traffic and sales.
- Guest sentiment and review sites remain key drivers of YoY increase in guest traffic.
- Brands in the top quartile of service net sentiment (an aggregated customer satisfaction score) have a 1.5 times better four-year sales growth and 6 times better traffic growth than their competitors.
- Brands that saw the most improvement in their value net sentiment scores over the past four years saw 1.5 times better sales growth and 8 times better traffic.

## **To know whether you are meeting customers' experience-seeking expectations, keep track of critical customer satisfaction metrics:**

- Include industry-standard questions in your customer surveys: Restaurants monitor core indicators of brand and location health through Net Promoter Scores (NPSs), which identify a guest's willingness to recommend your restaurant; Customer Satisfaction (CSAT) Scores, which indicate how satisfied diners are with a restaurant's food, service, and overall experiences; and Customer Effort Scores (CESs), which indicate how easy or difficult it is to dine at or order from a restaurant.
- An NPS can also be combined with a Net Sentiment Score (NSS) to provide a more comprehensive view of customer satisfaction. An NSS combines both qualitative and quantitative information by analyzing the emotional tone (qualitative) of textual data from sources like social media and customer surveys and converting it into a numerical metric (quantitative) to assess the overall sentiment.

**Learn how to use your customer feedback insights to make meaningful improvements by downloading our free guide: [“Turn Data into Results: Detailed Examples of Operationalizing Your Customer Feedback”](#)**

# Combining CX Insights with Workforce and Financial Insights

Combining CX data with workforce and financial insights reveals cause-and-effect relationships.

For instance, do complaints about restaurant cleanliness result from changes in staff schedules? Does a lack of personalization correlate with the introduction of QR codes for self-ordering? Or are issues with food quality linked to a new head cook?

Without this understanding, businesses risk making uninformed decisions that can impact their CX significantly.

## USE CASE

### Improving Customer Service by Addressing Employee Concerns



**Identifying the Issue:** Restaurant E received a wave of negative online reviews regarding rude staff. To address the problem, the restaurant decided to conduct employee surveys. The survey results revealed that their staff were not satisfied with their benefits.



**Competitor Comparison:** Upon analyzing competitor data, the restaurant discovered that their benefits package did not meet industry standards.



**Strategic Response:** The restaurant then upgraded employee benefits to improve staff satisfaction, which in turn improved customer service and led to fewer negative online reviews.

## Case Studies: CX Insights

### EXAMPLE 1:

Focusing on guest sentiment, a GuestXM customer was able to dissect feedback, identify systemic issues across their brand, and put effective measures in place to address them. They began making improvements in the worst-performing areas first. Within one year, the bottom quartile of their restaurants went from performing 40% below the market average in YoY sales growth to achieving 2.6% higher sales growth compared to the benchmark.

### EXAMPLE 2:



By leveraging GuestXM's Feedback & Sentiment Analysis and Market Intelligence (Financial Intelligence and Workforce Intelligence) solutions to improve their brand reputation amongst team members and guests, Denny's saw a significant improvement in their net sentiment score. Again, an NSS is important because it helps businesses gauge public perception and make informed decisions.

**Read more here:** [“GuestXM | Denny's Success Equation: Where Value Brings Momentum”](#)



## A Holistic Approach

The story behind every aspect of your business unfolds through data. And one dataset without the other is like a puzzle missing crucial pieces, limiting the depth and accuracy of your business insights.

Heading into 2024, businesses that want to secure financial stability, workforce satisfaction, and excellence in hospitality will need to regularly conduct a comprehensive data analysis across all facets of their operations.

An integrated system that reveals correlations between these insights will significantly streamline and expedite decision-making.



**guest** XM

by **Black Box** Intelligence

## About GuestXM

Gain full control of your brand—from how it's perceived to how it performs—so you know exactly what impact your team can make to transform your brand's hospitality and deliver remarkable restaurant experiences.

Visit [guestxm.com](https://guestxm.com) to discover what's possible