

2022

The Australian Food and Beverage Report

Trends and insights shaping the industry

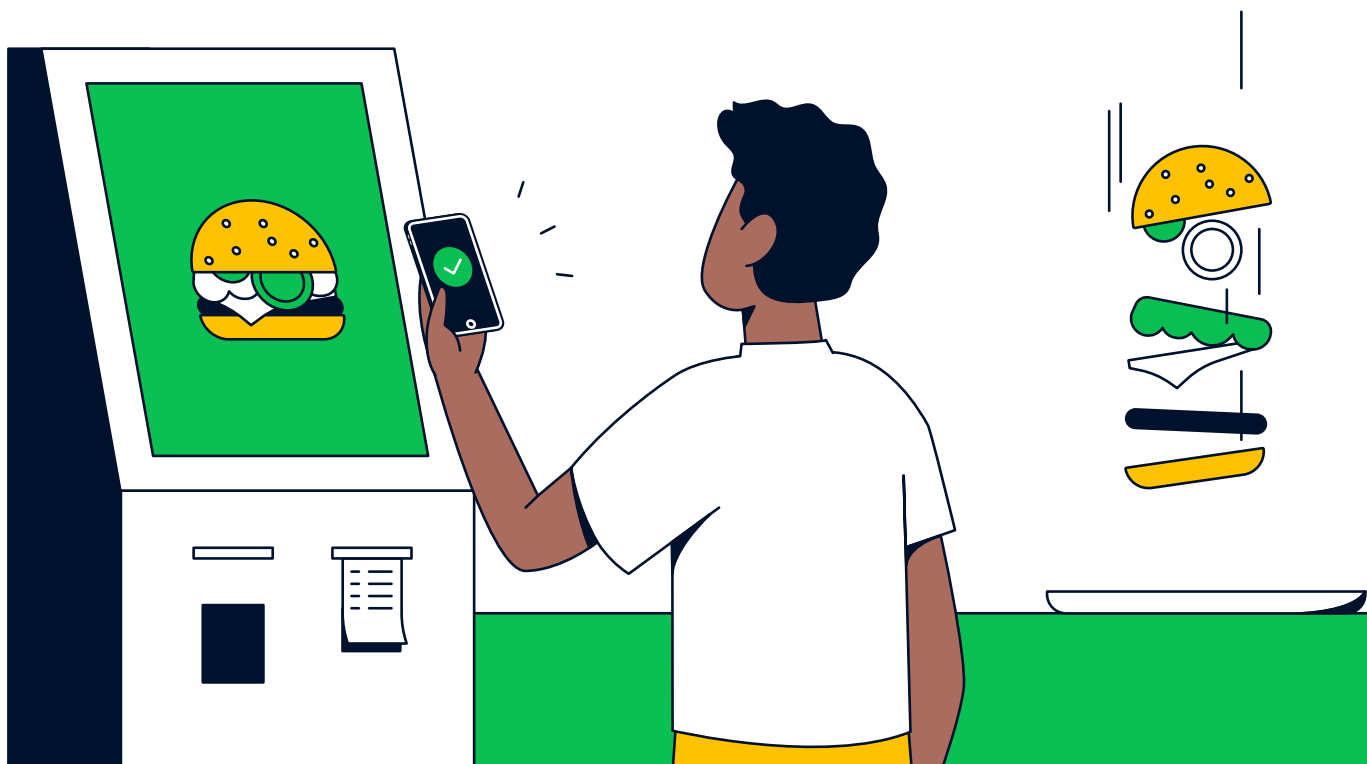


adyen

engineered
for ambition

We asked over 1,000 food and beverage businesses from 23 markets to detail their fears, hopes, strategies, and investments for 2022 and beyond.

Then we asked 40,000 consumers from 26 countries if they're getting it right.



Contents

Insight 1 Digital transformation is ambition's best friend	5
Insight 2 Unified Commerce wins hearts, minds, and wallets	9
Insight 3 Digitised experiences drive customer loyalty	13
Insight 4 The untapped potential in real time payments data	17

A resilient industry with renewed ambition

Digitalization is the key to growth in a changing industry

While resilience and adaptability have been key themes over the last few years, now is the time for opportunity. Digital transformation remains a key priority that's accelerated by recent challenges and is more within reach than ever across sectors. Consumers continue to drive innovation and flexibility, and businesses are expected to keep up and continue to shape whatever comes next.

At Adyen, we have always focused on supporting long-term, sustainable growth. We're committed to ensuring our customers remain at the forefront of this ever-evolving industry. We hope this report will help you look towards the future.

We look forward to speaking with you about how payments can be the strategic growth driver you're looking for.



Insight 1

Digital transformation is ambition's best friend

Digitally advanced businesses outperform their competitors

Few sectors had to get as creative as the food and beverage (F&B) industry when the threat of the global pandemic became clear. Lockdowns and stay-at-home orders meant the entire sector had to pivot from in-person dining to takeaway and delivery just to stay afloat.

Despite – or perhaps because of – the multitude of pandemic-fueled challenges hitting F&B, some businesses took the opportunity to invest in digital technologies. The goal? Improving operations and breaking down silos in backend processes and systems such as payments. **1 in 7 Australian F&B businesses connected payment systems to other parts of the organisation**, such as inventory management and supply chain.

This proved to be the right move. 44% of respondents say their business is in a better position thanks to investments to improve operations. No wonder 95% of businesses plan to invest further in this area in 2022.

With so much investment planned, it's time for F&B businesses to take a holistic view of digital transformation. Connecting operations and customer experience is key to success – not just in terms of sales but also in operational efficiency.

Our studies show a **9% increase in growth** amongst F&B businesses that connect payment systems across their business compared to those that don't. This is reflected in their ambitions – the **growth projections for 2022 are 11%** higher for those who've connected their systems compared to those who haven't. These numbers show the massive opportunity for F&B business globally since only 19% of F&B businesses said they connected their payments systems to other parts of their operations.

Digital transformation is expected to continue opening up a wealth of opportunities. Our research found that 75% of F&B businesses expect to grow by 20% or more in 2022. That projection jumps to 83% for F&B businesses that connect their online and offline systems. In fact, **if technological adoption is accelerated, the F&B sector could add 12.4% percentage points to its growth rate over the next five years.**



61%

of consumers believe restaurants, cafes, and bars used technology well to make their services available during the pandemic.

+9%

Businesses that connect payments systems with other sections of their business grow 9% more than those that don't.

+11%

Growth ambitions for 2022 are 11% higher for companies that connect their payments systems across the business.

20%

businesses globally have connected their payments systems to other parts of their business.



"The food and beverage industry suffered during the pandemic, but it also provided room to rethink strategies. Should we continue the old ways or would there be opportunities? For Crown Digital, the answer was really clear, we're going to go digital; we're going to offer contactless retail."

Keith Tan — CEO & Founder, Crown Digital

From insight to action

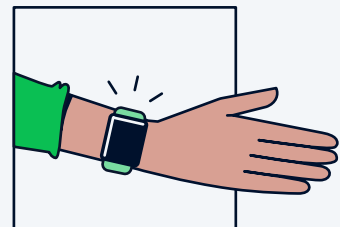
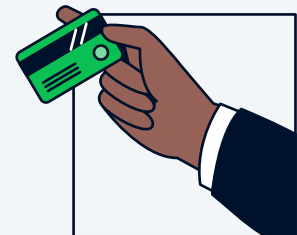
Connecting systems and opportunities with unified commerce

40% of F&B businesses say unified commerce increases sales.

As customers get used to fluid, channel-agnostic experiences that put them first, F&B businesses can't stay behind. Companies that consistently perform the best are those combining their physical and digital worlds seamlessly. This is unified commerce, the next level up from omnichannel sales.

Omnichannel businesses are great at delivering cohesive cross-channel experiences to their customers. But behind the scenes, backend systems are often unconnected, complicating cross-channel reconciliation, limiting the experiences you can offer customers, and hindering your operational agility across multiple channels and regions.

With unified commerce, payments from all your channels – online, in app, on kiosk, at the counter, and with the waiter – feed into the same system. This gives you more targeted, data-driven decision-making and a more seamless, flexible experience for customers. It also keeps you agile since you can add new channels and support new customer journeys quickly because everything's connected.





Insight 2

Unified Commerce wins hearts, minds, and wallets

56% of consumers want F&B to link online platforms with their physical locations for easy ordering.

Forward-thinking businesses provide new or different ways to buy, such as ordering through takeaway apps or at kiosks - and customers love it. 41% of consumers globally reported using takeaway apps more frequently during the pandemic than before.

Both businesses and consumers have a taste for what's possible with technology – and now there's no going back. 40% of consumers say they are more loyal to F&B businesses that use technology to make the dining experience quicker and more convenient. Keeping up with these expectations dramatically improves the likelihood of repeat purchases and higher spending. Falling short could result in the opposite: 70% of consumers won't buy from organisations that have a bad buying experience, either online or in an in-person establishment.



It makes sense that linking online and in-person payments with a single system – i.e. unified commerce – has enhanced both brand resilience and customer satisfaction. 46% of businesses say online sales were able to offset the losses at physical establishments during the pandemic.

And the more channels your customers use, the higher their value. 40% of F&B businesses said a benefit of unified commerce is increased sales, 37% said it improved customer experience, and 34% said unified commerce increased customer loyalty.

This brings us to some interesting findings about loyalty programs. Only a handful of brands are making the most of them. 55% of consumers globally say F&B businesses need to improve how they reward consumers for ordering with them. By contrast, 40% of F&B businesses said it's too hard to maintain customer loyalty in the current environment, and only 21% have a loyalty program that considers a customer's online and offline transactions. Loyalty is clearly an area of the customer experience ripe for innovation.

55%

of consumers say F&B businesses need to improve how they reward consumers for shopping with them.

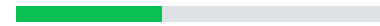
21%

of F&B businesses have a loyalty program that takes into account a customer's online and offline transactions.

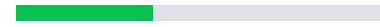
77%

of F&B businesses grew 20% or more when they facilitated seamless shopping and paying across online and offline channels.

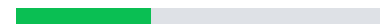
% of businesses say the benefits of unified commerce are:



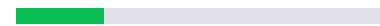
40% Increased sales.



38% A better understanding of customers' behaviour for targeting and marketing.



37% Improved customer experience.



34% Increased customer loyalty.



"Consumers expect the same experience, whether that's online or offline. For example, you might be at the mall shopping, but when it comes to ordering coffee, you might pull out your Grab app and order self-pickup from a store that allows you to avoid the line, pay for it digitally, and it's a more superior experience."

Saad Ahmed — Managing Director - Regional Head of Commercial, Grab

From insight to action

Cross-channel recognition and payment-linked loyalty

Address customer needs in real time

Payments data enables you to build a picture of your customers, their buying habits, and their preferences in real time across every channel and region. With these insights, you can differentiate your customer segments, understand their behaviour, and confidently shape your strategy.

Recognize and reward loyal customers

Use customer recognition to make your loyalty program more frictionless by removing the need for a traditional loyalty card or app. When customers make a payment in-app, online, or in a physical establishment, you can automatically recognize them and award them points, discounts, or a complimentary beverage with their next meal.





Insight 3

Digitised experiences drive customer loyalty

40% of consumers would be more loyal to restaurants using technology to create faster and more convenient dining experiences.

To survive and thrive in the race to keep customers coming back for more, F&B businesses know the quality of their customer experience is as important as their food. According to the F&B businesses we surveyed, consumers expect a better customer experience. 54% of F&B businesses said their customers expect faster service or delivery, and 44% are less tolerant of poor online experiences.

There is a disconnect between what hungry consumers demand and what F&B businesses deliver. Only 19% facilitate one-click checkouts online, and 18% let customers self-checkout using kiosks or apps.

Technology is central to delivering the customer experiences diners look for. **48% of consumers feel technology enhances the dining experience and doesn't take away from it.** 46% would be happy to rely on self-service technology in restaurants or bars, and 40% say they'd be more loyal to quick-service restaurants that use technology to make the dining experience faster and more convenient.

The pandemic has driven the desire for better customer experiences and contactless interactions. 39% of consumers said they would prefer a serverless dining experience. And F&B businesses are delivering. 48% say they'll continue offering contact-free experiences like click and collect, curbside pickup, and in-store kiosks after the pandemic.



46%

of consumers would be happy to rely on self-service technology in restaurants, bars, and cafes.

18%

of F&B businesses allow customers to self-checkout in stores using kiosks or apps.

48%

of F&B businesses say they'll continue offering contact-free experiences following the pandemic.

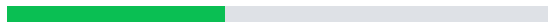
Consumer preferences around F&B dining



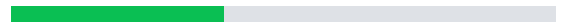
56% want F&B businesses to link their online platforms with physical locations to make booking tables and ordering easier.



48% feel technology enhances the dining experience, not detracts from it.



40% would be more loyal to quick-service restaurants that use technology to make the dining experience faster and more convenient.



39% would prefer a serverless dining experience and order and pay at the table using technology.



“When it comes to customer loyalty the best feature is the recognition of returning customers. With payments data, even though it’s anonymous, you know this customer has made a few orders already, you know their preferences, you can offer the right products, and you can reward them for their loyalty.”

Lucas Duwaer — Founder, Butlaroo

From insight to action

Driving convenience through technology

There are a few ways you can improve experiences through digital transformation:

Enhance in-person payments

Use the terminal to ask questions and better interact with customers.

Localise the checkout

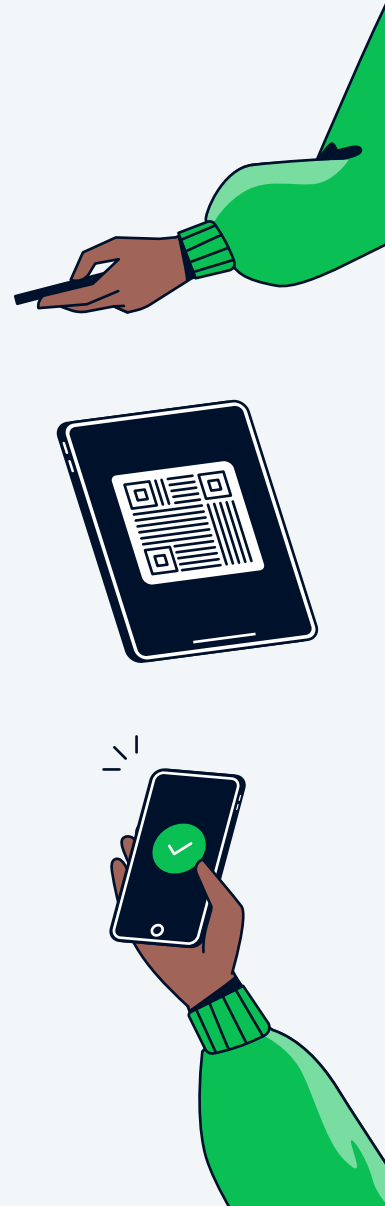
Present customers with relevant languages, currencies, and payment options.

Make donations easier

Allow customers to donate to charity when they pay their bill.

Recognize your customers

Personalise experiences and grow loyalty.





Insight 4

The untapped potential in real time payments data

29% of F&B businesses globally use payments data to understand user behaviour and improve customer experience.

Data is a powerful tool that's underused in the F&B sector. Even though sharing and privacy are sensitive topics, our research shows consumers are willing to share their data if there's a benefit. **28% of consumers globally will only give their data to a business if there's something in it for them – such as a discount or special offer.**

At the same time, consumers want businesses to recognize, predict, and meet their needs in a relevant and timely way. 21% of consumers globally like it when websites or apps use their data to make shopping easier by saving time at checkout or remembering preferences. And 35% of consumers would like it if restaurant staff could recommend dishes based on their past takeaway or food delivery app orders. Businesses that leverage real time data insights will be best placed to deliver these more personalised, sophisticated experiences, either online or in an in-person establishment.

A common issue for F&B businesses globally is getting a holistic view of their customers. Only 5% of businesses have a CRM that can identify when the same customer buys something in an establishment or online, and just 15% have centralised reporting and reconciliation across all of their sales channels.



The insights unlocked via unified payments data allow businesses to act on customer behaviour. A growing number of businesses are leveraging this opportunity – but many are still missing out. 29% of businesses globally use payments data to understand user behaviour and improve customer experience, and 28% use it to build a better picture of their customers. Those businesses using payments data can identify popular products or dishes, inform inventory management, create personalised marketing campaigns, and inform decision-making – a testament to the wealth of insights made possible through payments data.

If you're diving into the payments data pool, there are a few crucial things to remember. Regulations such as General Data Protection Regulation (GDPR) and Payment Card Industry Data Security Standards (PCI DSS), the Revised Payment Services Directive (PSD2), and similar data protection laws are developing around the world. In the absence of federal legislation, some US states are devising their own. On a global scale, it's clear consumers are demanding responsible use of their personal data – and the industry demands it.

Businesses need to stay informed and compliant to protect customers and themselves from data breaches and fraud.



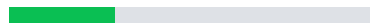
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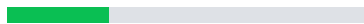
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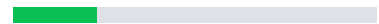
F&B businesses are using payments data to



29% Understand user behaviour and improve customer experience.



28% Build a better picture of customers.



23% Identify popular product lines and guide product development.



23% Drive personalised marketing campaigns.



23% Create better loyalty programs.



22% Help with guiding what stock needs to go where.



“By linking our app to credit card terminals, customers got greater transparency of their purchases, messages, and rewards in the app. On the other hand, we gained a clearer understanding of who our customers were and how we could provide them with better service and products. That was amazing for us.”

Thomas Evald — VP of Strategy & Business Development, Joe & The Juice

From insight to action

Make data-driven decisions with sales and customer data in one place.

Gain robust insights using customer data.

The opportunities are endless when channels are connected and all payments data is centralised.

Build a 360-degree view of customers and:

- Segment customers based on buying behaviours to better personalise marketing efforts.
- Identify new product opportunities and measure the impact of promotions.
- Measure price sensitivity and optimise to ensure the best experience.
- Create consistent customer payment experiences across every channel.
- Analyse where to open new locations and the impact of new openings.



Methodology

The Adyen Food and Beverage Report is a comprehensive guide to the global and local trends impacting businesses around the world, fueled by evolving consumer behaviours and the possibilities of financial technology.

We spoke to businesses in the food and beverage (F&B), retail, and hospitality sectors. These industries face both similar and contrasting challenges and opportunities. Including their perspectives ensures we capture the growing exchange of inspiration, strategy, and innovation between industries, from the rise of self-serve kiosks to data-driven loyalty programs.

This study includes business and consumer data from a wide scope of countries, examined and compared on both global and local levels to ensure a holistic view complemented by regional nuances.

Consumer insights

Opinium Research LLP polled 40,020 adults in Singapore, Hong Kong, Japan, Australia, UAE, UK, France, Italy, Spain, Portugal, Germany, Poland, Belgium, the Netherlands, Brazil, Norway, Denmark, Sweden, USA, Canada, Malaysia, Mexico, Ireland, Austria, Switzerland and India. Respondents were incentivized to participate.

Business insights

Censuswide polled 11,530 businesses in Singapore, Hong Kong, Japan, Australia, UAE, UK, France, Italy, Spain, Portugal, Germany, Poland, Belgium, the Netherlands, Brazil, Norway, Denmark, Sweden, USA, Canada, Malaysia, Mexico and Ireland. Respondents were incentivized to participate.

Fieldwork was conducted between 23 December 2021 - 8 February 2022.

The sample includes minimum quotas of 100 in retail, 50 in travel and hospitality, 50 in food & beverage per market.

Opinium and Censuswide campaigns are conducted in accordance with all ESOMAR principles and best practice.

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Adyen is the financial technology platform of choice for leading companies.

By providing end-to-end payments capabilities, data-driven insights, and financial products in a single global solution, Adyen helps businesses achieve their ambitions faster. With offices around the world, Adyen works with the likes of Facebook, Uber, Spotify, Domino's, Bonobos and Joe & The Juice.

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