

A Forrester Consulting  
Thought Leadership Spotlight  
Commissioned By Waze

May 2020

# Dine On Digital Out-Of-Home: A Spotlight On Quick-Service Restaurants

Quick-Service Restaurant (QSR) Results From  
The April 2020 Thought Leadership Paper,  
“Intercept Consumers On The Go With Digital  
Out-Of-Home Advertising”

# Introduction

Quick-service restaurants (QSRs) face fierce competition to catch the attention and appetite of prospective diners. QSRs must differentiate themselves and cut through the noise to intercept the cross-country road trippers, the family headed home from soccer practice, or the coffee-starved employee on their way to work. Gaining the attention of on-the-go consumers is critical to successful business results, and our research reveals that some QSRs are early adopters of digital out-of-home advertising to do just that.

In February 2020, Waze commissioned Forrester Consulting to evaluate the extent to which on-the-go consumers represent a critical advertising context. Forrester conducted one interview and an online survey that included 108 global QSR marketers. We found that digital out-of-home helps QSR marketers and advertisers achieve their most critical priorities.

## KEY FINDINGS

- › **Digital out-of-home is an area of growth for QSRs.** Digital out-of-home technology is a somewhat nascent area, with only one of four already invested. But that adoption rate is set to change. Digital out-of-home ads are the fastest growing advertising investment, and a majority of QSR marketers are likely to consider this form of advertising as part of their omnichannel strategies.
- › **QSR marketers seek increased restaurant traffic and expect that digital out-of-home can deliver.** Eighty-eight percent of marketers say traffic to their brand locations is a critical or high marketing priority over the next 12 months, and about two-thirds expect digital out-of-home ads to drive more visits.
- › **QSRs must evangelize the value of digital out-of-home to recognize its full potential.** About one of five QSR marketers had not heard of digital out-of-home ads prior to taking our survey, and these marketers are also more likely to say they lack executive support to get a digital out-of-home program off the ground. Savvy QSR marketers must educate their organizations about the value they could realize from implementing digital out-of-home campaigns.

## TERMINOLOGY

For this study, we explore topics related to “digital out-of-home advertising.” We defined this term to survey respondents as inclusive of any digital advertising that reaches consumers on the go.



“When someone is driving home and starting to think about mealtime, we have an opportunity to reach people in that moment, convince them to go left instead of right, and join us at one of our locations.”

*Media planning and buying manager at a global quick-service restaurant*

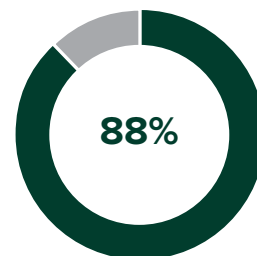
# Quick-Service Restaurants Take A Privacy-Sensitive Approach To Driving Traffic

QSRs rely on a steady stream of visitors to get takeout, order via the drive-thru, or dine in their restaurants, and many have taken steps to reach visitors with specific ads while adapting to a heightened data privacy environment. In surveying 108 global QSR marketers, we found that:

- QSRs prioritize traffic to stores more than other measures of business results.** One of QSRs' top marketing priorities is to drive more in-restaurant traffic. Eighty-eight percent view increasing in-person visits to brick-and-mortar locations as a critical or high priority in the next 12 months, which can span takeout, drive-thru, and dine-in (see Figure 1). QSRs prioritize visits even above customer lifetime value (CLV): 83% of marketers say CLV is a high or critical priority. QSRs' interest in CLV is lower than other industries we surveyed; for example, consumer packaged goods (CPG) brands are 1.4 times more likely to say increasing CLV is critical than QSR brands. This finding suggests QSRs are focused on driving visitors to restaurants as a critical first step to more profitable parts of the customer journey.
- QSRs have adapted targeted ad strategy to a heightened data privacy environment.** Eighty-three percent of QSR marketers agree that their ad strategies are targeted to specific audiences. But they are targeting these ads in a privacy-safe way; compared to other industries, QSRs are more likely to have adapted the way they use data for advertising in the face of a changing regulatory environment (see Figure 2).

Figure 1

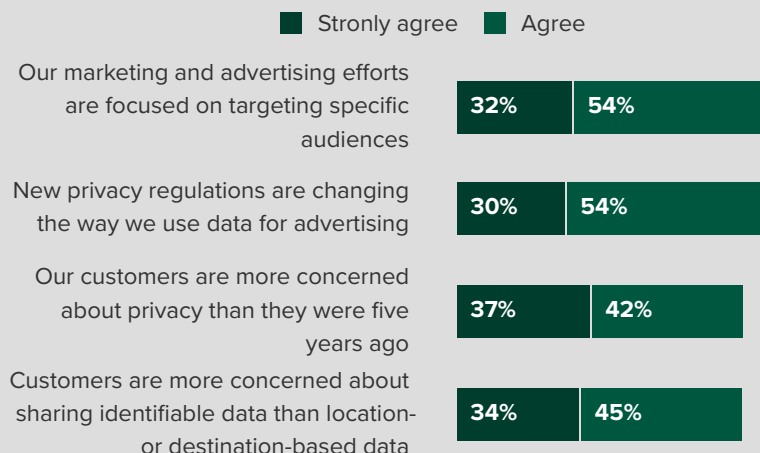
“Increasing in-person visits to brick-and-mortar locations is a critical or high priority over the next 12 months.”



Base: 108 global QSR marketing or advertising decision makers responsible for media budget  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020

Figure 2

“To what extent do you agree with the following statements?”



Base: 108 global QSR marketing or advertising decision makers responsible for media budget  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020

QSR marketers are 1.8 times more likely than retail marketers to strongly agree that new privacy regulations have changed the way they use data for advertising.

# QSRs Believe Digital Out-Of-Home Can Drive Their Businesses

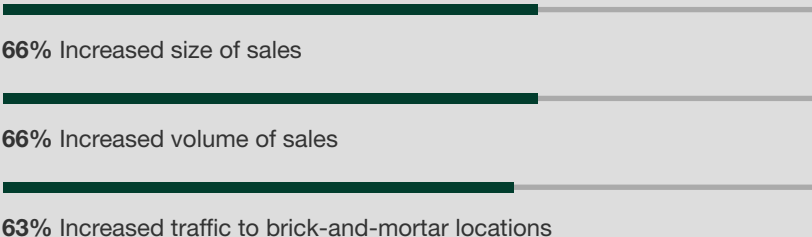
More than three-quarters (77%) of QSR marketers report that they struggle to reach their target audiences at influential moments. Overcoming this challenge to reach on-the-go consumers is critical, as hungry consumers in their cars represent a prime moment to influence behavior and encourage them to pull over for a bite to eat. As a result, QSR interest and investment in digital out-of-home to get visitors in the door is growing. From our in-depth survey of global QSR marketers, we found that QSRs:

- › **Expect digital out-of-home to increase restaurant traffic.** Almost two-thirds (63%) of QSR marketers expect digital out-of-home advertising to deliver more restaurant visits (see Figure 3). This expectation is at least 1.3 times greater than those of marketers surveyed from other industries. QSR marketers additionally expect to see increased size and volume of sales with digital out-of-home.
- › **Are increasing investment in digital out-of-home.** Investment in digital out-of-home ads is the fastest growing area of investment we asked about in our survey, including various other digital and traditional ad types like TV, radio, and social media. On average, firms are increasing investment in digital out-of-home by 4.4% over the next year, on par with other industries.
- › **Are likely to consider digital out-of-home.** About one in four (26%) QSR marketers already uses this type of advertising; another 68% are very or extremely likely to consider it. This finding suggests QSRs are very open to newer ad types if they will reach customers at key moments that can influence them to walk through the door.
- › **Are technology-rich and able to scale digital out-of-home ads.** Only 28% of QSR marketers say they lack technology to help scale digital out-of-home advertising programs, the lowest of any industry surveyed. This finding suggests that QSRs that do make the leap to digital out-of-home could realize campaign results quickly.

QSRs are increasing investment in digital-out-of-home faster than any other form of advertising.

Figure 3

“What impact has your organization seen/would you expect to see from investment in digital out-of-home advertising?”



Base: 108 global QSR marketing or advertising decision makers responsible for media budget  
Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020



QSR marketers are 1.3 times more likely than marketers from other industries to expect increased traffic from digital out-of-home advertising.

“We are trying to get close to the point of decision. Customers sometimes make decisions to visit a quick-service restaurant within 5 minutes before doing so.”

*Media planning and buying manager at a global quick-service restaurant*

## Key Recommendations

Quick-service dining is a highly competitive market, and driving traffic remains a key priority. Marketers can do more to optimize for the last mile that drives customers to brick-and-mortar locations. On-the-go consumers represent a critical — and largely untapped — context for advertising, where targeted messages influence buyer behavior at the moment they are most ready to act.

Forrester’s in-depth survey of 108 global QSR marketers and advertisers about digital out-of-home advertising yielded several important recommendations:



**Use digital out-of-home to complement traditional out-of-home within omnichannel advertising strategy.** Digital out-of-home is complementary to existing advertising strategies, particularly traditional out-of-home. Our cross-industry survey revealed that firms already using digital out-of-home are also increasing their investment in traditional out-of-home at a rate 1.9x times greater than other firms, suggesting they see some benefit from multiple touchpoints across traditional and digital to reach consumers on the go. Investing net-new ad dollars in digital out-of-home while leveraging an omnichannel strategy will ensure your restaurant stays top of mind throughout the buyer journey and that your messaging and story across channels and devices are connected.



**Educate executives and marketing team about digital out-of-home revenue benefits.** One in three (33%) QSR marketers says their executive team is not bought into the value of digital out-of-home investment. More than one in five (22%) QSR marketers have not heard of digital out-of-home, demonstrating much lower awareness than in other industries we surveyed. Savvy QSR marketers can get ahead of the curve by educating their teams on the value of digital out-of-home and clearing the way to implement this form of advertising, realize greater restaurant traffic, and create immediate competitive advantage. With QSR marketers expecting or having seen a boost to restaurant visits, sales volume, and sales size as a result of digital out-of-home, the top-line benefits are clear.

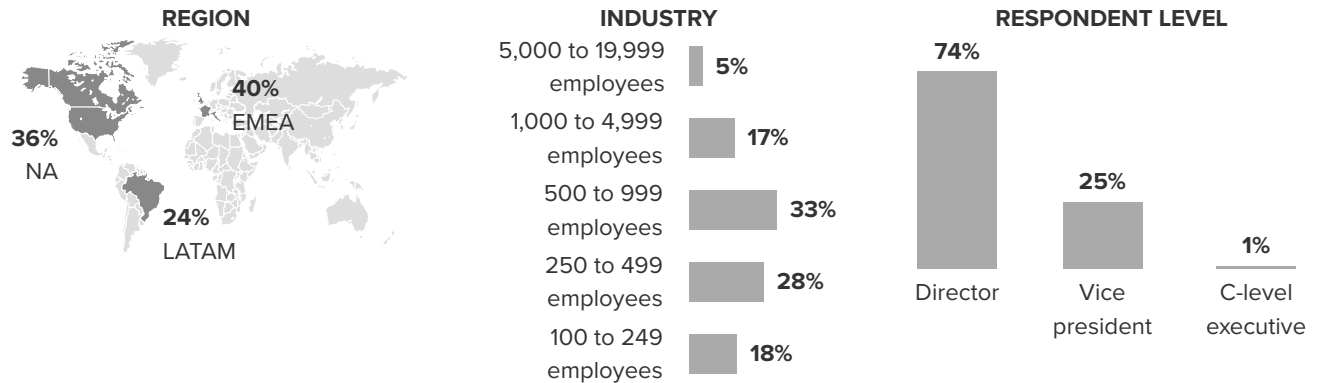


**Invest more in channels that allow for contextual targeting.** As privacy regulations and consumer preferences change, brands need to be careful about using behavioral data for advertisement targeting and ensure that any request for data offers value to consumers. More brands will find contextual targeting just as effective, if not more effective, than using behavioral data in digital advertising. Digital-out-of-home provides plenty of levers to pull to increase the context of brand messages and catch the attention of hungry consumers on the go.

## Appendix A: Methodology

In this study, Forrester conducted three interviews and a survey of 102 global retail marketers and advertisers to evaluate the extent to which on-the-go consumers represent a critical advertising context. Forrester also interviewed four digital out-of-home advertising users. Survey participants were decision makers or economic buyers for advertising/media planning and buying at their organizations. Questions provided to the participants asked about their marketing priorities, challenges, and usage of digital out-of-home advertising. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in January 2020 and was completed in February 2020.

## Appendix B: Demographics/Data



Base: 108 global QSR marketing or advertising decision makers responsible for media budget

Note: Percentages may not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020

## Appendix C: Related Forrester Research

“Digital Out-Of-Home Delivers Customers,” Forrester Research, Inc., February 22, 2019

“Modern Privacy Laws Change The Paradigm For Marketing And Advertising,” Forrester Research, Inc., February 19, 2020

“Predictions 2020: Media,” Forrester Research, Inc., October 29, 2019

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