7 Convenience Retail Digital Menu Board Challenges Solved

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Summary

The ever-evolving customer has shifted yet again — this time, toward convenience stores to find their next quick, satisfying meal. Quick service restaurants (QSRs) are now facing stiff competition for food to go, meal and snack options from both grocery stores and convenience stores. There is great opportunity in entering the food to go market, but standing out from the competition is critical to attracting new customers and turning them into loyal, repeat visitors.

There are many lessons to be learned from successful QSRs, with the winners using technology to create customer experiences that are faster, more convenient and rate high on the accuracy scale. The experience is more relevant as well — no matter the persona of customers who enter, the rotating food menu appeals to the sweet treat lovers as well as those on the hunt for a gourmet salad. While in the restaurant world, technology such as digital menu boards has come to be fundamental to a fast, accessible food experience, digital menu boards are still relatively new to grocery and convenience retail. As an increasing number of stores begin to prioritize food to go, there are challenges in having a full understanding of strategy, implementation, extracting return on investment, scaling and supporting a successful digital menu board network.

The number one opportunity for convenience store owners and operators to drive food sales and loyalty is to introduce digital menu boards at key points of communication throughout the store.

In more mature markets for the industry, where convenience stores regularly offer a food to go option, such as the United States, the successful stores hold their own with QSR competition in a number of categories, including convenience and price. Where the convenience stores that offer food to go are currently lagging behind large QSRs is "helping customers navigate the path to purchase, understand the menu options, and quickly and easily make informed decisions."[1]

Enter technology. Strategically placed digital signs and digital menu boards make an immediate impact on all aspects of customer experience including navigation and decision making. A traditional digital menu board will show images and video of your menu or meal deals and entice customers to buy. A modern digital menu board, however is a dynamic, data-driven communication platform that is truly integrated and opens major opportunities for customer engagement. The platform will allow you to entice and educate at a key promotional point in the customer journey, and drive incremental cross-selling at transaction and ordering points. As UK retailers prepare for the implementation of High Fat Salt Sugar (HFSS) regulations while also looking at ways to best serve Natasha's Law and calorie labelling requirements, digital menu boards can perform an important role in promoting healthier food options as well as displaying product ingredients.

An experienced technology platform partner is vital to success. This paper outlines the challenges of implementing digital solutions, giving guidance on what convenience stores can learn from the world of QSR, and how to increase sales, convenience and insights with technology.

Restrictions to promotion of foods and drinks high in fat, salt, and sugar (HFSS)
Promotions on foods food and drinks high in fat, sugar and salt (HFSS) in UK retailers will be restricted from October 2022. The new restrictions will impact medium and large retail locations and see the withdrawal of multibuy offers on HFSS products as well as the removal of these products from display in key store locations.

Natasha's Law
Natasha's Law came into effect across the UK in October 2021. The Law requires all food outlets to provide a full ingredients list with clear allergen information on all prepacked for direct sale (PPDS) food.

Topics

- **Challenge 1:** Digital Menu Board Placement

- **Challenge 2:** Understanding the Components of a Digital Menu Board

- **Challenge 3:** Managing Multiple Communication Points in the Store

- **Challenge 4:** Creating Content Strategy

- **Challenge 5:** Tapping into Loyalty

- **Challenge 6:** Realizing Full Return on Investment through Ad Monetization

- **Challenge 7:** Strategy for Implementing, Scaling and Supporting the Technology

Digital Menu Board Placement

While a large menu selection is fantastic for attracting a wide variety of shoppers and satisfying their every quick meal craving, a poorly-designed menu lacking relevance can quickly lead to frustration and lost sales. With food to go sales in the UK estimated to be worth £22.6bn in 2024[2], there is opportunity post-pandemic to continue the in-store sales upswing by increasing effective promotions with well-placed, well-designed digital menus.

Digital signs and digital menu boards have value throughout the entire store, from the petrol pump to the tills, but there are three areas of the convenience store interior that offer the most opportunity for digital menu board placement — the made to order station (if there is one), the pre-made or ready-to-go food station and the beverages station.

Made to order station: This station is perhaps the area where the value of digital menu board placement is easiest to visualize as menu board placement is often similar to a traditional QSR ordering counter. At the made-to-order station, you want your customers to see the full scope of your menu offering, and to do this you need to highlight the food's quality and value with the most visual clarity. Further, with content strategies such as menu segmentation or implementing more advanced customized strategies of suggestive selling, the digital menu is sure to be relevant to in-store customers, driving higher sales, customer loyalty and repeat visits.

Pre-made or ready-to-go food station: This is the area of the store where digital menu boards help you promote and sell with aspiration. Smaller format digital signs not only attract in-store customers to this station, but the messaging can promote higher margin items or promotional meal deals as well as be updated in real time to mitigate food waste by promoting items with a shorter shelf life. Further, the on-screen content strategy can be customized and tailored for who is in the store in the moment.

Beverages station: In this area of the store, there is a big opportunity to influence a high-margin coffee purchase with compelling content on digital menu boards. Your digital menu boards can be used to upsell or cross-sell complementary items, including — keeping convenience and speed top of mind — exactly where to find the item in the store.

Screen placement is unique to each project. While screens can be placed anywhere in the store, the impact of digital displays on short-visit purchase behavior is significant. From U.S. data, when promotional messaging is viewed on a digital sign or menu board in key quick-decision stations, brands see an increase of one to five more sales. Digital menu boards and digital signs have been proven with anonymous video analytics to attract increased attention. This can lead to a longer time spent in the store, as well as moving customers to an area of the store they may not have originally intended to visit.

Further, digital menus allow you to cycle through important information while still promoting your menu. **The top two factors that survey respondents indicated influence their purchasing decision of convenience store prepared food are store cleanliness (60% of respondents) and food quality (50% of respondents)[3].** These are two factors that can be elevated and reinforced on digital display messaging.

Understanding the Components of a Digital Menu Board

The complexity of your digital menu board solution can be broken down into easy-to-understand components. Depending on the sophistication of the solution a digital menu board may include additional features or fixtures, but the main components are:

Large- or small-format digital display: This is the screen that displays the content to your customers. These displays can be wall mounted above the ordering area or by the coolers, located on a counter or set into a standalone fixture such as an ordering kiosk. The displays can also be passive or interactive commercial-grade tablets which also allow for easy content updating. These tablets differ from consumer electronics in that they are ruggedized for 24/7 use and are available in a wide range of large format sizes.

Media player: The media player is the hardware that drives the digital content to the display screen. Your media player should be purpose-built for digital signage output, offering playback support and full device monitoring. When choosing a media player, look for hardware that works seamlessly with your digital signage platform, and balances affordability with stable, reliable content delivery..

Sensors: A more advanced digital menu board solution can include sensors, which allow for gathering insights about your shoppers and your store. This can include customer demographics, pathing, dwell time and consumer detection, allowing you to learn deeply about your store and tailor digital menu board content to your in-store audience. Sensors can also be positioned to gather feedback on screen content. Using attention analytics technology, on-screen messaging can be tested and refined to be as engaging as possible.

Digital signage software: This is the software where you manage, schedule and monitor the digital menu board content that is displayed. Modern software solutions can be centrally managed or locally updatable to help you easily and quickly manage or update your content. Additionally, your platform needs to be able to scale, handling growth in both size and complexity of your project in order to achieve your goals. Note that a strong remote support model needs to be in place to ensure consistently operational network performance with minimal down time.

Rich media content: This is the actual digital messages — imagery, video and text — you are communicating via your digital menu board. A content strategy with clearly defined goals is key to a successful digital signage network. Content is the core of the digital signage experience and is the way for a business to connect with the viewing audience. Consider partnering with a provider who can offer creative best practices to maximize your investment in digital signage technology.

Managing Multiple Communication Points in the Store

Your digital menu board solution must be run on an effective content and device management platform that can handle the scale and complexity you want to achieve with your display network. A digital signage content management system allows for complete flexibility and control over your content. With the right technology platform, the content is centrally managed — ensuring that corporate brand standards are upheld and the most current promotions and menu items are being appropriately promoted — while also able to update at the local store level in real time, driving relevance. Permissions can be granted according to roles in individual stores so that hyper-targeted content can be scheduled or even updated in real time. This can be done from any device with a web browser, including computer, commercial grade tablet or even a personal mobile device.

When considering technology providers, be sure to thoroughly vet the platform for important capabilities including: end-to-end system monitoring, asset management, device management and reporting, schedule management and ability to be responsive to environmental factors based on rule-based playlists.

Within the store, how do you move customers from undecided to decided, transferring large amounts of information in a short amount of time? With an intuitive, responsive digital menu board network, you are able to incorporate sophisticated messaging at the corporate or store level to increase customer engagement.

With an intuitive, responsive digital menu board network, **you are able to incorporate sophisticated messaging into your content strategy.**

Content Strategies:

Real-time menu updating: One of the clearest benefits of digital menu boards and digital signs is the ability to make updates in real time, eliminating the need to swap out paper signage for regular menu change occurrences like a promotion change, an item running out, or the time of day. Further, digital signs placed near ready-to-go items can mitigate waste, have pricing updated in real time to promote sales of expiring 'yellow sticker' items, or promote those items more frequently in your looping content.

Dayparting: One way to drive higher menu board relevance is to have the menu automatically change according to the time of day. Use your digital menu board for dayparting strategies such as promoting bacon rolls in the morning, steak bakes at lunch or sweet options in the afternoon snack hours. Dayparts don't have to be limited to traditional meal times of breakfast, lunch and dinner. QSRs are finding that millennial behaviors are driving new dayparting opportunities with more late-night stops for food. With 50% of millennial and Gen Z shoppers considering themselves heavy convenience-store shoppers, menus can be updated to appeal to these shoppers at the appropriate time, promoting items such as late-night snacks or desserts during fuel and food stops.[4]

Upsell opportunities: Digital signs open the opportunity to highlight and promote complementary, high margin menu items with optimal visual clarity. The majority of consumers spend three to four minutes inside a convenience store, from the time they are walking into the store, to choosing and purchasing their items.[5]

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considered themselves heavy convenience-store shoppers.

Your digital menu boards will move customers from undecided to ready to purchase while opening new opportunities to increase sales during those important minutes in the store.

Promoting loyalty: 77% of UK adults are a member of at least one retailer loyalty programme.[6] Further, 51% of American convenience store shoppers admit to frequenting retailers more often if they belong to a loyalty programme.[7] In addition to menu offering, digital menu boards can be used to promote loyalty programme membership benefits intermittently in your scheduled content.

Customization: A combination of digital signs, sensor systems and AI allows you to truly customize the customer experience. The digital menu board can be used alongside a sophisticated predictive engine to deliver relevance and increased sales.

Rapid testing: With a proper testing plan, messaging success — which can take months to prove out with print — can be quickly assessed and, if necessary, quickly adjusted. Your digital platform can help you begin to quickly identify immediate opportunities and refine messaging and promotional content.

Creating Content Strategy

A clear content strategy is key to a successful digital menu board project. Before implementing digital menu boards, the content, test strategy and clear goals should be well defined. By beginning with KPIs and goals in mind, you can work with your technology partner to back into a successful content strategy, keeping your definition of success in focus. Complementing this is a well-defined plan for testing content impact, which works as validation for the strategy, the data and the platform. Initial creative content should be ready at launch, but this does not mean the launch strategy is permanent. Rather, it is a baseline from which you can begin testing and growing into your vision.

It's important to understand five of the key ways digital signage and digital menu boards lead to profitability, all of which are directly affected by content strategy.

First, digital displays directly improve menu offering relevance and accuracy, able to be instantly updated. These updates can take place manually through a content management system or with pre-set automated rules incorporating tactics such as dayparting or adjusting menu offering according to conditional changes such as weather.

Second, content can and should be personalized using strategies such as suggestive selling, which improves as guest behaviors are analyzed and understood over time.

Third, digital displays allow for greater, deeper success measurement of KPIs and with it, the ability to adjust and optimize content continually.

Fourth, ad revenue from partner brands can be gained by offering time during content loops. Through a digital network, impressions and effectiveness can be more easily measured and reported.

Finally, a more positive customer experience driven by technology equates to customer loyalty.

A solid test strategy, as well as clear KPIs and goals, allow you to measure the effectiveness of your content. Test the workflow, test the platform itself, test the reaction to the content — and then be ready to pivot. With digital menu boards, you can quickly identify and adjust areas of improvement.

Tapping into Loyalty

Digital menu boards make an impact on customer experience by giving the convenience store a modern look and, most importantly, giving the customer relevant information immediately upon entering. After attracting attention, the technology makes it directionally clear where to go in the store — again, making the most out of the precious few minutes your customers are inside — as well as attracting them to an area of the store they may not have otherwise visited.

These key factors of a positive customer experience will help drive loyalty and repeat visits. There is another emerging aspect of loyalty that is critical for convenience store owners and operators to consider. Loyalty goes beyond a transaction or a store punch card loyalty programme. As today's consumers have an ever-increasing number of options regarding purchases — how, where, when to shop; how to pick up their items; and the ability to access multiple brands in moment via technology — delivering an exceptional customer experience is essential to loyalty. Brands need to make investments in the store that show they are continually improving in order to better serve their customers and win their loyalty. Today's consumers are willing to travel further, pay more and become a loyal, repeat customer because of a positive brand experience.

Key considerations driving this evolved customer loyalty:

Shoppers are highly predictable and highly visual. Through machine learning and automation, behaviors are analyzed over time, and on-screen is messaging customized in real time. Additionally, shoppers, especially younger shoppers, are increasingly consuming information visually.

Consumers will spend more for a good experience. If a shopping experience is uniquely valuable — customized, frictionless, experiential — customers will go the extra mile to be loyal to that brand. Every store visit that is consistently good and relevant across store locations influences loyalty to your store's brand.
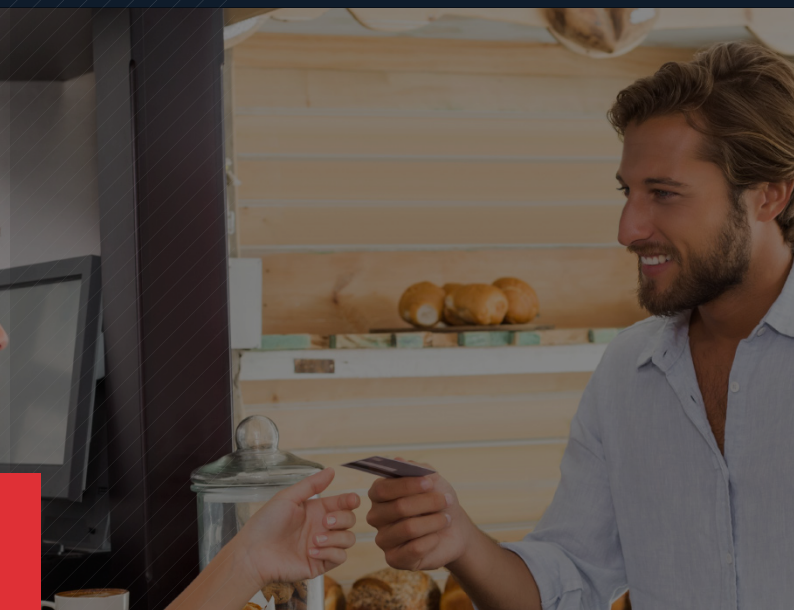
Technology, such as digital screens and AI, has spread into everyday life and business. With technology such as mobile devices, tablets and smart speakers, consumers have become used to technology positively impacting various areas of their lives.

Self-service, self-discovery and automation are vital moving forward. This introduces not only an improved, frictionless customer experience, but also operational efficiency. With job vacancies in the UK at an all time high of 1.25 million and fewer individuals in the job market due to the fallout of Brexit and Covid-19[8], staff shortages are a real concern for many hospitality and retail brands. Recent research suggests that 62% of UK hospitality workers believe that their company has difficulty in hiring staff while 29% state that they would like to leave the sector entirely[9]. Facing the reality of unpredictable staffing, retailers can utilize customer-and employee-facing technology such as digital menu boards to help customers operate autonomously in the store.

Intelligent display messaging should be customized based on situational awareness. Oracle research revealed that 87% of U.S. shoppers are comfortable with having their buying habits tracked and monitored if that information is used to personalize a loyalty programme[10]. Beyond a more personalized program, tapping into these behavioral insights allows you to drive loyalty by making the customer experience as convenient and relevant as possible. On the back end, your digital menu board platform can take into account influencing conditions in and around the physical

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store, including weather, traffic, events, queue length and time. Using this data alongside customer-centric insights, you can gain complete situational awareness of the customer and in turn, intelligently inform suggestive selling on the digital menu board.

Digital menu boards also give the opportunity to increase brand awareness and values. Promote your loyalty app to drive adoption and then, with sensor-based insights, deliver specific messaging to mobile app customers. Alternatively, messaging to non-app customers drives conversions to app users.

Younger generations care deeply about ethics, sustainability and equality. For example, 41% of Gen Z said they'd pay more for sustainable fashion, while 73.9% of Millennials think it's very or fairly important that brands demonstrate commitment to diversity and equality[11]. Digital menu board playlists can include content that focuses on and reinforces corporate values and social responsibility, which can lead to a greater sense of brand affiliation and loyalty.

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Realizing Return on Investment through Monetization

A successful digital menu board network is an investment in customer experience, and loyalty that has proven to drive increased sales and repeat visits in quick service restaurants. A strong digital signage strategy also means retailers are best prepared for scenarios such as unpredictable staff shortages or supply chain concerns. By giving brands means to create more automated systems as well as concentrating customer attention on less-demanding menu items, or simply communicating what is available, digital menu boards save valuable staff time and offer a key channel to effectively communicate with customers.

In convenience stores, there is a lucrative opportunity to recoup cost of your technology investment — by monetizing advertising sales on the digital displays. Partnering with third party brands that have a strong product presence in your store is mutually beneficial. Your partner brand can highlight their product above other in-store competitive products and the cost of the ad directly increases the return on your digital signage network. Strategically placed in-store digital media reaches customers at the critical-decision making point and influences purchases with measurable results on impressions and demographic reach, adding depth to your customer insights stack and basket analysis. A well-versed technology platform provider can guide you on how to get started with monetization.

Challenge 7:

Strategy for Implementing, Scaling and Supporting the Technology

Consistency is key when it comes to implementing a digital menu board network and digital signage platform. Your best strategy is to standardize from the beginning wherever possible to ensure your network is scalable and consistent. Find the minimum as far as store layout and capacity for digital displays, and make that the baseline standard.

If there is a store location that has room for one 49" digital menu board in the made-to-order station, one 32" display in the beverage station and one 32" in the made-to-go area, that is your baseline from which to begin design.

From there, you can plan to scale. Consider adding more strategically-placed screens such as one end cap vertical display and two in-aisle shelf-edge displays — create your formula from there so you can scale. By setting these standards, you have a higher likelihood of project success, as well as creating a consistent, shared experience every time someone visits your store, no matter the location.

Your technology partner should transparently guide you through the physical implementation and site readiness plan. For instance, in a QSR, an experienced two-person team can install four panel indoor digital menu boards with data and power in one night, or six to eight hours. That is assuming site readiness considerations, such as data and electrical lines being pre-run in preparation for the installation. There are direct parallels to this process in convenience retail.

A strategic technology partnership is critical to digital menu board success. Now more than ever, businesses are turning to technology. There are many moving parts when designing and implementing a digital customer experience. Work with your partner to identify and optimize all aspects of the project including specific technology, timing, equipment and content.

There is a trend toward consolidation of technology into platform providers. When creating digital experiences, currently most industry solutions are cobbled together with many third-party products split across hardware, software and support. **Your technology provider should create a seamless user experience — both with operational efficiency and guest experiences — consolidating hardware, software and support into one platform at scale.** This also allows brands to capitalize on cost efficiencies.

An effective technology partnership allows for acceleration of digital menu board solution implementation, at scale, with considerations for future operational adjustments or project expansion. This can include anything from bringing in self-ordering kiosks, contactless transactions, smart pick-up systems, multiple promotional or order confirmation points, or advanced analytics driving a personalized experience.

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Conclusion

Digital menu boards have proven to be successful for increasing the amount of time customers are in the store, moving customers to a place in the store where they wouldn't have gone, as well as driving loyalty and repeat visits. It's integral to find the right technology partner who powers your digital menu board project forward with a sound strategy and deep knowledge of the process to mitigate risk and optimize for future inclusions.

Scala is a proven, trusted technology partner and part of the STRATACACHE group of marketing technology companies. STRATACACHE currently powers the digital menu boards for eight of the top ten quick service restaurants, supplying integrated hardware, software, services and support solutions that power more than 750,000 digital menu boards globally.

CONTACT SCALA DIGITAL MENU BOARD EXPERTS TODAY
to discuss your goals and strategy for activating digital solutions as part of your convenience retail marketing mix.

For more information, visit our website: **www.scala.com/en/industries/quick-service-restaurants/**

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