

Eat More Fries

McDonald's franchisee uses beacon technology to attract Millennials

by ED MCKINLEY

Bluetooth's usefulness as a marketing tool isn't limited to offers, discounts and coupons; the technology is also fostering two-way communication between retailers and customers. It's a dialogue that McDonald's franchisees hope will prove particularly appealing to the tech-obsessed Millennial generation.

Take the case of Jack Pezold, owner-operator of 22 McDonald's restaurants and a veteran of 40 years with the chain.

"Everyone is looking at their phones, Millennials especially, and that's where we've decided to engage," says Pezold, who is using Bluetooth low-energy beacon technology in locations in Columbus, Ga. The hardware and the technology behind it come from Piper, which touts its system as "beacon deployment as a service," says CEO Robert Hanczor.

The system is based on Bluetooth radio signals that enable communication among devices at close range, but it takes the familiar forms of text messaging and social media updates.

Piper provides marketing materials to alert customers to the beacon

technology, including promotional information on store and drive-through menu boards and at the point of sale. Customers are urged to download a smartphone application to begin receiving electronic messages from the restaurants.

Customers receive messages only when they're at the restaurant, and not too frequently to become a nuisance. "Consumers want information from the restaurants they patronize," Hanczor says, "but they also want to have that communication limited."

Unless the content changes, customers receive only one message per month.



IMMEDIATE PROMOTIONS

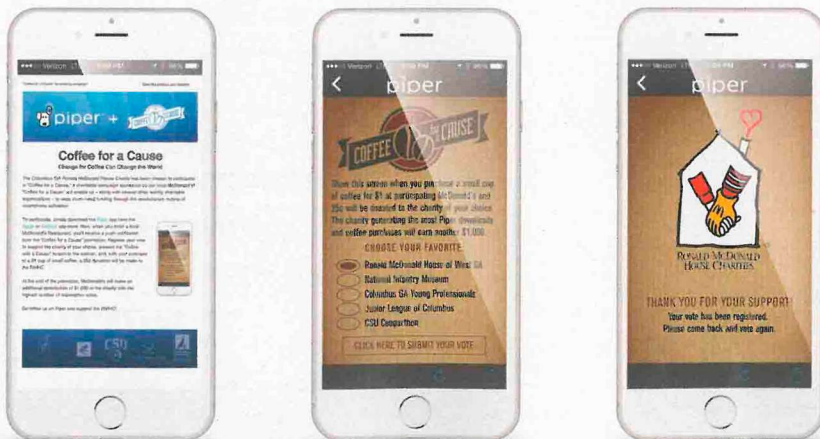
Piper and the McDonald's co-op began their beacon deployment with what some might consider a standard way of using the technology — offering a discount on food. The Apple Passbook promotion worked: McChicken sales increased 8 percent and sales of McNuggets increased 7.5 percent from the previous month, Pezold says.

"Participating stores are generating strong response for the advertised offers through both mobile and signage, showing more than 18,000 offer redemptions for the promoted items featured," he says.

That kind of response isn't lost on other retailers, who are recognizing the importance of that sort of marketing. "A promotion they can redeem immediately has a lot of value and that builds loyalty with customers," says Hanczor.

After the food discount promotion, the restaurants entered more unfamiliar territory. They sent a survey to customers' smartphones, asking them to rate food quality, cleanliness and service. The questions give diners an opportunity to express themselves and help management correct problems.

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“Typically, surveys take a very long time to cycle through the organization and get back to the front counter or the point of contact with the customer, so this is a way to accelerate that,” Hanczor says.

Pezold says surveys will help his organization understand and serve customers. “Piper’s beacon [system] allows us to cater to their tastes, preferences and behaviors, making it easy for them to get more value and enjoyment out of their McDonald’s experience.”

The number of survey questions is limited to just a few that fit onto a single screen of a customer’s smartphone. “Surveys that have more than one screen usually get a lot of drop off,” Hanczor says.

Some customers receive a message when they enter the restaurant that informs them of an opportunity to contribute to a local charity. The campaign, called “Coffee for a Cause,” sets aside 25 cents from each \$1 coffee purchase. The money goes to a local charity, chosen by the customer from a list on the smartphone screen.

The system tallies the donations and sends monthly checks to the charities. The co-op adds a \$1,000 bonus to the charity that receives the most donations.

OPERATIONAL USES

It’s not just promotions and charitable donations that are made possible through the beacons. The system also allows for employment inquiries to be sent directly to store managers, who can then contact the interested party



before they leave the store.

That use of the technology makes sense, Hanczor says, because quick-service restaurants typically draw their employees from their customer base.

And more uses for beacon technology should reach McDonald’s restaurants soon, he predicts.

“We’re looking to ... use the technology not only for customer interaction but also from an operations standpoint,” Hanczor says.

In one example that could come to fruition in the not-too-distant future, McDonald’s owner-operators could deliver electronic checklists to remind store managers of tasks to perform. So far, the co-op’s team has been deciding the nature of the beacon communication, but there’s plenty of potential for store managers to make changes in the messages, Hanczor says.

“We have an online portal,” he says. “They could just use a mobile application to make that change, and it would be updated immediately across

the network.”

Pezold seems convinced of the system’s ease of use. “Piper requires no technical expertise,” he says. “The content management system is easy and intuitive to use, letting users modify and control the beacon communications they wish to broadcast and receive.”

Still, “It’s not a situation where you walk in and stick a beacon on the wall and create a message,” Hanczor says. Part of the effort goes into placing the beacons strategically in the stores and making sure the platform that supports the communications can expand to serve many locations.

Besides preparing for scale, Piper had to ensure that it could provide local analytics. And the job doesn’t end once the system is running, Hanczor says. Piper has built in ways to respond to the system and keep it operating, including replacing beacons if they go down, making sure the entire system is operating at peak performance.

Two beacons are positioned in each McDonald’s — one at the POS, and the other in the drive-through. The positioning makes sure customers receive the messages, while also confining the messages to the restaurant.

“This isn’t something you would be able to pick up driving by or from across the street,” Hanczor says. “The idea was that we wanted to communicate with you while you are at the location.” **STORES**

Ed McKinley is a Chicago-based writer and editor.