



DRIVE THRU | October 2015 | By Mary Avant

Can The Drive Thru Be Saved?

No, the drive thru isn't going anywhere. But the traditional drive-thru model is up against some major threats as it moves into the future.



Drive thru business is up, leading brands like Cousins Subs to invest in the outdoor lane. But future threats could pose challenges in the drive thru. COUSINS SUBS

To say that convenience is king in today's always-connected, technology-driven world may be an understatement. We order groceries from the comfort of our couches; we know what's going on halfway around the world in real time via Twitter; and we pick out and pay for our dinner through an app on our smartphone. So it's no surprise that with its speed, ease, and accessibility, drive thru continues to thrive—in a way, at least.

Visits to quick-service drive thrus were up 2 percent to 12.4 billion in 2014, according to research from The NPD Group, with drive thru representing a larger share of business than either carry-out or dine-in in the hamburger, Mexican, and chicken segments. But an increasing number of threats, challenges, and factors are making some in the limited-service industry question the health and long-term viability of the time-tested business model.

Perhaps the biggest challenge for drive thrus today is urbanization. After decades of migration to the suburbs, Americans—particularly the nearly 25 percent of the population that falls into the 18–36-year-old Millennial range—are increasingly flocking to urban areas to live, work, and play. Recent Census Bureau research shows that 26 percent of 22–24-year-olds live in urban neighborhoods, while 27 percent of 25–29-year-olds do the same. Across the U.S. in 2014 alone, the population in metro areas—where real-estate prices and

availability make it challenging to open and operate a drive thru—has grown to about 270 million people, up 2.3 million from 2013.

Add to that the fact that fewer consumers now own or use cars than in the past—with Millennial car ownership down to just 66 percent in 2011, according to research from Nielsen—and you have a formula that's making many drive-thru brands feel uneasy, to say the least.

Despite this migration from the suburbs and declining car ownership, brands continue to build, operate, and innovate drive-thru units in downtown, densely populated areas. Checkers and Rally's—sister brands that pull in more than 85 percent of their business through the drive-thru lane—have developed several restaurant formats that not only serve pedestrian traffic through walk-up windows, but also serve drive-thru traffic in downtown and urban areas, says Jennifer Durham, vice president of franchise development.

But operating in urban environments also requires a certain level of sacrifice, says Danny Meisenheimer, COO of Pollo Tropical. “You may have to give up on some things,” he says. “You may have to say, ‘Look, I’m going to be in the drive-thru and the to-go business, but I may not be able to run the dining-room operation I once did,’ or vice versa.”

However, not all brands are willing to open units without drive thrus, even in dine in-friendly urban areas. “When you consider the fact that 60 percent of our business is done through a drive thru, it’s hard to stray from that model,” says Todd Coerver, COO of Texas-based Taco Cabana, sister brand to Pollo Tropical in the Fiesta Restaurant Group umbrella. “Right now for Taco Cabana, we’re not looking at a model that doesn’t include a drive thru.”

No matter where consumers live—and where brands are meeting them—that doesn’t change the fact that their dining preferences have transformed dramatically over the past decade. With customers turning to fast-casual brands for higher-quality offerings and an elevated experience at a good value, they’re also coming to expect the same from quick-service brands—and their drive thrus.

Unfortunately, delivering that level of quality and experience through the drive thru in a quick, accurate way can be tough, Coerver says. “Maintaining the balance between how you deliver quality and freshness and made-from-scratch cooking through that hole in the wall in an acceptable amount of time is a really delicate dance,” he says.

Another obstacle in brands’ attempts to upgrade the drive-thru experience: their often-undying loyalty to and focus on the speed of service, says Amit Jain, CEO of Los Angeles-based Bridg, a predictive intelligence firm that works with brands like Panera Bread and Quiznos.

“Brands have to optimize the guest experience and the actual product,” he says. “The only way to optimize that is to give up a little bit of focus on the speed.”

In fact, today’s consumer may be a little more lenient with speed of service, as long as the product and experience they’re receiving in exchange is of fast-casual quality, says James Walker, president of operations and development at Johnny Rockets Route 66, a fast-casual drive-thru spinoff of the casual-dining brand.

“What consumers are now going to demand out of quick-service drive thrus is, ‘Maybe I’ll give you 4 minutes or 5 minutes instead of 3, but I want better packaging, more earth-friendly packaging. I want higher-quality ingredients and a much more wholesome, higher-quality finished product,’” he says.

“There’s an opportunity in drive thru right now for a higher-quality concept that says, ‘We’re going to provide a casual or quick-casual experience ... but we’re going to do it with speed and accessibility,’” Walker adds, noting that Route 66 wants to do for drive thrus what the better-burger movement did for hamburgers.

But Taco Cabana’s Coerver says it’s difficult to get consumers to understand that drive thrus and a higher-quality experience can go hand-in-hand. Taco Cabana is seeing that firsthand while testing its Cabana Grill concept in Jacksonville, Florida. The more upscale unit—with a limited breakfast menu, patio, liquor license, and, yes, a drive thru—has a much higher rate of dine-in occasions than the typical Taco Cabana unit, with 80 percent of customers dining in and only 20 percent opting for the drive thru.

The fact that higher-end brands like Panera and Starbucks are getting into the drive-thru game is also an obstacle for traditional quick-service drive-thru brands like Checkers/Rally’s. “They become a threat, competitors that haven’t historically been in the drive-thru space now adding drive thrus onto their restaurant,” Durham says.

Deli brand Cousins Subs is one of these fast casuals offering a competitive drive-thru experience, albeit in only 15–20 percent of its units. Despite placing a priority on speed, the brand’s strongest focus remains on delivering the same quality of product at the drive thru as it does inside the unit, says vice president of operations Jason Valentine. Each of its sandwiches is made and grilled fresh to order, and the drive thru is designed so that Cousins can do it effectively—and so that customers understand that to be the case.

“We try to push under a couple of minutes, but we have signs that communicate that the subs are made to order and they’re grilled fresh so that our guests know, ‘Hey, your product’s being made right now, so it might be a longer wait,’” Valentine says.

No matter how high the quality or how good the experience—or, for traditional drive-thru brands, how quickly the food is served—some consumers don’t see drive thru as the ultimate convenience it once was, Pollo Tropical’s Meisenheimer says.

In fact, consumers’ lack of patience is largely driving the rise of mobile payments and technology, a movement that’s changing the face of every industry, quick service included. “There’s a lot of focus on how to deliver technology to a Millennial who doesn’t want to talk to anybody, still wants convenience, and probably orders on a mobile device,” Bridg’s Jain says.

Taco Cabana rolled out its mobile ordering platform earlier this year to satisfy consumers’ mobile expectations, while Pollo Tropical has been slowly rolling out its loyalty app over the past two years. In addition, platforms like Tapingo—which offers mobile-ordering capabilities to brands like Panda Express and Jamba Juice—are making this option available to drive-thru brands across the industry and allowing customers to order on the go, skip the line, eliminate wait times, and enhance their experience, writes Jeff Hardy, chief business officer at Tapingo, in an email to *QSR*.

But mobile ordering isn't an end-all, be-all: Advanced technology like beacons and geofencing are also in early tests and development at the drive thru today, Jain says. The devices are used to do everything from count the number of cars in the drive-thru lane to noting where they are on the property to pinpoint how far away an order-ahead customer is so employees can time their meal correctly.

While some brands may view the cost and effort to accommodate mobile-ordering technology as a hurdle to the business, Hardy says, it's only a danger to those brands that ignore its potential. "The most successful merchants will take full advantage of technology to take their business to new heights," he says. "There will almost certainly be a period of disruption as forward-thinking venues implement mobile-ordering capabilities and their competitors struggle to keep up."

Brands' efforts to innovate technologically toward the future don't start and stop at mobile, however. Many have—and take—the opportunity to entertain customers at the drive thru, helping create an engaging experience that potentially builds loyalty, says Nick Powills, CEO of No Limit Agency, a franchise developing, marketing, and consulting agency that counts Checkers as one of its clients.

"Putting in video order boards that play a commercial or even an app where you can log in and control the music that you hear outside when you're sitting in the drive thru [could be smart]," he says. "Customers are bored to death out there waiting for their food. Give them something that they can enjoy."

At Route 66, drive-thru guests are greeted by a three-screen order board, with one screen listing the menu, the second confirming the order, and the third showing what the traffic looks like on the highway they're getting ready to enter.

"We're using consumer-facing technology to streamline the order experience, to allow for customization, and to allow for the restaurant and the consumer to engage in a fashion that's not just about placing an order—it's allowing them to learn and be informed in a broader sense," Walker says.

But, despite the ever-impressive technology brands are using to capture customers' attention and loyalty, Powills says an element of old-school interaction will always play a role in the drive thru—and a surprising one in saving it.

Brands like Pollo Tropical, for example, have begun sending order takers out into the drive-thru lane to incorporate an element of human interaction into the process, while also alleviating the impatience consumers experience while sitting in long lines.

"It feels like technology is taking over, but I still feel like old school is new school," Powills says. "People sell brands; technology doesn't. And innovation in the future is still going to be around people."

Despite the very real threats of changing consumer demographics and preferences, increased competition from fast casuals, and the rise of mobile-ordering technology, the short answer to the question brands are asking themselves—*Is the drive thru a relic of the*

past?—is no. Consumers continue to enjoy the convenience drive thru offer in their busy lives, and the numbers show that customers are still using—and plan to continue using—this on-the-go option.

“Americans say, ‘We’re going to use the drive thru more this year than we did last year, and we’re probably going to use it more two years from now,’” Walker says, noting that they’ll do so despite reporting that they’re less satisfied with drive thrus year over year.

“Drive thrus are always going to have to exist,” Powills says. “There’s still that convenience factor, and those who are always on the move are going to dictate that this is something that we want. We still don’t want to get out of our cars.”

However, brands *do* need to focus on making the drive thru more attractive and accessible in order to cut through the clutter of competition on the market, Powills says.

“Brands are leaving a lot of money on the table and the consumer is saying, ‘I have a million options to pick from, just give me a little bit more here. Give me just one more inch, and I’ll be happy,’” he says.