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Shane's doubles up on technology to build takeout, catering sales

BY ALAN LIDDLE

ATLANTA — Shane's Rib Shack, a fast-casual barbecue chain with more than 60 restaurants based here, is processing phone and Internet orders on a limited basis using outsourced technology that management said may become mandatory for new restaurants in 2008.

Shane's is owned by multiconcept franchisor Raving Brands. Chris Morocco, Raving Brands' chief development officer, said the upside potential of takeout and catering sales at Shane's is significant and that the chain's goal is to grow that part of the business from the undisclosed current level to 40 percent of total sales. He added that "the convenience aspect" of a well-run off-premise program could net the chain "an important point of differentiation."

Morocco said he sees serving in-restaurant guests and dealing with phone and Internet orders as "two different businesses." Coincidentally, Shane's new order-processing system combines two technologies delivered by two service providers.

Takeout and catering customers at seven Shane's restaurants now can place and pay for orders by dialing local phone numbers to reach a call center or by serving themselves online at the chain's Web site at www.shanesribshack.com. Plans call for a single, toll free phone number to replace the local dialing options as the call center is used by more stores, the majority of which now handle their own phone orders.

A partnership between Internet ordering support company Kudzu Interactive of Atlanta and virtual call center operator LiveOps of Palo Alto, Calif., is intended to consis-

tently provide those guests with personalized and efficient service that has the added benefit of boosting tabs, Morocco indicated.

"We think it is going to lead to increased frequency and better accessibility to our product," the Raving Brands executive said of the Kudzu-LiveOps strategy. Behind that belief, he suggested, are indications that customers perceive the new approach as an improvement over ordering directly from local stores by phone.

LiveOps agents, all of whom work at home and are independent contractors, are trained to promote specified products and consistently ask callers about add-ons, such as beverages or sides. Similar prompts and messages can be worked into the online environment.

Morocco said the targeted and consistent message to consumers from the Web and virtual call centers makes the new ordering system "an opportunity to upsell" customers, as well as educate them about the chain's products.

Referring to the preliminary results from using the new technology, which has been in place for about four months, Morocco said, "What we expected and what we're seeing is an increase in average ticket." The difference in ticket size using the new system, vs. the old one, "more than covers the cost" of using Kudzu and LiveOps, he said.

Talking about pricing in general, and not specifically about the deal with Shane's, Kudzu chief executive Jim Garrett said customers pay a monthly, per-unit subscription fee of from \$100 to \$160, or 3 percent to 5 percent of each order. Randy Kies, LiveOps vice president of food chan-

nel, said users of his company's call center services pay 10 percent to 12 percent of each transaction or opt to pay set unspecified per-transaction or per-minute fees.

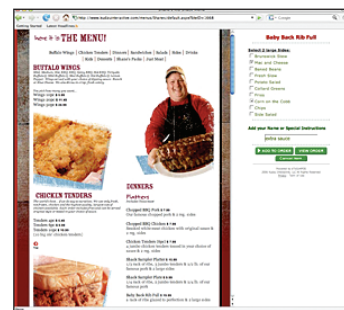
As things now stand with the ordering system, Morocco said, Shane's will "fine-tune the process through the end of this year and go with it in 2008."

Morocco said Shane's, which fields a single company-operated restaurant, next year probably will require the use of Kudzu and LiveOps at new franchised units. Setting up a Shane's to use Kudzu and LiveOps "is fairly simple," he said.

Kudzu's Web-based order processing system works with multiple payment card processor networks and integrates with six brands of point-of-sale systems, according to Garrett. This direct-to-POS integration eliminates the need for restaurant personnel to enter data from online or phone orders, permitting them to pay more attention to dine-in guests, he said.

LiveOps agents dealing with toll-free callers simply use the Kudzu system to input orders. Kies said LiveOps helped Kudzu add call center-specific capabilities to the system, including support for "screen pops." "Screen pops" are bits of information and links that appear on the call center agent's computer desktop as a call comes in, showing the restaurant concept involved, the customer's prior order history, if any, and the script the agent should use for dealing with that brand's clientele.

Because the Kudzu Web interface and LiveOps agents share a common processing infrastructure, transaction and user data are saved to a single database, with positive ramifications



Takeout and catering customers at selected Shane's restaurants can place and pay for orders through a call center or the chain's website.

for speed of service and marketing.

Shane's online users can save time by recalling a previous order, if they tend to order the same things. LiveOps agents can use the same approach on behalf of callers to not only hasten the order process but also to personalize the service by letting guests know that their repeat business is recognized and appreciated, Garrett and Kies explained.

Users of the new Shane's system have responded favorably to being able to place takeout and catering orders in advance, Morocco said. He added that the arrangement also benefits the chain's dine-in patrons by making it easier to manage large catering orders that can "negatively affect ticket times in-house."

As is usually the case with an initiative within a franchised system, one of the challenges involved in moving the ordering system forward may involve "changing franchisee behavior," Morocco said. The encouraging news there, he indicated, is that "the data have shown" that the ordering process is "more efficient, more memorable and more satisfying when you outsource it."