Brand Building in 2015

Technology is forecasting a nominal 3 percent growth rate for limited-service restaurants in 2015, so it doesn’t seem as if there will be any big changes in fast food in the coming year. Any positive effect produced by lower gas prices is likely to be canceled out by drought-induced higher food costs. But that doesn’t mean the fast-food industry is going to sit back and do the same old things this year. We’ll be working hard to create exciting experiences and differentiate our brands while fighting new competitors encroaching on our territory. And it won’t just be with new products.

To start, fast-food brand building in 2015 will leverage technology strongly. Digital menuboards, in-store WiFi, and social media marketing are already standard at many chains. This year, mobile ordering and payment will become more common, along with alternative order-pick-up options and targeted, mobile-only offers. Some brands will try to enhance their brands’ “cool” factor—reducing line times, improving data security, and potentially increasing order size in the process—by incorporating Apple Pay, the payment system that iPhone 6 owners can use by simply waving their phones in front of a special terminal.

Leading brands will break new ground with technology designed to further differentiate their brands and upgrade their customer experiences. They will offer enhanced mobile functionality, such as the ability to customize orders, recall past orders, and pre-order and pay—which can be found in the new mobile app that Taco Bell just launched—and integrate mobile with loyalty and customer relationship management programs (which can be found in the mobile ordering system that Starbucks® is scheduled to roll out system-wide). Fast-casual concepts may introduce in-restaurant tablets to provide an order-at-the-table option, as well as entertainment, games, and brand content.

Even if only a fraction of customers actually use these new bells and whistles, advanced technology makes brands seem more cutting-edge and innovative, especially among younger consumers who drive the majority of quick-service traffic and shape social conversations. That’s why new technology development is becoming as much of a priority as new product development for some brands.

Transparency is also on the 2015 fast-food menu as brands learn how to engage emboldened and empowered consumers. The origin, handling, and quality of food are some areas of consumer concern. Whether companies are proactive, as Chipotle Mexican Grill has been by labeling all of its ingredients that have GMOs and running high-profile media campaigns about “food integrity,” or reactive, as McDonald’s has been by finally launching its “Our Food, Your Questions” campaign and responding to customers’ questions online honestly and in real time, more fast feeders will communicate transparently about their products and ingredients in an effort to gain people’s trust and promote a more meaningful brand message than traditional brand campaigns.

Menu labeling is another form of transparency that will increase in the coming year. The new federal government rules requiring large chain restaurants to post calorie counts on menus just took effect, but participation was already growing because operators knew they were coming and were preparing in advance—and because customers were increasingly demanding healthier options. Worker pay and treatment may be yet another transparency frontier on which brand perceptions are shaped in 2015. Last year, the increasing media attention drawn by striking workers added to McDonald’s woes, while the college tuition offered to Starbucks’ employees and the relatively generous wage paid by chains like Shake Shack and upstarts like Detroit’s Moo Cluck Moo benefitted those brands. Going forward, savvy brand-builders will focus their brand management more on employees since they know Millennials and Generation Z consumers are more likely to make purchase decisions based on how companies treat their workers.

This year will also find fast feeders fighting turf wars against new category encroachers. In recent years, different kinds of competitors have emerged as serious threats—from healthy vending machines to subscription-based meal kits for easy home cooking, and from branded meal delivery services to innovative pop-up shops, carts, and trucks. Add convenience stores and grocery stores that are improving the quality and increasing the size of their foodservice offerings and it’s clear quick serves are getting squeezed from all directions.

Fast-food brands will fight back with strong value and convenience messages, along with using and promoting fresh, quality, and trendy ingredients that appeal to foodies. Some are expanding into other service models to stave off competitors, led by Starbucks, which is planning to introduce delivery service in select markets in the second half of 2015, and Taco Bell, which is testing catering in some Southern California stores.

Menu innovation has traditionally been the lifeblood of fast food, and new products will continue to play an important brand-building role in 2015. But fast feeders are finding that new products can become like a drug that produces diminishing highs and is a hard habit to kick. There are many other ways to differentiate and establish a competitive advantage. In 2015, we’ll see different companies use different brand-building levers to attract customers and enhance appeal.

And that could make for quite an exciting year after all.