

DELAGET | WHITE PAPER

The missing franchisor promise: How leveraging restaurant data through technology is driving rapid brand growth

Executive summary

Many brands have failed to evolve their data strategy in a way that directly addresses today's increasingly complex data and technology environment.

While franchisors offer franchisees the playbook to restaurant success, and the brand promise of training, effective marketing, and ongoing support, modern franchisors often fall short and miss opportunities when driving franchisee success and growth as it relates to the fast-evolving world of technology – especially as it relates to data.

Brand success depends on a mutual alignment of benefits between franchisees and franchisors as the franchisors provide support aids, franchisees see an increase in growth which in turn translates into increased royalties and restaurant values. Which, when done right, comes back full circle to the brand.

The franchise model delivers on its value prop to both franchisee and franchisor when there's alignment and clarity on the benefits of shared success. The model is designed to leverage economies of scale and scope to create efficiencies that drive rapid growth and success for franchisees which in turn, drives success for the brand.

Data is too rarely recognized as part of the value chain. Brands and their franchisees miss opportunities to leverage scale for efficiency and create enterprise value for the franchisor and franchisee [[Franchising.com](https://www.franchising.com)].

Franchisees have limited resources and technology capabilities prohibiting their ability to address data needs. In addition, solving the same problem independently, dozens or hundreds of times as individual franchisees is inconsistent with the franchise model's promise.

Corporate IT teams experience equally challenging roadblocks when it comes to addressing data needs. This is often a result of limited resources and capabilities that hinder the ability to support the product life cycle (page 5), which is critical for realizing the desired and necessary outcome(s) of data initiatives.



The data dilemma

There are on average 15-20 technologies or systems needed to run a restaurant. In addition to the volume of sources, these technologies rarely integrate with or talk to each other. The information they produce remains siloed by location and by the system. Although it provides some value alone, it is incomplete and, in many cases, useless without the context of all other data sources. To provide true value and insights, data from all systems must be available and sourced from an individual location. Once consolidated, it is simple information that can easily inform impactful changes.

The need to leverage data across multiple systems like POS (Point of Sale), BOH (Back of House), speed of service timers, 3rd party delivery aggregators, payroll providers, and numerous others, is a problem that all restaurant operators face. With operational and financial data needs rapidly changing, restaurant operators are missing opportunities to improve guest satisfaction, grow revenue, and increase overall efficiency. These risks and opportunities tie back to brand success – royalties, brand quality, and franchise fees [[Harvard Business Review](#)].



Corporate

- Increased royalties
- Strategic IT focus
- Off-load data requests
- Avoid help-desk activities

- Increased revenue
- More efficient training
- Loss metric improvement
- Improved customer experience

Operators

- Improved margin
- Multi-store visibility
- Management efficiency
- Easily populate technology

Business and technology complexity continues to grow with rapidly changing customer buying habits, talent competition, and managing increasing costs. The explosion of 3rd party delivery is an example of where opportunity (for operational quality and maximized profits) has been limited by access to the right data. In 2021 the average QSR (Quick Service Restaurant) restaurant grew by 11% YOY [2021 QSR Operational Index]. Over half of this growth was generated by 3rd party delivery and an overwhelming majority of operators do not understand the costs or margins associated with this rapid growth channel and lack the tools to understand, manage, or improve the customer experience with this rapidly growing sales channel.

The results are inaccurate royalties, taxes, and financial statements.

The most successful operators understand that engaging and empowering their teams is the most influential lever they can pull to grow their business and increase sales. Clear results, KPIs, and robust tools provide direction on improvements - the data is all there, and franchisees have access to it, however, its power and impact have yet to be realized with manual data pulls and a lack of transparency. Purpose-built tools for operational management and improvement are needed to help franchisees achieve quality operations for growth and brand success. Franchisors that win see data as a critical part of the value chain.

Barriers to leveraging data

Top-performing franchisees understand the risk and opportunity associated with having access to functional data. However, they lack the resources and expertise to 1) acquire and consolidate the right information across all their systems, 2) format data in a usable way, 3) make it available in a timely fashion, and 4) maintain agility in a changing data environment. In addition, they cannot make this investment at scale, nor should they attempt to. Making the investment in building a data infrastructure that supports the evolving needs and challenges of the system is often tried and met with failure, significant expense, and loss, with reduced franchisee trust as a result. The greatest advantage of being a franchisee is to leverage the power of scale and eliminate redundant work and expenses.

Best-in-class franchisors are shifting their store data needs mindset from, “Not my problem” to, “This is our greatest opportunity” to impact the success of the brand. Franchisor IT teams face a diverse set of barriers to meeting operational data needs – 1) resources, 2) product management capabilities, 3) deployment and training, and 4) ongoing support. Corporate IT departments are not staffed or structured in a way to meet the needs of internal stakeholders (finance, marketing, C-suite) while satisfying the franchisee’s needs for data.



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IT teams have the technical expertise to build solutions but lack the resources to manage a full product life cycle that is needed to ensure the business case is realized and objectives are met. Franchisees have varying needs and opinions. Satisfying these through corporate support is impossible and is at the very least impractical [5 [Must-Haves to Empower Your Team Through Data and Reporting](#)]. In addition to these challenges, corporate IT departments are often focused on managing other projects such as POS and BOH initiatives.

As with all restaurant technologies, POS and BOH systems have reporting capabilities. Many corporate IT departments have attempted to leverage POS and or BOH implementations to meet their franchisees' operational data needs. This approach always fails. Reporting is an afterthought for POS and BOH systems as it's not what these systems were designed for. Operators need purpose-built solutions that leverage all data sources to leading and lagging indicators designed for specific operational needs.



Options for a unified data strategy

To meet restaurant operational needs

...of restaurants – requiring significant pre- and post-build effort and support to achieve desired outcomes.

Hire Vendor

An outsourced vendor can be hired. This provides the opportunity to extend reach beyond core internal projects. The right vendor must offer proper pre-and post-sales support to ensure results are realized. If available, internal budgets can be utilized or pass-through charges to franchisees can be justified as the vendor is hired to solve franchisee problems. Economies of scale are more significant with this solution as costs are distributed across the system.

Strategic Alliance

A strategic alliance results when a partner extends the resources and capabilities of their IT and operations teams to add strategic value for their franchisees. In this relationship, you engage your partner with key internal and franchisee stakeholders to solve systems problems. In this scenario, the purchasing relationship often shifts directly to the franchisee while retaining oversight for the corporate brand. The tighter the partnership between corporate, franchisees, and the partner, the greater efficiency, control, and value can be achieved. The goal for corporate IT, the partner, and franchisees should be to solve the biggest problem, for most franchisees, at the lowest cost. Also, this model enables the franchisees to make decisions based on need vs. value and places the burden on the vendor to elegantly solve market problems for the brand.

Ignore

Without a defined data strategy and established corporate priorities to address these needs, Corporate IT departments are forced to make tough decisions and prioritize limited resources. Franchisee needs and store operations often remain at the back of the line. The stores are sales distribution and the face of your brand. If unattended, these issues will erode operational quality, the success of franchisees, and the bottom line of the corporate brand.

Build

IT departments have the capability to build solutions designed to solve franchisees' problems. As noted, it can be difficult to achieve results. Resources are thin and prioritizing away from internal constituents can be difficult. In addition, solutions need to be designed for many users and businesses within the franchisee community – sometimes hundreds of operators and thousands...

Your operator's success depends on your data strategy

The increase in operating and technology stack complexity at the restaurant is growing rapidly. Brands that win deliver on their promise to franchisees by providing a unified data strategy. They leverage the resources of the brand to solve problems and optimize opportunities at scale. The best way to optimize corporate IT resources to meet the needs of franchisees is by developing a strategic alliance with a partner capable of meeting the needs of the full solution lifecycle for franchisees.

Restaurant brands and operators who partner together to solve technology, operational and compliance issues with a unified data strategy are best positioned for success. An intentional and strategic approach to operational data impacts the quality of operations, efficiency of resources, and opportunity for growth and margin. This is the promise and value of the franchisee model and will be best achieved with a partnership between corporate, franchisee, and vendor.



DELAGET

Our mission

Build tools that help operators run more profitable restaurants.

Delaget is the top data provider to restaurant and QSR operators and is nationally recognized for their reliable, user-friendly solutions: Delaget Coach, Delaget Detect, and Delaget Delivery - saving operators hundreds of hours each year, while ensuring data transparency and integrity to enable growth.

Whether it's partnering on offering your franchisees growth-minded solutions, leveraging our solutions for your corporate stores, or purchasing our solutions for your franchisees - we're committed to finding data solutions that help reach your goals.

RESTAURANTS IN THE US USING DELAGET

13,000+

With over 150 integrations and proving value with corporate and operators alike in top brands. Delaget is the go-to data provider in the restaurant space for the past 20 years.

OUR SUCCESS RATE

100%

With 95,000 data files loaded and 3.2 million records processed per day, Delaget has a 100% success rate and a 95% client retention rate.

EXISTING INTEGRATIONS

150+

Our dedicated engineering team has built out integrations to over 150 various platforms and solutions, enabling quick, seamless builds.