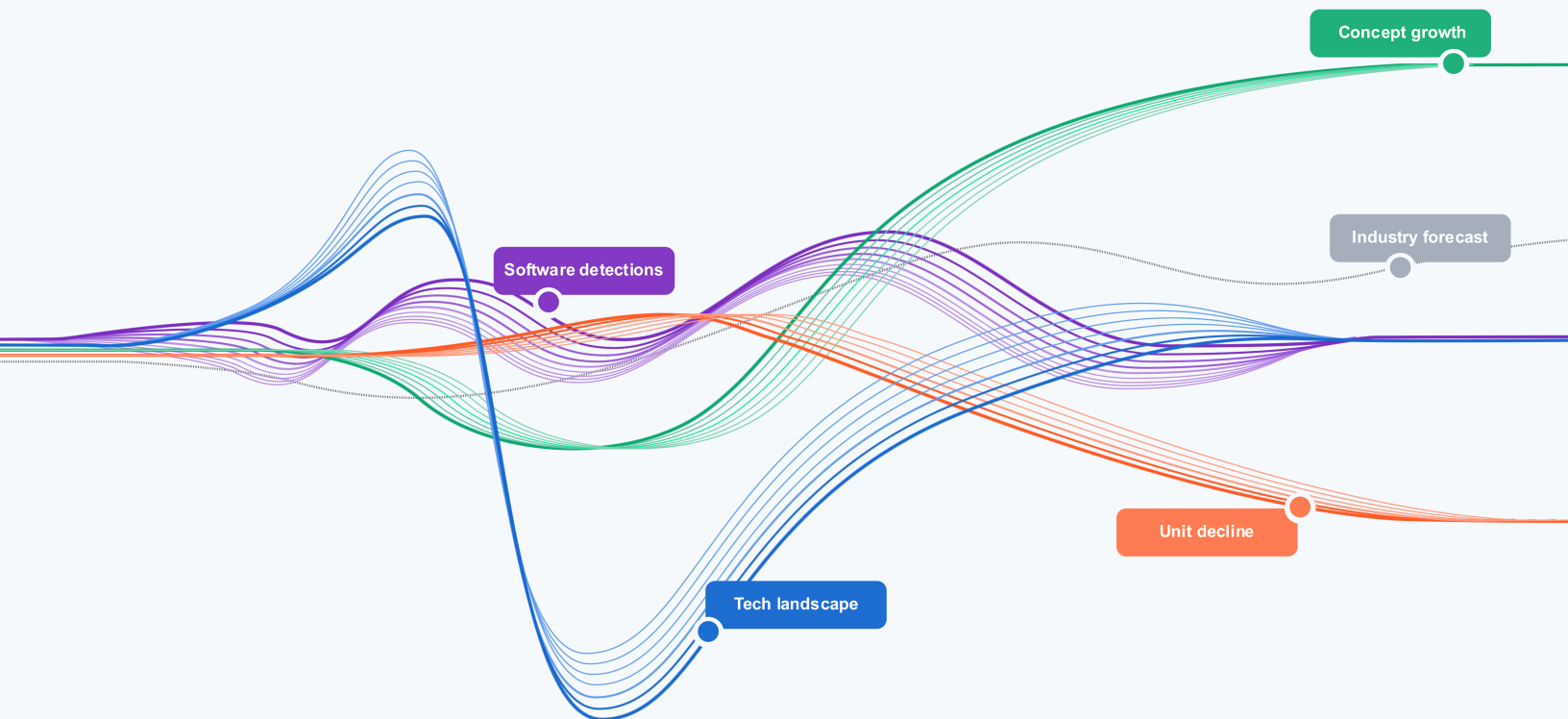# INDUSTRY REPORT

Restaurantology® Market Pulse

Year-over-year market intelligence to help **deepen your knowledge of the industry** and **strengthen your go-to-market**

Concept growth

Industry forecast

Software detections

Unit decline

Tech landscape

2023 EDITION

Restaurantology is a go-to-market (GTM) activation consultancy that helps B2B restaurant tech companies grow faster and smarter with real-time market intelligence and optimized operational efficiency.

Learn more at restaurantology.io.

Written by: Grant Gadoci

Any questions? Please contact hello@restaurantology.io.

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Preface

In the restaurant industry, change is the only constant. For companies selling to restaurants, keeping up with that change can be difficult.

In 2017, Restaurantology started with a simple yet powerful idea: that those selling to restaurants could achieve more with better data. Our purpose was to build the most comprehensive, scalable, and valuable resource of restaurant industry data ever created.

In 2019, through our proprietary technology, we began to capture actionable insights directly from restaurant websites, creating a unified body of multi-unit market intelligence that allows modern-day companies to drive revenue and growth at enterprise scale.

> Restaurantology's mission is not only to observe, but to analyze and ultimately understand the restaurant industry's pulse through its digital heartbeat – its online presence.

In 2023, Restaurantology is now more than just a data company—we are the driving force behind the success of industry-leading restaurant tech companies. Our expertise in the restaurant industry, market trends, and data-driven go-to-market (GTM) strategies powers the growth and innovation of organizations worldwide.

As you delve into this industry report, remember that each data point was gathered with a purpose, each trend analyzed with precision, and each insight provided to help you make informed decisions.

Here's to a year of meaningful data, strategic insights, and sustainable growth in our ongoing pursuit to serve an industry known for serving others.

Part 1 - Market Dynamics

You can learn a lot about a restaurant by visiting its website. You can learn even more if you do so repeatedly.

In the US and Canada, the restaurant industry is expanding. For the past 12 months, Restaurantology has been monitoring the online presence of over 10,500 multi-unit restaurant concepts—that is, brands with 2+ units detectable on their website (hereafter: "MURs")—visiting millions and millions of web pages to independently verify the ebbs and flows of the foodservice industry.

FIGURE 1

32% of MUR websites reported a change in unit count in 2023
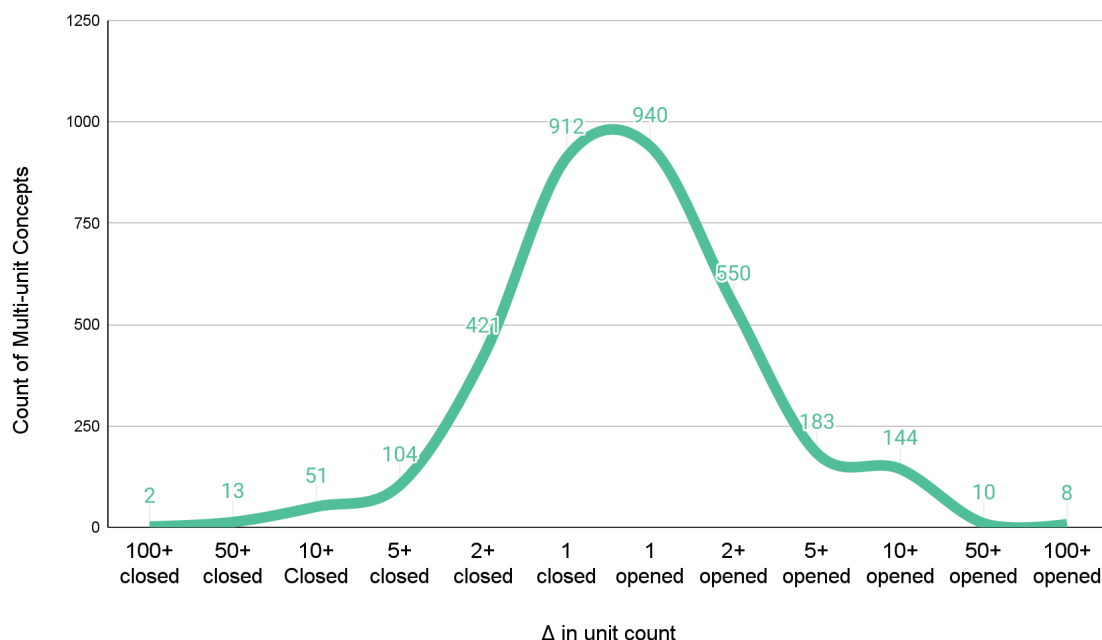
Source: Restaurantology®

Our macro-level observations paint a vivid picture of the industry's dynamism:
- 1,800 chains netted +8,400 opened units and 1,500 chains netted -4,600 closed units for an overall net gain of +3,800 multi-unit restaurants opened in 2023.

- 162 brands demonstrated remarkable growth, adding 10 or more units to their operations.
- Over 1,000 operators embarked on expansion, opening a second location, marking a pivotal step in their growth journey.
- Contrastingly, 22 chains, each previously operating over 10 units, saw their numbers halve, with 4 of these either closing down or undergoing a complete rebrand.

As we dissect Restaurantology's year-over-year market intelligence microdata, three key theses emerge, offering a nuanced understanding of the industry's trajectory:

Thesis 1. Larger brands are the primary catalysts of industry expansion. Their scale and resources enable them to spearhead growth, often setting trends and benchmarks for the entire industry.

Thesis 2. A discernible milestone of "right-sizing" is evident among a select group of companies. This strategic scaling down or adjustment in the number of units reflects a focus on optimizing operations, possibly in response to market saturation, evolving consumer demands, or internal restructuring.

Thesis 3. Menu alignment with trending consumer preferences is driving explosive growth for some. Brands that have successfully tapped into emerging market trends or consumer behaviors are witnessing rapid expansion, underscoring the importance of market agility and consumer-centric strategies.

Delving into these insights, we aim to demonstrate how the right data, when comprehensively analyzed and understood, can empower companies to not just navigate but thrive in the market. This knowledge is vital for making informed decisions, anticipating market trends, and seizing opportunities for growth and innovation in the ever-evolving landscape of the restaurant industry.

Thesis 1: Larger brands are the catalysts of industry expansion

Restaurant websites are, in our opinion, the most reliable source for measuring the restaurant industry, not just reflecting current operations but also signaling future growth. In tracking the emergence of new unit openings, we gain invaluable foresight into the market's expansion trends. In 2023, it was a small cohort of MUR concepts—just 3%—that astonishingly accounted for 72% of the recorded YoY net unit growth. This highlights that a select 345 brands are driving the industry forward, brands that should be on every supplier's "Top Account" checklist, if they aren't already.

FIGURE 2

Approximately 1,800 MUR concepts drove an 8,400 unit increase in 2023
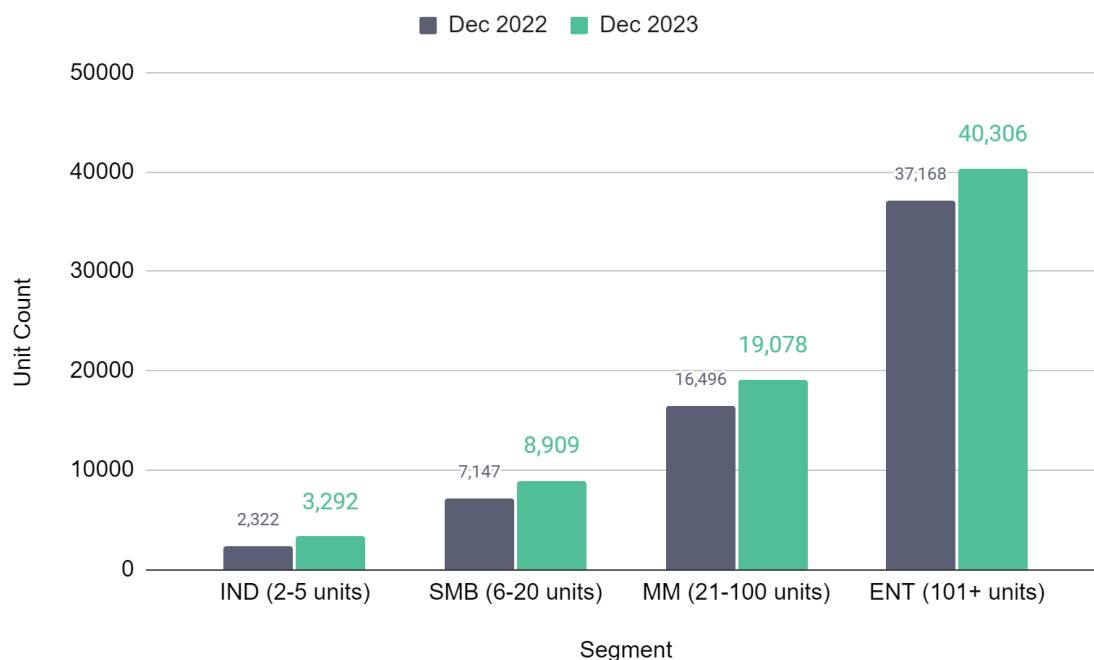
Source: Restaurantology®

These openings are a beacon, revealing the MURs poised for significant growth and market impact. The bulk of this growth emanates from enterprise or national accounts, often defined by 100+ potential locations. But a handful of emerging mid-market "break-out brands" are also making their mark, with more than a dozen reporting substantial growth on their websites over the past year.

Tracking these store openings equips companies with the market intelligence needed to strategize their sales and marketing efforts, prioritize resource allocation, and align their growth projections with the most promising and rapidly expanding restaurant brands. As these MURs flourish and branch out, the ripple effects are felt across the industry, presenting a plethora of opportunities for companies that are ready to support and grow alongside these thriving chains.

Evidence: The data to support the finding

Let's analyze the YoY website impression data to determine if they substantiate mid-market and enterprise-fueled growth.

- **Enterprise-sized growth by unit count.** Several MUR websites reported significant location growth between December 2022 and December 2023, the majority of which were brands starting the year with over 100 locations. Large enterprise restaurant brands often have a set of advantages that position them better to thrive and grow their unit counts compared to smaller restaurant concepts, such as economies of scale, brand recognition (stronger marketing), access to capital to optimize operations and drive innovation, and risk diversification by market, region, or operating structure (franchisees).

TABLE 1

Several enterprise brands netted 80+ locations in 2023

	Service Type	Dec 2022	Dec 2023	Var	%
Jersey Mike's Subs	LSR	2,313	2,675	**+362**	+16%
Crumbl Cookies	LSR	673	961	**+288**	+43%
Tropical Smoothie Cafe	LSR	1,149	1,385	**+236**	+21%
Dutch Bros Coffee	LSR	742	891	**+149**	+20%
Wendy's	LSR	6,302	6,446	**+144**	+2%
CAVA	LSR	227	346	**+119**	+52%
Dave's Hot Chicken	LSR	109	191	**+82**	+75%

Source: Restaurantology®

- **Mid-market YoY growth by percent.** Contrary to counting net changes in unit count, emerging MUR concepts can be detected by calculating their respective YoY growth as a percentage, where several brands more than doubled over the previous 12 months. For the most part, LSR concepts tend to be overrepresented in breakout-brands due to factors such as lower overhead costs, increasing demand for convenience and perceived value, and heightened adaptability to rapid changes in demand, the economy, or technology.

TABLE 2

Various emerging brands doubled their unit counts in 2023

	Service Type	Dec 2022	Dec 2023	Var	%
7 Brew Coffee	LSR	36	168	+132	**+367%**
Nautical Bowls	LSR	23	55	+32	**+139%**
Kong Dog	LSR	11	26	+15	**+136%**
Hangry Joe's Hot Chicken	LSR	22	50	+28	**+127%**
Toastique	LSR	11	24	+13	**+118%**
BoSa Donuts	LSR	20	40	+20	**+100%**
Kalaveras	FSR	13	26	+13	**+100%**

Source: Restaurantology®

- **Rapid-growth "coming soon" locations.** A significant rise in the unit counts listed on a brand's website often heralds ambitious growth plans, prominently featuring varying degrees of in-the-works locations. Yet, such numbers occasionally carry a caveat; a fraction of these projected openings might be withdrawn before they materialize due to unforeseen challenges or strategic pivots. It's crucial, therefore, to discern between the firm commitments and the optimistic or aspirational forecasts in these unit counts, understanding that the initial numbers may overstate the eventual scale of expansion.

TABLE 3

Rapid-growth brands with many announced locations to be open

	Service Type	Dec 2022	Dec 2023	Var	%
Scooter's Coffee	LSR	465	777	+312	**+67%**
Peach Cobbler Factory	LSR	20	90	+70	**+350%**
I Heart Mac & Cheese	LSR	32	98	+66	**+208%**
Abelardo's Mexican Fresh	LSR	21	43	+22	**+104%**
Touchdown Wings	LSR	18	41	+23	**+227%**
Salad House	LSR	12	19	+7	**+58%**
Cafe 86	LSR	9	26	+17	**+288%**
Cali Coffee	LSR	5	16	+11	**+320%**

Source: Restaurantology®

What to do with this information

For companies selling products, software, or services to restaurants, understanding store counts is more than a mere numbers game. A higher store count typically signals an increase in the average deal size, which in turn can significantly lower the Customer Acquisition Cost (CAC). This underlying principle explains why many companies focusing on the restaurant industry prioritize the "number of restaurants" metric in their Ideal Customer Profile (ICP). These businesses often design GTM strategies that almost exclusively target multi-unit restaurants, recognizing the amplified potential in these larger-scale operations.

> The size of a multi-unit concept, and its classification into correlated segments (such as SMB or Mid Market), plays an essential role in the GTM strategies of companies targeting the restaurant industry.

Accurate and verified unit growth insights are instrumental in enhancing several key

areas:

1. **Sales and Marketing Targeting:** Knowing a restaurant's unit count enables sales teams to more effectively segment and customize their marketing efforts. A higher number of units often correlates with the potential for more substantial deals or contracts, allowing for more strategic sales approaches.

2. **Market Size Estimation:** Unit counts are essential for gauging Total Addressable Market (TAM) and potential sales volumes. This data is crucial for accurate forecasting and strategic business planning, helping companies anticipate market trends and align their offerings accordingly.

3. **Account Coverage and Territory Planning:** For B2Bs operating with a regional sales model, understanding the geographic distribution of a restaurant's units is invaluable. This information guides territory assignments and helps in devising effective market penetration strategies.

4. **Expansion Opportunities:** Monitoring the growth of a brand's unit count offers insights into potential expansion opportunities. Suppliers and service providers can leverage this data to identify new markets and locations where their products and services could be in demand.

The size and segmentation of a multi-unit concept are integral components of effective GTM strategies for companies targeting the restaurant industry. Leveraging this data enables companies to optimize their sales and marketing efforts, tailor their product and service offerings, and ultimately, drive more targeted and successful business growth.

Thesis 2: "Right-sizing" is evident among select companies

Restaurant websites are not only a valuable indicator of industry growth through the tally of new unit openings, but can equally provide insight into the contraction within the multi-unit restaurant sector. By monitoring changes in the number of locations listed over time, automated market intelligence can help identify not only the MUR concepts that are scaling up but also those that are streamlining their operations by closing down underperforming sites.

FIGURE 3

Approximately 1,500 MUR concepts yielded a 4,600 unit decline in 2023
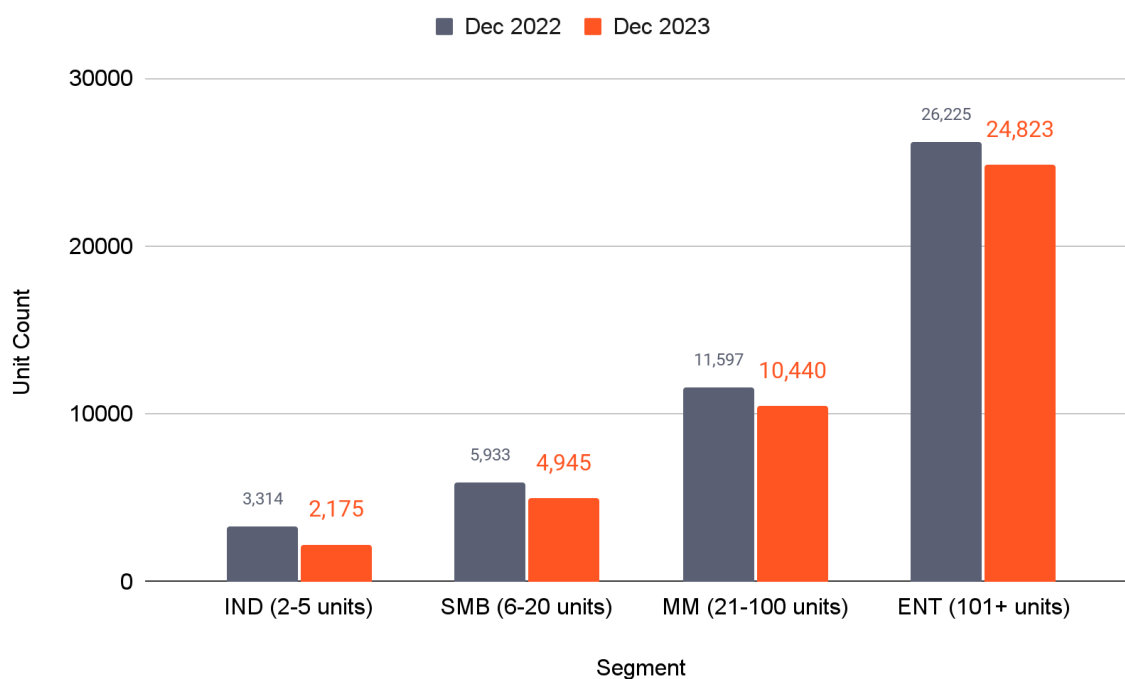
Source: Restaurantology®

This ability to track closures is critical. It offers a clear view into how brands are managing their portfolios and making strategic decisions to optimize their footprint. Whether due to market saturation, shifts in consumer demand, or operational challenges, the closing of locations is a significant metric that can signal a company's move towards tightening its operational efficiency and focusing on profitability.

By regularly updating their online presence to reflect the current state of their operations, restaurant brands inadvertently provide a real-time barometer for their health and trajectory. Thus, restaurant websites become an essential tool for industry observers, shedding light on the dynamic nature of MUR concepts and their responses to an ever-changing market environment.

Evidence: The data to support the finding

Let's analyze YoY market data to assess which MUR concepts right-sized in 2023.

- **Enterprise decline by unit count.** This past year saw dozens of brands closing dozens of restaurants, and predominantly involves well-established industry giants known for their longstanding market dominance. While store closures are commonly perceived as a response to shifting consumer preferences or challenging economic and operational conditions, they frequently represent strategic decisions. These closures can be part of a deliberate restructuring process aimed at sharpening the focus on profitability and long-term sustainability.

TABLE 4

Several enterprise brands closed 70 or more units in 2023

	Service Type	Dec 2022	Dec 2023	Var	%
Dickey's Barbecue Pit	LSR	588	444	**-144**	-24%
Quiznos	LSR	342	238	**-104**	-30%
Marble Slab Creamery	LSR	345	257	**-88**	-26%
Krystal	LSR	280	202	**-78**	-28%
O'Charley's Restaurant & Bar	FSR	143	66	**-77**	-54%
Boston Market	LSR	292	216	**-76**	-26%
Huddle House	FSR	337	267	**-70**	-21%

Source: Restaurantology®

- **Mid-market YoY decline by percent.** While tracking unit removals from websites hints at potential store closures, a more nuanced indicator of industry constriction is the YoY percentage change in overall unit count. This measure is particularly

revealing for smaller SMB and mid-market chains. Although they may close fewer units in absolute numbers compared to larger enterprises, their rate of closure relative to their size can be more significant. For example, a small chain closing a few units might represent a substantial percentage of its total footprint, highlighting a considerable collective impact on the overall industry landscape, despite their smaller scale. This approach provides a deeper understanding of market shifts, especially among these smaller yet influential players in the restaurant industry.

TABLE 5

Various mid-market concepts reduced their footprint by half in 2023

	Service Type	Dec 2022	Dec 2023	Var	%
Muscle Maker Grill	LSR	36	12	-24	**-67%**
Native Foods	LSR	12	4	-8	**-67%**
The Lost Cajun	FSR	19	7	-12	**-63%**
Coco's Bakery Restaurant	FSR	25	11	-14	**-56%**
Ample Hills Creamery	LSR	12	5	-7	**-58%**
Bertucci's	FSR	52	23	-29	**-56%**
O'Charley's Restaurant & Bar	FSR	143	66	-77	**-54%**

Source: Restaurantology®

● **Closures.** Brand-wide store closures, though infrequent, are notable events in the restaurant industry. In 2023, there were four instances where chains, each starting the year with 10 or more locations, underwent complete closures. These shutdowns can often be attributed to corporate acquisitions. In such scenarios, the acquiring company may choose to consolidate, reorganize, or even rebrand the acquired chain's locations to better integrate them into its overarching business strategy. This approach can lead to a reduction in the number of stores as part of a strategic effort to optimize the combined operations.

Such closures, particularly among established brands, should not necessarily be

viewed as signs of failure or decline. Instead, they can represent calculated decisions aimed at enhancing the overall financial health and operational efficiency of the business. By streamlining their operations, these brands are often positioning themselves for greater long-term stability and profitability, aligning their physical presence with current market realities and future strategic goals.

TABLE 6

Four 10+ unit chains closed (or rebranded) all locations in 2023

	Service Type	Dec 2022	Dec 2023	Var	%
Nestle Toll House Cafe by Chip	LSR	86	0	-86	**-100%**
Zoës Kitchen	LSR	42	0	-42	**-100%**
Hale and Hearty Soups	LSR	16	0	-16	**-100%**
FATZ Cafe	LSR	21	0	-21	**-100%**

Source: Restaurantology®

What to do with this information

Collecting, analyzing, and thoroughly understanding store closure data, consistently validated from restaurant websites, is an indispensable practice for companies selling products or services to the restaurant industry. This data not only provides a snapshot of the current state of the market but also serves as a critical guide for timing outreach and engagement with multi-unit restaurant concepts. Reaching out to a restaurant chain amidst a phase of closure or downsizing could be perceived as insensitive or ill-timed, potentially damaging future business prospects.

Understanding the nuances of a restaurant's current operational phase is critical . It allows companies to tailor their sales approach, ensuring that their offerings are not only relevant but also timely .

In the context of restaurants that are right-sizing, it's important to recognize that their appetite for specific solutions might shift. As these restaurants streamline their operations, there is often an increased demand for products and services that promise to enhance revenue generation or reduce operational costs. This period of adjustment presents a unique opportunity for companies to pitch solutions that are particularly attuned to these needs. Services and products that offer efficiency improvements, cost reductions, or revenue-boosting features may be more appealing to restaurants in this phase, as they seek to optimize their smaller, more focused operations.

Beyond relevancy and timing, companies informed by detailed and accurate closure data are more favorably positioned when it comes to:

1. **Resource Allocation:** By identifying which restaurant chains are contracting, sales and marketing teams can avoid allocating time and resources to accounts that are less likely to yield profitable returns. Prioritizing the right accounts is crucial in a competitive market; directing efforts towards growing or stable chains can result in better ROI.

2. **Risk Assessment:** A decline in unit counts, particularly among chains that were previously stable or growing, can be an early indicator of underlying financial or operational issues. For companies targeting these restaurants, such insights are crucial in assessing the risk involved in investing significant sales efforts. And for companies already serving or servicing these declining concepts, this knowledge is invaluable; it alerts them that existing revenue streams may be at risk, allowing for proactive measures to mitigate potential losses.

In essence, store closure data is not just a record of past events; it's a lens through which companies can view the future landscape of the restaurant industry, making strategic decisions that are both prudent and profitable.

Thesis 3: Trending consumer preferences drive explosive growth

From the froyo craze to gourmet hamburgers, and from boba tea to poke bowls and Cajun seafood boils, consumer trends have always played a pivotal role in shaping the restaurant industry. These evolving tastes and cravings drive demand, often leading to significant increases in unit counts, sometimes by dozens or even hundreds.

In 2023, the spotlight was on Nashville hot chicken, Korean corn dogs, and giant gooey cookies – all swiftly gaining momentum. This trend isn't just anecdotal; it's quantifiable. By analyzing the industry's pulse through store openings and closures, as reflected in their online presence, we can accurately gauge which concepts are experiencing remarkable YoY growth while maintaining minimal closures. At Restaurantology, we categorize these rapidly expanding chains as "High Growth" and "Emerging" concepts.

REPORT 1

Approximately 8% of 10.5k MUR concepts are expanding as of December 2023

Restaurantology Service Type → ▼	Full Service (FSR)		Limited Service (LSR)	
📄 Lifecycle ↑	Sum Restaurantology Target TAM	Count	Sum Restaurantology Target TAM	Count
☐ 01 - High Growth	786	31	20,287	145
☐ 02 - Emerging	7,327	202	29,037	453
☐ 03 - Stable	9,578	684	84,798	1,132
☐ 04 - Stagnant	8,130	267	35,632	483
☐ 05 - Declining	8,661	122	33,188	357
☐ 06 - Struggling	263	11	538	11
Total	34,745	1,317	203,480	2,581

Source: Restaurantology in Salesforce ([learn more](#))

There's quite a bit we can learn about emerging brands through this lens:

- LSRs are disproportionately represented in the categories of emerging or high-growth brands. Specifically, they constitute 69% and 82% of these segments

when considering the number of brands, and an even higher 80% and 96% when looking at the total unit count within these categories.

- On the other hand, FSRs are more commonly found among brands that are either maintaining stable unit numbers or undergoing challenges. Among the 22 brands noted for their quickly decreasing unit counts, characterized by both recent and frequent closures, half are full-service establishments.

Case Study: Isolating market trends by Operational Stage and Offering

Cookies are currently leading the culinary trend charts. In the last six months alone, nine distinct cookie-centric LSR concepts have shown remarkable growth, surpassing all other food trends in 2023. At the forefront, Crumbl Cookies has seen continuous expansion, growing from 318 locations in January 2022 to almost 1,000 units by December 2023, and the momentum shows no signs of slowing.

REPORT 2

Cookie concepts are growing rapidly, with persistent notable MoM unit expansion

Report: RestaurantologyLogs
🍪 **Restaurantology→ Growing Cookie Brands**

Total Restaurantology Target TAM
2,002

Average 6-month Growth (%)
27.5%

	Restaurantology Name	Restaurantology Website	Restaurantology Target TAM ↓	Inferred Status	6-month Growth (%)
1	Crumbl Cookies	www.crumblcookies.com	961	High Growth	11.5%
2	Great American Cookies	www.greatamericancookies.com	410	Stable	0.5%
3	Insomnia Cookies	www.insomniacookies.com	241	Emerging	1.3%
4	Mrs Fields Cookies	www.mrsfields.com	111	Stable	12.1%
5	Tiff's Treats	www.cookiedelivery.com	100	Emerging	6.4%
6	Cookies by Design	www.cookiesbydesign.com	53	Emerging	17.8%
7	Dirty Dough	www.dirtydoughcookies.com	49	High Growth	75.0%
8	Chip City	www.chipcitycookies.com	27	High Growth	50.0%
9	Chip Cookies	www.chipcookies.co	22	High Growth	57.1%
10	Crave Cookies	www.cravecookies.com	19	High Growth	58.3%
11	Hot Box Cookies	www.hotboxcookies.com	9	Emerging	12.5%
12			2,002		Avg: 27.5%

Source: Restaurantology in Salesforce ([learn more](#))

What to do with this information

Operationalizing consumer-based trends in the restaurant industry equips companies with a strategic edge, allowing them to stay ahead in a highly competitive landscape. By closely aligning operations with these evolving trends, businesses can ensure their offerings resonate with current consumer preferences, thereby enhancing customer satisfaction and loyalty.

> Prioritizing **high-growth brands** positions companies at the forefront of market evolution, capitalizing on emerging opportunities and driving unparalleled **competitive advantage** .

There's a lot to be gained from aligning internal systems and teams with current consumer trends, including:

1. **Market responsiveness:** Being in tune with the market allows companies to better fine-tune their solutions and continually validate their Product Market Fit (PMF). By keeping a pulse on evolving market trends and consumer preferences, businesses can adapt and refine their offerings to meet the specific needs of their target audience. This agility ensures that their products or services remain highly relevant and sought-after, effectively addressing the current demands of the market.

2. **Speed-to-market:** Companies that operationalize consumer trends can swiftly capitalize on new market opportunities before their competitors. This rapid response to emerging trends means B2Bs can capture market share by being the first to service rapid-growth restaurants that align with what consumers are currently seeking. In the fast-paced foodservice industry, being first can often mean the difference between leading the market and playing catch-up.

In a landscape that's constantly evolving, this dynamic approach to tailoring solutions ensures that companies stay aligned with their customers' needs, thereby maintaining and enhancing their market position.

Part 2 - Software Trends

Restaurant websites play a dual role in the realm of market intelligence. Much like tracking unit counts on these sites to monitor annual industry growth and decline, the unique software fingerprints embedded in a website's code can be recorded and observed over time. This tracking is key to gauging technology adoption, identifying prevailing trends, and ultimately, outlining the competitive dynamics within the industry.

FIGURE 4

69% of MUR websites had between 1 and 5 detectable software in 2023
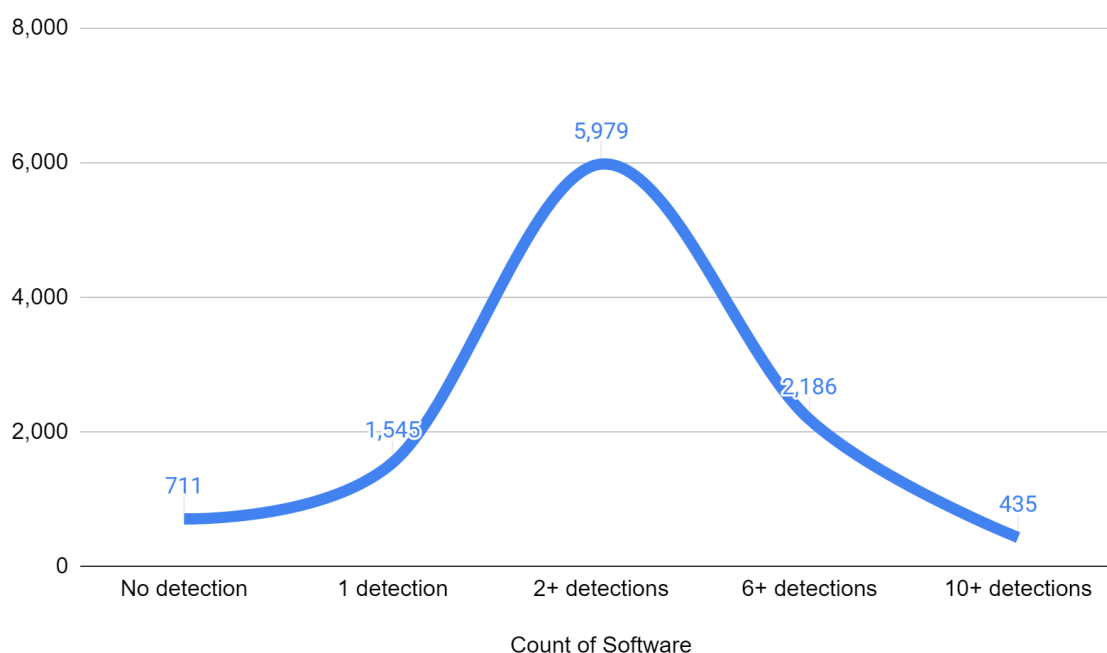
Source: Restaurantology®

When looking at industry tech detections as a whole, we found that between December 2022 and December 2023:

- There were continued increases in web detections for several restaurant tech categories, most notably POS software and online orders in general.

- Delivery and catering marketplace detections are still growing, however competitive alternatives promising to share customer data are increasing their market share as well.
- There's an influx of new restaurant solutions, both from new partners as well as existing players who are expanding their offerings with additional features and functionalities to meet the evolving needs of the market.

By further reviewing Restaurantology's YoY market intelligence microdata, 3 key theses begin to emerge:

Thesis 1. Overall adoption of technology (measured via website detection) is increasing, underscoring the ongoing "digitalization of restaurants" trend. Many restaurant tech partners grew their install base significantly in 2023, reflecting growing popularity and perceived value among top vendors.

Thesis 2. Guest data sharing, along with native integrations, are influencing which solutions are selected. Data sharing continues to help prioritize which partners are considered and selected, however market-wide progress of guest data ownership is slow.

Thesis 3. Continued innovation is driving new offerings and more choice, which makes it an increasingly competitive time to sell software to restaurants.

As we again begin exploring these insights, our goal is to show how proper market intelligence data, when thoroughly analyzed and at times rigorously interpreted, equips companies to do more than just survive – it enables them to excel in their respective marketplace. This understanding is crucial for informed decision-making, predicting market trends, and capitalizing on opportunities for growth and innovation in the constantly changing restaurant industry landscape.

Thesis 1: Overall adoption of technology is increasing

Noah Glass, Founder and CEO of Olo, accurately observed that 2023 was a year where "digital transformation continued to dominate" (Ref. 1). This statement is corroborated by data from over 10,500 MUR websites, where an increase in technology detections between 2022 and 2023 suggests a growing trend of restaurant operators adopting a diverse range of new software solutions.

Software detections on MUR websites averaged 2% YoY growth
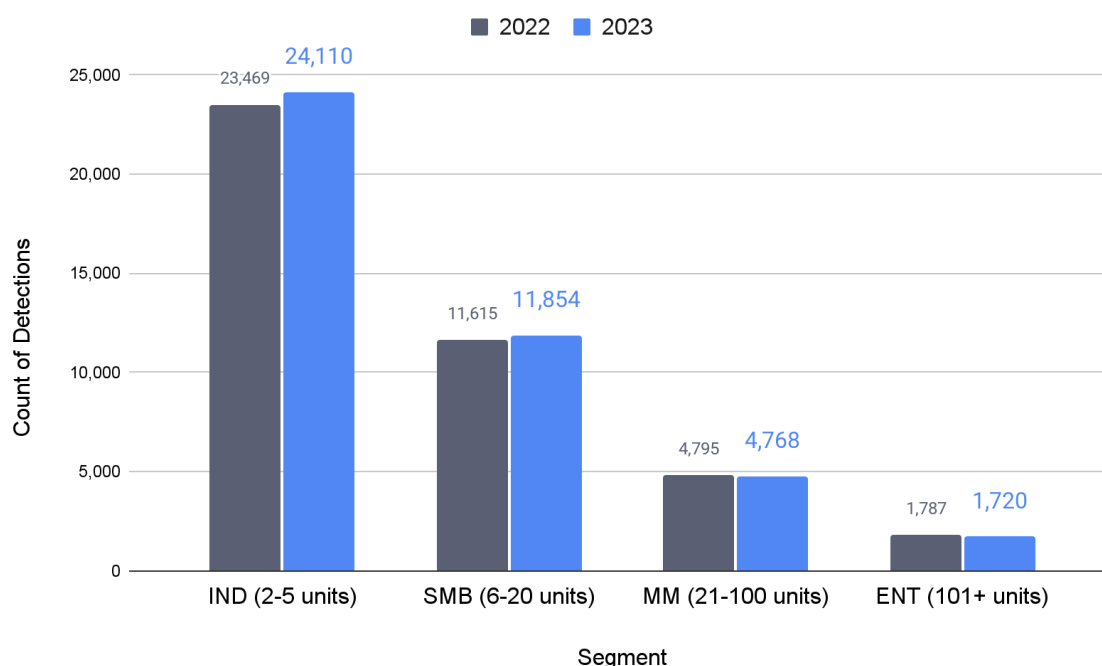
Source: Restaurantology®

These tools, designed for functions ranging from marketing to operational efficiency, are empowering restaurants to offer unique customer experiences, streamline operations, and enhance marketing strategies. This adoption of specialized technology underlines the industry's shift towards more innovative and digitally-driven practices.

Evidence: The data to support the finding

Let's analyze YoY market data to assess the source of increased restaurant tech detections on MUR websites in 2023.

- **First-party POS ordering takes off.** At the end of 2023, over 5,500 MUR websites had a positive detection for POS, a number steadily on the rise. Traditional leaders like Aloha (NCR) and Micros (Oracle) are facing increasing competition in the long-tail market, though, where emerging SMBs are gravitating towards solutions like Toast—responsible for over half of all POS detections on websites in 2023—for lower hardware costs and simplified website-to-POS integration without the need for expensive middleware. Toast is also expanding its suite of services, which now includes online gift card management, email marketing, loyalty and guest feedback, event management and catering, waitlist and table reservations, and website generation and support, all under one umbrella. Despite a mid-year uproar over a later removed processing fee (Ref. 2), this "do more with less" approach is resonating, as evidenced by Toast's giant leap forward in 2023. While Aloha and Micros maintain a strong presence in larger 100+ unit enterprises, they should know that their competitors are increasingly targeting up market (Ref. 3).

TABLE 7

Top 10 POS challenging Aloha/Micros by MUR website detection in 2023

#	Category	Technology	DECEMBER 2022		DECEMBER 2023		COMPANY GROWTH	
			Brands	Units	Brands	Units	YoY Brands	YoY Units
1	POS	Toast	2,228	11,932	2,784	14,290	25%	20%
2	POS	Square	1,013	6,598	1,107	7,396	9%	12%
3	POS	HungerRush	165	3,240	187	3,138	13%	-3%
4	POS	FoodTec	86	2,259	106	2,332	23%	3%
5	POS	Clover	180	1,828	248	2,122	38%	16%
6	POS	Heartland POS	214	1,439	313	1,936	46%	35%
7	POS	SpotOn	172	1,130	191	1,073	11%	-5%
8	POS	Revel	118	1,097	119	1,046	1%	-5%
9	POS	TouchBistro	46	419	63	896	37%	114%
10	POS	Upserve	67	878	69	833	3%	-5%

Source: Restaurantology®

- **Growing brands with growing loyalty.** Restaurant loyalty is way more than mere discounts. This, coupled with the adoption of the more modern "surprise and delight" approach, more robust data utilization, and the alleged phasing out of older platforms like GrubHub's LevelUp last summer, has led to a surge in interest among brands looking to reinvent their loyalty programs. Over the past year, while established players like Punchh and Paytronix experienced modest growth in logos and units, rivals Thanx and Incentivio made significant upmarket strides, securing clients such as Bubbakoo's Burritos (125 units) and Philly Pretzel Factory (147 units), respectively. A common thread among all restaurant loyalty companies is the pursuit of comprehensive customer data—recency, frequency, and spend—which is driving them to acquire or partner with order/pay providers to fold in guest data from first-party orders. These collaborations are creating more data ingestion points, offering a fuller picture of the customer journey.

REPORT 3

20% YoY growth in online order detections associated with loyalty providers

Auto Segment ▾	RestaurantologyLog: Created Date → ▾	Q1 CY2023	Q2 CY2023	Q3 CY2023	Q4 CY2023
☐ 01 - IND	Sum of Restaurantology Target TAM	409	472	517	532
	Record Count	122	139	152	157
☐ 02 - SMB	Sum of Restaurantology Target TAM	1,499	1,517	1,643	1,707
	Record Count	141	139	150	157
☐ 03 - MM	Sum of Restaurantology Target TAM	1,606	1,684	1,834	1,982
	Record Count	43	44	47	52
☐ 04 - ENT	Sum of Restaurantology Target TAM	259	259	525	698
	Record Count	2	2	4	5
Total	Sum of Restaurantology Target TAM	3,773	3,932	4,519	4,919
	Record Count	308	324	353	371

Source: Restaurantology®

What to do with this information

For most restaurant tech companies, having a comprehensive understanding of the technographic data—the key elements in a multi-unit restaurant's tech stack, as we refer to it at Restaurantology—is essential. The ability to track changes in the tech landscape,

such as the rise of new adoption trends or a competitor's market penetration, is now an imperative. This monitoring empowers companies to proactively determine their standing in the industry and strengthen resulting GTM strategies.

> After unit count, a restaurant's **tech stack** —including which Point-of-Sale (POS) they use or who they partner with for delivery or loyalty—is currently the **second most referenced attribute** when assessing ICP and prioritizing account coverage.

The recent increase in software detections on multi-unit restaurant websites can help us better understand surging trends of:

1. **Digitalization:** There's a significant shift towards digitalization and data-driven operations within the restaurant industry, largely propelled by consumer demands for digital conveniences such as online ordering and loyalty programs. This trend highlights how restaurants are embracing technology to enhance efficiency, personalize customer experiences, and make informed, data-driven decisions. By integrating various digital tools, restaurants are not only responding to changing consumer behaviors but also gaining a competitive edge in an increasingly tech-focused market, thereby ensuring relevance and profitability in a dynamic industry landscape.

2. **SaaSification:** Zachary Goldstein, CEO & Founder of Thanx, introduced me to this term, which suggests that many companies initially believe in-house tech development is necessary, only to later realize the greater efficiency of adopting SaaS solutions. Building technology in-house can be costly and often leads to duplicating efforts already addressed by others. SaaS allows brands to leverage the "experience curve," significantly reducing long-term expenses. Moreover, it spares brands from investing millions of dollars; realistically, only a handful of industry players, perhaps 5 or 10, are in a position to develop solutions internally.

Together, these trends underscore a transformative period in the restaurant industry, where embracing advanced digital tools and SaaS models is becoming not just a choice, but a necessity for staying competitive and profitable in a rapidly evolving market.
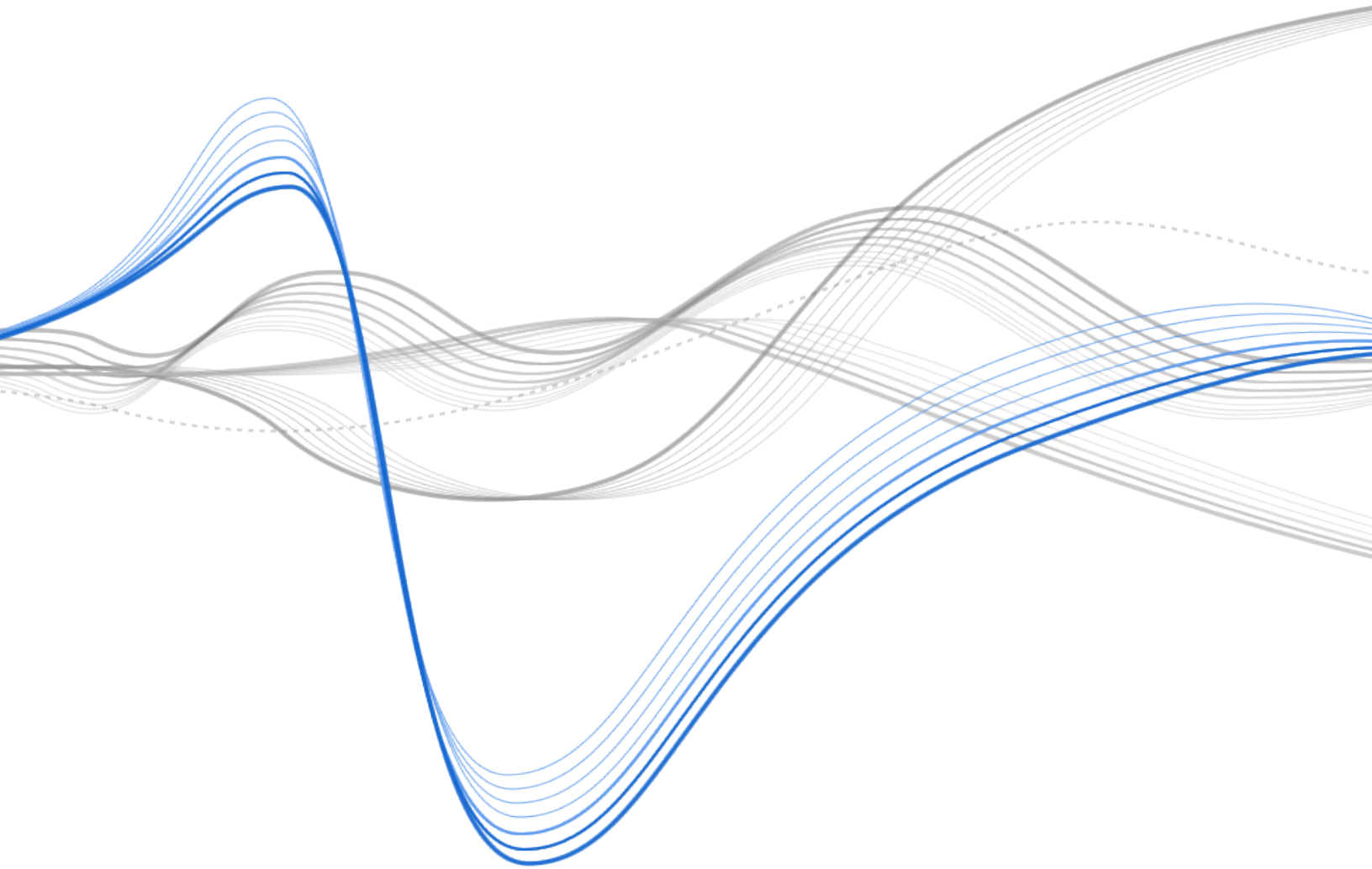
Thesis 2: Guest data and native integrations drive decision-making

In 2023, two key factors seem to be shaping the inclusion of new technologies in the tech stacks of existing MUR concepts: the ownership of guest data and the availability of native integrations.

Owning customer data is becoming a critical requirement and, thus, a non-negotiable for restaurants. Large-scale marketplace providers, offering services like delivery, catering, or reservations, have traditionally been slow to adapt to the evolving discourse around data sharing. But because many smaller MUR concepts often place a higher value on immediate visibility and convenience rather than the long-term profit potential stemming from possessing their guest's data, these marketplaces are continuing to grow.

TABLE 8

Despite hoarding customer data, marketplace app detections increased YoY

#	Category	Technology	DECEMBER 2022		DECEMBER 2023		COMPANY GROWTH	
			Brands	Units	Brands	Units	YoY Brands	YoY Units
1	Delivery	DoorDash	3,947	183,905	4,368	186,491	11%	1%
2	Event Mgmt	ezCater	1,053	48,670	1,146	49,961	9%	3%
3	Table Mgmt	OpenTable	1,053	8,119	1,158	8,471	10%	4%

Source: Restaurantology®

In contrast, larger MUR concepts are increasingly vocal and assertive about their need to access customer data directly. This assertiveness is reshaping the market, prompting both new and established restaurant tech companies to introduce solutions that disrupt traditional data ownership and usage models. Providers who can offer stable, native integrations with a wide array of mission-critical systems stand to gain significant traction and client acquisition in the long term.

<u>Evidence: The data to support the finding</u>

Let's analyze YoY market intelligence for guest data and integration trends on MUR websites in 2023.

● **Restaurants want guest order data.** Traditionally, there are three main methods for acquiring guest data during a digital transaction, aside from the items ordered via a third-party delivery service (3PD):

1. invest in a mobile app, either directly or with a partner;
2. utilize native POS online ordering provided it offers guest-level details; or
3. opt for one of the numerous integrated food ordering platforms that offer order management middleware services.

Currently, MUR concepts with 2-10 units predominantly prefer first-party orders. Meanwhile, mid-market and enterprise brands, seeking to avoid the burdens of long-term mobile app support and maintenance, are largely turning to tried-and-true industry leaders. Olo, one of four foodtech companies to achieve an IPO in the past decade, has continued to expand its presence in the online ordering sector this year, and for the first time is beginning to collect logos in the SMB space. This growth comes despite announcing a mid-year workforce reduction of 11% (Ref. 4). Lunchbox, too, has experienced a significant growth spurt in 2023, likely fueled by their "Catering 2.0" initiative, which seems to be aimed at restaurants dissatisfied with catering marketplaces that focus on keeping customer data within their own systems.

TABLE 9

Only a handful of online order partners experienced significant growth in 2023

#	Category	Technology	DECEMBER 2022		DECEMBER 2023		COMPANY GROWTH	
			Brands	Units	Brands	Units	YoY Brands	YoY Units
1	Order / Pay	Olo	612	68,598	642	75,331	5%	10%
2	Order / Pay	ChowNow	1,120	8,358	1,230	8,200	10%	-2%
3	Order / Pay	MOBI	74	2,938	77	2,611	4%	-11%
4	Order / Pay	Ritual	81	1,148	94	1,594	16%	39%
5	Order / Pay	Lunchbox	32	715	68	1,523	113%	113%
6	Order / Pay	Zuppler	55	1,273	58	1,045	5%	-18%
7	Order / Pay	ToGoTechnologies	67	724	76	801	13%	11%
8	Order / Pay	OneDine	9	164	17	524	89%	220%
9	Order / Pay	TapMango	46	522	37	510	-20%	-2%
10	Order / Pay	Brygid Technologies	12	230	15	473	25%	106%

Source: Restaurantology®

- **Integrations are migrating email marketing.** 2023 seemed to be a pivotal year for the email marketing sector, especially noted by a noticeable decrease in MUR website detections within the Email Service Provider (ESP) space. This decline, evident in several industry-agnostic ESPs, may be linked to the rising popularity of industry-specific loyalty and website management software. These emerging platforms, offering integrated email marketing solutions, provide restaurant operators with essential POS data and dozens of native partner integrations, enabling them to streamline and enhance their marketing communications effectively and efficiently.

TABLE 10

4 ESP providers had lower YoY detections on MUR websites

#	Category	Technology	DECEMBER 2022		DECEMBER 2023		COMPANY GROWTH	
			Brands	Units	Brands	Units	YoY Brands	YoY Units
1	ESP	Fishbowl	291	13,106	247	11,353	-15%	-13%
2	ESP	Constant Contact	321	2,964	241	1,918	-25%	-35%
3	ESP	MailMunch	48	524	32	386	-33%	-26%
4	ESP	ZenReach	56	463	53	365	-5%	-21%

Source: Restaurantology®

What to do with this information

Another Noah Glass prediction for 2024 is that guest data—and the numerous integrations required to make data ingestion easy, meaningful, and scalable—will be the key to driving hospitality at scale (Ref. 5), and we at Restaurantology agree. Guest Data Platforms are poised to grow significantly this year, and the need for centralized data will continue to drive tech stack consideration, adoption, and innovation in the industry. It's imperative that companies that operate in the restaurant tech space remain connected with data and integration needs as they continue to evolve their businesses.

> Providing a revenue organization with up-to-date technographic data empowers marketing teams to be more **focused** in their outreach and sales teams to increase **efficiency** in both their pre-call qualification and tailored discovery processes.

When evaluating the evolving landscapes of data sharing and integration, two key takeaways emerge that are critical for businesses to understand:

1. **Product-Market Fit:** The changing dynamics of data sharing and integration directly impact PMF. Companies must continually adapt their products or services to align with these changes, ensuring they meet the evolving needs and preferences of their target market. As data sharing becomes more sophisticated, there's a greater opportunity for innovation based on insights drawn from a wider array of data sources. This can lead to the development of new features or services that better address market gaps or customer pain points.
2. **Competitive Advantage:** In a market where data is key, the ability to integrate with a multitude of platforms and services becomes a significant differentiator. Companies that offer seamless integration capabilities can stand out from competitors and become more attractive to potential customers.

It's important to recognize that even though there are advancements in the sharing of guest details, the year-over-year increase in website detections for marketplace apps suggests that progress in the data sharing arena may remain gradual. This is because marketplace business models are fundamentally built around keeping customer data confined within their platforms, making widespread data sharing a continued frustration and challenging prospect.

Thesis 3: Ongoing innovation is driving new offerings, competition

As of the close of 2023, approximately 410 active, industry-specific software tools were identifiable when visiting restaurant websites. This tally includes 63 unique software fingerprints detected for the first time in the past year, while excluding several dozen that, despite being detectable, have minimal or no significant presence across the industry. The increasing count of these detections indicates that the influx of new market entrants, each bringing novel solutions and value propositions, is outpacing the rate of acquisitions or market exits. Simultaneously, existing vendors are broadening their product ranges in a strategic bid to capture additional market share.

**The catalog of detectable tech netted 35 new entries in 2023**
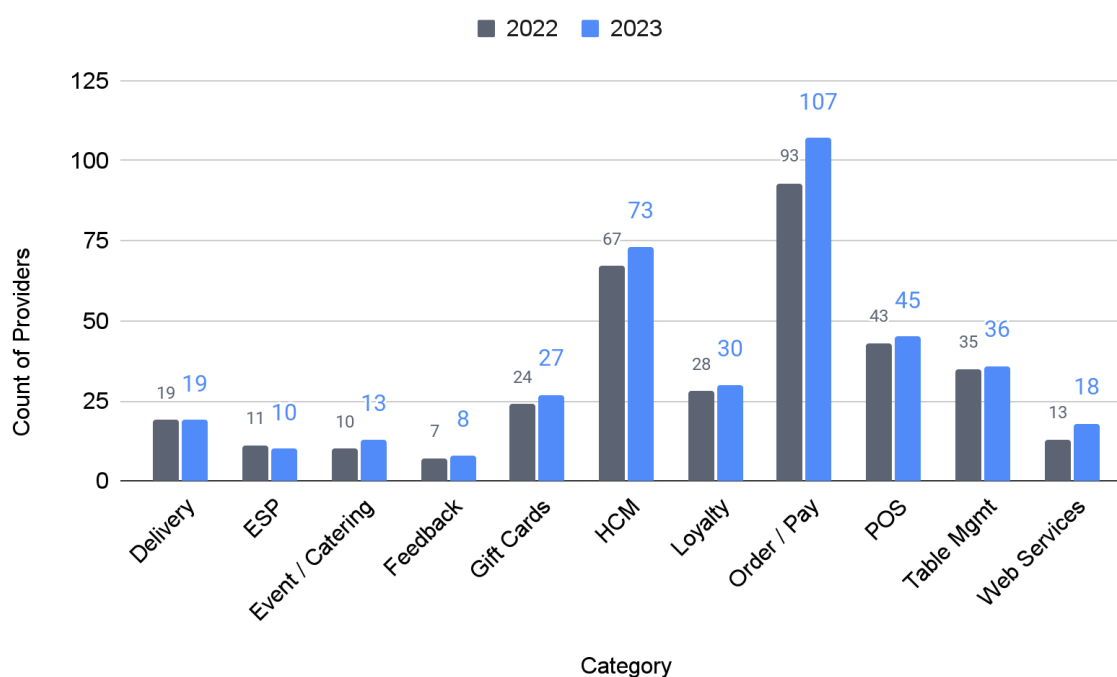
Source: Restaurantology®

Despite the intensifying restaurant tech landscape, 2024 is anticipated to be a year of significant consolidation in the sector, as Juan George, CEO and Partner of 858 Partners, warns on the Choppin' It Up podcast for Bloomberg Intelligence (Ref. 6). The abundance

of competitors in the space, all targeting a similar segment of the industry with their proposed solutions, is exacerbating the challenge of standing out amidst a high signal-to-noise ratio. Additionally, there's a growing sense of industry fatigue, with both operators and corporate offices becoming increasingly skeptical of the excitement surrounding each new software release. This combination of intense competition and buyer weariness seems to be pushing brands towards all-in-one product suites that streamline rather than complicate tech stacks, moving away from specialized "best of breed" solutions.

This trend is starting to show up on websites. Analyzing software detections on MUR websites over the past year reveals a trend in what Juan aptly named the "mighty middle"—the influential brands with 50 to 3,000 locations—where there has actually been a decline in the average number of distinct technologies present on their websites.

FIGURE 7

Average tech detections per website decreased in larger segments in 2023
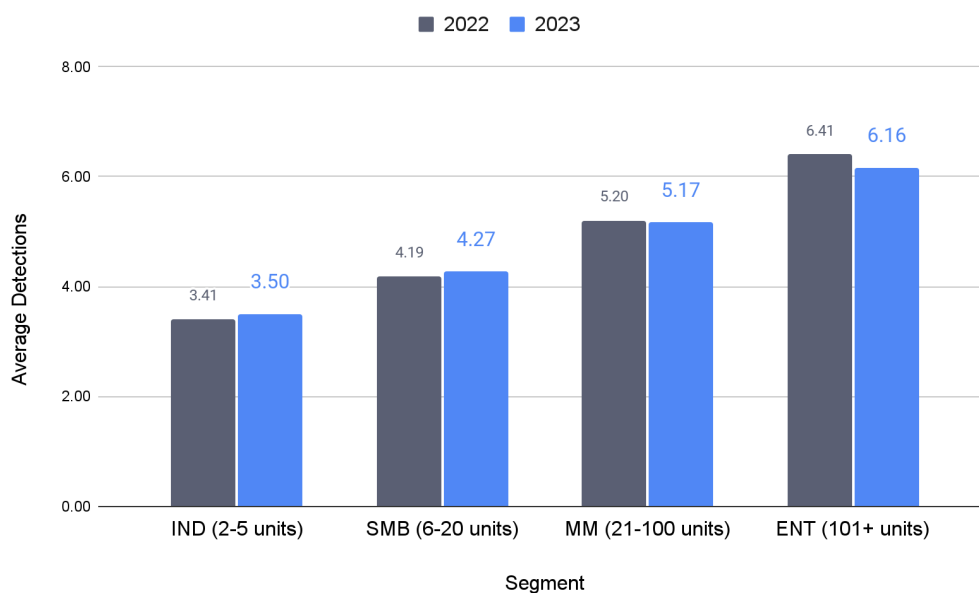
Source: Restaurantology®

Should this indeed signal a shift in market demand towards singular, more versatile solutions, moving away from niche software as key features become increasingly commoditized, the upcoming year could be marked by significant upheaval. This could

manifest in a flurry of acquisitions, exemplified by Chowly's recent purchase of Targetable (Ref. 7), or in the closure of B2Bs with software deemed non-essential or non-critical. Either way, it's poised to be a dynamic and intriguing period for restaurant tech.

Case Study: The restaurant website space is getting competitive.

This year saw significant growth in the number of brands and units looking to optimize their web presence—particularly in the SMB space—whereby industry-specific, all-in-one marketing platforms are looking to surpass existing website-gen predecessors by offering native integrations for online ordering, gift cards, third-party delivery, and loyalty.

> **The Incumbents.** Wordpress (40% market share), Wix, and Squarespace.
> **The Challengers.** BentoBox, Popmenu, and SpotHopper, all of whom grew in 2023.
> **The Newcomers.** Fisherman, boons, Owner.com, and Toast.

The substantial variance in market share, with certain companies showing remarkable YoY growth rates, highlights the dynamic and competitive nature of this sector. The influx of newcomers also suggests an evolving market with emerging players offering innovative solutions.

TABLE 11

Restaurants are prioritizing web presence. SMBs, native integrations

#	Category	Technology	DECEMBER 2022		DECEMBER 2023		COMPANY GROWTH	
			Brands	Units	Brands	Units	YoY Brands	YoY Units
1	Web Services	Wordpress	5,211	123,960	5,680	127,212	9%	3%
2	Web Services	Wix	942	10,211	1,132	11,923	20%	17%
3	Web Services	Squarespace	1,292	9,301	1,552	10,648	20%	14%
4	Web Services	BentoBox	679	4,079	726	4,515	7%	11%
5	Web Services	Popmenu	459	2,137	536	2,785	17%	30%
6	Web Services	SpotHopper	129	407	248	810	92%	99%
7	Web Services	Toast Sites (new)	0	0	38	206	N/A	N/A
8	Web Services	Spillover	28	127	33	154	18%	21%
9	Web Services	Owner.com (new)	0	0	32	113	N/A	N/A
10	Web Services	Fisherman (new)	0	0	9	21	N/A	N/A
11	Web Services	boons (new)	0	0	4	10	N/A	N/A

What to do with this information

Monitoring the competitive landscape equips restaurant tech companies with the necessary intelligence to make strategic decisions in their GTM planning, ensuring they are well-positioned to capture market share and achieve business objectives.

> By tracking multi-unit restaurant adoption of key restaurant tech software over time, companies can be **proactive** with their product adaptation, and **timely** with strategic partnerships.

Gaining a thorough understanding of the technographics within any market environment is key to strategically positioning companies for:

1. **Product Adaptation:** A deep comprehension of prevailing market trends is invaluable in guiding the development and scaling of products and services tailored to the restaurant industry. This insight not only informs the refinement of existing offerings but also aids in the conception of future products, ensuring they align with evolving industry needs and customer expectations.

2. **Strategic Partnerships:** Insight into the technological landscape is crucial for companies considering partnerships or alliances. By being aware of the current tech adoption and preferences within the industry, companies can identify and collaborate with the most influential and widespread brands. This knowledge enables them to forge partnerships that are not only strategically aligned but also mutually beneficial, enhancing their market presence and competitive edge.

In essence, a robust grasp of market technographics empowers companies to adapt their offerings more effectively and forge strategic partnerships that resonate with current industry dynamics, thereby facilitating sustained growth and success.

Recap

As we reflect on the insights gathered in this report, two distinct yet interconnected themes emerge, painting a comprehensive picture of the current state and trends in the restaurant technology sector:

[01] Market Dynamics

- **Industry Expansion and Contraction:** Tracking unit counts on restaurant websites revealed notable trends in industry expansion and contraction. Key observations include:
    - A surge in unit counts for some brands, indicating industry growth.
    - A decline for others, signifying market consolidation or shifts in business strategy.
- **Strategic Implications:** These trends underscore the importance for businesses to:
    - Stay agile and responsive to market changes.
    - Tailor their offerings to align with the evolving landscape.

[02] Restaurant Tech

- **Digitalization and SaaSification:** Monitoring tech detections on restaurant websites help surface a wealth of insights. Some theories include:
    - The growth in various software types, signifying a move towards more integrated solutions.
    - SaaS solutions are increasingly favored for their cost-effectiveness and comprehensive capabilities.
- **Market Consolidation:** This trend is indicative of:
    - The rising competition in the tech space.
    - A shift in market preferences towards all-in-one platforms.

This report serves as a roadmap for businesses to navigate the complexities of the industry, enabling them to make strategic decisions that propel growth and success in an ever-changing market.

Conclusion

Selling to restaurants, especially for newcomers, is a challenging endeavor. The industry is intricate, filled with nuance, and often demands a deep understanding that only robust market intelligence can provide. As we've explored throughout this report, both the restaurant industry and the restaurant tech companies aiming to support that industry are undergoing significant transformations. The key takeaway is the undeniable importance of adapting to and navigating these changes for sustained success in 2024.

Companies convinced of the direct link between industry knowledge and rapid growth can gain a considerable advantage by investing in market intelligence. This approach contrasts sharply with businesses that base their GTM strategies on mere hunches or speculative ideas, where their future plans risk being reduced to nothing more than unsubstantiated opinions.

> "We need more science & less opinions when it comes to GTM. Saying something 'works' or 'doesn't work' is simply insufficient without commonly accepted terminology and data standardization and statistical analysis and peer review."
>
> - Chris Walker, CEO @ Passetto

As Chris Walker suggests, the success of GTM strategies hinges on data-driven decision-making and statistical analysis rather than guessing. In this context, the role of integrated market intelligence becomes subtly yet unmistakably crucial. It provides companies with the automated, at-scale insights needed to assess their place in the market, map out competitors, evaluate product-market fit, and make strategic decisions that drive revenue growth.

Appendix

References:

Ref. 1: [2023 Reflections: The Year That Was in Restaurants, Part One](#), December 2023

Ref. 2: [Toast to remove 99-cent fee after widespread backlash](#), July 2023

Ref. 3: [Craveworthy Brands Implementing Toast at 50 More Locations](#), December 2023

Ref. 4: [Olo lays off 81 people as part of reorganization](#), June 2023

Ref. 5: [2024 Outlook: Restaurant Trends and Challenges, Part Two](#), January 2024

Ref. 6: [Restaurant Tech Troubles May Continue in 2024: Choppin' It Up](#), January 2024

Ref. 7: [Chowly acquires the digital marketing platform Targetable](#), January 2024

Abbreviations used:

3PD	Third-party Delivery	LSR	Limited Service Restaurant
ATS	Applicant Tracking System	LTV	Lifetime Value
B2B	Business-to-Business	MM	Mid Market
CAC	Customer Acquisition Cost	MoM	Month-over-Month
CDP	Customer Data Platform	MUR	Multi-unit Restaurant
CRM	Customer Relationship Management	POS	Point-of-Sale
ENT	Enterprise	PMF	Product-Market Fit
ESP	Email Service Provider	ROI	Return on Investment
FSR	Full Service Restaurant	SaaS	Software-as-a-Service
GTM	Go-to-Market	SMB	Small and Medium-sized Business
HCM	Human Capital Management	TAM	Total Addressable Market
ICP	Ideal Customer Profile	YoY	Year-over-Year
IND	Independent		

Additional Resources

Ready for more? Restaurantology offers a variety of content to increase your knowledge of the industry:

- **KNOW THE MARKET:** A 5-step go-to-market guide for companies who sell to restaurants → watch on Restaurantology's YouTube channel
- **MarketMinds™ Blog:** read here
- **MarketMinds™ Podcast:** listen here
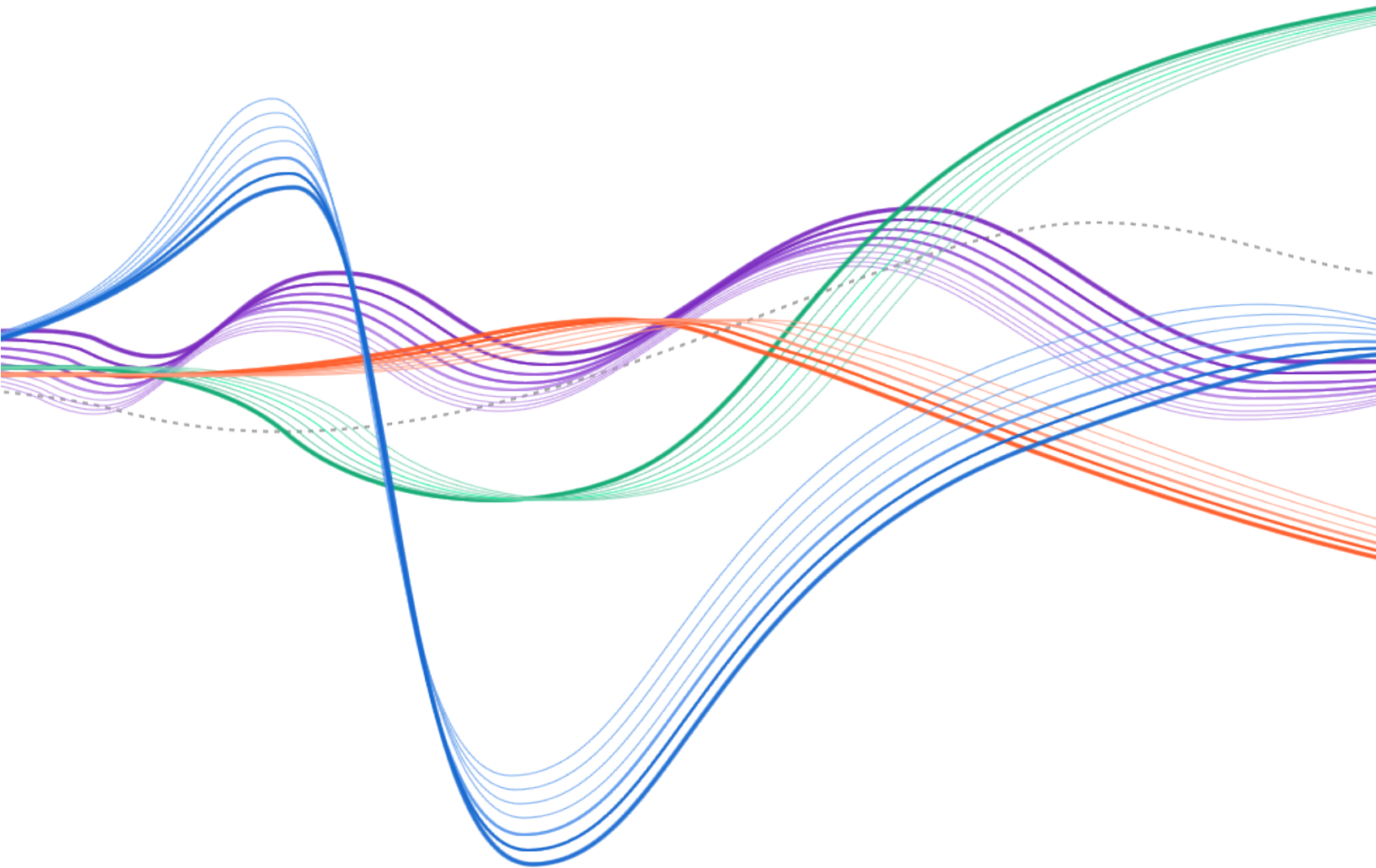
Note from the Author

Thank you for taking the time to read Restaurantology's "2023 Market Pulse" industry report!

I hope you found the analytics and insights valuable, and encourage you to share them—in part or in whole—with colleagues or peers who could benefit from this knowledge.

Have questions or feedback? I'd love to hear from you!

I thoroughly enjoy talking about the restaurant industry, modern data acquisition via integrated market intelligence, data-driven GTM strategies, and everything in between. If you feel my experience, or Restaurantology's dataset, can give you a competitive advantage in 2024, don't hesitate to reach out.
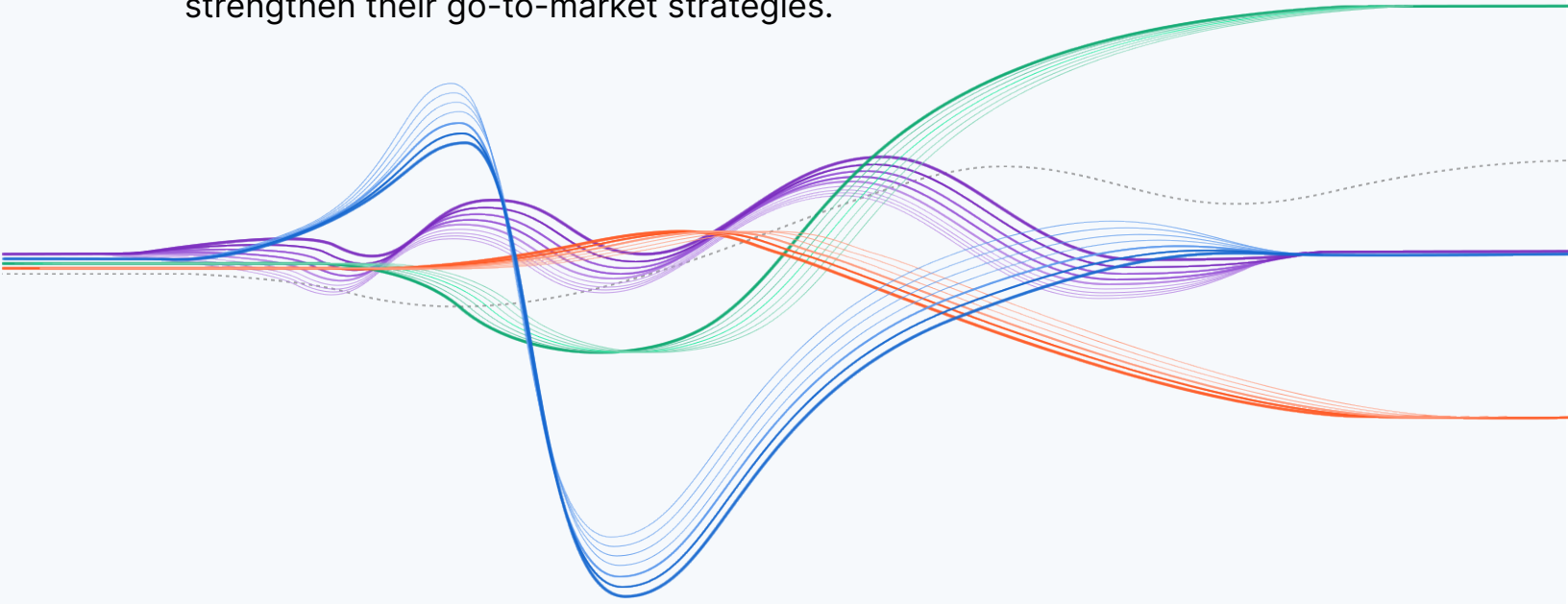
All the best,

Grant Gadoci

CEO @ Restaurantology | GTM, RevOps, and Revenue R&D for B2B Restaurant Tech Companies

Email | LinkedIn | Schedule time to chat

Restaurantology's "2023 Market Pulse" industry report serves as an essential guide, providing year-over-year market intelligence, insights, and analytics to help readers deepen their understanding of the industry and strengthen their go-to-market strategies.

INDUSTRY REPORT

Restaurantology® Market Pulse

Year-over-year market intelligence to help **deepen your knowledge of the industry** and **strengthen your go-to-market**

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