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How McDonald's is Trying to Read Your Mind



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Have you customized your meal at any restaurant lately? Have you changed your order based on a suggestion? Are you concerned that companies are reading your innermost thoughts...when a voice proposes an item that, yes, you'd like? They are.

In this day and age of rapidly changing business models and technology, AI (artificial intelligence) is gaining momentum at the forefront of food and beverage investment.

Chipotle Mexican Grill already bills itself as offering customized or even personalized meals. The company over the past year quietly rolled out an AI-backed voice system for phone orders at about 1,800 of its 2,500 U.S. stores, that "suggests" additional items based on data it assembles, Nation's Restaurant News reported.

The company in its second quarter ended June 30 said revenue increased 13.2 percent to \$1.4 billion with comp sales soaring 10 percent. That's a lot of guac. Chipotle CEO Brian Niccol pointed to a menu of reasons for growing sales including marketing and "leveraging our digital make line to grow sales and expand access."

Chipotle's average check grew by 3.5 percent and the number of transactions grew by nearly 7 percent. Its digital assistant probably didn't hurt. Amazon's Alexa isn't the only digital voice making a big difference.

Chipotle says automation also increases satisfaction, with software suggesting toppings consumers might want. And automation lets staff spend less time on the phone and more filling orders.

McDonald's also has been betting big on AI. It acquired Dynamic Yield, an artificial intelligence company that the fast food giant called "a leader in personalization and decision logic technology."

McDonald's uses Dynamic Yield to customize digital drive-thru menus to tastes and trends based on time of day, weather, restaurant traffic and trending items. Yes, people order differently on a rainy and a sunny day, apparently, don't you? AI lets companies target trends, mining big data to get bigger orders.

McDonald's in a written statement said the technology can "instantly suggest and display additional items to a customer's order based on their current selections." Is McDonald's reading your mind? Well, it's trying to. It also plans to use the technology at its self-order kiosks and mobile app, to better tailor offerings to tastes.

McDonald's CEO Steve Easterbrook said he wants to use technology to create a "more personalized experience for our customers."

AI also is helping with everything from the supply chain to social media, letting companies predict what people want and the best ways to get it. Supermarkets are using AI to better stock shelves, ordering what they need and not running short.

Mordor Intelligence says AI can even help analyze "customer behavior and sentiments across the various social media channels."

This, though, may just scratch the surface of the AI revolution in food and beverage. A study by Cap Gemini Research Institute found retailers could save more than \$340 billion by 2022 if they deployed AI across their operations.

Otto, a German e-commerce brand, reportedly cut down returns by more than 2 million items annually with AI making more accurate suggestions. That's not chicken feed. It's a lot of money that can be saved, and it's already been demonstrated by Otto. AI technology is quickly becoming a must-have.

Meanwhile, Eversight, a company based in Palo Alto, Calif., uses AI to develop pricing and promotions, taking into account weather, supply and other factors.

"AI analyzes millions of different data points remarkably fast to deliver the information needed to drive promotions," according to that company, which says it's letting "promotions become far more customized."

The goal is to give consumers more of what they want and personalize products and offers. At least now, it looks like food and beverage companies want more AI. Consumers are likely to get it – and we'll see whether that leads to what companies really want: bigger sales and lower costs.

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