

“Your Waiter Today Will Be a Computer”

While still a blip to most restaurateurs, DIY ordering terminals could have customers across the country ordering from a touchscreen

by Kerry Miller

Imagine a restaurant for the MySpace generation—one that doesn't force diners to leave behind their digital life when they step out into the analog world. That's the idea behind uWink, the latest restaurant business from serial entrepreneur Nolan Bushnell, founder of video game company Atari and the kiddie arcade/pizzeria chain Chuck E. Cheese's (CEC).

Instead of speaking to servers, diners at uWink order using a table-top touchscreen that doubles as a video-game console. (The most popular games so far? Trivia and Truth or Dare, Bushnell says.) Runners bring food to the tables, and a floating cruise director-type is around to answer questions and facilitate multitable team games.

The first uWink (UWNK) Media Bistro opened at a Los Angeles-area mall in October, 2006, and Bushnell, 64, says he hopes to open a number of uWink franchises across the country within the next six to eight months, though the public company wouldn't specify how many.

Warming Up?

But is do-it-yourself ordering more than just a gimmick? And could it spread to other casual-dining restaurants? Gabriele Piccoli, a professor at Cornell's School of Hotel Administration, thinks so, noting that we now use kiosks to get cash, check out at the grocery store, and check in at airports and hotels. “It may not be these guys [uWink] who succeed, but the concept is here to stay,” he says.

While self-service ordering hasn't exactly taken restaurants by storm—the National Restaurant Assn. (NRA), an industry trade group, says 3% of casual-dining operators currently offer it—there are signs that the industry might be warming to the idea.

The NRA named self-service its No. 2 trend to watch for full-service restaurants in 2007 (No. 1 was “technology”). And 46% of 1,000 Americans surveyed by the NRA said they would be likely to use customer-activated ordering and payment—meaning kiosks, wireless, or tabletop devices—at a table-service restaurant. Among younger patrons, the numbers are even higher—71% of 18- to 24-year-olds and 64% of 25- to 34-year-olds said they would use self-service options to order and pay.

Labor Cost Concerns

Calvin Watkins of Chosen Media, which makes touchscreen ordering terminals for restaurants that are similar to what uWink has, says his company has contracts with one national and two regional restaurant chains to outfit them with table-top ordering systems by this summer.

“The technology is so new that a lot of restaurants have been really reluctant to try it,” Watkins says, but he has seen more interest lately, with the cost of labor becoming a concern for many restaurateurs.

State minimum-wage hikes took effect in 18 states on Jan. 1, and 15 of them included increases for tipped work-

ers. Most affected are restaurants in seven states, California among them, that don't allow employers to factor in a "tip credit." (The tip credit lets employers pay tipped workers less than the minimum hourly wage, provided their tips make up the difference.)

A federal minimum-wage increase recently passed in the House and legislation is now in the Senate (see BusinessWeek.com, 1/10/07, "More Than the Minimum Wage"). The plan calls for boosting the federal minimum from \$5.15 per hour to \$7.25 per hour in three increments over about two years, though it doesn't include any bump in the \$2.13 hourly wage paid to tipped workers.

Ads on the Menu

Chosen Media says the scenario it envisions: an 80-table restaurant, half of which is reserved for self-service, could help a restaurant downsize from 20 servers to 14, for a savings of about \$13 to \$50 per hour. The uWink team projects its system will help save 6% to 8% in labor costs.

Self-service proponents also say their systems have the potential to boost check amounts through intelligent upselling—suggesting certain items based on past orders—or by using customized screensavers throughout the meal to advertise, for example, a featured dessert. (Red Bull, Evian, and Stockholm Vodka have signed partnership agreements with uWink that give them featured placement on the touchscreen terminals.)

But some industry experts aren't convinced. "That's a fantasy," says New York restaurant consultant Malcolm Knapp. "The waiter isn't just a server, the waiter is a salesperson. An ad can make someone think they might be interested, but they rely on the server to tell them is the cheesecake good."

Fit for Speedy Eateries

At fine-dining establishments in particular, diners typically want to linger and be tended to by a professional who could recommend a certain entrée or wine pairing. But experts say self-service could have a place at sit-down restaurants when diners are willing to trade human interaction for faster service—during the lunch-time rush, for example, or when dining with young children.

Piccoli says one example of the type of restaurant well-suited to self-service ordering is the European noodle bar chain Wagamama. At Wagamama, servers take orders using wireless order pads and food arrives at the table as soon as it's ready. The customer base is young and tech-savvy, the menu is relatively simple, and speed is already an important element. Another possibility, Knapp says, would be a restaurant like Buffalo Wild Wings (BWLD), where servers take refill orders amid a lively and social sports-bar atmosphere and a table-top touchscreen would be a practical substitute.

Time-pressed New Yorkers are already happy to skip the line at the register by using their cell phones to order and pay for take-out meals through Mobo (see BusinessWeek.com, 11/15/06, "America's Best Young Entrepreneurs").

Gotta Serve Somebody

A broader application for sit-down restaurants could be an in-between step—a small signaling device a diner could press to signal for a refill or the check. That would be a value-added alternative that would actually improve the dining experience, Knapp says.

Indeed, instant gratification was the highlight of the experience for many uWink diners. “I pressed refill on the screen and it came 30 seconds later,” says Nicole Mohr, a 23-year-old from Simi Valley, Calif., who visited uWink with her husband. “I don’t think the games helped us interact, but it was nice to have something to do while you’re waiting.” And Bushnell says he has also seen an increase in “second guess” ordering at uWink, with diners ordering more appetizers, sides, and drinks in the middle of the meal.

But not everyone is ready to give up on traditional table service quite yet. “The day I stop going to restaurants with a waiter or waitress is the day I stop going to restaurants,” says Mathew Baxt, a 34-year-old from Woodland Hills, Calif., who visited uWink with his wife and two kids. “There’s a reason why the automat is out of business.”

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