

How to Succeed in the Emerging Restaurant Metaverse

Mainstream dining brands can create winning Web3 customer experiences by working with platform partners to create their own Digital Second Floor



Putting restaurants at the forefront of Web3

The technology market is vibrating with Metaverse speculation: What it will look like, who will adopt it, how it will be promoted, and how it will be monetized. Now, consumers' quick adoption of convenience technology and gaming has made the restaurant industry part of that metaverse discussion.

COVID-19 has defined and codified new customer profiles and digital behaviors in the restaurant industry. But most leading quick-service restaurants (QSR) and other industry brands are ill-prepared for today's emerging Web3 customers—consumers ready to embrace a truly tech-forward dining experience. Restaurant brands are at a tipping point in terms of both their digital and business future as a result.

Fortunately, even legacy restaurant brands have an opportunity to create a unique and compelling Web3 digital experience, delivering on consumers' emerging desires. All they need is their existing kitchen infrastructure, a native delivery strategy, and the right digital partnerships to succeed.



No need to build from the ground up

This is the direction restaurants must take to capture the appeal of Web3 customers and avoid falling behind competitors. But as we will find, brands don't need advanced in-house technical capabilities to provide a robust digital environment that:



Facilitates new eCommerce opportunities



Creates new revenue channels

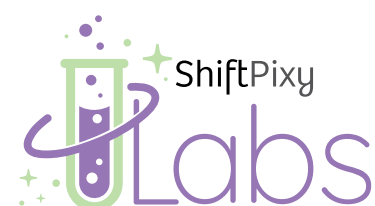


Allows for new marketing strategies



Simplifies creating truly tech-forward dining experiences

With the right digital partnerships, brands can create advanced customer engagement elements unachievable via traditional in-person and even most digital channels. In this guide, we explore these opportunities and how you can build your own tech-forward brand suitable for your Web3 customers.



Learn about what we do at labs.shiftpixy.com

What is Web3, and why is it important?

Web3 is characterized by the metaverse—a conceptualized digital ‘space’ where users create personal avatars, navigate unique environments, and engage in interactive experiences. Web3 creates new opportunities for both traditional and digital-first brands ready to provide their own environments and experiences for consumers. Ideal models will meld seamlessly with participants’ everyday lives.

The metaverse is here now. Today, “33% of Gen Z gamers would like to see brands provide virtual stores for browsing and buying products in the metaverse,” [Yahoo News](#) reports. And by 2026, one in four people will spend at least one hour per day in the metaverse, according to [Gartner](#). Every industry will need to innovate, integrate, and claim its stake if it hopes to capture market share in this new virtual ecosystem.

What Does this New Universe Mean for Restaurant Brands?

We already are experiencing a collective upheaval in the long-standing traditions of the restaurant industry. Changes in consumer behavior have driven billions of dollars in investment in new digital capabilities over just a few years. As a result:

Restaurants need a unique environment connecting their dining experiences with the digital world to (1) elevate traditional dining and (2) bridge physical distances between customers in real-time.

The end goal is to create a universe where brands can introduce an open-source platform to customers, invite them to create user-generated content (UGC), reward them for their involvement, and provide them with a more robust digital experience versus existing online ordering options alone.

In these ways, physical restaurant brands can capture revenues in the growing metaverse in ways that are seamless and that provide purpose for consumers. They can use their existing employees and kitchen infrastructure for fulfillment—the embodiments of their new digital second floor.



What is a “Digital Second Floor”?

Restaurant brands and their employees can adopt a native delivery strategy by converting their kitchens into distribution centers for online orders. When they combine these new capabilities with robust digital ordering, engagement, and loyalty systems, they create a new digital business atop their traditional operations—a digital second floor. Coupling these capabilities with interactive virtual customer experiences can attract more customers and reinforce customer retention in exciting new ways.



Lessons from Existing Web2 Success Stories

It's time to think about what Web3 means for your brand. Fortunately, this doesn't mean dramatic technical changes in-house. A closer look at existing Web2 business models demonstrates how digital partnerships can become a foundation for more engaging and successful Web3 experiences.

Pioneer Digital Brands



Consider this Web2 example: Brinker International's It's Just Wings is a strictly digital brand that fulfills through the company's existing kitchens. Its wings sales have exceeded competitors who rely on customers visiting their brick-and-mortar locations. The brand exceeded its own goal of \$150 million in sales in 2021, reaching \$170 million instead; in Q2 2022, its systemwide same-store sales rose 3.5% over fiscal year 2020, Restaurant Dive reports.



Projected
\$150M Revenue



2022
\$170M Revenue

Opportunities with Influencers

Partnering with gaming and other influencers can make a huge impact expanding your brand's reach and enhancing your connections with customers. There are relevant, existing Web2 success stories about how influencers have leveraged their devoted audiences to launch their own food brands.



The popular YouTuber MrBeast connected his millions of online followers with his virtual restaurant brand, MrBeast Burgers. The brand co-ops existing restaurant kitchens who accept online orders from MrBeast's menu, establishing MrBeast's own national restaurant franchise virtually overnight. The brand has opened over 1,000 "locations" in its first two years across North America and Europe; it has shared over \$100 million with restaurants across the United States through their participation, Dexerto reports.



Similarly, FaZe Clan, the professional gaming organization that continues to transform youth culture with its foundation in video games, announced in July 2022 the launch of its FaZe Subs brand in partnership with DoorDash. The online-only brand aligns its new food products with its gaming channels in creative ways, engaging a new facet of their existing customer and introducing their brand to new ones.





ShiftPixy Labs' Digital Food Brands

These Web2 innovators are successful today, but they don't have the Web3 technology that makes possible the sophisticated loyalty, engagement, and gamification elements of the restaurant metaverse. Existing food brands ready to launch their Web3 digital second floors are well positioned to compete with both traditional competitors and these Web2 entrants. They can even partner with existing influencers, gaming brands, or other digital-native entities for a bigger advantage.

At ShiftPixy Labs, we're already building our own brands to engage Web3 consumers and to demonstrate how traditional QSR and other restaurant brands can transform experiences for their customers, beyond online ordering and fulfillment alone. Some new ways our brands are delighting and rewarding customers include:



Native ordering apps with integrated digital wallets



Robust, gamified loyalty programs with unique digital and in-person benefits



Immersive experiences that capture customers' imaginations



Customer avatars with customizable features, unlocked through gamification



Customer rewards such as meal deals, merchandise, and both NFTs and NFT attributes

Aligning Web3 Gameplay with Diner Loyalty

“Gamification has long been at the center of transactional loyalty and discount programs in the analog [restaurant] world,” says [QSR Magazine](#), noting the launch of McDonald’s highly successful Monopoly game in 1987. The metaverse allows food brands to bring the success of restaurant gamification to new levels of excitement and sophistication.

For example, ShiftPixy Labs has designed a gamified NFT loyalty system within the mobile apps of each of its own food brands. The brands’ games offer unique, branded augmented reality (AR) experiences that reward customers with branded merchandise, unique NFTs, and discounted food items when they complete certain challenges.

Games differ in terms of their sophistication as well. Customers can play a single, in-app minigame, or compete with other customers in the metaverse. Geo-fenced or location-based gameplay allows for unique challenges and the collection of unique rewards.

ShiftPixy Labs’ Cross-Brand Loyalty Strategy

The metaverse offers unique opportunities for cross-brand experiences. In ShiftPixy’s brand ecosystem, each customer has their own custom NFT avatar. Each customer can develop their avatar by playing games and making purchases with all of our brands, which include:



Customers can change or improve their avatars' attributes through gaming, much as players build their characters' attributes in today's most popular online role playing games. Customers also earn loyalty points when they complete activities within any of our brands; they can apply those loyalty points for discounts on purchases from any one of our brands as well. These cross-brand elements streamline the introduction of our customers to our variety of food options.

With these capabilities, brands needn't build their brand experiences from the ground up. In fact, ShiftPixy Labs is already developing partnerships with a leading Esports brand and a leading PVP mobile game to bring more sophisticated gaming elements to our brands and restaurant partners. For existing food brands, the key is marrying an influencer strategy, a gaming mindset, and our Web3 technology to create their digital second floor.



How to Move into This New Space

How can you fulfill orders and maintain a robust, tech-forward Web3 customer experience? You create engaging experience flows that encourage and reward daily participation from customers. Ultimately, you can elevate your brand and align your dining experiences with customers' growing investments in their own digital identities.

For example, ShiftPixy Labs' own digital-only restaurant brands immerse customers in augmented and mixed reality experiences. They represent high-value use cases for monetizing the metaverse in the restaurant industry.

Five Steps for Creating a Successful Restaurant Brand Digital Second Floor

Transitioning to a new Web3 brand environment is simpler than you think. It doesn't require a substantial investment in new technology development or infrastructure, either. Here are five steps your company leadership can take as you begin your transition—from early conception to digital reality.

1. Assess Your Existing Physical Infrastructure

Your brick-and-mortar locations are a foundational Web3 asset, and a strong one. Determine your staff requirements and coverage areas for distribution in response to existing or future online customer orders.

Shape your physical spaces to accommodate those orders by adapting kitchens in your existing restaurants. Identify gaps in your physical reach for deliveries as well. Brands who want to make their new digital dining experience work must own that experience, just as they own experiences in their physical dining spaces.

2. Rethink Real Estate

Ghost kitchens are physical kitchens without walk-in locations. Their purpose is strictly to prepare restaurants' online orders. You can fill gaps in your physical infrastructure for preparing meals using your own ghost kitchens, if needed.

Train and deploy your own employees to expand your brand experience beyond your physical spaces. A brand driver should be able to extend the same level of service in their delivery vehicle as they would to a dine-in or pickup customer—whether they're providing meals, missing sauces, or additional utensils.

3. Partner with a Digital Platform Provider

If you represent a legacy brand, you can reboot that brand or adopt an entirely new one with the support of your physical infrastructure. But you don't have to build your Web3 environment from the ground up and maintain it yourself. Instead, partner with a leading provider with proven success supporting Web3 restaurant industry solutions. Ensure your partners' offerings align with your business goals and brand principles.

4. Create Your Digital Second Floor

Your partner can help you create a digital experience worthy of your customers' evolving expectations. Consult with your partner as you accentuate the best aspects of your brand or build an entirely new one for a robust Web3 environment. Then, work with your partner to sync your kitchen and distribution resources with your new digital experiences—effectively creating your digital second floor.

5. Launch a Truly Robust Web3 Customer Experience

Utilize methods ShiftPixy's food brands already use to delight and reward their customers. Create a centralized environment where avatars can interact with each other and your Web3 brand. This may include virtual reality (VR); augmented reality (AR); and traditional mobile, tablet, or desktop games and other experiences. Finally, continue to work with your partner in real time as you create new experiences and new revenue opportunities.

Meet Your Customers Where They Already Are

As ShiftPixy Labs continues to explore customer behavior in the restaurant industry, it's increasingly clear that a new customer profile has emerged. New personalities, lifestyles, and behaviors all paint a clear image of a fundamental shift in how consumers approach restaurant brands.

Your opportunity is to engage, delight, and retain this new breed of customers by meeting them where they already are—mentally and digitally. Connect with them exactly the ways they want, in ways unimaginable by legacy brands only a few years before.



About ShiftPixy Labs

ShiftPixy Labs has a tech-forward vision of where restaurant industry brands can go, helping them to be ready for their emerging Web3 customers. Don't risk losing customers to competitors who are willing to transform. [Learn more](#) about how a brand roadmap and digital Web3 technologies from ShiftPixy Labs can make your own digital second floor work for you.