

guest XM

by Black Box Intelligence

The Ultimate Guide to CX Benchmarking



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Introduction

With 340 chain restaurant businesses in the US, competition is fierce.

Success in the restaurant business often depends on factors like location, quality of service, pricing, and the uniqueness of the menu, intensifying the competition among establishments to attract and retain customers.

And as more restaurants begin to embrace customer centricity, competitor benchmarking is rising to the forefront of strategic priorities, guiding establishments in understanding market trends and enhancing their offerings to meet evolving customer expectations.



What is Benchmarking?

At its core, benchmarking is the process of identifying best practices to determine where an organization stands in relation to internal processes or other companies. But it's more than just a process. It is a tool that enables operators to recognize problem areas and find opportunities for continuous learning and improvement. There are four main types of benchmarking, including internal, process, competitive, and industry benchmarking.

Internal Benchmarking

Determining internal standards of performance and transferring them to other departments of an organization can be supported by internal benchmarking efforts. This can be done by comparing metrics across multiple units or departments.

Process Benchmarking

Process or generic benchmarking studies processes and procedures. It can be done internally or externally and is not limited to industry or similar organizations. Restaurant operators can learn from retail or tech companies, for example, as long as there is a broad understanding of the process being studied.

Competitive Benchmarking

Conducted externally, competitive benchmarking compares companies in the same markets with competing products or concepts. It requires a thorough investigation of competitors' metrics, which can be tricky to find.

Industry Benchmarking

Like competitive benchmarking, industry benchmarking is also conducted externally and can include similar metrics. Operators gain useful insights from comparing metrics with other restaurants across multiple segments or cuisine type.



Benchmarking Examples

WORKFORCE

Turnover

Compensation

Bonus

Total rewards

Employee benefits

Demographics

Sales per labor hour

GUEST SENTIMENT

Food

Beverage

Service

Ambiance

Intent to return

Value

How your online sentiment affects sales & traffic

SALES & TRAFFIC

By geolocation

By segment

By cuisine type

Comp sales

Weekly average

PPA check growth

Sales mix

Sales type

What Is Customer Experience (CX) Benchmarking?

CX Benchmarking in the restaurant industry involves evaluating sentiment data, food, service, value, ambiance, cleanliness, etc. against segment, industry, and competitors to enhance customer satisfaction.

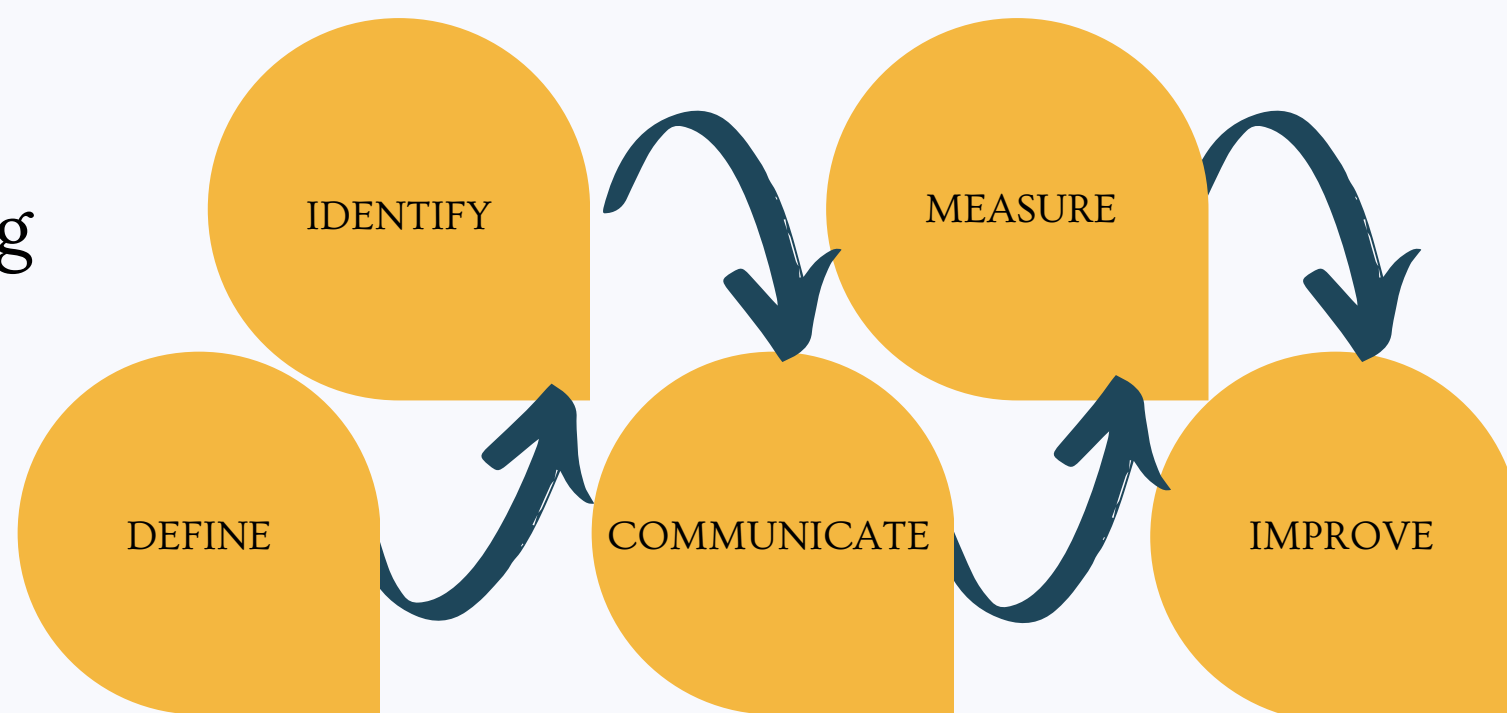
Brands that don't benchmark their CX performance against the competition are at risk of stagnation, missing opportunities for improvement, and losing their competitive edge in a rapidly evolving market.

Develop a Framework

The key to top performance is developing a benchmarking framework and keeping up with it. Your plan outlines an objective process that should factor out anecdotal evidence from your decision making. Once you've developed a structured approach to look beyond internal metrics, consistently analyze the results to help identify key areas of opportunity for your business.

Your benchmarking framework will vary from other operators based on your goals and outcomes. Nonetheless, at the core, it will follow a similar pattern. Identifying areas for improvement is the first step. Once defined, a system must be implemented to measure, analyze, and improve. A successful benchmarking strategy is consistently evaluated and progressively refined.

Your Benchmarking Framework



Define what you plan to measure.

Determine your KPIs and research your competitors and industry.

Identify benchmarks based on the results of your research and KPIs.

Ideally, you will have internal and external benchmarks.

Communicate targets to your team.

Maintaining transparency is key to ensuring everyone is working toward the same goal.

Measure your performance against your chosen benchmarks.

Data can come from multiple sources. Set new KPIs to reach desired benchmark targets.

Improve by applying insights to the data you collect.

Set a cadence to regularly revisit benchmarks and adapt as needed.

What Metrics Should You Benchmark?

It's important to differentiate between benchmarks and KPIs. Benchmarks are indicators of what other organizations or departments are achieving based on the practices they have put in place.

KPIs are measures of how well you are performing compared to the goals or objectives you have set.

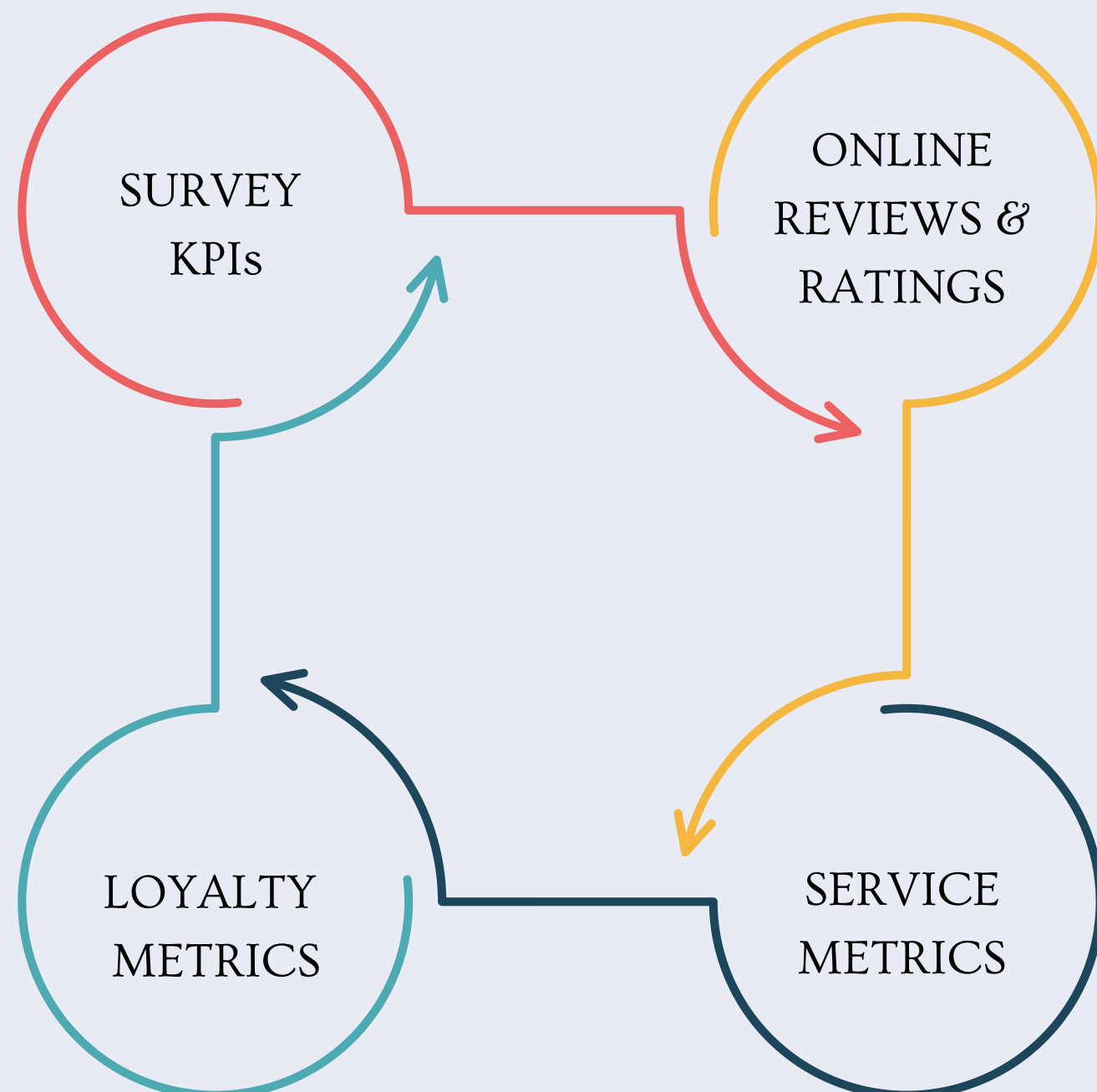
For example, according to [Klaus' latest Customer Service Quality Benchmark Report](#), the Customer Satisfaction (CSAT) benchmark for 2023 is 85%, but your company's current CSAT stands at 78%. To align with the benchmark, consider setting a KPI to increase CSAT by 2% each quarter, aiming to achieve 85% satisfaction within a year. Establishing clear KPIs and aligning them with industry benchmarks is crucial for a successful strategy. We'll take a closer look at the different KPIs, including the CSAT score, in the next section.

Decide what success looks like internally, then venture out. It's possible to get an overload of data. Surely you've experienced "analysis paralysis" at some point. To mitigate this, spend some time upfront to make sure you are tracking the metrics that will yield you the most optimal information and results.

Key Metrics to Monitor



Clearly define the KPIs that are relevant to your restaurant's CX. This could include CSAT Scores, Net Promoter Scores (NPSs), surveys, average order fulfillment time, online reviews, and more. In this guide, we'll focus on four main categories of metrics you'll need to monitor for effective CX benchmarking.



Survey KPIs

Customer surveys provide valuable feedback that businesses can use to compare their performance against industry standards, enabling benchmarking to identify strengths and areas for improvement. Keeping in line with the benchmarking framework, you'll want to define your goals first to determine which survey will work best for your needs and what "good" looks like when assessing the results.

Net Promoter Score

This metric assesses the likelihood of customers recommending the restaurant to others. It's based on a single question: "How likely are you to recommend our restaurant to a friend or colleague?" To calculate the NPS, you typically follow these steps:

1) Survey: Ask your customers a single, key question: "On a scale of 0 to 10, how likely are you to recommend our product/service to a friend or colleague?"

2) Categorize Responses:

Promoters (score 9–10): These are loyal customers who are likely to recommend your product.

Passives (score 7–8): These customers are satisfied but not enthusiastic, and their loyalty may be more susceptible to competition.

Detractors (score 0–6): These customers are unhappy and may spread negative word-of-mouth.

3) Calculate Percentages:

Calculate the percentage of respondents in each category.

4) NPS Formula:

Subtract the percentage of Detractors from the percentage of Promoters.

$$\text{NPS} = \% \text{ Promoters} - \% \text{ Detractors}$$

The score can range from -100 to +100.

For example, if 25% are Promoters, 60% are Passives, and 15% are Detractors, your NPS would be $25 - 15 = 10$.

What is a good NPS for a restaurant brand?

NPS can vary across industries, and what is considered a "good" score might depend on various factors.

In general, a positive NPS is desirable.

Here's a rough guide:

- Positive NPS (above 0): Indicates that you have more promoters than detractors, which is generally good.
- NPS above 30: This is often considered excellent and is indicative of strong customer loyalty and satisfaction.
- NPS between 10 and 30: Still good, but there may be some room for improvement.
- NPS below 0: Suggests that there are more unhappy customers than satisfied ones, and improvements are needed.

However, it's crucial to interpret NPS alongside other metrics and customer feedback. Different industries may have different benchmarks. Additionally, customer expectations, regional variations, and the type of restaurant (fast food vs. fine dining, for example) can influence what is considered a good score.

Customer Effort Score (CES)

CES is valuable for understanding customer experiences and identifying areas where improvements can be made to reduce customer effort. Interpret the CES score alongside customer feedback and other relevant metrics for a comprehensive understanding of customer satisfaction.

Calculating the CES involves measuring the ease with which customers can complete a particular interaction or task. Here's a basic guide to calculate CES:

- 1) Survey Question: Frame a question related to the ease of the customer's experience. For example, "How easy was it to resolve your issue?" The response options are typically on a scale, such as "Very Difficult," "Difficult," "Neutral," "Easy," and "Very Easy."
- 2) Assign Scores: Assign numerical values to the responses. For example, "Very Difficult" might be assigned a score of 1, "Difficult" is 2, "Neutral" is 3, "Easy" is 4, and "Very Easy" is 5.
- 3) Collect Responses: Gather responses from customers based on the CES survey question.
- 4) Calculate CES Score:

Add up the scores from all respondents.
Divide the total score by the number of respondents.

$$\text{CES} = \text{Total Score} \div \text{Number of Respondents}$$

Interpretation: The resulting CES score is usually presented as an average score, and higher scores indicate that customers find the interaction or task easy.

For example, if you have three respondents who rated the ease of their experience as 4, 5, and 3, the total score is 12. Divide that by 3 (the number of respondents) to get an average score of 4.

Customer Satisfaction Score

CSAT is a measure of how satisfied customers are with their overall experience. It's often obtained through post-dining surveys or feedback forms. Calculating the CSAT score involves a simple formula:

- 1) Survey Question: Ask your customers a question such as "How satisfied are you with our product/service?" and provide response options. The common scale is from 1 to 5, where 1 represents "Very Dissatisfied" and 5 represents "Very Satisfied."
- 2) Collect Responses: Gather responses from your customers based on the survey question.
- 3) Calculate CSAT Score:
Add up the scores from all respondents.
Divide the total score by the number of respondents.

$$\text{CSAT} = \text{Number of Respondents} \div \text{Total Score}$$

This will give you an average satisfaction score.

- 4) Present as Percentage: Multiply the average score by 100 to get the CSAT score as a percentage.

$$\text{CSAT \%} = \text{CSAT} \times 100$$

The resulting CSAT score is usually presented as a percentage, ranging from 0% (all customers are dissatisfied) to 100% (all customers are satisfied).

Online Reviews & Ratings

Online reviews give brands a public and immediate reflection of customer opinions, influencing reputation, trust, and consumer decisions.

Monitoring platforms like Yelp, Google Reviews, or TripAdvisor for ratings and reviews can provide insights into the public's perception of a restaurant brand.

Online ratings are often measured in star ratings, which typically range from 1 to 5, with each star representing a different level of satisfaction or quality.



Restaurants can use these star ratings for benchmarking in the following ways:

PERFORMANCE COMPARISON

Compare average rating with competitors to assess how well the restaurant is meeting customer expectations relative to others in the industry.

IDENTIFY STRENGTHS & WEAKNESSES

Analyze the specific topics mentioned in reviews to identify areas of strength and areas needing improvement.

AI-powered Natural Language Processing (NLP) enables automated analysis and can help identify trends or emerging issues across a large dataset of reviews.

SET IMPROVEMENT GOALS

Establish specific goals to improve aspects of the business based on feedback, aiming for higher star ratings in targeted areas.

CUSTOMER EXPECTATIONS

Understand customer expectations by reviewing comments associated with different star ratings, helping align services with customer preferences.

COMPETITIVE POSITIONING

Strategically position the restaurant in the market by leveraging positive reviews to showcase strengths and addressing concerns highlighted in lower ratings.

ADAPT MARKETING STRATEGIES

Use positive reviews as testimonials in marketing materials and adjust strategies based on feedback to enhance the overall customer experience.

Service Metrics

Service metrics refer to the quantifiable measures used to assess the quality of service provided to customers. These metrics typically encompass various aspects, such as wait times, order accuracy, table turnover, and more. They help restaurant owners and managers gauge the effectiveness of their operations and identify areas for improvement.

Average Order Fulfillment Time:

Understanding how order times compare to competitors allows restaurants to adapt and implement strategies to provide a better overall dining experience, potentially attracting and retaining more customers.

A report from [Oracle](#) revealed that increased off-premises business at restaurants is impacting customer expectations for speed of service. Over 20% of restaurant customers are annoyed after waiting two minutes to order at the drive-through window, which jumps to 70% of customers if the wait is five minutes to order.

According to a [survey](#) conducted in 2022, more than half of global consumers expect online food orders to be delivered within 30 minutes or less. For a third of respondents around the world, long delivery time is a top frustration.



20%

of restaurant customers are annoyed after waiting only two minutes to order at the drive-through window.



Table Turnover Rate

of Seats X Operating Hours

of Tables Served

Number of Seats

Determine the total number of seats in your restaurant.

Operating Hours

Calculate the total hours your restaurant is open for service.

Number of Tables Served

Count the total number of tables served during a specific period.

Table Turnover Rate:

Table turnover rates refer to the number of times a table is cleared and reset for new customers within a given time period, indicating the efficiency of service.

To calculate restaurant table turnover rates, use the following formula:

$$\text{TTR} = \text{Number of Seats} \times \text{Operating Hours} \div \text{Number of Tables Served}$$

Plug these values into the formula to get the table turnover rate, which represents how many times, on average, a table is used during operating hours. This metric helps assess the efficiency of table utilization.

Keep in mind that factors like peak hours, reservation policies, and the type of restaurant can influence turnover rates. Adjustments may be needed for accuracy.

Wait Time:

This refers to assessing the time customers spend waiting for a table or for their orders. Excessive wait times can negatively impact the customer experience.



According to a report from Upserve, a turnaround time of 45 minutes is ideal, but a restaurant's typical waiting time is 23 minutes.

Social Media Engagement:

Benchmarking social media engagement against competitors involves analyzing and comparing key metrics such as likes, shares, comments, click-through rates, impressions on various platforms, and so on.

Accuracy of Orders:

According to QSR Magazine's 2022 Drive-Thru Report, 58% of customers say order accuracy is the most important factor regarding intent to return.

To measure order accuracy, restaurants can, for example, include questions about order accuracy in customer satisfaction surveys; analyze POS system data to compare the orders placed with what was actually prepared and delivered; analyze data related to returns and refunds to identify patterns or trends related to order inaccuracies; conduct regular internal audits of order accuracy, involving managers or designated staff to review orders randomly; implement a customer verification process at the point of delivery or pickup to ensure that customers receive the correct items; and so forth.



Loyalty Metrics

Monitoring the frequency with which customers return can indicate overall satisfaction and loyalty. Measuring customer loyalty in a restaurant involves assessing the frequency of repeat business, customer satisfaction, and the likelihood of customers recommending the restaurant to others.

Here are several KPIs that restaurants can use to measure loyalty:

CUSTOMER LIFETIME VALUE (CLV)

Determine the total revenue a restaurant can expect from a customer throughout their entire relationship, helping assess long-term profitability.

CHURN RATE

Measure the rate at which customers stop visiting the restaurant, providing insights into customer retention and loyalty.

AVERAGE TRANSACTION VALUE

Monitor the average amount spent by customers per visit, as an increase may indicate growing loyalty.

REDEMPTION RATE

For loyalty programs, track the rate at which customers redeem rewards, indicating the effectiveness of the program.

SOCIAL MEDIA REACH & ENGAGEMENT

Analyze the reach and engagement metrics on social media platforms to assess the restaurant's online presence and popularity.

REFERRAL RATES

Measure the number of new customers acquired through referrals from existing customers, reflecting brand advocacy and loyalty.

SURVEY RESPONSE RATES

Track the percentage of customers who respond to satisfaction surveys, helping evaluate the effectiveness of feedback collection efforts.

ONLINE RESERVATIONS & ORDERING

Monitor how often customers use online reservation or ordering platforms, indicating a preference for the restaurant's services.

Examples of CX Benchmarking

SCENARIO 1: COMPETITOR RESEARCH VIA ONLINE REVIEWS

What They Found:

Restaurant A conducted competitor research by analyzing online reviews of its main competitor, Restaurant B, on platforms like Yelp and Google. They found that customers consistently praised Restaurant B for its quick service and diverse menu options. However, a common complaint was related to the ambiance and outdated decor.

How They Compared:

Metrics: Restaurant A compared its own online reviews with those of Restaurant B, focusing on service speed, menu variety, ambiance, and customer satisfaction ratings.

Benchmarking: Restaurant A noted that its service speed was similar to Restaurant B, but it had a more limited menu. Ambiance was an area where Restaurant A had received better reviews.

Action They Took:

Menu Expansion: In response to customer feedback and to align with competitor benchmarks, Restaurant A decided to expand its menu by introducing new dishes.

Ambiance Upgrade: Understanding the importance of ambiance from competitor reviews, Restaurant A allocated resources to upgrade its interior, incorporating modern design elements.

Results:

Menu Expansion: The introduction of new dishes led to increased customer satisfaction and attracted a broader audience. Sales for the newly added menu items surpassed expectations.

Ambiance Upgrade: The updated ambiance received positive feedback from customers, resulting in improved online ratings and reviews. Restaurant A saw an increase in the number of customers staying longer, contributing to a more positive dining experience.

Continued Monitoring:

Restaurant A continued to monitor online reviews and customer feedback to ensure that the implemented changes were resonating with patrons. They also kept an eye on Restaurant B's activities to stay proactive in adapting to evolving customer preferences.



Examples of CX Benchmarking

SCENARIO 2: COMPETITOR RESEARCH ON ORDER ACCURACY

What They Found:

Fast Food Chain A conducted competitor research on order accuracy at its main competitor, Fast Food Chain B. Online reviews and customer feedback indicated that Fast Food Chain B consistently received high marks for order accuracy, with customers praising the precision in fulfilling custom orders.

How They Compared:

Metrics: Fast Food Chain A compared its order accuracy with that of Fast Food Chain B, focusing on accuracy rates for both standard and customized orders.

Benchmarking: It was identified that while both chains had similar standards for order accuracy, Fast Food Chain B excelled in handling customizations without errors.

Action They Took:

Employee Training: Acknowledging the importance of order accuracy, Fast Food Chain A initiated comprehensive training programs for its staff, emphasizing the importance of attention to detail and precision in order fulfillment.

Streamlining Customization Process: Fast Food Chain A reviewed its order customization process, making adjustments to streamline and improve the accuracy of custom orders. This involved updating point-of-sale systems to better handle customer modifications.

Results:

Improved Order Accuracy: The training programs and process improvements led to a noticeable enhancement in order accuracy, reducing instances of incorrect orders and customer complaints.

Positive Customer Feedback: Customers began to appreciate the improved accuracy, leading to positive reviews and increased customer satisfaction scores.

Continued Monitoring:

Fast Food Chain A continued to monitor order accuracy regularly, leveraging customer feedback and internal assessments. Additionally, they kept an eye on Fast Food Chain B and other competitors to stay proactive in maintaining high standards.



Conclusion

Remember, benchmarking is an ongoing practice, not a one-off exercise.

The restaurant industry is dynamic, and customer preferences, expectations, and competition continually evolve. Conducting ongoing benchmarking allows brands to adapt to changing trends, identify areas for improvement, and maintain high standards of service, ensuring they can meet and exceed customer expectations, thereby sustaining customer loyalty and business success over time.



About GuestXM

Gain full control of your brand—from how it's perceived to how it performs—so you know exactly what impact your team can make to transform your brand's hospitality and deliver remarkable restaurant experiences.

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