



McDonald's automated cashier: Will it win with millennials?



Back in 2011, McDonald's decided to experiment with a new idea by ordering 7,000 "automated cashiers." According to a report from CNET, these touchscreen machines were used in Europe to essentially replace cashiers by allowing customers to use them to order food themselves. There hasn't been much development of these machines since then, at least nothing public. This inaction could be because McDonald's sees this innovation as being too risky with low potential for reward or they could still be testing the technology. Either way, the concept of automated cashiers provides for a great discussion from a "what if" standpoint on how this development could relate to millennials.

It is first important to note that, according to new research from Goldman Sachs, millennials favor Starbucks, Domino's, Chipotle, and other QSR/fast casual restaurants over McDonald's. Could these machines be key in winning the millennial generation's attention again? There are several possible factors to consider.

The most obvious aspect of this innovation that has the potential to appeal to millennials is the use of technology for placing orders. However, these automatic cashiers would most likely not be a deciding factor because the idea of using a touchscreen to order food really isn't all that innovative. After all, millennials do it on their phones and tablets all the time. Of course millennials want to try "new" and "useful" technology and this could certainly create a short-term spike in sales, but the whole tech factor really wouldn't have an impact in the long run. This is mostly due to the fact that this innovation isn't disruptive within the QSR category.

These machines appear to be more economical as well. It would seem as though ordering something yourself and cutting out the middleman would make the whole process quicker. Unfortunately, McDonald's is already faster than almost all fast casual restaurants, especially considering the drive-thru. Therefore, time clearly isn't the deciding factor for those who shy away from the restaurant. Also, if McDonald's is hoping that firing cashiers would cut

employee costs to allow lower prices for food, that's unlikely to make a difference. While McDonald's is hurting, Starbucks is on the rise with a coffee that's triple the price. Clearly, millennials have decided that cost is not the deciding factor either.

However, there is one key aspect about these machines that could be hopeful: They only accept credit and debit cards. While this limitation may initially come across as a burden, it actually could be a huge opportunity. McDonald's would be able to gather accurate data about purchasing habits of customers without the data being skewed by the fact that people who pay cash wouldn't count. Every customer could be tracked.

This could have two major impacts. First, McDonald's would have access to better information about their customers in order to make more efficient marketing campaigns toward millennials. They would know exactly when and what millennials are eating, providing a huge advantage for strategic advertising. Also, and probably more importantly, McDonald's would have the opportunity to personalize their customers' experience. This could be huge because millennials love to have a personal experience with brands, even when it comes to food. This would be McDonald's first major shift to connect with customers on a personal level; the second the customer puts their card into the machine, McDonald's will know what they are likely to buy and can use this information for further purchasing suggestions or any other type of personal engagement. This personal experience really could make a serious difference in the eyes of millennial consumers.

Scott Fromm and Jordan McCormack contributed to this post.

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