

About Taco John's

Taco John's, an American fast food chain headquartered in Wyoming, United States, offers Mexican-inspired food (but with a twist). Founded in 1969 by an American airforce officer John Turner, the chain currently operates in 400 restaurants across 23 American states.







Primarily, Taco John's uses ChatGPT for marketing. It uses the text-based AI software to reply to customer comments and to ensure that local listings are up to date. However, we firmly believe that the potential of AI to drive growth is enormous, but still remains untapped by Taco John's. Following is our **recipe for success**:

The Challenges Faced:

(1) Poor Social Media Engagement: By analysing and comparing Taco John's Instagram activity with that of its direct competitors (i.e. Taco Bell, Chipotle and Del Taco), we were able to identify a clear gap in leveraging social media (lack of engagement). According to a survey by Review Trackers & Beam Box:

- (a) 3 in 4 customers use social media to make restaurant decisions
- (b) Client spend increased by over 40% for brands who engaged with social media followers
- (c) 99% of Gen Z and millennials are more likely to use social media to choose restaurants than baby boomers. Hence, for Taco John's, overcoming this hurdle and building a strong social media presence is vital.

Instagram Competitor Analysis

Company	Follower Count	Post Count	Likes per Post	Comments per Post
	1.5 M	1734	4K-10K	100-200
	1.2 M	394	20K-40K	150-500
	81K	1620	100-300	10-50
	14.5K	1573	60	Under 10

(Created by Group 7)

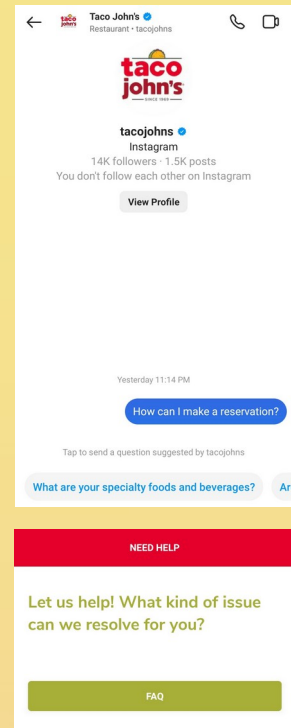
(2) Inventory Management: For quick-service restaurants in particular, inventory management can be overwhelmingly challenging and complicated. Poor inventory management often leads to multitude of problems, such as high spoilage rate, losing sales, limited menus, frustrated customers, higher costs, wastage of valuable time and much more.

(3) Poor Responsiveness (Poor Customer Service):

Quick response to customer queries drives customer satisfaction. In fact, ‘71% of customers are more likely to recommend a restaurant that responds quickly to queries’ (beambox, 2020) and ‘90% of customers rate an immediate response (i.e. within 10 minutes or less) as essential when they have a customer service question’ (hubspot, 2021). However, our research has identified that at Taco John’s, there appears to be a significant challenge in making improvements in this area.

Image 1: An inquiry sent to Taco John’s Instagram DMs (by us) and received no response for over 24 hours

Image 2: FAQ page - only way for a customer to look for help on Taco John’s mobile app (no chatbot/virtual assistant identified)



How to Overcome the Challenges:

- o. ‘Most engaging types of social media content are blogs, videos, and images’(Smart Insights, 2017). Hence, to build a strong social media presence, ChatGPT can be used to generate unique content ideas, write promotional blogs, produce video scripts and create social media schedules. Additionally, Taco John’s can make use of DALL·E 2 (AI-based image generation tool by OpenAI) for generating/enhancing/editing food images. However, while doing so, it is important to not create unrealistic customer expectations and keep the voice/tone of the brand intact.
- o. Integrating ChatGPT with Taco John’s inventory management system can be incredibly powerful in areas of logistics and supply chain: (a) Store-managers can ask questions with respect to inventory levels (‘how likely is that we will run out of taco shells tomorrow?’) and by using past data ChatGPT can generate predictive responses (b) Provide real time notifications when stock levels are low (‘there is 80% likelihood that you might run out of beef this week, would you like to make a transfer?’) (c) Customize menu items according to the current inventory levels.
- o. ChatGPT (or VoiceGPT) powered bots are the future of customer service and Taco John’s should definitely leverage them. Customers will be able to ask queries and receive natural human-like responses immediately, reducing customer wait time and improving customer satisfaction. Further, the bots can be utilized to handle customer orders as well. However, the chatbot’s (or voice bot’s) performance must be regularly evaluated inorder to improve accuracy, improve reliability and mitigate possible bias.

Opportunities Available:

(1) Drive Thrus: According to Taco John's official website, 'Today, drive-thrus remain a significant part of Taco John's business at locations around the nation — our drive-thru orders make up more than 70% of our business. The drive-thru ensures your Taco John's restaurant is top of mind for those in need of a easy-to-get meal!'. Hence, integrating AI into Taco John's drive-thrus can be a huge window of opportunity.

(2) Learning and Development: Taco John's has 8000 employees (Wikipedia, 2019). For any quick-service restaurant, employees are at the core and their regular training (or re-training) is inevitable. We firmly believe ChatGPT can be beneficial here.

(3) Search Engine Optimization: SEO statistics suggest that over 25% of customers select the first google search result. The first link is 10 times more likely to receive a click as compared to the tenth. Hence, SEO will be critical in driving Taco John's website traffic and ChatGPT can assist this process.

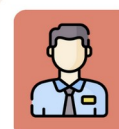
How to Leverage the Opportunities:

o. OpenAI's ChatGPT API can be utilized to build a voice assistant at Taco John's drive-thrus. Just like a human, the AI voice assistant will be able to take down orders, make recommendations and even follow-up with questions. Additionally, ChatGPT can be used to generate 'dynamic menus' at these drive-thrus, based on factors such as location, season, weather and time. Personalized customer experiences (based on previous orders) can also be offered at the drive-thrus by registering each vehicle's license plate number. However, currently ChatGPT/OpenAI cannot completely replace drive-thru employees, but we firmly believe that a combination of both can lead to drive-thru disruption.

o. OpenAI's ChatGPT API can be integrated into Taco John's employee learning & development programs. The benefit is two-fold: Firstly, it can act as a virtual mentor, wherein employees can ask specific questions or seek guidance. Secondly, it can help in the creation of learning modules, scripts and course content.

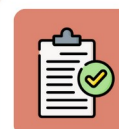
o. Some potential use cases of ChatGPT in improving Taco John's SEO process: identifying and clustering keywords, analysing key word difficulty, identifying search intent, generating meta descriptions and generating product descriptions. Again, ChatGPT is relatively new. It is not any SEO expert and must be utilized carefully.

ADDITIONAL RECOMMENDATIONS



HIRE A CHIEF AI OFFICER

Currently, a Chief AI Officer/Chief Digital Innovation Officer is not a part of Taco John's leadership team. This change will be vital to fully leverage AI.



REGULARLY EVALUATE BOTS

Regular evaluations of bot's performance and outcomes are necessary, in order to improve reliability, improve accuracy and mitigate potential bias.



ENSURE CUSTOMER PRIVACY

Use of AI requires the collection and storage of vast amounts of customer data. Hence, it is essential to have robust privacy and security measures in place.



REGULAR TRAINING

As the use of AI becomes increasingly widespread, employees must be equipped with the necessary knowledge and skills to use the technologies effectively and safely.

Word Count: 1000

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