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from FIS

THE FUTURE OF RESTAURANT PAYMENTS

A Worldpay from FIS x Stylus White Paper

PAYMENTS
2025



Introduction

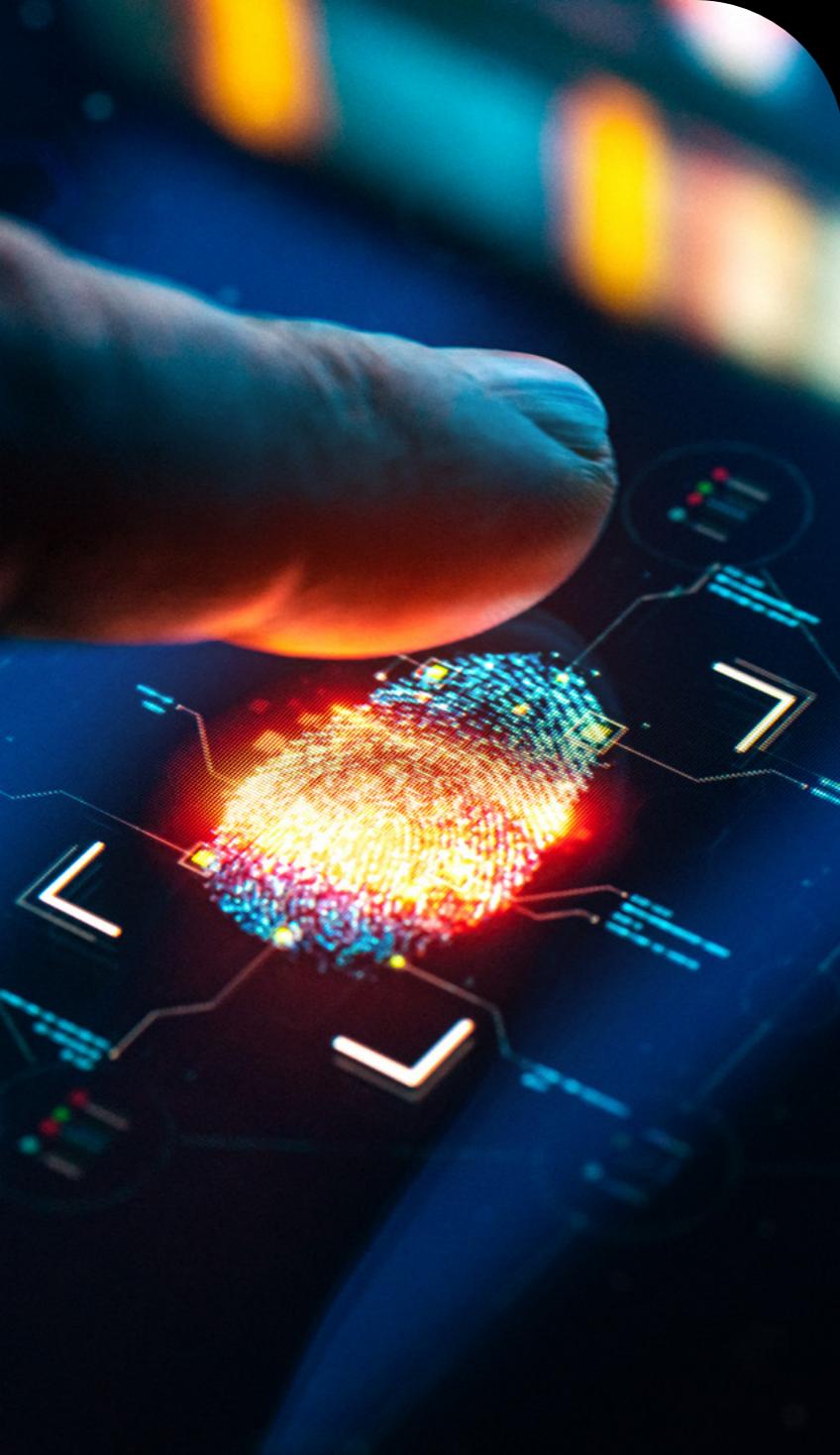
The global restaurant industry is moving into an exciting new era of payment innovation as the financial management and services sector responds to the super-charged impacts of a fluctuating consumer landscape and the enduring pandemic.

“A year of a global pandemic has been the equivalent of a decade or more of disruption,”

says **President of Eurasia Group Ian Bremmer.**

In collaboration with global trends intelligence agency Stylus, Worldpay has uncovered the key macro drivers, demographic nuances and new consumer trends that will define the future of payments for tomorrow’s restaurant consumers, and for the brands that serve them.





Macro Drivers



Digital Acceleration

We witnessed radical **Digital Acceleration**, as consumers flocked online to work, play and transact during pandemic-led lockdowns. In response, the global e-commerce market is set to expand by \$1.4tn between 2021 and 2025, driving non-cash payment volumes higher.¹ The rising adoption of digital and cryptocurrencies, arrival of 5G technology and IoT, and appetite for Virtual Reality (VR) are also revolutionising the payments industry.



Mass Mistrust

With rampant misinformation and leaks of private information, **Mass Mistrust** of governments, businesses and media is rife. It's no surprise that 71% of global consumers worry about hackers and cyber-attacks.² In this landscape, brands must demonstrate transparency and commit to data security.



Stagnant Economies

Even before the pandemic, **Stagnant Economies** were impacting consumers' quality of life. Covid-19 has exacerbated the struggle, pushing around 124 million people into extreme poverty worldwide.³ Frugal attitudes and savvy spending tricks are increasingly necessary to remain financially afloat.



Collective Consciousness

Consumers' **Collective Consciousness** is growing, as they confront issues including systemic inequality and climate-change risks. Worldwide, 60% of people say wealth inequality is one of the most serious forms of inequality in their country.⁴ There is a major opportunity here for sustainable, equity-focused businesses to win consumer loyalty and spend in years to come.



New Health Paradigm

As consumers develop a more holistic understanding of healthcare, a **New Health Paradigm** is emerging. Globally, 79% of people say their mental and physical health are equally important.⁵ A rising expectation that brands should step in to help fortify all aspects of personal wellbeing signposts a key opportunity space for the decades ahead.



Shifting Demographics

Shifting Demographics is another important driver. The global population is ageing rapidly, with the proportion aged 65 years plus expected to increase from 9.3% in 2020 to 16% in 2050.⁶ The number of consumers from diverse and multi-racial backgrounds is growing too. Businesses need to be aware of these shifts if they are to remain relevant in the future.

Generational Perspective



Accompanying these macro drivers impacting restaurant payment priorities are subtle generational nuances that dictate the experiences and needs of different demographics.

Gen Z

Born and bred alongside major tech developments, **Gen Z** (born 1995-2009) experience a big part of their lives online. Rather than being online-first, many are online-only, spending up to 9 hours a day online.⁷ As such, always-on access to anything, at any time, from anywhere is the norm for this cohort.

Millennials

Millennials (born 1981-1994) have grown into adulthood amid the Great Recession and the COVID-19 pandemic and have been hard hit throughout their working lives. For many this means dealing with student loans, stagnant wages and rising costs of living. Consequently, American Millennials rank financial concerns/ debt and low paying jobs/job insecurity as two of the top five problems of their generation.⁸ This demographic also grew up with Web 2.0 – that is, mobile – and now Web 3.0 crypto-technologies, making them financially savvy and keen to embrace alternative payment methods and currencies to optimise often-stretched finances.



Gen X

Born in an analogue world, **Gen X** (born 1965-1980) remain somewhat attached to traditional payment methods with more choosing physical over digital, opting for credit cards as their preferred choice.⁹ As work and domestic responsibilities grow though, they're seeking digital routes to more streamlined living. To appeal to this generation's need for fast-paced and frictionless solutions, brands and payment merchants alike must offer speed and benefits such as active reward systems and seamless opt-out models.

Boomers

While historically "tech shy", **Boomers** (born 1946-1964) are an increasingly online generation, open to financial services and payment options that offer ease and security. However, access to tech devices – as well as literacy on how to use them – can be major roadblocks for the oldest members of this consumer cohort. To close this gap, stakeholders must empower Boomers via tech guidance, simplified user experiences and adaptive features.

Seniors

For **Seniors** (born up to 1945), longer life expectancies are leaving many feeling anxious about their economic outlook. A lack of tech awareness, access and ability is deepening concerns, and leading to financial exclusion. Payment processes should be accessible, simple and secure to empower this generation and allay their worries.



Macro Trends:

New Payment Priorities for Restaurants

The aforementioned drivers and generational nuances are steering new restaurant payment priorities, grouped into six powerful emerging trends that can be harnessed across the industry for future success.

Trend 1: Seamless & Smooth

As Covid catalysed digital payments, restaurant consumers expect increasingly slick and quick experiences that emphasise convenience.

The growing demand for omnichannel payment methods means restaurant brands must accept payments in multiple formats, including cryptocurrencies. The arrival of the metaverse will see restaurant payment innovation straddling the border between physical and virtual.

More efficient “order-and-pay” is here to stay, as safety and hygiene remains a top priority

67%

of on-premises diners now prefer to order food digitally.¹⁰ QR codes and the 5G-powered Internet of Things (IoT) are also streamlining payments in the restaurant space.





Trend 1: Seamless & Smooth

Trend in Action

A standout brand enabling frictionless purchasing is French payments start-up Sunday. It lets customers scan a QR code on their table to access the menu and pay the bill in as little as ten seconds – an innovation allowing restaurants to turn tables quicker and increase average spend.¹¹

US drive-thru chain BurgerFi and vehicle commerce company Mavi.io have launched in-car ordering for 5G-enabled vehicles. Consumers need only tell their car they're hungry, and it will reroute to the closest BurgerFi outlet, processing their order and payment during transit so it's ready for their arrival.¹²

And fast-food giant McDonald's' planned launch of virtual stores in the metaverse is a sign of things to come. It will allow customers to visit, order and pay within digital worlds, with food then delivered to them in real life.¹³

Key Takeaways

Restaurant consumers are now expecting speed and convenience as a given. QR codes, IoT (Internet of Things) devices and digital currencies will accelerate swifter, more straightforward restaurant payments. Prepare for in-metaverse transactions, as the lines between virtual and physical reality blur.

¹¹Sunday, 2021, in TechCrunch, 'Sunday raises \$100 million for its fast restaurant checkout flow';¹²BurgerFi, 2021, in QSR Magazine, 'BurgerFi to Pioneer In-Car Ordering Channel';¹³McDonald's, 2022, on Forbes, 'McDonald's Files Trademark For Metaverse-Based Virtual Restaurant'



Trend 2: Safe & Secure

The restaurant industry is turning to biometric markers of identity validation to allow patrons a speedier and safer purchasing experience. This will appeal to the 63% of global consumers that advocate for tightening security processes to make payments safer.¹⁴

AI (artificial intelligence) solutions are streamlining procurement, automating the checkout process and powering next-level risk management and fraud protection.

Meanwhile, blockchain tech is ensuring more private transacting, enhancing payment processing, and supporting new NFT (non-fungible token)-funded restaurant formats.

Trend 2: Safe & Secure

Trend in Action

Innovators in restaurant service are already leveraging the potential of biometric payment. Automated bar service TendedBar provides beverages at large events paid for via facial-scanning technology, cutting down on staffing demands and wait time.¹⁵

Due to open in 2023, New York restaurant and private members club Flyfish will only be accessible by NFT. This new payments model means membership is an asset, with blockchain technology establishing a verified and public proof of ownership of the membership, enabling this to be sold to others via a secure secondary market.¹⁶



Key Takeaways

While consumers enjoy the convenience of digital purchasing in restaurant settings, they are cautious around data harvesting practices and cybercrime. To allay concerns, merchants taking payments must recognise and avert potential dangers, reassuring patrons and prioritising data safety. Biometric authentication, AI-powered protection and blockchain-built applications are key routes to achieving this.



Trend 3: Just For Me

The latest rewards programmes nurture a sense of belonging, with loyalty incentivised via tiered engagement schemes, exclusive access to events and even cryptocurrency pay-outs.

In the US,

64% of consumers

purchase a product from a brand that knows them.¹⁷ Predicting dietary and entertainment needs, storing personal payment details and adding loyalty kiosks at POS are among the personalisation strategies winning customer approval in the restaurant industry.

Advances in emotion-reading tech are allowing service robots to respond more empathically to patrons and take payments based on facial expressions.



Trend 3: Just For Me

Trend in Action

While automated dining offers convenience, many still desire in-person connection with staff for that personal touch. Foodservice POS innovator Taliup Express' Smart Dine-In merges contactless technology with traditional table service. Customers use the QR code-enabled platform to elect how much contact they want and can access the menu, order, pay or call for a server.¹⁸

Pret-a-Manger's new app-based 'Pret Perks' loyalty scheme provides more personalised rewards the longer it's used, as the platform 'learns' consumers' preferences. For example, those who regularly select plant-based options will be offered vegan rewards.¹⁹

Zeroken Robo Tavern, from Tokyo restaurant chain Yoronotaki, shows the future potential of emotion monitoring for restaurant payments. A robot bartender takes payments before making drinks, and uses mood-tracking cameras to assess consumers' emotions, reacting accordingly e.g., speeding up service if impatience is detected.²⁰

Key Takeaways

The restaurant industry should look to leverage data analytics, AI and emotion-reading tech to deliver greater personalisation. From pre-empting dietary and entertainment needs, to customising rewards in tiered schemes, payment interactions are becoming more individualised for a sense of brand belonging.

¹⁸Taliup Express, 2021, 'Diners have their say in restaurant experience with launch of first 'Smart Dine-In' mobile function'.

¹⁹Pret, 2021, 'Pret A Manger Trials Long Awaited Loyalty Programme 'Pret Perks''.

²⁰Yoronotaki, 2020, on Reuters, 'Japanese robot could call last orders on human bartenders'.

Trend 4: Financial Wellness

The restaurant industry needs to help make dining and entertainment more affordable for increasingly budget-conscious consumers.

Savvy brands should offer payment solutions to help retain the

48% of US adults

who plan to reduce spending on restaurant meals, owing to inflation-caused wallet squeezes.²¹

Meanwhile, the industry is suffering huge labour shortages and must look after employees' financial wellbeing if they are to attract and keep staff.

Innovations developed during Covid to ensure economic survival, such as pay-in-advance perks, are now proving indispensable, even though the industry is opening up again.



Trend 4:

Financial Wellness

Trend in Action

Meeting accelerating demand for buy-now-pay-later services, Australian start-up Payo lets guests consume food and drinks in 500 restaurants across Sydney and Melbourne, before paying them back in four interest-free payments.²²

Offering financial management services to restaurant workers is earning longer-term employee loyalty. Pizza chain Sbarro and DailyPay's partnership gives employees access to earned wages on-demand, reducing reliance on payday loans or risk of overdraft fees.²³

Inspired by Covid-era restaurant rescue schemes, NZ platform SOS Business launched 'Universal Vouchers' as a new way to pay while supporting local businesses. Credit is loaded onto an app, ready for redeeming at over 2,400 businesses.²⁴



Key Takeaways

Financial wellbeing and mental health are intertwined. Food and entertainment consumers want the restaurant industry to help them slow down or spread out spending, and Buy Now Pay Later options are proving increasingly popular. Offering employees tools to improve their economic wellness via financial literacy and earned wage access (EWA) should be a top priority.



Trend 5: Kind Finance

Consumers are growing more wary of the impact their consumption has on the environment and those around them. Restaurant brands can reflect and respect this need for socio- and eco-friendly commitment by embedding sustainability and social action into payment journeys.

Successful initiatives are tackling income disparities, food insecurity and lack of access owing to disabilities. Those supporting local economies and communities are also poised for success, given consumers' elevated regard for localism – a trend advanced during Covid. In the UK alone, 62% of consumers say they are actively supporting local restaurant businesses.²⁵

Trend 5: Kind Finance

Trend in Action

The Kind Finance ethos is increasingly apparent in restaurant settings. US sustainable restaurant pioneer Just Salad recently joined MasterCard's Priceless Planet Coalition (PPC), which has a goal to restore 100 million trees by 2025. To support the initiative, Just Salad launched new menu item Earth Bowl, with proceeds from each payment contributing to the reforestation goal.²⁶

Other payment innovators are focusing on inclusivity. In 2021, Mastercard launched an accessible card, designed for the 2.2 billion blind and partially sighted people globally. Its Touch Card has different shaped notches so users can identify whether it's a credit, debit or prepaid card, to help orient themselves when making payments.²⁷

Key Takeaways

Consumers are motivated by their personal values and beliefs, and expect restaurant brands to support their desire to build a more equal, positive and environmentally friendly future. Restaurant payments providers should help consumers enmesh eco and social ethics into their spending wherever possible.



Trend 6: Life Stage Support

Considering the debt pressures and smaller budgets of young adults, restaurant brands can support them with employment, and offer more affordable routes to accessing healthy food.

Consumers navigating mid-life are turning to supportive restaurant brands that can provide streamlined solutions and payment models that ease their busy schedules and caregiving demands.

Over two-thirds (68%) of Boomers and Seniors are planning to go to more restaurants than they did pre-pandemic, and restaurant brands must understand their payment needs.²⁸ As older cohorts grow more tech-savvy, they're more open to digitised payments that are simple and accessible, and link with their network of support.



Trend 6: Life Stage Support

Trend in Action

A noteworthy example of a restaurant brand providing life-stage support is UK food discount app Smash. Available only to 13-to-24-year-olds, the app provides promo codes and money-off vouchers for healthy foods from restaurants and supermarkets to encourage eating well in this often cash-strapped cohort.²⁹

And simplified POS software solutions for seniors are emerging. MealSuite provides service options for senior living and healthcare dining venues, including wireless, kiosk and over-the-phone ordering. The platform can also track dietary requirements and has a Nutrition & Family Portal linking seniors to their families for oversight of their eating.³⁰



Key Takeaway

Generations transitioning into key life stages have nuanced needs when it comes to restaurants. Brands must consider values of convenience, education, support, accessibility and ease when developing payments around dining out and meal delivery services for different life phases.

Conclusion

Equipped with a multitude of innovative payment options, restaurant brands have the opportunity to transform mundane purchasing moments into a seamless and satisfying consumer experience.

It's vital to keep pace with evolving omnichannel payment methods, emerging metaverse opportunities, and routes to securing payments more efficiently to attract future consumers.

Opportunities abound for personalised experiences, from next-level dining loyalty schemes to emotion-tracking restaurant service, while biometric validation will appeal to the security-conscious.

The restaurant industry should leverage local business support, build in socio-and-eco conscious benefits, and ensure inclusivity for all to tap the rising tide of altruistic customer spending. Also, aim to address different life-stage needs to minimise generation-centric pain points in restaurant venues.

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Payments 2025 is a thought leadership campaign launched by Worldpay from FIS to highlight the key trends shaping the future of payments. Using our many years of experience and leveraging our vast network of specialists from across the payments industry and beyond, we will share expert opinions and recommendations as well as explore the social, economic, technological and environmental factors that will inform the future and help our merchants to prepare for tomorrow.

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