FOOD SERVICE MANAGEMENT INDUSTRY IMPACT STUDY 2025:
Balancing Operational Excellence with Experience Innovation

Introduction

THE FOOD SERVICE INDUSTRY CAN NO LONGER EXPECT TO SUCCEED WITH A ONE-SIZE-FITS-ALL CONSUMER EXPERIENCE. MODERN DINERS DEMAND PERSONALIZED, SEAMLESS INTERACTIONS ACROSS EVERY TOUCHPOINT – FROM PREFERENCE-DRIVEN DINING TO MOBILE ORDERING TO IN-PERSON SERVICE.
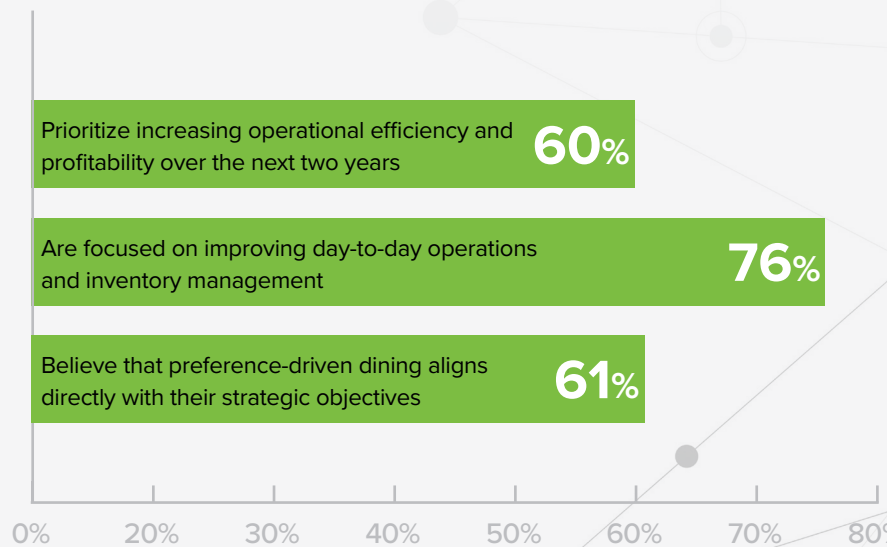
The increasing desire for personalized choices and "service my way" experiences presents a huge challenge for an industry already grappling with surging labor costs, supply chain disruption and continuing economic uncertainty.

Our comprehensive study -based on insights from 412 food service executives across healthcare, higher education, active adult communities and restaurant sectors -highlights a significant disconnect between the industry's aspirations and its ability to deliver.

While industry leaders recognise the value and growing demand for tech-driven personalization, many are still not ready to capitalize on the opportunity. Challenges vary by industry sector, with a clear divide between food service providers in institutional and necessity-focused food service (healthcare, active adult communities) and those in more experience-driven settings (restaurants, higher education).
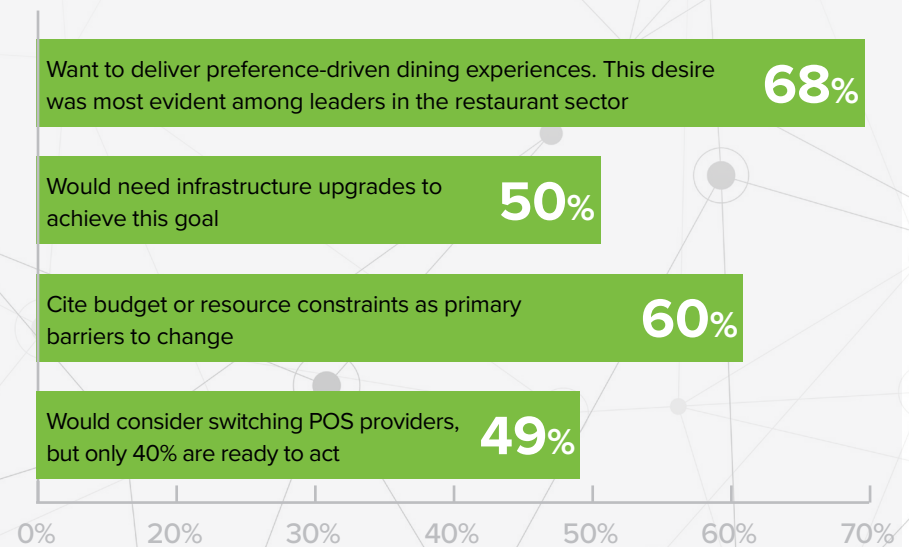
KEY FINDINGS

Food service leaders have identified clear operational objectives that need to be addressed to ensure future success.

Prioritize increasing operational efficiency and profitability over the next two years **60%**

Are focused on improving day-to-day operations and inventory management **76%**

Believe that preference-driven dining aligns directly with their strategic objectives **61%**

0% 20% 30% 40% 50% 60% 70% 80%

THE TECHNOLOGY READINESS GAP

Despite widespread recognition of technology's importance, a significant preparedness gap exists:

Want to deliver preference-driven dining experiences. This desire was most evident among leaders in the restaurant sector **68%**

Would need infrastructure upgrades to achieve this goal **50%**

Cite budget or resource constraints as primary barriers to change **60%**

Would consider switching POS providers, but only 40% are ready to act **49%**

0% 20% 30% 40% 50% 60% 70%

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Executive Summary

THE MODERN CONSUMER HAS **ENDLESS CHOICE WHEN IT COMES TO DINING OPTIONS.**

That choice might start by considering time, location and budget, but will increasingly factor in dietary requirements and preferences for how they interact with a provider, whether digitally, in-person or a combination of both. Consumers also want service that's appropriate, seamless and consistent - whether they're using a smartphone app, an in-store kiosk or ordering directly from a server.

Meeting this expectation of choice can be a challenge for food service providers already under pressure to optimize business performance in the face of rising costs and economic uncertainty. More than 60% of respondents in our research say that boosting operational efficiency and profitability is a top strategic priority over the next two years. Furthermore, 61% believe that preference-driven dining aligns directly with their strategy.

>60% of hospitality leaders prioritize increasing operational efficiency and profitability over the next 2 years.

There are two distinct approaches to these challenges within the food service management industry. Experience-focused sectors such as restaurants and higher education see food service as a driver of competitive advantage. However, more institutional/necessity-focused sectors such as healthcare and active adult communities view food service as a support to the primary mission.

While priorities might vary, leaders in both sectors are looking for technology solutions that will improve day-to-day operations while also delivering improved experiences for customers and consumers. Optimizing both of these elements will lead to the increased efficiency and profitability that the industry needs.

While the industry recognizes the value of technology in meeting strategic goals, there is a fundamental gap between awareness and readiness to act. While 68% of respondents want to deliver preference-driven dining, half say they'd need to upgrade their infrastructure to deliver it.

What is needed is a fresh approach to Point-of-Sale (POS) technology that recognizes the inextricable link between customer service, revenue and operational efficiency. Taking a unified platform approach helps food service providers to meet changing consumer expectations – while improving operational efficiency and inventory management.

This report is based on comprehensive market research conducted by Agilysys, canvassing the opinions of 412 food service industry leaders across healthcare, higher education, active adult communities, and restaurant sectors. The study explored their technology priorities, challenges, and readiness for preference-driven dining innovations.

WHAT IS **PREFERENCE DRIVEN DINING?**

Consumers and patrons expect to order and pay for food services however they prefer, whether that's through table service, a mobile phone app or a self-service kiosk. It is important that the experience is seamless and consistent across all channels – and the flexibility of preference-driven dining is especially important in locations such as universities and colleges, hospitals and healthcare providers, active living communities and multi-location restaurants.

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The Rise of the Preference-Driven Consumer

THE US FOOD SERVICE MANAGEMENT INDUSTRY MUST STEP UP TO MEET THE EXPECTATIONS OF A NEW GENERATION OF CONSUMERS.

Today's diners expect speed-appropriate, convenient service that is consistent across any device or channel, from in-person ordering to mobile kiosks and smartphone apps. Modern consumers increasingly expect innovations that support preference-driven dining.

That might look like remembering a consumer's dietary restrictions because they have previously flagged it on their order. It could be providing personalized offers and tailored menu options for returning customers based on their order history. It might be the convenience of having digitally ordered items served immediately upon seating.

Unsurprisingly, the restaurant sector is where the concept of preference-driven dining resonates most. However, despite being experience-focused, many restaurants take a reactive approach to technology, changing or upgrading systems only when required; for example, when opening or renovating facilities. Also, it is also worth noting that this sector includes a spectrum of franchise models that rely on replication, down to single-location specialty restaurants.

Across all sectors, preference-driven dining presents a challenge. The industry is already grappling with rising food costs, supply chain disruption and workforce challenges that have seen labor costs increase by more than 30% over the last five years. What the industry needs is a framework for **Experience-Driven Dining Excellence** - a holistic approach that balances operational efficiency with personalized consumer experiences to drive loyalty and revenue growth in today's challenging market.

It's not surprising that 76% of food service leaders say improving day-to-day operational efficiency and inventory management are strategic priorities.

Technology can help the industry to address many of its top challenges. AI-driven forecasting can transform the management of food inventory, while smart automation can reduce operational costs and speed up service times. Modern POS systems offer real-time data insights, automated inventory management and labor optimization features that can improve efficiency and profitability.

Our research found that 64% of leaders recognize that investing in modern POS technology could improve consumer experiences and elevate profitability, but respondents say they are being held back by a lack of resources and outdated IT infrastructure. Almost half (49%) of food service leaders (rising to 60% in the restaurant sector) would consider switching POS providers to deliver benefits like improved experience, efficiency and profitability, but only 40% are ready to take action.

76% of food service leaders say that improving day-to-day operational efficiency is one of their top three strategic priorities.

The Evolution of Food Service Business Priorities

FOOD SERVICE MANAGEMENT ORGANIZATIONS ARE INTENSELY FOCUSED ON BUILDING FINANCIAL RESILIENCE BY IMPROVING EFFICIENCY AND PROFITABILITY – **60% OF RESEARCH RESPONDENTS SAID THESE WERE THEIR TOP STRATEGIC PRIORITIES OVER THE NEXT 12-24 MONTHS.**

Healthcare food service providers were more focused than other sectors on driving efficiency, with 68% of respondents naming this a key strategic priority. Meanwhile, 58% of those in the active adult community sector said that improving customer experience was a key priority.

There is a growing awareness across the industry that technology is critical in meeting these strategic goals – food service management leaders are looking for solutions that help them to improve core day-to-day operations while delivering improved customer experiences. It is important for 44% of technology buyers to find solutions that offer operational improvements, but that also improve consumer experiences.

In practice, this will require organizations to move away from the fractured experiences of siloed solutions to a more seamless experience across all the ways in which they interact with customers. This will require more extensive solution integrations for those utilizing multiple vendors or can be accomplished by choosing a primary vendor to lead delivering these advantages through an interconnected ecosystem.
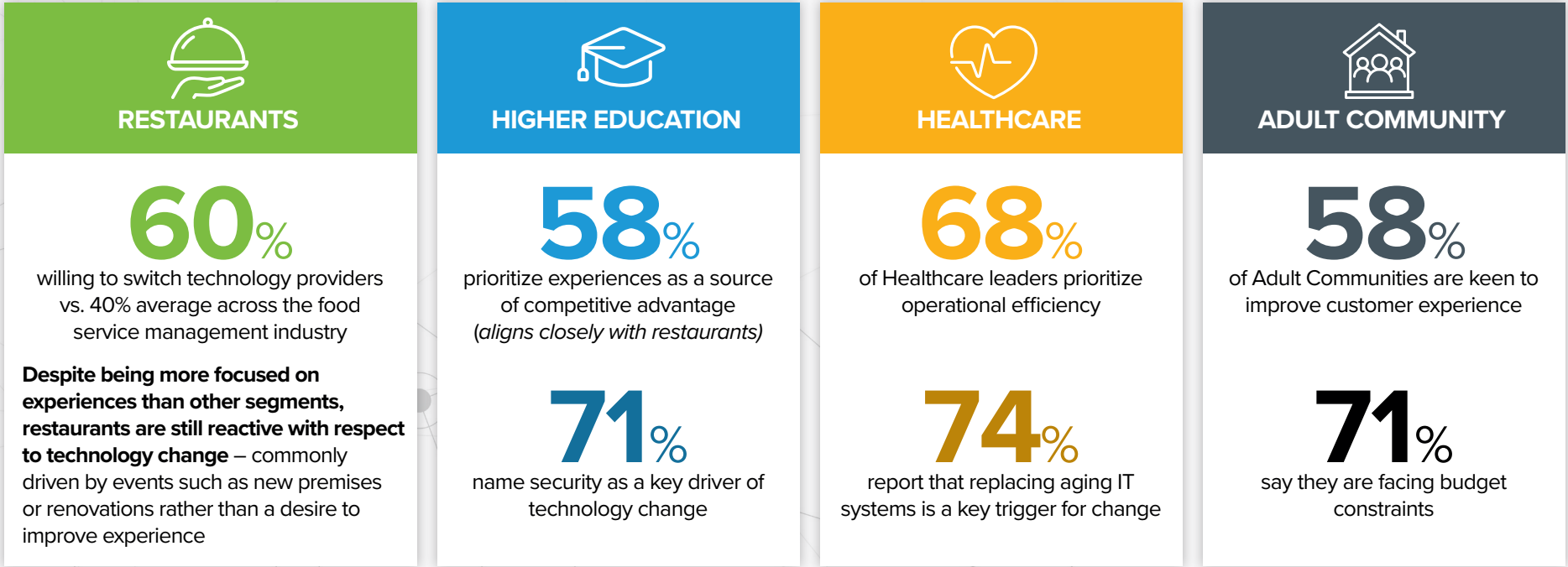

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Understanding the Food Service Management Landscape

OUR STUDY REVEALS SIGNIFICANT DIFFERENCES IN PRIORITIES AND FOCUS ACROSS THE FOOD SERVICE MANAGEMENT PROFESSIONALS.
IN EXPERIENCE-FOCUSED SECTORS SUCH AS RESTAURANTS AND HIGHER EDUCATION, THE PATRON'S EXPERIENCE IS CENTRAL TO THEIR VALUE PROPOSITION.

Restaurants rely on a pleasant dining experiences to drive revenue, while campus dining options influence student recruitment and retention in higher education. These realities result in a higher willingness to invest in preference-driven technology as a source of competitive advantage in these organizations. In these sectors, we also see shorter contract terms and more frequent technology review cycles.

By contrast, sectors such as healthcare and active adult communities are more likely to focus on operational efficiency and cost management as strategic priorities. These businesses traditionally may have been less focused on personalization as a differentiator, but there is growing awareness that staff and visitor satisfaction, along with resident retention, are becoming increasingly critical performance metrics.

KEY DIFFERENCES HIGHLIGHTED IN THE STUDY INCLUDE

RESTAURANTS	HIGHER EDUCATION	HEALTHCARE	ADULT COMMUNITY
60% willing to switch technology providers vs. 40% average across the food service management industry	**58%** prioritize experiences as a source of competitive advantage (*aligns closely with restaurants*)	**68%** of Healthcare leaders prioritize operational efficiency	**58%** of Adult Communities are keen to improve customer experience
Despite being more focused on experiences than other segments, restaurants are still reactive with respect to technology change – commonly driven by events such as new premises or renovations rather than a desire to improve experience	**71%** name security as a key driver of technology change	**74%** report that replacing aging IT systems is a key trigger for change	**71%** say they are facing budget constraints

Is the Current Technology Landscape Ready for Transformation?

FOOD SERVICE ORGANIZATIONS ARE **STRUGGLING WITH LIMITED IT CAPABILITY**.

While 55% of respondents say their POS systems are less than five years old, many lack the modern capabilities that are essential in delivering the benefits of preference-driven service.

The most desired features mentioned by technology buyers are performance reporting, analytics and secure payments. Food service management buyers are looking for solutions that improve day-to-day operations and deliver improved consumer experiences. Optimizing both of these elements will lead to the increased efficiency and profitability that most organization have as a strategic goal.

Outdated systems can create vulnerability and analytics "blind spots" that directly degrade operational performance. For example, outdated POS systems often lack adherence to recent security protocols, making them susceptible to data breaches and cyber attacks, which in turn can lead to financial losses and damage reputations.

Older technology platforms often lack advanced reporting and analytics, which limits the ability to make data-driven decisions. Without real-time insights into consumer preferences and sales data, organizations could miss opportunities to drive sales and reduce operational costs.

Our research found that most POS contracts are less than three years and half of all buyers review their technology solutions within that time frame. This relatively short cycle provides the opportunity to evaluate the organization's needs and consider available options.

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The Technology Implementation Dilemma

FOOD SERVICE MANAGEMENT EXECUTIVES ARE ATTRACTED BY THE POTENTIAL OF NEW TECHNOLOGY TO DRIVE REVENUE AND EFFICIENCY, BUT MANY ARE CONCERNED BY THE COST AND COMPLEXITY OF MAKING A MOVE.

In our research, 65% of leaders said they have delayed changing technology platforms because of concerns about the difficulty of implementation, while 61% mentioned the upfront cost of technology. Sixty-one percent also said that total cost of ownership is a key factor impacting their decision making.

65%
of leaders are concerned about ease of implementation

VS

61%
of leaders say upfront cost is a major barrier

Some of these concerns could be addressed by reducing the overall number of suppliers. Many organizations use multiple software platforms for operations, analytics and POS. While a best-of-breed solution can offer enhanced flexibility, the trade-off could be integration headaches, vendor management complexity and data silos that inhibit insight and innovation.

While executives are concerned about the cost and complexity of implementing new technology, it's vital to understand the hidden costs of maintaining older POS systems. These can include increased maintenance fees, higher downtime and missed opportunities to increase efficiency and revenue due to reduced data insights. Over time, these expenses compound to contribute to higher total cost of ownership.

Food service management businesses should consider the total cost of ownership of existing versus new POS systems holistically. It is important to factor in the cost of software and services alongside the cost of payment processing.

71% of food service leaders agreed they wait to upgrade their tech until existing systems are obviously outdated

Our research reveals that food service leaders are making the move to new technology only when it becomes essential – most organizations say the trigger point for implementing new technology is when they are either building out new facilities (74%), replacing aging systems (71%) or renovating (70%).

The need to replace aging IT systems was particularly evident in healthcare (74%) and active adult communities (74%). In some cases, these organizations rely on spreadsheets or antiquated technology platforms that urgently need to be replaced.

While replacing limited or ageing legacy systems can spur food service management providers into new tech investments, executives are also keenly

64% of hospitality leaders agree that personalization is driving tech transformation

aware of the business benefits that doing so can bring. Across all sectors, 64% of respondents agree that implementing a preference-dining-driven operating approach – and in turn, elevating the guest experience - is an important driver for technology change.

Similarly, profitability (64%) and efficiency improvement (63%) are catalysts for technology decisions. In addition, the strategic value of unifying data into a single customer/guest profile (61%) is an attractive rationale for upgrading systems . In higher education, 60% saw security as a prompt for change, while 58% of leaders in the restaurant sector said they prioritized ease of integration.
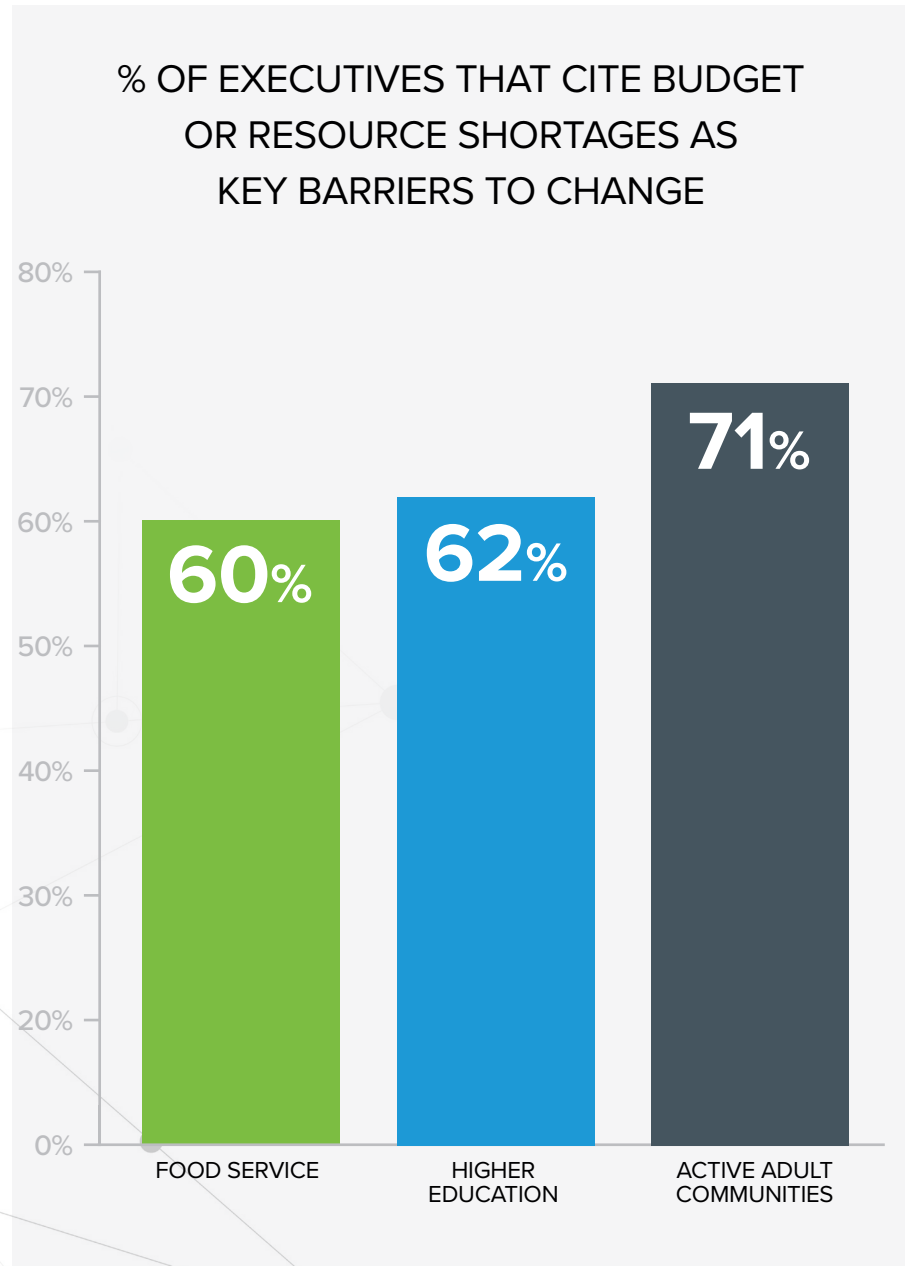
The Preparedness Gap: Intention vs. Readiness

WHILE TECHNOLOGY CONTRACTS OFFER REVIEW OR RENEWAL WINDOWS EVERY 2 TO 5 YEARS, **THERE IS A CLEAR DISCONNECT BETWEEN (1) THE UNDERSTANDING OF TECHNOLOGY'S VALUE IN DRIVING STRATEGIC BENEFITS AND (2) AN ORGANIZATION'S PREPAREDNESS TO MAKE TECHNOLOGY CHANGES.**

In our survey, 60% of executives cite budget or resource shortages as key barriers to change, a figure that rises to 62% in higher education and 71% in active adult communities.

Too often, organizations make technology decisions reactively, in response to new premises or increasing downtime of aging infrastructure. Instead, they should consider technology change as part of a regularly reviewed strategic roadmap. This means when a review window arrives, the team has already done the groundwork, whether that is budget planning, change management planning or vendor evaluation.

While budget constraints are real, it's critical to understand the whole picture: Maintaining outdated POS systems limits access to modern functionality, which in turn limits opportunities to drive efficiency and to build the innovative, personalized services that are important in remaining ahead of competitors and attractive to consumers.

% OF EXECUTIVES THAT CITE BUDGET OR RESOURCE SHORTAGES AS KEY BARRIERS TO CHANGE

FOOD SERVICE	**60%**
HIGHER EDUCATION	**62%**
ACTIVE ADULT COMMUNITIES	**71%**

Unlocking Revenue Beyond Traditional Operations

SUCCESSFUL FOOD SERVICE DECISION MAKERS ARE EXPLORING WAYS TO **DIVERSIFY REVENUE STREAMS THAT ENHANCE PROFIT MARGINS AND MEET CHANGING CLIENT EXPECTATIONS.**

Technology plays a critical role by enabling personalized, data-driven innovations, providing customers with seamless digital experiences.

These innovative approaches represent Experience-Driven Dining Excellence in action - where technology-enabled personalization drives both operational efficiency and revenue growth. For example, modern POS systems can use mobile ordering data to identify emerging dietary and product trends, or to develop new dining models such as pre-order apps, dynamic dining subscriptions or smart fridges that cater to clients in new locations or during extended hours.

- In education, a campus dining app can enable students and staff to filter and pre-order meals based on their specific dietary needs, increasing satisfaction and reducing food waste.
- A chain of family restaurants could use its mobile app to track individual patron preferences – such as dairy-free or high-protein – to prompt personalized menu recommendations and tailored offers that drive increased order value and repeat visits.
- An active adult community can use touchscreen or voice-activated kiosks that enable residents to select meals tailored to their health goals, whether they are low-sodium, diabetic-friendly or vegan, thereby easing pressure on staff during peak hours.
- In a hospital setting, patients, families and staff could order food from a mobile ordering system that delivers both the speed and efficiency needed for staff while also offering premium add-ons for visitors creating opportunities to boost revenue.

Research consistently shows that when guests are offered preference-based choices in food service, they will spend more per transaction, visit more frequently and report higher levels of satisfaction.

A 2024 study by Deloitte found that customers who were given personalized offers spent up to 50% more on average, especially when technology was used to make personalized offers based on behavior. With the North American food service market valued at $1.1 trillion in 2024, even a 10% uplift in revenue represents millions of dollars in untapped revenue for food service organizations.

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Bridging the Gap: From Insight to Implementation

SENIOR LEADERS ACROSS THE FOOD SERVICE MANAGEMENT INDUSTRY NEED TO **SHIFT THEIR FOCUS TOWARDS ENACTING A PROACTIVE TECHNOLOGY STRATEGY.**

This starts with a clear understanding of consumer preferences – not only their dietary needs, but also the kind of experiences they appreciate and the channels and devices they prefer when ordering or otherwise interacting with an organization

With this understanding, organizations can take a more intelligent approach to undergoing technology reviews. Does the current infrastructure support the customization, data capture and responsiveness that will be needed to deliver your customers' preferences?

By identifying key business outcomes – whether that is increased revenue per guest or reduced inventory waste – executive teams can establish KPIs that not

only measure performance but also shape the organizations future in the right direction.

This approach should be tailored to specific industry strategic priorities. For example, experience-focused sectors should invest in systems that dial up personalization capability while retaining strong operational performance. Those in necessity-focused sectors should prioritize efficiency ahead of personalization features. However, it is critical to avoid technology solutions that force buyers to choose between experience and operational efficiency. Blending advancements on both dimensions is preferable.

It is also important to invest in appropriate change management and training to achieve the benefits of new technology – and to minimize disruption during the transition to preference-based food service.

Evaluate potential new technologies for ease of integration and maintenance and consider rolling out in one location as a pilot before scaling up significant changes across multiple locations.

Real-time analytics are also important in monitoring the performance of new services; Be ready to address any early issues and customer feedback as you deploy new systems and ramp up your use of new preference-based dining models.

By following these steps, food service organizations can move confidently toward Experience-Driven Dining, turning the challenges of today into competitive advantages for tomorrow.

Experience-Driven Dining Excellence: A Strategic Framework

TO EFFECTIVELY BRIDGE THE PREPAREDNESS GAP IDENTIFIED IN OUR RESEARCH, FOOD SERVICE ORGANIZATIONS NEED A **COHERENT FRAMEWORK THAT ALIGNS TECHNOLOGY INVESTMENTS WITH BUSINESS OUTCOMES.**

Experience-Driven Dining Excellence provides a structure for organizing strategic priorities into three interconnected dimensions:

1 Guest-Centered Intelligence

The foundation of Experience-Driven Dining Excellence begins with comprehensive data about guest preferences, behaviors and expectations. This requires:

- Integrated technology systems that capture interactions across all touchpoints
- Analytics capabilities that transform raw data into actionable insights
- Processes for sharing these insights across operational teams, including mechanisms for measuring preference satisfaction and its impact on revenue

2 Operational Transformation

With guest intelligence as its guide, operational transformation focuses on:

- Streamlining workflows to reduce friction points that impact guest experience
- Optimizing inventory management to support preference-driven menu options
- Empowering staff with tools and information to deliver personalized service
- Creating flexible service models that adapt to changing guest expectations

3 Continuous Innovation

The final dimension ensures ongoing relevance and competitive advantage through:

- Regular evaluation of emerging technologies against business priorities - Iterative improvement of preference-driven experiences based on performance data
- Development of new revenue streams aligned with identified guest preferences
- Cross-functional collaboration to ideate and implement service innovations

This framework provides a structure for evaluating current capabilities, prioritizing investments and measuring progress toward preference-driven dining excellence.

Rather than pursuing technology for its own sake, it ensures every investment contributes to the dual goals of operational efficiency and enhanced guest experiences.

Organizations that successfully implement this framework report significant improvements in key metrics, including reduced operational costs, increased guest satisfaction, higher transaction values, improved staff retention and stronger competitive positioning in their markets.

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Future Outlook: The Food Service Technology Evolution

DIGITAL TECHNOLOGY MAKES THE DELIVERY OF PREFERENCE-DRIVEN DINING A REAL POSSIBILITY FOR FOOD SERVICE PROVIDERS, OFFERING THE OPPORTUNITY TO DRIVE EFFICIENCY AND REVENUES FOR MODERN CONSUMERS.

However, food service organizations must address the barriers to change – taking a proactive view of their technology strategy, understanding the potential value of personalization to their business, and recognizing where innovation will improve their customer experience while building greater efficiency.

As the demand for personalized dining experiences grows, data-driven offers and real-time preference accommodation will become an essential tool in attracting and retaining customers and in elevating revenue.

Advanced POS systems, together with advanced AI tools and mobile apps, can bridge the gap between backend operations and customer experiences – enabling food service operators to deliver exceptional experiences and unlock new revenue streams.

The Preference-Driven Imperative

IT IS 2025 AND **THE FUTURE IS PREFERENCE DRIVEN.**

Food service management is facing a pivotal moment and must focus on how to meet the growing demand for seamless, personalized experiences for customers whilst also answering the operational need to improve efficiency and drive profits in a fiercely competitive industry.

Leaders across food service management should focus on how technology can help them to address challenges related to operational efficiency, inventory management and skills recruitment. That means shifting away from system and data silos and a patchwork of tech tools toward unified platforms that can provide operational improvements and enhanced experiences.

The industry should urgently address its lack of preparedness – the 60% of leaders who say they are not ready for technology changes should consider the trade-off between short-term capability and long-term strategic success.

METHODOLOGY

- Online survey among Executive Decision Makers, Influencers and End-Users of technology solutions associated with key sectors of the Food Service Management industry.
- Focus on technology solutions including Point-of-Sale (POS), Inventory Management, Staffing, Mobile Ordering and Procurement.
- Sample sourced and screened through Revelocity.
- Survey fielded March 2025, among 412 North American-based Respondents.
- Survey has +/- 3.95% margin of error at the 95% confidence level.
- The survey respondents were collected from four major food service management sectors:

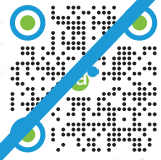| **110**	**96**	**102**	**104**
Restaurant	Higher Education	Healthcare	Active Adult Communities

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visit **www.agilysys.com**
call **+1 877 369 6208**
email **FSMSales@agilysys.com**

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Hospitality Technology to **Go Beyond**™

ABOUT AGILYSYS

The sponsor of the 2025 Food Service Management Impact Study is Agilysys. Agilysys exclusively delivers state-of-the-art software solutions and services that empower hospitality organizations to Go Beyond by maximizing Return on Experience (ROE) through interactions that make 'personal' profitable. Customers around the world use Agilysys software platforms for property management (PMS), point-of-sale (POS), spa operations, golf operations, club and membership management, amenity booking and F&B inventory management to consistently delight guests, retain staff and grow revenue and margins.

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call **+1 877 369 6208**

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