

Wendy's turns to AI-powered chatbots for drive-thru orders

May 10 2023, by Daniela Sirtori-Cortina



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Wendy's Co. will begin testing an artificial intelligence-powered chatbot next month that will talk to customers and take drive-thru orders, becoming the latest fast-food chain to employ the technology.

The system, powered by Google Cloud's AI software, will be as natural as talking to an employee and has the ability to understand speech and answer frequently asked questions, the [company](#) said.

Wendy's is one of several restaurants incorporating AI and automation to improve [customer service](#), while grappling with labor shortages. What's more, drive-thrus have surged in popularity during the pandemic, with the chain saying 80% of its customers prefer ordering that way.

This "creates a huge opportunity for us to deliver a truly differentiated, faster and frictionless experience for our customers," Chief Executive Officer Todd Penegor said in a statement.

Wendy's shares rose less than 1% at 11:24 a.m. in New York, bringing the company's advance to 1.7% this year. The S&P 500 Restaurants Index rose 13.5% in the same period.

Interest in AI chatbots from investors and the public has surged after the release of OpenAI's ChatGPT last year. That touched off a race among tech giants, including Google parent Alphabet, to push the new chatbot technology into the business world.

Opinions on what AI will mean for workers and companies vary greatly, from massive disruption to marginal change. In the view of Presto Automation, which offers an AI ordering platform for restaurants, the technology will shake up the industry.

"I don't think in three years, there's going to be a drive-thru having a human take your orders," Krishna Gupta, Presto's chairman and interim chief executive officer, told Bloomberg Television last week.

Wendy's, which is debuting its chatbot at a company-owned store near Columbus, Ohio, is trying to reduce miscommunication and mistakes by

automating the process, it said. The company declined to comment on how the technology might reduce the need for employees, though it said the system should help streamline the ordering process so staff can focus on serving food quickly.

Using AI to take orders could pay off for Wendy's because it lags peers in wait times and accuracy, according to data provider Intouch Insight. The company is also looking to accelerate growth this year as it embarks on a restructuring plan to cut costs. The chain reports first-quarter earnings on Wednesday. Recent results from competitors like McDonald's and Chipotle have beat Wall Street expectations, suggesting consumers are still dining out.

At the test location, a restaurant employee will monitor the drive-thru to make sure the AI can address all requests and be there in case a [customer](#) asks to speak with a human, according to Wendy's Chief Information Officer Kevin Vasconi.

The chatbot will have a female voice and be able to understand requested items that aren't phrased exactly as they appear on the menu. It will know that a "large milkshake" corresponds to the chain's "large Frosty," Vasconi said.

After the AI confirms the order on a screen customers can see, a ticket will make its way to the kitchen—just the same as when an employee talks to diners.

Wendy's doesn't expect the [chatbot](#) to be perfect. Its order accuracy in 2022 was 79%, according to Intouch Insight. The chain's initial goal for the AI is to boost that past 85%, which would put it on par with competitors.

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Citation: Wendy's turns to AI-powered chatbots for drive-thru orders (2023, May 10) retrieved 11 December 2023 from

<https://techxplore.com/news/2023-05-wendy-ai-powered-chatbots-drive-thru.html>

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