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Darden begins multimillion-dollar tech overhaul

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Darden Restaurants Inc. is launching a multi-year program to bring the technology used at its casual-dining concepts onto a single digital platform.

The multimillion-dollar technology overhaul will bring Darden's Red Lobster, Olive Garden and LongHorn Steakhouse brands onto a shared digital platform with its Capital Grille, Seasons 52, Bahama Breeze and Eddie V's brands, executives said during a February investors' meeting.

The overhaul, which officials said was in the early stages, includes reservations systems and initial applications such as Enterprise To Go, WebAhead/TextAhead, e-gift cards and targeted marketing programs.

"We have a very strong technology platform today, a very strong infrastructure, but, as we look ahead, in order to remain relevant we have to have an even more robust ability to interface with consumers, and even employees, digitally," Darden Restaurants chairman and chief executive Clarence Otis Jr. told analysts.

The new single platform might also include loyalty programs "across some sets of the Darden portfolio," said Darden Restaurants' president and chief operating officer Drew Madsen.

"We live in an increasingly connected world, and we all lead increasingly connected lifestyles. To maintain strong brand relevance, we need a digital technology platform that supports the guest-facing applications that are quickly becoming expected," he said.

"The platform will also enable us to capture the guest-specific information required to complement our broad-based advertising and promotion efforts with much more targeted direct-marketing and relationship-building programs," Madsen continued.

A Darden spokesman said the company would not comment further on the digital platform outside the investor presentation.

John A. Gordon, principal in the San Diego-based Pacific Management Consulting Group, a chain restaurant advisory firm, said in an email to Nation's Restaurant News that Red Lobster's and Olive Garden's customer bases skew older.

Technology improvements could help address that demographic challenge Gordon said, by bridging the gap and connecting to "younger customers who were more online, and have a higher propensity to dine out.

"I suspect that DRI digital-related sales ratios are lower than they'd like," Gordon said. "We all know that



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the ticket is higher generally in electronic transactions, and it's a way to connect before the guest drives down the street looking. And there could be some labor savings over time."

Madsen said in his presentation that Darden's digital technology platform would take several years to build.

"We plan to consolidate all our brands onto a single platform, provide full integration with our restaurant operating systems, and build the capability to capture the guest-specific attitudes, behaviors and buying patterns required to fuel our future targeted-marketing programs," he said.

Otis said Darden was looking to make an incremental investment in its current platform, "and then layer on top of that specific applications."

Some of those were to increase convenience for guests with such applications as WebAhead, and gather in-house guest information, especially among the Specialty Restaurant Group brands of Capital Grille, Seasons 52, Eddie V's and Bahama Breeze.

Darden did not want to be "held hostage" by a single external reservations system, Otis added.

An improved platform would enable Darden to target conversations with guests and employees, he said. A potential loyalty program, seen at such chains as Panera Bread, also offers the potential to give guests "whatever they think is value, whether that's the ability to jump to the front of the line on a Friday or Saturday night, or something else."

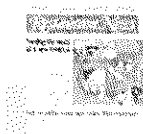
As of the close of the second quarter ended Nov. 27, Darden had a total of 1,936 restaurants.

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