



Restaurant Field Guide: Thriving in a Delivery-Driven Economy

Thanx



INTRODUCTION

The restaurant industry is unparalleled in how dynamic it is.

Forever changing, forever in flux, wildly dynamic and in constant response to consumers' needs, what was a competitive industry simply because of consumers having countless choices to satisfy their dining desires has seen a whole new competitive element change the landscape of business:

Delivery.



Accessible and easy-to-use tech, new customer behaviors and expectations for customer service and exceptional experiences are all shaking up the way restaurants work and add to the complex issue of how restaurants can not only **survive** in a [delivery-driven environment](#), but **thrive** in it.

Because with the forecasted demand for how much delivery will grow in the coming years, one thing is for sure:

Restaurants need to get on board the delivery bus, or get left behind.

With foot traffic in restaurants [stagnating](#), many have jumped on board in an attempt to replace revenue lost from dining-in. It's also served a purpose of keeping restaurants relevant and accessible to loyal customers, while acting as an opportunity to market themselves, and hopefully gain more patrons.



But, in some cases, even with the perks of incremental revenue delivery offers, the results haven't been overly thrilling:

- **Margin hit.** Most restaurants pay 10-30% of each order to the third-party ordering services that help get goods to their guests.
- **Workflow chaos.** Unpredictable and unmanageable influx of orders can cripple a kitchen and have a wide ripple effect.
- **Reputation impacts.** From restaurants overwhelmed by unexpected delivery orders to having no control over the food once it leaves a restaurant's doors, a business's reputation can quickly get tainted by so much of its power being placed in the hands of others.
- **Losing customers.** From a flubbed delivery experience to losing the data that helps restaurant owners stay connected to their most loyal guests—some customers have fallen off their 'regular' wagon—choosing other businesses to dine with. More access to more menus can mean less consistency in their patronage.

Now—take a deep breath.

Because there's hope for restaurants in the midst of 'delivery madness'. That's what this field guide is all about: offering restaurant owners and operators the insight needed to navigate some of delivery's bigger challenges and chart a course toward leveraging the popularity of off-premise dining...that doesn't cripple your business.

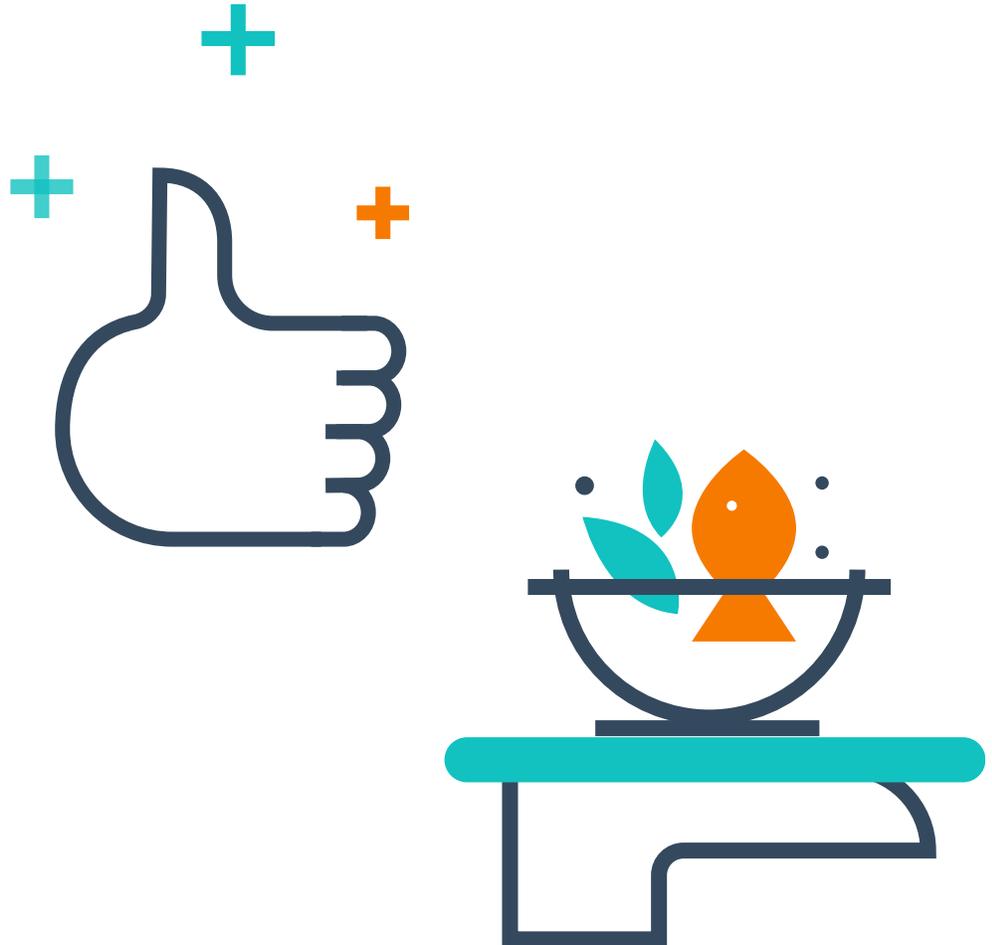
Covering three major themes in the delivery environment—Customer Experience, Data and the Bottom Line—and offering tips and tactics for how to set yourself up for success, you can use these pages as stepping stones to building a thoughtful delivery strategy that helps your restaurant win the delivery game.

The resounding echo is that it's time to take ordering and delivery online.

The mission? To find a way to do it that works for you.

Ready?

Let's do this.



THE STATE OF THE DELIVERY NATION

Here's a look at today's dining out and delivery landscape:

The Stats

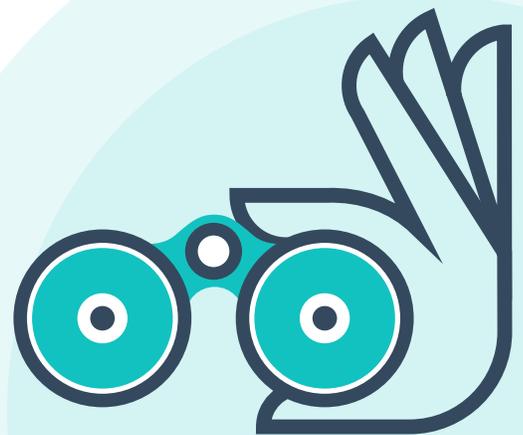
- 86% of consumers are using off-premise services at least monthly and companies are finding new, unique ways to re-shape the food ordering process.
- According to Statista, online restaurant-to-consumer food ordering revenue is already over 1.6 billion dollars in 2019 and is expected to have an annual growth rate of 7.2% until 2023.
- The average revenue per user is over two hundred dollars, and this will continue to rise as online restaurant-to-consumer ordering revenue increases over the next few years, specifically as more Millennials become parents.

To put it in perspective, restaurants who don't offer proprietary online food ordering are missing out on over a billion-dollar opportunity in an already competitive industry.

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of owners/operators say that offering delivery drives incremental revenue.



Concerned about sales cannibalization? Fear not. Data shows that, in most cases, the concern doesn't have any bearing on the business; around 60% of owners/operators say that offering delivery drives incremental revenue. And, with 1 in 4 consumers agreeing that they spend more on off-premise orders, there's opportunity for increased check averages.

The result that all these statistics point to? Incremental sales growth for operators who can provide the optimal food delivery experience.

The Systems

How restaurants are currently facilitating the delivery element of their business:

- **Online ordering.** Web-based ordering is the simple ordering process where a consumer visits a restaurant's website and places their order directly through the restaurant's website without having to place a phone call to the restaurant. Mirroring the traditional e-commerce retail check-out experience, visitors can customize their order and pay for it online.
- **Native app.** Users can download a mobile app that provides access to one, or multiple, food menus with the ability to place an order, offering a significantly better user experience.
- **Third-party delivery.** Third-party delivery companies are an outsourced food ordering and delivery system that charges restaurants and eateries for every order that goes through on their platform.

What happened to ordering via phone?

Phone ordering is not included in the list of how restaurants are winning the delivery game for a reason.

Without [online ordering](#), staff can get tied up on the phone and at the counter.

Orders taken over the phone may not be accurate, or information can easily be lost in communication. The result can be food waste and poor customer experiences that can be minimized by offering a positive online customer [ordering experience](#).

Additionally, traditional in-store ordering processes aren't ideal for customers. When customers come in, they can often feel pressure or anxiety, so they may order smaller sizes or not take the time to explore all the options. Online ordering creates a comfortable, familiar, convenient environment where customers can place their food order time and time again.

The entire in-store ordering process misses out on a lot of marketing opportunities. The inability to [capture order data and track customer spending information](#) means that only customers who know about you will come. Using customer data to stay relevant is already becoming imperative in the competitive restaurant marketplace.

Today's winning ways



Three themes emerge in looking at what customers are expecting and how restaurants can create a delivery experience that sets them apart in an already competitive industry:

Convenient. The number one benefit of online ordering is convenience. Customers can easily view menu items, order their food, and provide payment no matter where they are. They may be at home, at work, or on the go. In an era where user-friendliness is key, a simple, [streamlined ordering process](#) is favorable for consumers.

- **Fast & friendly.** Online ordering has the functionality to save the form of payment for faster checkout, store addresses for quick delivery, and even keep order history and preferences for efficient and easy selection. And, making it a friendly experience where the customer experience stays in the spotlight matters in retaining that guest, and maintaining your reputation.
- **Data.** The [data](#) and [insights](#) you gain from every online order has the potential to create a long-standing and [valuable](#) relationship with customers. Finding a way to keep every ounce of customer data sets your restaurant up for success over the long haul.

TACKLING HURDLE #1:

THE CUSTOMER EXPERIENCE

You can pour your heart into creating an exceptional brand and customer experience—and do everything to can to keep it intact [across all your locations](#).

And, unless you're planning on hand-delivering every single delivery order, there comes a time (specifically, when the food walks out your door) that you're putting the customer experience in someone else's hands. Literally.

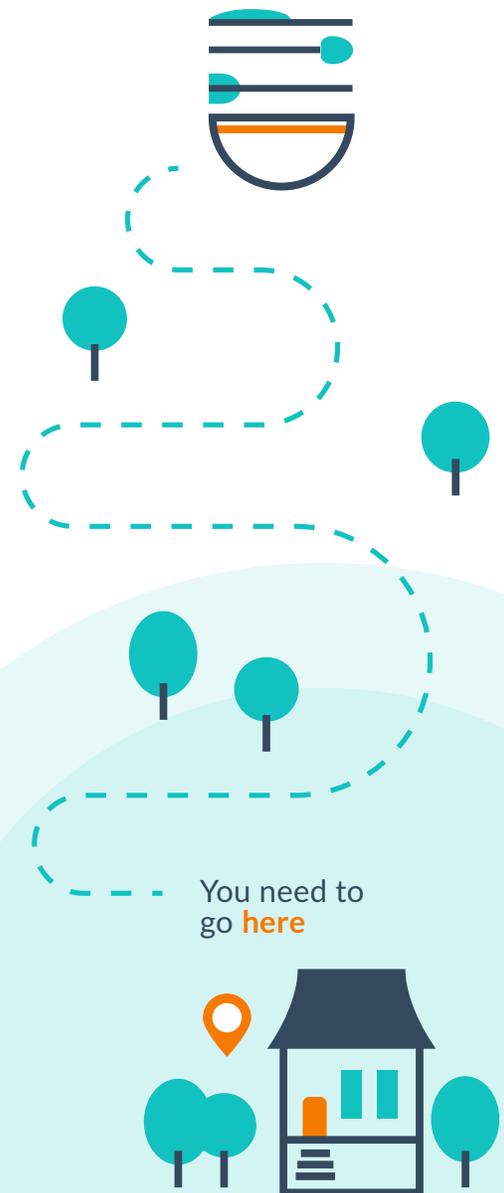
Off-premise consumption comes with its risks...regardless of how delivery is facilitated.

Traffic can hold up even your most reliable driver and food can arrive disappointingly cold. A delivery person could bring the wrong order to your customer's door while trying to knock off a couple different deliveries in the same trip. A third-party delivery person could be rude to a customer...and they immediately associate them with you and your business.

With a long list of areas where customer experience can fail, keeping as many elements of the process as close to home as possible offers the most opportunity for keeping the overall experience intact.

And, if the process is outsourced, creating touch points past the food leaving your walls for the customers to lean into should something go sideways puts the experience back in your hands.

The strategy? That the visibility, willingness and want to be connected



to your customers transcends the facelessness of delivery and creates the kind of experience you can confidently create in-store...except your customers receive it wherever they are.

Tips & Tactics to Thrive

- **Communicate.** Integrate customer communication and feedback into your delivery strategy. From printed cards or invitations asking them to send you [feedback](#) via your website or customer engagement platform, find a way to leverage the opportunity to share something, and invite customers to communicate with you.

If you've got an [online ordering](#) system your restaurant manages, step your service up a notch. If something's missing from an order, you have a chance to make it right, delight them with a complimentary dessert delivered to their door, or create a complimentary meal on their guest profile to apply next time they order.

- **Engage.** Creating a channel to engage with your customers that's direct (and personal), can help you better [understand who your customers are](#). By deploying an [automated customer engagement platform](#), you can capture robust behavioral data about each customer, like how often they come in, what they typically spend, and what they love to eat.

Getting [direct feedback](#) can happen in a flash through asking customers to rate their customer experience after every purchase. With just one tap, you'll know how a customer feels about your business. If you get a so-so rating, you can reach out to that customer specifically to fix any problem and maintain the high customer satisfaction your restaurant is known for.

- **Own it.** Often when something doesn't go right, even in third-party delivery situations, customers will call out the restaurant. **And if someone complains, own it.**
 - > No matter where the breakdown occurred, own it.
 - > Take care of the guest. Make them feel seen and heard.
 - > Offer what you can to make it right. Go out of your way for them if you can.
 - > Be willing to put their experience front and center.

Using every opportunity to [keep your reputation solid](#), and the trust that comes along with creating meaningful customer experiences, matters.

TACKLING HURDLE #2:

DATA

Discovering and retaining customer insights is an age-old practice in the restaurant world.

The TV show 'Cheers' pointed it out: 'people want to go where everybody knows your name.'

Beyond someone remembering your name, skilled servers and bartenders have been remembering [VIP](#) and regular guests' orders and preferences since they figured out the power of return and repeat customers on the bottom line.

Customer data now, with the addition of technology to the mix, gives savvy restaurant owners the opportunity to build that same kind of meaningful relationship 'regulars' have been enjoying for ages, no matter where, or how guests choose to purchase and consume their meals.

What's the big deal with data?

Data empowers restaurant owners and operators to:

- Get an intimate [understanding](#) of their customers (demographics to buying behaviors and beyond)
- Make smarter marketing decisions

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The elephant in the room is that, with third-party, we don't own that guest.”

Carin Stutz
EVP and COO
Red Robin



- Elevate the customer experience
- Build brand loyalty through rewarding your best customers
- [Retain customers](#) and keep them coming back

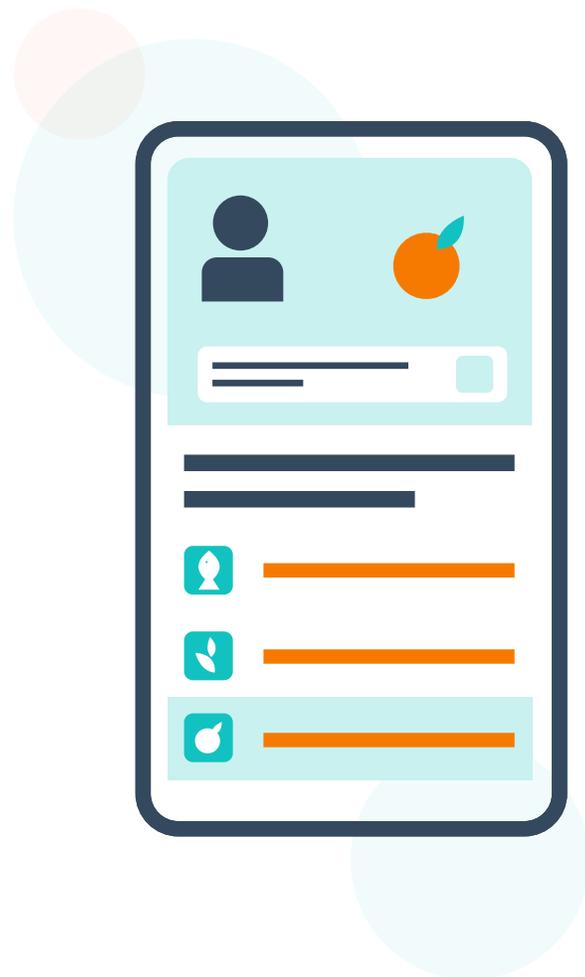
The overall intent? Provide [relevant and personalized messages and offers](#) based on the data you capture about customers.

Which is why the conundrum of [third-party delivery services](#) frustrates restaurateurs most; the fact they can only gain customer insights if the delivery service is willing to share them. And often, they aren't.

Tips & Tactics to Thrive

- **Create a database.** If you're not currently [capturing customer data](#), start now. The information in your client base offers innumerable opportunities to serve your customers with a more [personalized approach](#) and touch.

Capturing data in the delivery space is easily facilitated when you implement an online ordering system with customer profiles. Seek to gather as much insight as possible and use it in your [targeted marketing](#) and outreach efforts.



- **Own the payment (at least).** Card-linked technology works particularly well to map customer data. By [linking customers' credit cards](#) and capturing data every time customers pay, restaurant operators can gather crucial data about who their customers are, how much they're spending, and how to best keep them engaged.

Consider [accepting orders](#) through your own website/app and contracting out the delivery service but collecting payment yourself.

- **Optimize what you've got.** Whatever information you have, and however you can expand the depth of it, leverage those insights to serve your customers with [timely offers](#).

Turn every team member into that maitre'd who knows how to wow guests with personalized customer experience.

Leverage data for your marketing activities. Surprise and delight customers with unexpected perks. Create geography-specific or time-sensitive specials that draw customers into your locations.

If you're using a [customer engagement platform](#) where you have direct access to customer data, preferences, and behaviors, use that data to market to customers in a meaningful way. Ask for feedback—your most loyal fans may have some suggestions about your delivery experience that could change your game.



TACKLING HURDLE #3:

MAKE THE MOST OF YOUR MARGINS

Here's the hard truth: if you're a typical brick-and-mortar restaurant, your third-party delivery commission fees could eat up between 10-30% of each order. When it adds up, this causes real profitability issues.

Beyond the staggering fees to simply participate in some of these third-party sites, the risk of having to right costly mistakes is amplified as restaurants have no control over quality assurance or the customer experience after the food leaves the restaurant; any damage or issues sustained to the order during transport could be the complete liability of the restaurant.

Which means padding your financial plan and budgets to accommodate replacements, refunds, freebies, or voided orders.

Mitigating profit loss and managing your margins happens with more ease and accuracy when managing proprietary online ordering. The closer you can keep the operation to your business, the more control and a higher ROI you can have on the process from beginning to end.

And...the cherry on top? Your investment in marketing your own online ordering system goes back into your own pocket. **#Bonus.**



Tips & Tactics to Thrive

- **Explore solutions.** Take the time to run financial projections for what it will cost you today AND in the long run to implement third-party delivery versus an owned online ordering program. Every business is different and finding out the delicate balance before cost and profits, or incremental profits, will help shine a light on what process or system will help you win the delivery-margins game.
- **Get creative.** There are countless ways to go about creating a delivery program that works for you—and your bottom line. One might be partnering with other small businesses building their delivery services to cost-share in a delivery driver/team to fulfill your online orders.

Seek ways to implement that don't leave the complete cost on you and that create a supportive system for other small businesses in your community.

- **Use tools that incentivize loyalty.** A millennial-friendly loyalty program is a great way to incentivize customers to come into your restaurant and earn progress towards rewards. [Thanx](#) offers an app-based program (with direct [ordering](#) integrated!), where guests order directly through your own platform easily rather than looking for you on an aggregated ordering platform. This means you're making more money on every transaction because you're retaining the margin that would have otherwise gone to a delivery platform.

Add this to the fact that loyalty program members spend more, visit more frequently, and are more likely to tell their friends about your business... and it seems like a no-brainer.



BUILD YOUR DELIVERY PLAN



Bring all your brainstorming and big ideas about how to craft a winning delivery strategy into one place. A plan might look something like the template below:

- > What's the end-to-end customer experience we want our clientele to have?
- > What gaps are there in our ability to deliver on that experience, specifically in relation to delivery?
- > What customer data is important to our marketing and promotional plans?
- > What systems can we leverage to gather data?
- > What data gaps do we have today?
- > What does it cost to operate an owned online ordering system?
- > What does it cost to participate in a third-party delivery system?
- > What kind of daily/nightly customer recovery budget works for our business?
- > How are we helping guests increase their average check, and frequency of visit?

The delivery strategy that works best for our restaurant:

How we'll fill the gaps:

Customer Experience:

Data:

Profit Margins:

WRAP UP

Every restaurant owner and operator has a different strategy for how they can make delivery work for them. The tips and tactics in this guide were designed to help you leverage a growing revenue stream and serve your customers and your brand at the same time.

When it comes to filling the gaps in creating [connected and consistent guest experiences](#), capturing powerful data that can change the way you market your restaurant and offering you an engagement tool and platform that won't break the bank (like those pesky delivery charges), [Thanx](#) has you covered.

Whether using the platform to communicate with customers about their experience to managing your marketing and sending timely messages to customers who will find value in them, we pick up where delivery systems leave you in the dark, and empower you in making the most of, and thriving, in a delivery-driven environment.

Interested in seeing how Thanx can elevate your engagement and grow your business?

We'd love to [give you a demo](#).

