

PLAY 01

Maximize digital revenue

Upgrading and fully-utilizing a modern digital strategy



Approach

***Note:** While restaurants who stayed open through the crisis have been forced to embrace off-premises sales in some form or another, we know that others simply “battened down the hatches.” Post-crisis, dining out will continue to be an integral part of the American eating experience and we absolutely expect opportunities for dine-in-only restaurants (such as fine dining) to reopen and eventually return to normal, though perhaps with occupancy restrictions for some time. While many of these brands are experimenting with new off-premises offerings such as meal kits during the height of the crisis, we expect those to be near-term “band-aid” solutions rather than long-term business model changes.*

Also, some restaurants will purposefully choose NOT to embrace a future of off-premises / digital — and we agree that can be a sound strategy for the right brand; so-called experiential dining will eventually be in high-demand after months (or worse) of seclusion. But, for those who intend to embrace off-premises, we urge you not to “dip a toe in the water” but rather aggressively pursue a winning digital strategy — the playbook for it is below.

Prior to the COVID-19 crisis, an estimated 60% of foodservice occasions were off-premises², though most of those were drive-thru; for restaurants without drive-thru, off-premises represented 20% of sales. For brands who seek to serve off-premises diners, digital ordering already offered compelling benefits prior to COVID-19:

- Higher average checks (~1.5-2x dine-in)³
- Increased profitability (lower in-store impact, eliminates ordering & processing time, etc.)
- Better data capture fuels more robust, personalized engagement opportunities

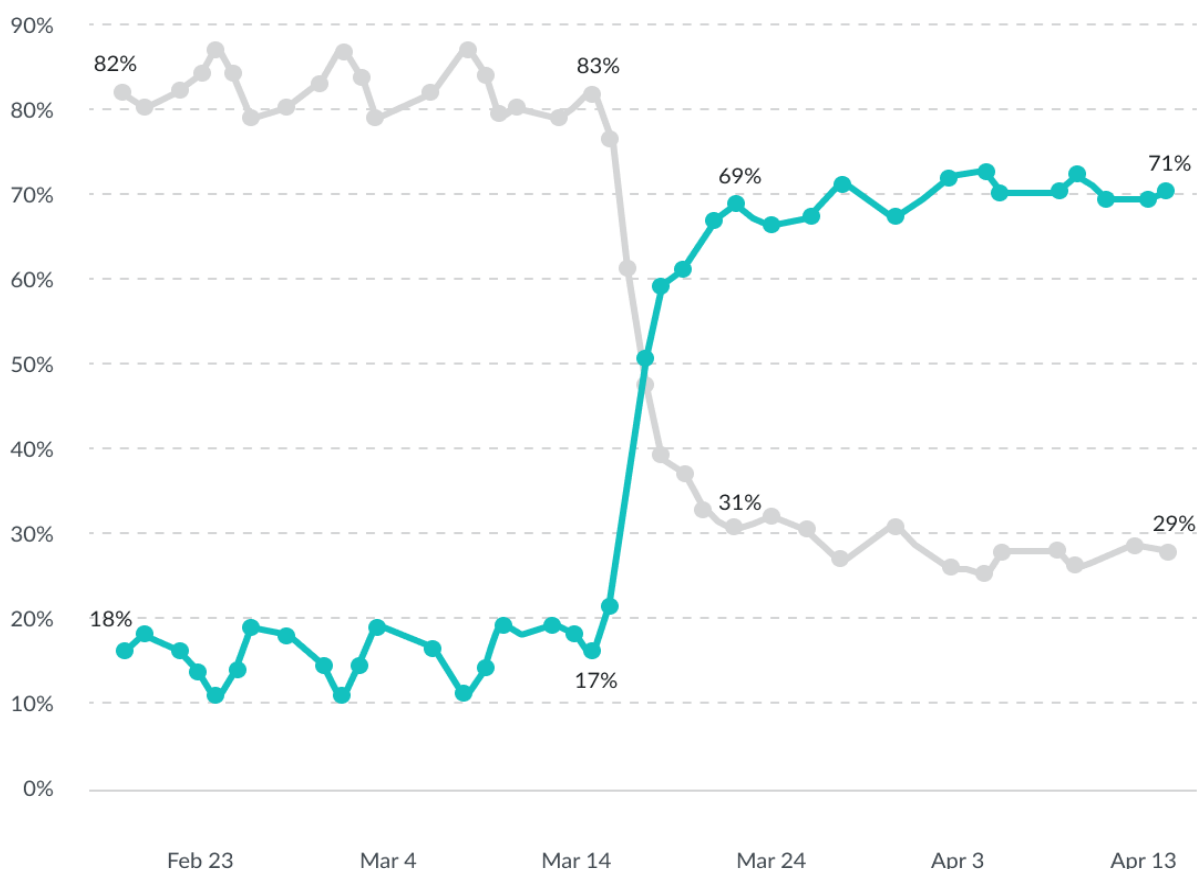
With COVID-19 shutting down dining rooms, off-premises meals now make up nearly 100% of dining occasions. Even as restaurants reopen, drive-thru, pickup, curbside, and delivery adoption are expected to continue accelerating. It's likely

²Source: [Off-premise orders reach about 60% of foodservice occasions](#), Nation's Restaurant News, Ron Ruggless, Oct 2019.

³Source: U.S. Restaurants: Table to Phone: Digitizing Restaurants, Credit Suisse, Lauren Silberman, June 2019.

the “new normal,” even after life readjusts, will feature far more prominent digital purchasing than ever before — certainly off-premises, but perhaps even in dining rooms as well (e.g. “tableside”). So now, more than ever, **enabling guests to place orders online is critical.**

% of Revenue By Dining Options



Source: [Impact COVID-19 Restaurant Insights](#). Toast, 2020.

Third-party marketplaces (e.g. Doordash, Grubhub) or “3PD” as we like to call them, offer immediate off-premises revenue opportunities. However, these providers represent a threat to your business long-term (see: [The Four Horsemen of the Restaurant Apocalypse?](#)) as 3PD orders are often unprofitable and disaggregate you from your customers. Without being able to directly re-engage customers to drive repeat visits, 3PD alone is not a sustainable digital strategy.

Implementation

Depending upon your business and what technology you have in place today, our recommendations vary. In order to provide the most relevant content, we have divided this section into three areas based on your level of “digital maturity”:

YOU
CAN
CLICK
THESE

1. None

Guests cannot order online.

[Go to Step 1a](#)

PRO TIP: if your only option for guests to order online is redirecting them to a third-party, like Grubhub, you are at Step 1. And also, stop that! These are your customers – Don't give them (and your margin) away to the 3PD marketplaces.

2. Basic

Guests can order online but haven't integrated first-party ordering with CRM or loyalty.

[Go to Step 1b](#)

3. Advanced

Guests can order online with good data capture into a CRM; integrated loyalty creates incentives for repeat purchasing.

[Go to Step 2](#)

STEP 1A.

Invest in first-party digital ordering

The landscape of available solutions for first-party ordering is highly fragmented and difficult to navigate. The following are key considerations for selecting a partner and ensuring your experience will actually result in meaningful online ordering volume.

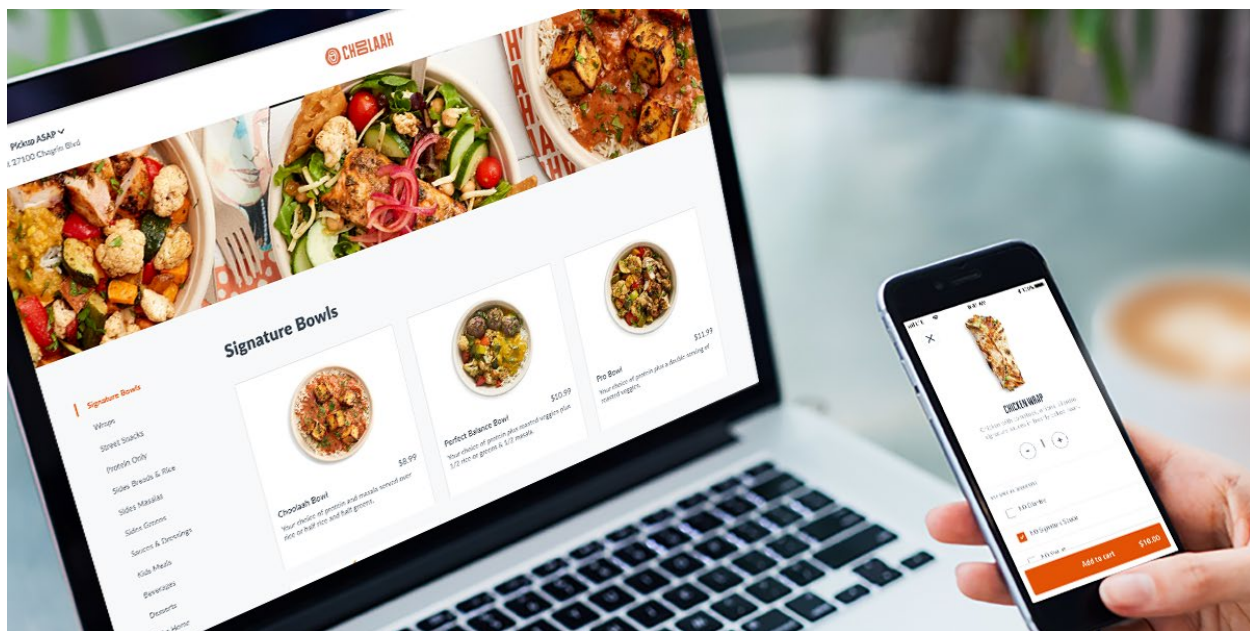


Image: Choolaah's first party ordering experiences, powered by Thanx.

User Experience:

The #1 driver of online orders will be your website. Even brands with a mobile app should expect to see more than 80-85% of orders come from the web. Every ordering provider offers a web-based interface but your results will differ greatly based on the quality of that experience. Some key considerations (ranked by importance):



Responsive site:

With so many devices available on the market, it's impossible to build a web ordering experience for every single available device. Responsive web design eliminates the need for the web experience to be designed and implemented for each new gadget available on the market. With a responsive site, customers can place an order on desktop, laptop or iPad and the website will automatically respond to the user's device.



Ease-of-use / user experience (UX):

Most consumers are now familiar with the ease-of-use of third-party providers such as DoorDash and Uber Eats — their apps and websites are intuitive, feature large appetizing images, and load quickly. They remember your payment credential and address and often offer “one-click” reordering — generally, what you'd expect from a modern e-commerce website. Avoid these common pitfalls to decrease basket abandonment:

DON'T: Ask for too much information up front.

DO: Put your menu first with large, high-resolution food images.

DON'T: Distract your customer with brand promotions.

DO: Put your customer first, with ordering front-and-center.

DON'T: Ask your customer for the same information every time.

DO: Require account creation to capture data and make reordering frictionless.

DON'T: Fail to mention what makes your experience safe.

DO: Make it easy for customers to request “contactless” delivery.



Branding:

Often found too high on the priority list (e.g. do not sacrifice ease-of-use for a “custom,” highly branded solution), your ordering experience should look and feel consistent with how your customers experience your brand in other arenas. Showcase your food imagery, align your color palette, typeface and iconography — ideally, you want a partner that allows this level of flexibility without a “custom” build out (which costs a lot of \$\$\$).



Mobile application:

In our experience, a mobile app that offers nothing more than ordering functionality is not worth the investment — consumers can order through your website as long as it’s responsive. More sophisticated apps, such as those with loyalty and customer feedback are more likely to be downloaded by your best guests. Having an app makes reordering easier for those who keep it on their phone and gives you an additional, real-time guest communication channel (e.g. push notifications — though don’t abuse these or consumers will turn them off permanently).



SSO:

When the developer of the app is different from your online ordering vendor, single sign-on (SSO) is critical to ensure a seamless user experience for the guest. SSO allows consumers to login once and provides you a single account for each guest versus piecing data together from disparate systems.

HEADS UP: Learn more about Thanx [mobile](#) and [web ordering](#).

Different Types of Digital:

While all online ordering providers offer Pickup support, there are other ways consumers can interact with your brand through a digital platform: white-labeled Delivery (aka “Dispatch,” Curbside, and Tableside). It’s worth noting that not every online ordering system supports these experiences.



Delivery:

Instead of relying on third-party marketplaces, training customers to order delivery directly through you offers a number of considerable advantages. Ticket size on delivery orders tends to be higher (up to 2x the average pickup order) which means the ~30% charged by the 3PD marketplaces is often significant. Delivery fees for first-party-initiated orders are fixed which locks in significantly higher margins, especially on large orders. But, just as important, all orders initiated through this channel can be captured in your CRM for future remarketing (3PD-initiated orders are anonymous). White-labeled delivery functionality is often called “Dispatch” after Olo’s product offering which takes delivery orders initiated on first-party channels (such as your website) and facilitates them via one or more delivery logistics services. Alternatively, you can fulfill delivery orders with your own drivers.



Curbside:

Curbside is differentiated from Pickup in that it does not require a guest to enter the restaurant — by allowing guests to enter information about their vehicle (e.g. license plate), staff can bring food to the correct vehicle (or walk-up guest) with minimal interaction.



Tableside:

Tableside allows a Curbside-like experience but with delivery to a specific table inside the restaurant, allowing guests to order via their own phone (or tablet, though we expect these to disappear in a post-COVID restaurant world). The key benefits here are reduced staff interaction, eliminating queues which put guests in close physical proximity, and all the other advantages of digital: higher order volumes, faster turnover, more data, and lower cost to service.

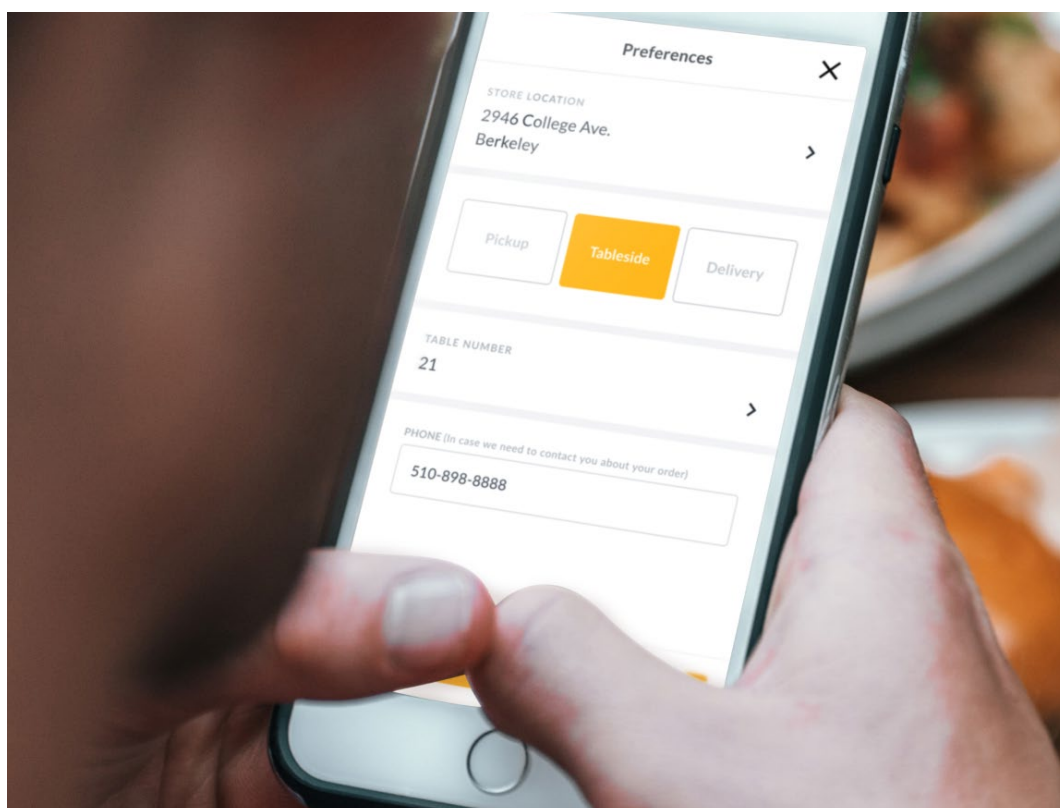


Image: Tableside service. Powered by Thanx. Coming soon!

HEADS UP: Thanx [mobile](#) and [web ordering](#) supports all four types of digital purchasing.

Point-of-Sale Integration:

A key differentiator across online ordering systems is the relationship with the point-of-sale (POS), which comes in three flavors:

- POS Add-On (an add-on from your POS provider)
- Standalone Ordering (orders are sent to the restaurants via separate hardware, e.g. tablet)
- POS-integrated Ordering (separate vendor from POS; orders are routed directly into POS)

In some limited circumstances, it may make sense to use a POS Add-On for ordering; these can be inexpensive and quick to launch depending on the provider. However, generally, these offer lackluster user experiences and lack most functionality outlined in this section — the result can be a frustratingly unsuccessful foray into digital. In almost all circumstances, we recommend against using an ordering module provided by your POS unless they offer modern APIs and are paired with a custom-built user experience that “sits on top” of the ordering “pipes” provided by the POS (exceptions noted below). In that case, POS ordering modules can function like POS-Integrated options outlined below. This leaves the remaining two options:



POS-integrated:

The premier ordering technologies route digital orders directly into your POS — the leading example here is Olo. These integrated systems do not require any additional hardware and make order and menu management much more straight-forward. You generally benefit from already-negotiated processing rates and do not need to retrain staff. You pay more for these offerings and they tend to take longer to implement. They are also generally able to be integrated into loyalty programs, CRM, and custom-built applications.



Standalone:

Standalone systems are not integrated into your POS, so implementation is much quicker and easier — leading examples are ChowNow and Toast Now (launched recently by Toast, and does not require their POS). The primary drawback is that orders do not flow directly into the POS, requiring additional hardware (generally a distinct tablet). This means orders must be manually entered into your POS and menus and inventory must be kept up to date in multiple systems. While these solutions can be set up in a matter of days and tend to be much cheaper, they do not typically integrate with loyalty programs and CRM. As a result, rewards do not work seamlessly and separate customer databases must be maintained.

PRO TIP: Many vendors are currently offering their ordering products for free during this period. Be sure to read the fine print to understand your long-term contractual obligations.

CRM & Loyalty Integration:

Perhaps the biggest advantage of a more sophisticated (generally POS-integrated) ordering solution is the opportunity for loyalty/CRM integration. While we're likely biased, we believe this integration is critical, long-term functionality (note: rarely, for "time to launch" reasons only, Thanx may recommend Standalone solutions, but only as a short-term "band-aid"). If you cannot understand purchase behavior, create incentives for repeat purchasing, and remarket to those customers down the road, you are missing out on the primary advantages of a digital model — you will ultimately get "lapped" by others who are taking advantage of this new bounty of data. Some online ordering solutions offer light-weight, built-in marketing tools — a full-featured CRM and marketing automation tool goes beyond the basics, offering targeted marketing based on frequency, LTV, average spend, purchase history, and more.

PRO TIP: We strongly recommend eliminating the option of “guest checkout” — Reminder: Amazon doesn’t allow this; Neither does Doordash. They, understandably, prize customer data — only by eliminating guest checkout can you ensure that 100% of customer data is captured. We have found, over the long-term, this results in **more orders, not less** and guests benefit from the convenience of saved information, making them more likely to re-order.

Ideally, rewards should be seamlessly integrated into the ordering experience, which:

- Enables redemption of rewards online
- Ensures a consistent rewards experience online and offline
- Creates a strong incentive for your customers to order from you directly

Other Considerations:



Implementation Timeline:

Online ordering services can take anywhere from 24 hours to six months or more to set-up. As noted in the POS-integration section, standalone providers usually take days, whereas POS-integrated providers can take months. The benefits of POS-integration is significant, so it’s worth considering both your short-term and long-term strategies.



Pricing:

Subscription solutions tend to be cheaper at high volume, charging a fixed amount per month — most Standalone services price this way. Variable pricing models charge a per order fee.

THANX RECOMMENDS:

- 01** If you have nothing today, select a turnkey online ordering provider that does not require integration with your POS to get up and running quickly. **This solution is a stop-gap measure so you can start offering basic ordering service and seeing near-term revenue.**

Examples: [ChowNow](#), [Toast Now](#), [GloriaFood](#), [To Go Technologies](#), [Bbot](#), [MenuDrive](#), and many more).

- 02** In parallel, select a POS-integrated ordering provider. **If you plan to offer ordering post-crisis, this solution will allow you to optimize ordering long-term and maximize online revenue.**

Examples: Olo, Brandibbble or a “next generation” POS provider with modern APIs for their ordering such as [Qu](#) or [Toast](#) that offers CRM integration ([see Step 2](#)).

STEP 1B.

Integrate online ordering with your CRM and loyalty program

Integrating digital ordering with CRM and loyalty allows you to incentivize direct purchases, build a database of guests who make purchases online, and re-engage those customers with targeted marketing based on past purchase behavior.

More personalized marketing drives a higher (~3-5x) return on investment (ROI) allowing your marketing dollars to work harder for you. Unfortunately, this is often not possible with so-called Standalone solutions, forcing you to upgrade to a POS-Integrated offering in order to take this leap ([see Step #1a](#)).

Specifically, there are a number of benefits to integrating ordering with your CRM and loyalty program.

Benefits

FOR YOUR GUESTS:

- Enables redemption of rewards online
- Ensures a consistent rewards experience online and offline
- Allows brands to send appealing offers, targeted specifically to you based on past purchases

FOR YOU:

- 100% enrollment of customers into your known customer database
- Targeted marketing based on channel and past purchase behavior
- The ability to create a strong incentive for your customers to order directly from you

PRO TIP: Any sophisticated consumer experience will use single sign-on (SSO). As mentioned above, SSO allows a single user authentication across multiple accounts so that guests don't have to log-in multiple times (e.g. into an app and, separately, into ordering, or into an ordering website and, separately, into a loyalty program). This improves the guest experience and ordering conversion rates and, thus, means more revenue.

STEP 2.

Make direct ordering compelling

With a mature first-party ordering experience you'll have the option of using third-party sites as a secondary acquisition channel... or turning them off entirely. But first, you **must differentiate your first-party offering** so customers are compelled to order directly.

Why? When your customers order directly, you:

- Avoid high commission fees and achieve higher margins
- Capture vital customer data essential to driving repeat visits
- Avoid forcing your customers into a channel to be intercepted by competitors

What follows below is a proven recipe for winning back control of your digital customer in the era of third-party marketplaces.

Create economic incentives to order direct

There are two ways to make it more cost effective for customers to order direct: 1) offer loyalty rewards for direct digital purchasing and 2) raise prices on third-party sites by 20-35%. The first is self-explanatory; consumers do not earn rewards via Doordash or UberEats — use this to your advantage and promote it. Some ideas to consider, if you want to supercharge adoption via your loyalty program, include:

- First-purchase discounts or free items to drive trial of your most popular products
- Double loyalty points for online purchases
- Free delivery

“Taking price” is a more controversial approach; we don't think it should be. After all, you're losing money on many 3PD-initiated orders. At Oath Pizza, and for many

other brands nationwide, they've increased prices on third-party sites with no noticeable impact on demand or price value concern from their customers. Regular delivery customers tend to be less price-sensitive and choose convenience over cost.. In fact, third-party delivery contribution to revenue soared — and did so profitably. In the [next section](#), we offer specific recommendations for promoting a low-price guarantee.

HEADS UP: Check out how Oath Pizza deployed a sophisticated digital strategy with Thanx to combat the COVID downturn in [“How Oath Pizza Embraced Digital and Turned Delivery Profitable: A Case Study in Restaurant Digital Marketing and the Power of Direct Customer Relationships”](#).

Promote exclusivity for direct customers:

People crave status, not just low prices. So, give it to them by offering exclusive menu items only available on direct channels. One simple way to do this is to offer only a limited menu on 3PD sites; to get your full menu, customers have to order directly. A great example of a business doing just that is Chipotle; orders made through Chipotle's website or app have more customization options for diners.

The more aggressive option is to create menu exclusives that aren't even available in-store — think LTOs for direct digital orders. Chipotle has also adopted this approach, having rolled out queso through its website and app before it hit the stores.

For more details on how to use incentives in your promotions, skip forward to [Step #3](#).

Cut them off (the third-party apps, that is)

Promotions are expensive so it's essential to spend those precious dollars on the highest value channels. While free delivery and other promotions on third-party marketplaces can generate more impressions and one-time purchases, the return

on investment (ROI) of those promotions is rarely justified as you're unlikely to capture repeat purchases. Alternatively, spending your marketing budget on first-party ordering can unlock a customer's full lifetime value (LTV). Don't train your customers to go to a third-party service instead of your website or app, as doing so places hundreds of alternative options right in front of their noses.

PRO TIP: If you have buttons on your website linking to third-party ordering pages, delete them today and replace them with phone numbers to call the store until you have your own digital solution in place even if you don't offer delivery. As a rule of thumb, if you are linking to another site that asks the customer to log-in, you are voluntarily giving customers to competitors. Also, stop promoting third-party delivery services on social media; there is a reason why they are so adamant. It's free marketing...for them!

For these reasons, you should largely **avoid** promoting third-party delivery unless your third-party provider can **prove** to you those sales are incremental (to our knowledge, data sharing relationships like these are few and far between) or they have agreed to an exclusive partnership with more tolerable commissions fees.

A more aggressive approach, once you have a mature digital offering, is to delist from the sites entirely.

STEP 3.

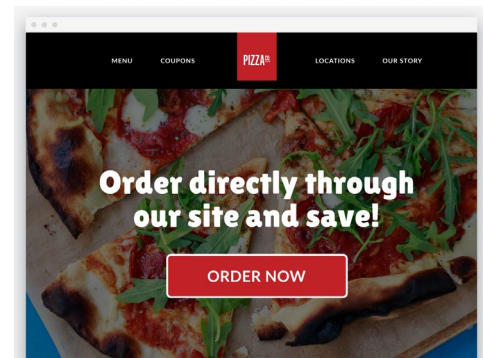
Promote direct ordering

It's not enough to simply offer direct online ordering — customers actually have to use it. This is where deep CRM/loyalty integration pays off. Now, it's time to get the word out.

3a. Promote ordering on your website, email, social media and mobile app

Owned channels, including your website, email list, social channels, and mobile app are always the lowest cost. We recommend putting a “Order Online” call to action (CTA) in the main hero of your homepage and — of course — removing all third-party delivery promotional references from the site. Update Google and other public listings for your business to include your direct ordering link instead of third-party links — this includes the big blue “Order Online” button Google displays on your business profile.

If you have a mobile app, make your ordering service the first thing your guests see in the app. Use push notifications and in-app banners to promote incentives that can be redeemed online to encourage orders.



**YOU
CAN
CLICK
THESE**

HOW TO GUIDE:
Set-up in-app notifications
(broadcasts)

HOW TO GUIDE:
Set-up in-app banners (Olo
customers only)

PRO TIP: You can remove *some* of the links to third-parties on your Google My Business dashboard. Learn more [here](#) or work with a tool like [Yext](#) to keep your online identity clean.

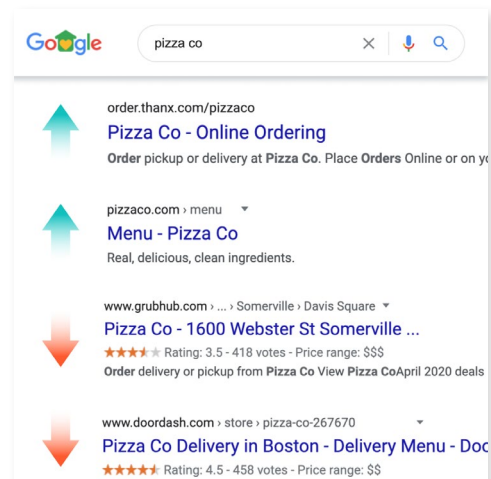
3b. Promote ordering on packaging

Promote your direct online ordering on all packaging, especially third-party delivery, takeout and curbside service packaging. Communicate the specific benefits of direct ordering on bags, receipts, to-go boxes, napkins, A-frame signs, POPs, table tents, and pick-up shelves. Pair promos with a web link to sign-up for wine pairing suggestions or heating instructions to help customers get more value out of your product.



3c. Own your Google keywords around ordering

In 51% of diner searches, consumers search for a specific restaurant by name but the listings returned on Google are commonly those of third-party delivery providers⁴. Third-party delivery providers use paid search and predatory search engine optimization (SEO) techniques to intercept customers seeking to order directly. Don't let a customer search for your business **by name** and get **diverted to a third-party marketplace**.



PRO TIP: Many brands have [negotiated non-competes](#) into third-party contracts to forbid ad buys by the third-party marketplaces that compete with your listing. Whether that works for you or not, use your trademarked brand to protect your search traffic from third-party marketplaces. And, if necessary, bid on your primary direct ordering keywords — such as “Pizzeria Locale order” to ensure your ranking supersedes third-parties listings.

STEP 4.

Maximize revenue from direct ordering

Steps to maximize revenue from direct ordering:


- Let customers know about the benefits of ordering directly
- Encourage guests to place their “first order”
- Maximize results by following up with customers that don’t respond

4a. Let customers know the benefits of ordering directly

Ordering directly from the restaurant allows guests to take advantage of all of the benefits outlined in Step #2. This includes the low-price guarantees, special online-only rewards, and menu exclusives defined in the previous step.

Messaging tips:

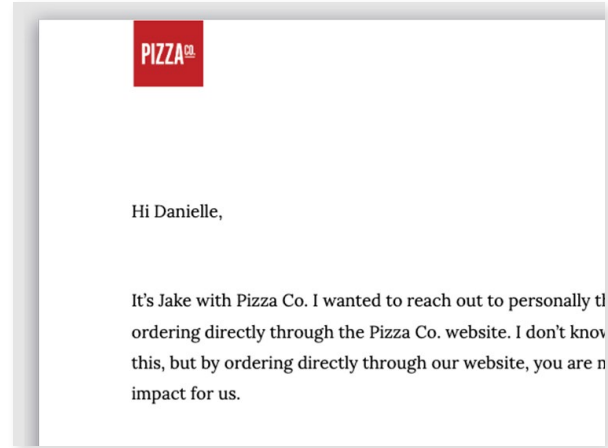


 **primepizzala** Did you know that online delivery sites like Postmates and Grubhub charge restaurants 20-30% per order? For us that breaks down to \$8 per delivery on avg. That's ON TOP of what they charge you! If you love local/independent restaurants and want to support them there is a VERY easy way to put more money in their pockets: pick up the phone and call them or order directly through their website. Some restaurants (like us!) offer their own online ordering with free delivery within a certain zone, but even if they don't they will often have links on their sites to their delivery partners. Orders that come in through those links are subject to much lower rates, and sometimes they are free! #orderdirect #themoreyouknow #psa

Make it educational: Most customers don’t know that ordering through DoorDash or Grubhub costs the restaurant more margin.

Source: Prime Pizza LA, [Instagram](#), May 2019.

Be genuine: For example, share a heartfelt note from your CEO explaining why first-party delivery is better for you and other restaurants.



Showcase safety: Reinforce the precautions you are taking in a unique way.

Source: PINCHO, [Instagram](#), March 31, 2020.



4b. Get guests to place the “first order”

The hardest part about encouraging customers to order directly is getting them to do it the **first time**. Once they place that first order, those customers are significantly more likely to order again. What’s more, online customers are less likely to churn and tend to spend more on 1.5-2x more average than in-store only customers. This suggests, if you can get an in-store guest to purchase online, you can make a lasting change in their overall visit frequency. So how do you get your guests to place that first order knowing **that once they do, they will forever be more valuable to your business?**

Survey data from Credit Suisse shows that free delivery, delivery exclusive discounts, and loyalty rewards are the most effective ways to drive delivery

growth⁵. In fact, 65% of customers indicated that free delivery would incentivize them to order delivery more often. Loyalty and rewards were especially important with younger consumers. 54% of those aged 18-29 indicated that loyalty rewards would increase their likelihood of ordering. While the survey data applied to delivery intent only, special discounts and loyalty rewards are also likely to increase purchase intent with curbside and takeout services.

Unfortunately, rewards and “free delivery” can be expensive which is why we don’t recommend “spray and pray” discounting such as “free delivery for all.” Specifically, we recommend targeting incentives at customers with:



Higher engagement:

Customers who have been active more recently are far easier, and cheaper, to inspire to make a purchase than those that are dormant.



Higher lifetime value:

Not all customers are the same. In fact, your most profitable customers are just a small portion of your CRM, yet represent a massive amount of revenue. You should do everything you can to retain them.



Mobile app customers:

Your guests who download your mobile app tend to be highly engaged with your brand. By marketing incentives on your mobile app only, you can guarantee only known customers receive discounts.

Once you’ve identified which customer segments you want to engage, the next step is to build your targeted campaigns. We recommend keeping track of the results in the campaign planner so you can measure campaign effectiveness.

HOW TO GUIDE:
[Create a targeted campaign](#)

EXPERT MODE

It can be difficult to know what incentive will work best at driving a particular behavior within your customer base. To reduce unnecessary expense, we recommend iterative testing of incentives. Specifically, we recommend “Progressive Campaigns” which start by targeting guests with a small incentive and progressively increase the value of the incentive with each message.

Guests who make a purchase, will no longer receive additional messages. An ideal progressive campaign culminates with incentivizing the maximum value a consumer from the segment is worth. This way you only give the maximum incentive to the fewest number of consumers. Based on the campaign results, future campaigns can be automated to reduce effort.

[View the Campaign Planner](#)

HOW TO GUIDE:
Available incentives

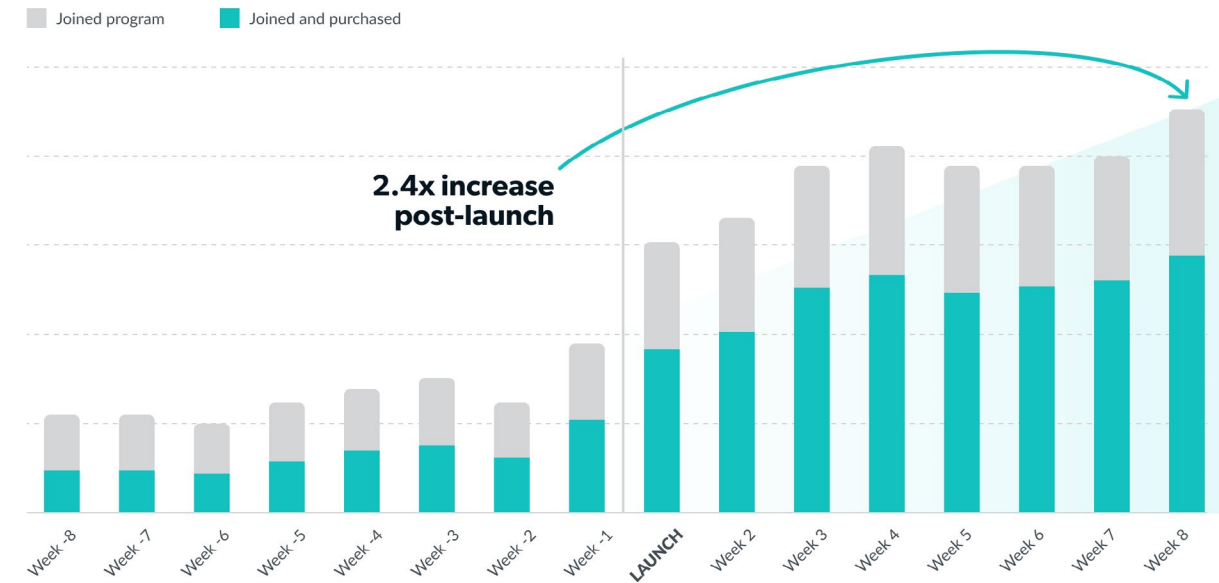
Measure your success

As with any new channel, the number one measure of success is revenue. However, there are other metrics which offer leading indicators of digital success including:

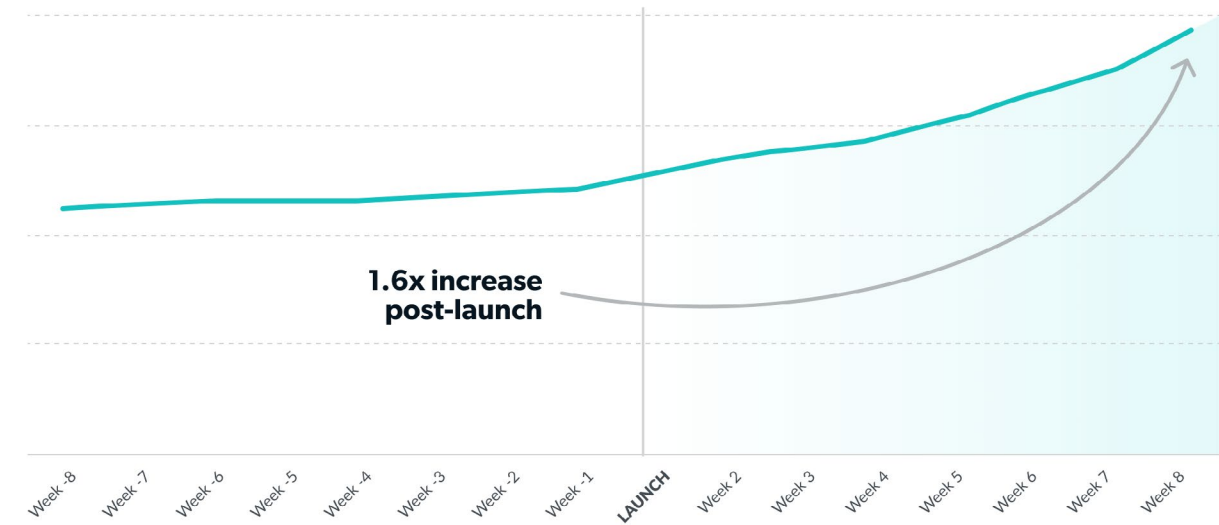
- What percentage of customers have made a digital order?
- How many online customers turn into repeat purchasers within 60 days?
- How does the growth rate of first-party orders compare to that of third-party?

Here are some examples:

Loyalty enrollment conversion before and after the launch of Thanx ordering



Average active customers before and after the launch of Thanx ordering



The most important metric for cross-platform measurement is profit margin. Tracking the bottom line by channel will help understand overall return on investment (ROI) and make it obvious where you should invest your resources. Evaluating the breakdown can also help you further optimize your menus, prices, and rewards across channels.

Here's an example of how things might break down:

		Q1 2020		
		3PD \$	1PD \$	Total
Total Revenue	Ordering \$	\$2,000,000	\$2,000,000	\$4,000,000
	Orders	57,143	89,888	\$147,031
	Average check	\$35.00	\$45.00	\$27.21
	% revenue	50%	50%	
Cost	Commission %	30%	5%	--
	Other costs	\$1,200,000	\$1,200,000	\$2,400,000
	Total cost	\$1,800,000	\$1,300,000	\$3,100,000
Metrics	Profit	\$200,000	\$700,000	\$900,000
	% profit	10%	35%	

[Try the Digital Profit Worksheet](#)

"Our focus on digital over the past year has provided the critical foundation to survive in this challenging environment. Had we not had our strong digital platform, we'd be relying on in-store marketing, which doesn't currently exist. Instead of implementing digital tactics at the baseline and for an added cost, we are maximizing existing channels and pivoting to meet consumers where they are in the environment that exists today."



Stacie Colburn Hayes
CMO @ **Oath Pizza**

