

How to Balance the Challenges and Opportunities of Off-Premise Dining





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Introduction

Off-premise dining has grown exponentially over the past few years. While the loss of on-premise dining may cut into restaurant sales, off-premise dining can offer an opportunity to boost revenue for savvy restaurateurs.

Hungry U.S. consumers order **1.7 billion meals** online for delivery each year, with at least **86 percent** dining off-premise at least monthly. In addition, food delivery is projected to grow by **12 percent annually** over the next five years. Interestingly, the takeout and delivery boom can be seen across all dining segments, though it is most popular with **users ages 18-34** who are in the habit of ordering in or picking up their food.

Why is the restaurant delivery trend growing so rapidly? Changing work environments, for one. **Forty-three percent** of employed Americans report that they work remotely at least part of the time, with the number of people working from home multiple days per week rising significantly. As workers shift away

from reporting to an office five days a week, for example, they may be eating lunch out less often, frustrating steady lunch businesses near commercial areas. Off-premise dining, however, is one way owners can start to win that business back.

Changing family routines — more after-school activities crunching family time, or the desire to lounge rather than cook while at home, for instance — and the **convenience offered by mobile ordering options** play a role as well.

Read on to learn about how to appeal to customers' preferred method for placing delivery or takeout orders, challenges you may face when offering food delivery, and the advantages to adding or enhancing existing delivery service at your restaurant.



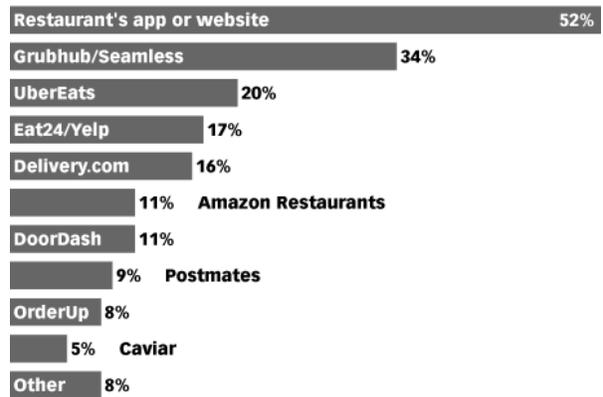
Chapter

Changing customer expectations

More than half of all restaurant delivery orders are now coming from a restaurant's own app or website, with **52 percent** of all consumers choosing this method. When you think about it, the uptick in ordering food this way makes sense. No one is waiting for you to quickly make up your mind at a counter, or potentially judging your choices (so maybe you're more confident ordering that extra side of fries). The anonymity of an app or website experience, combined with convenience, are major factors behind the explosive growth of off-premise dining.

However, while offering enhanced ordering and delivery options can result in an increase in your bottom line, it's critical to ensure that customers receive the same level of service they would if they dined in, and that their food arrives in a safe and timely manner.

Restaurant Delivery Services Used by US Internet Users, May 2017
% of respondents



Note: ages 18+; in the past year; among those who have ordered restaurant delivery online during the past year
Source: Cowen and Company, "Survey says 'Dining In' Is the New 'Dining Out'," July 12, 2017

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Here are **three challenges and three opportunities** to consider before you add or expand your food takeout or delivery services.



Chapter

Challenges

Challenge #1: Maintaining integrity

Being able to keep food presentable as it leaves your location — and your immediate control — is a major challenge for most restaurants, particularly given the rigors of car travel, traffic, and the potential for delivery delays. Keeping it hot (or cold, as the case may be) is even more difficult. Bottom line — if a dish simply can't survive the trip, don't offer it for delivery.

Training your staff on proper packaging procedures — keeping hot and cold dishes in separate bags and making sure one dish doesn't end up crushing another — is half the battle when it comes to what you do send out the door. The other half is investing in **containers** for takeout and delivery orders that are both sturdy and secure.

Your customer service must also meet the same high standards you follow for guests dining at your restaurant. This means being responsive to complaints, managing orders the same way as those placed in your restaurant, and setting expectations on timing that can be met consistently.

Finally, be sure you put as much thought and time into hiring delivery drivers as you would servers. If a customer orders digitally, the drivers are the only human interaction guests will have with your brand, so those impressions count.

Challenge #2: Exposure from third-party services

Unfortunately, you may not be fully in control of how people perceive your brand during

the delivery process. The rise of third-party restaurant delivery services has benefited many restaurateurs' operations. However, many restaurant owners still prefer to **hire their own drivers** to ensure food deliveries meet company standards.



But what happens when you didn't contract with a third-party delivery service — and they're delivering your food anyway?

There is a growing number of third-party services that are placing orders on behalf of customers and acting as an invisible middle man between restaurants and consumers. While these delivery companies can help drive sales for your restaurant, they could also harm your reputation. That's because **44 percent** of consumers who have a bad delivery experience blame the restaurant, even if a third party handled the physical delivery of the food. In addition to potential harm to your reputation, these companies pose other risks. If a delivery person neglects to follow proper safety protocols for food delivery, hurts a

customer, or damages customer property, your restaurant might face a backlash or even a lawsuit, regardless of whether the driver works for you.

If you think there are companies delivering your restaurant's food without your permission, how do you address it? Start by keeping an eye on complaints coming in from customers that you can't track to an in-house delivery order number, and have your managers watch for oddly frequent but inconsistent orders from the same customer, particularly if they always seem to be in a rush.

Challenge #3: Adjusting for bottlenecks

With every business model change, come operational adjustments. It's inevitable that a rise in delivery orders may produce conflict in your kitchen if you're not set up to accommodate the unique needs of delivery orders. Having a distinct staging area for delivery or takeout, and — if business warrants it — an entirely separate line for food preparation can eliminate bottlenecks and keep both sides of your business running smoothly.

It's also important to provide training for staff so they understand how to manage the influx of orders from multiple sources. If possible, designate specific staff members to oversee and expedite all takeout and delivery orders while the rest of the kitchen focuses on the orders coming from the dining room.



Chapter

Opportunities

Opportunity #1: Opening up new revenue streams

The financial advantages of expanding restaurant delivery service often outweigh the costs. Revenue from food delivery has grown 20 percent over the last five years, while the number of deliveries has increased 10 percent according to a [report](#) by the NPD Group, a market research company. In fact, [half of all consumers](#) (and 67 percent of millennials) say whether or not a restaurant offers delivery plays a major role in their dining choices.

Look at your competitors, both in your segment and not, to see how their delivery and takeout functions. If you are seeing fast casual restaurants pick up speed in your area, even if your establishment is quick service or fine dining, you may need to adopt some of

their best practices to compete effectively for customers — especially if there is flat or no growth in your community.

Opportunity #2: Adapting to changing consumer habits

It's critical to understand that traditional forms of engaging with restaurants are expanding, and consumers have expectations you can either choose to meet, or not. This is especially true for customers under age 35. Restaurants that don't offer delivery service may not even be on their radar as this is a service they expect and seek out.

Offering easy-to-navigate online ordering options will enable your restaurant to stay ahead of that curve, helping you to grow your business, and build a loyal clientele.

Opportunity #3: Expanding your brand's reach

Your delivery and takeout services offer a prime opportunity to promote your restaurant. Make sure to include your logo, name, address, and telephone number on items such as bags, napkins, menus, and/or packaging. This will reinforce your brand in customers' minds so they think of your restaurant first the next time they want to order in. And, of course, always include a menu with the order so they reach for it next time they're hungry.

Another way to get your food in front of hungry consumers is by partnering with third-party services. While there are some hurdles to overcome with third-parties, as we discussed earlier, they can also serve as an additional marketing platform for your restaurant. Major third-party delivery services can expose your business to thousands of potential new guests, some of who will hopefully become loyal customers who order your food — and dine in.





Want to learn more about how Rewards Network
can help your restaurant grow?

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