



Harnessing Technology to Drive Off-Premises Sales

With the hype around delivery, takeout, curbside and drive-thru innovation continuing to build momentum, supporting off-premises foodservice occasions in today's on-demand environment is becoming a must for operators, while creating both opportunities and challenges.

This white paper will examine factors driving the growth of key off-premises channels and explore how operators of all sizes are harnessing technology to both drive and manage off-premises sales.

Key objectives of this study were to:

- Understand the consumer priorities and need states propelling off-premises growth
- Learn how operators are addressing these challenges to drive off-premises sales increases
- Find out where operators are investing in front-of-house, back-of-house and customer-facing technology and which technology innovations are considered important, as well as hesitations or barriers to making these investments

- Discover consumer likes, dislikes and the features they consider most compelling in technology innovations

Technomic developed this white paper exclusively for the National Restaurant Association to provide its members with data and insights into these changing priorities for off-premises sales.

Study Methodology

Online surveys were conducted in April 2019 with two groups:

- A nationally representative sample of foodservice consumers who order delivery, takeout or drive-thru at least once every 2-3 months, and
- A national sample of 400 restaurant operators (170 limited-service and 230 full-service) who offer delivery, takeout or drive-thru.

Hudson Riehle
Senior Vice President,
National Restaurant Association

Melissa Wilson
Principal,
Technomic, Inc.



Off-Premises Dining Occasions on the Rise

Today's consumers' on-the-go lifestyles and need for convenience are driving increased off-premises usage across all formats—takeout, drive-thru and delivery. Consumers report that nearly 60% of their restaurant occasions are now off-premises.

Digging into monthly use highlights the reliance on off-premises solutions for consumers. Drive-thru tops the list with 92% of consumers saying they use this offering at least once a month. Takeout is similarly high with 90%, and delivery drops off slightly with restaurant delivery at 79% and third-party delivery at 53%. All of these percentages are higher among 18- to 34-year-olds versus consumers ages 35 and older.

At the segment level, the takeout share is highest at grocery foodservice and c-store prepared foods areas. Not surprisingly, drive-thru usage is highest at quickservice chains, with 35% of all consumers placing drive-thru orders.

Consumers utilizing **drive-thru** more often than a year ago

39%

Consumers utilizing **delivery** more often than a year ago

34%

Consumers utilizing **takeout** more often than a year ago

29%



Source: 2019 National Restaurant Association and Technomic, Inc.

Operators See Off-Premises Benefits

As the need for quick and convenient foodservice offerings rises, operators have responded with multiple options to meet the off-premises needs of their guests.

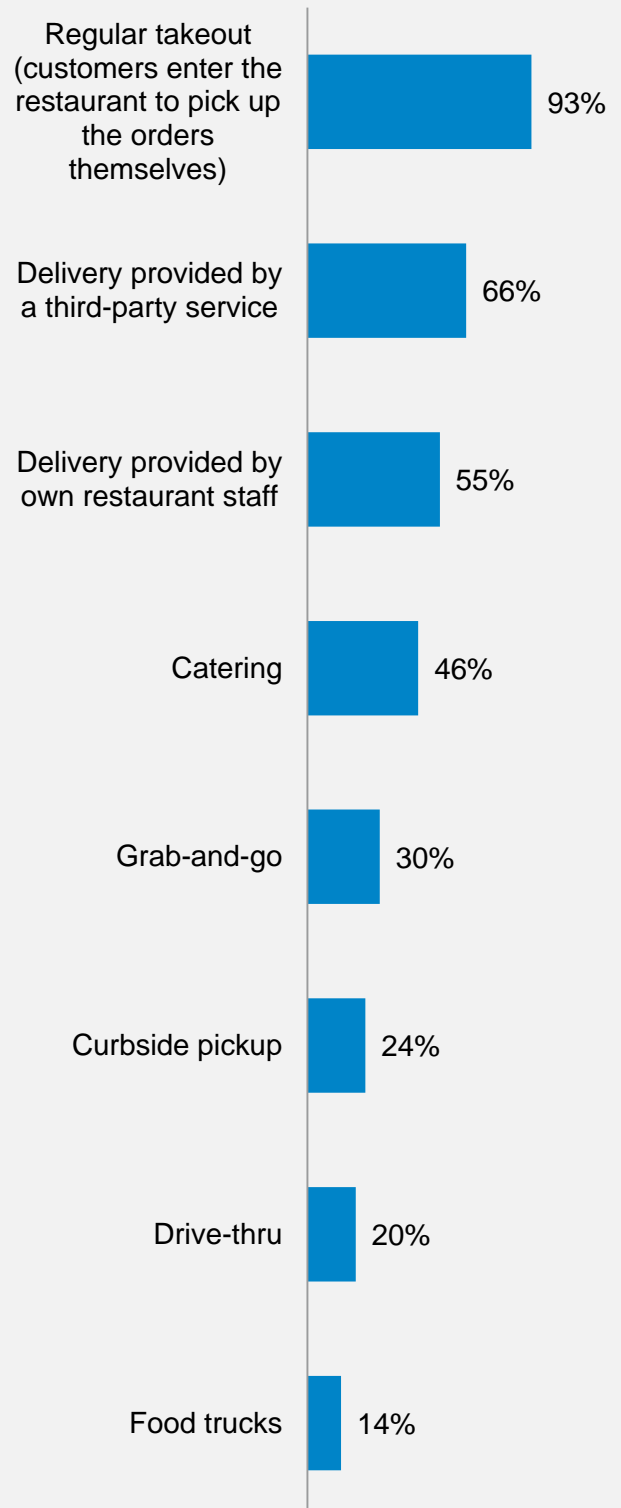
Operators are quick to point out the benefits they see to incorporating off-premises options. Most notably, operators say making these options available generates additional sales for their business, brings in new customers that would have sought out other restaurants, increases profitability of their operation and increases check averages.

One of the areas most impacted has been operations. More specifically, operators report that increased off-premises orders have made it difficult to plan and forecast prep and staffing needs, have made them reconsider the types of packaging used and made it more challenging to make informed decisions on both back-of-house and front-of-house labor costs and staffing levels.



78%
of operators say
off-premises
programs are a
strategic priority

Current Off-Premises Options (Percent of Operators)



Consumers Embrace Technology for Orders

For many consumers, technology equals convenience, but when placing takeout orders, consumers still appreciate an in-person experience, with 59% indicating that they place orders via phone and 51% ordering in-person and waiting for the order. However, technology is becoming more commonplace, with 79% of consumers saying they've placed orders using a restaurant's website or app within the last year.

When it comes to delivery, 91% of consumers placed orders via a restaurant's app or website within the past year. Sixty percent (60%) used a third-party delivery service, such as DoorDash or Grubhub, for delivery orders.

When using a restaurant's app or website for delivery, consumers are clear on what features they prioritize. This includes:

- Alerts when the order has left the restaurant and when it's near the delivery destination
- Ability to track the entire progress of the order and the delivery driver
- Ability to order ahead of time
- Compatibility with mobile payments options and the ability to store payment information

Percent of Consumers

35%

agree that it is **easier to customize their order** on a restaurant's own site or app

35%

say that ordering on a third-party site/app is **faster than the alternatives**

33%

say that many of the restaurants they order from **do not have their own ordering sites**

Emerging Order Technology Utilized in the Past Year



22%

Kiosk



8%

Text



11%

Voice Assistant

Operators Are Willing to Invest in Off-Premises

With many operators saying off-premises services are more important now than two years ago, it's not surprising that significant investments are being made to streamline off-premises offerings.

When it comes to delivery investments, more than two-thirds of operators indicate having partnered with a third-party delivery service. This is followed by 40% of operators who report having added or updated their internal technology, such as POS systems. Investing in better food and beverage packaging is also high on the list for operators.

Specifically, for takeout, 52% of operators say they've remodeled in order to add off-premises services, which may include adding in-store kiosks, to-go counters or other similar features. From a technology perspective, 50% are adding or updating the technology for their internal use (POS), and a lower 27% are reducing consumer payment friction by adding or updating customer-facing order and payment amenities.

74%

of companies are investing in off-premises programs



But none of the top 5 investments include customer-facing technology



Source: 2019 National Restaurant Association and Technomic, Inc.

Operators Not Keeping Up With Consumer Demand for Technology

When it comes to technology at the restaurant level, 29% of operators say they are lagging the industry. Operators indicate three leading reasons why they are not adopting more technology in their operations:

- Cost is too high
- Not enough customer demand to justify the cost
- Just not a priority

Once an operator has decided to invest in technology, it can be difficult to identify which solution is best-suited for the operation and difficult to seamlessly deploy that new technology and train the staff on proper use. Of those operators using new technology to support off-premises orders, over one out of ten have experienced challenges.

Technology Challenges

- *“Teaching employees how to use it”*
- *“Getting familiar with the technology and training staff in its use”*
- *“Cost and getting staff and customers to buy in”*

Disconnect Between Consumers and Operators

56%

of consumers place delivery orders **via restaurant websites**



45%

of operators offer this option

43%

of delivery users place orders **via restaurant app**



18%

of operators offer mobile ordering via their own app

31%

of consumers receptive to ordering **via virtual assistant** if available (e.g., Amazon Alexa)



12%

of operators offer this option

Technology Enhancements on the Horizon

Consumers' receptiveness to enhanced restaurant technology extends to both inside and outside the operation. One area where consumers are most excited for technology advancements is related to drive-thru.

With drive-thru being a key off-premises occasion, consumers are looking for screens to track order accuracy, touchscreen ordering, LED menu boards and frictionless payment options, including the ability to pay ahead and more mobile payment options.

Conversely, operators are more focused on organization fundamentals that are less customer-facing, such as better inventory software that integrates to the POS system, software for business analytics and mobile apps.

More advanced technologies that operators report as being most impactful to their business—location intelligence, geofencing and virtual assistants used for voice ordering—are also the least available technologies that operators currently have in place.

Consumer Likelihood of Using, If Available

Vehicles with built-in heating trays to keep food warm

69%

Autonomous delivery

41%

Food cooked while en route

36%

Percent of operators who offer ___ say it has a large positive impact on their business

50% **Location intelligence** tech to target new customers based on their position

45% **Geofencing** tech to notify the restaurant when an app user is nearby or in a store to create a more seamless customer experience

44% **Voice ordering** through a virtual assistant

Key Takeaways and Implications

Off-Premises orders now account for a majority of restaurant occasions and will continue to grow

Implication:

Operators who have not already expanded into off-premises offerings must consider doing so or risk being left behind.

New technology is a critical enabler of growing off-premises sales

Implication:

Technology can bring many benefits to an operation and, more specifically, can assist with driving off-premises sales.

It's important to prioritize your strategy and identify your top goals—driving more traffic, creating a better customer experience, increasing check averages. Technology that streamlines the order and payment experience or simplifies back-of-house processes, such as inventory and business analytics, can have immediate returns for an operator.

Operators must adapt to meet consumer demand

Implication:

The convenience of online and app-based ordering in other industries has been a key factor in creating demand for the same level of convenience in restaurant occasions. Operators need to consider changing customer expectations and adapt accordingly when it comes to implementing off-premises solutions and the technology needed to support those solutions. For many operators, this means more focus on the initial order process, whether through a website, app or upgrading technology in use at the drive-thru or takeout order area. Post-order, customers are looking to track their order every step of the way, from prep to delivery, and want a seamless payment process.



Contact

Melissa Wilson
Principal
mwilson@technomic.com

