

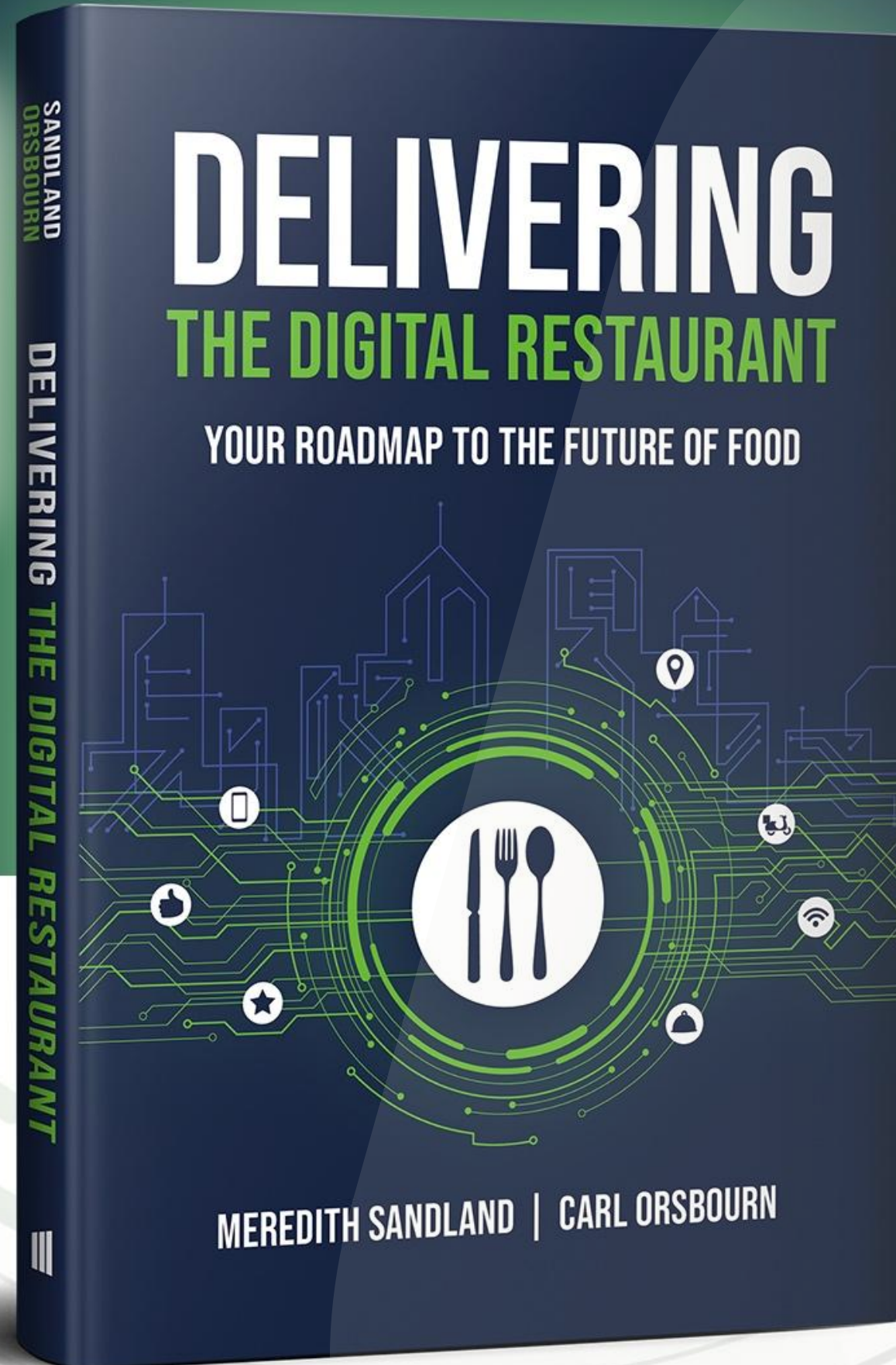


# DELIVERING

## THE DIGITAL RESTAURANT

### AND C-STORE

INTRODUCTIONS



Carl Orsbourn



Meredith Sandland

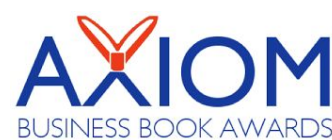
WHO THEY'VE WORKED WITH

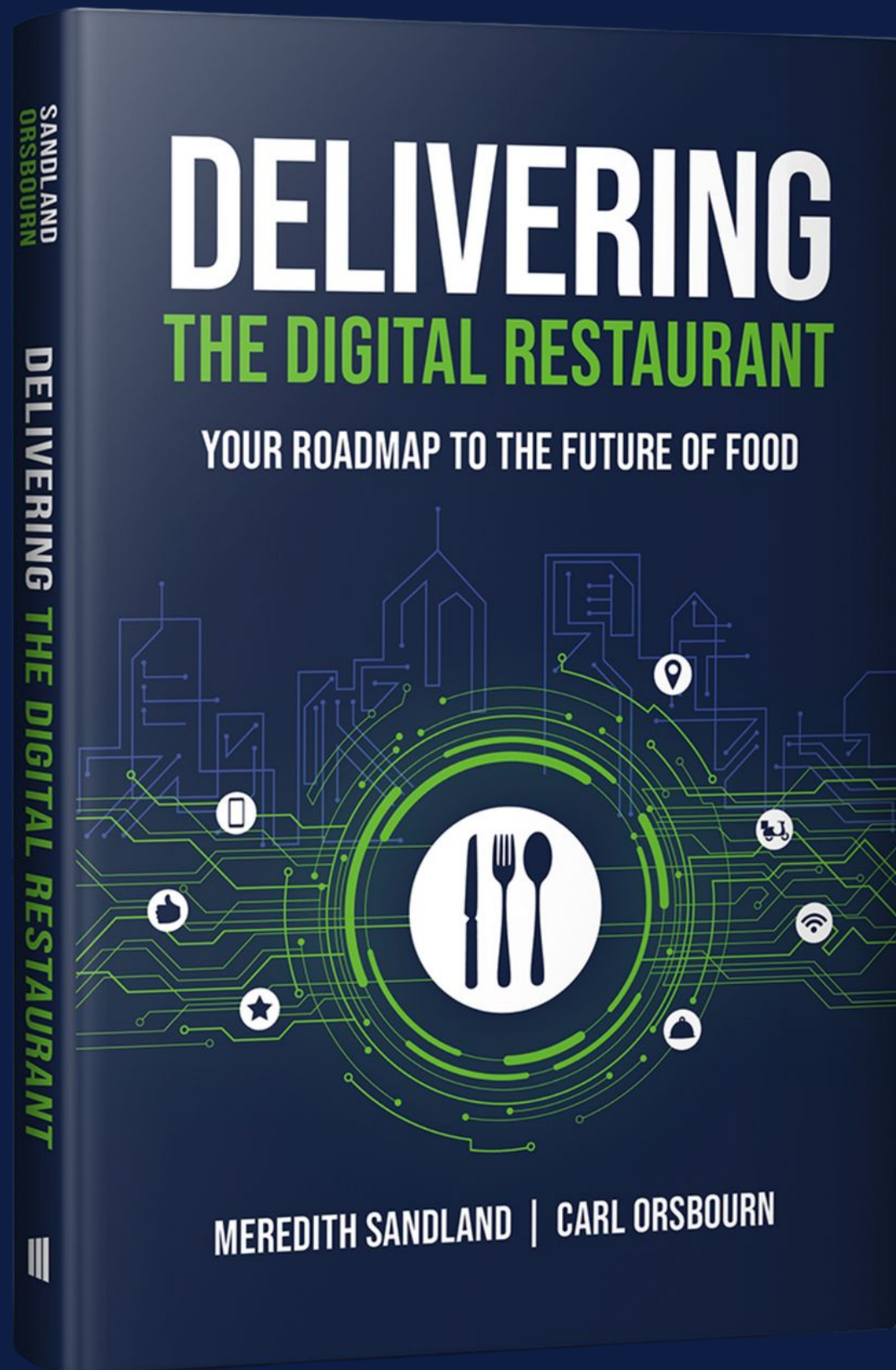


Top Restaurant Tech Power Players 2021



The Power List 2022





LEARN.  
DELIVERY

# THE MONDAY MINUTE

5 HOT NEWS TOPICS IN  
10 (ISH) MINUTES

SUBSCRIBE & FOLLOW  
US WITH MEREDITH SANDLAND &  
CARL ORSBOURN



[www.DeliveringTheDigitalRestaurant.com/PXUX](http://www.DeliveringTheDigitalRestaurant.com/PXUX)



# Topics today

Why to Embrace Delivery



The Digital Maturity Path



3rd Party Optimization



3rd Party to 1st Party Conversion



Creating a great guest experience



Optimizing your Operation



After the basics...



**WHY  
TO EMBRACE  
DELIVERY**



# WHAT **DIGITAL & DELIVERY** OFFERS

- Better guest experience
- Better guest intelligence
- Better marketing
- Higher market growth
- More occasions to serve
- Opportunity for independents

“Our ‘new normal’ means the digital guest experience is no longer secondary to the physical experience; it’s front and center and marks one of the biggest changes I’ve seen in 20 years working with brands,” said

Andrew Robbins, CEO of Paytronix

# THE CONSUMER HAS CHANGED

- Not the pandemic
- Not the venture capital money
- Not the tech companies
- Consumers want more convenience
- Consumers are willing to pay for convenience
- Consumers have become used to digital convenience



# CONSUMERS DEMAND **CONVENIENCE**



- Other verticals (retail, travel) have increased consumer expectations of convenience
- Digital has created “IWWIWWI” (I Want What I Want When I Want It)
- Frictionless digital interfaces are the most convenient

# ECONOMICS OF COOKING AT HOME **VS.** EATING OUT HAVE CHANGED



- Adults spend a small and declining fraction of their lives in a nuclear family
- “Renting Rich”

# CONSUMERS WANT **MORE VARIETY** AND **MORE NUTRITION**



- Increased diversity → demand for global flavors
- Increased nutrition knowledge → demand for “healthy” foods
- “Food as Identity”
- Result = personalization that only digital can deliver

# THE FUTURE OF RESTAURANTS IS **ECOMMERCE**



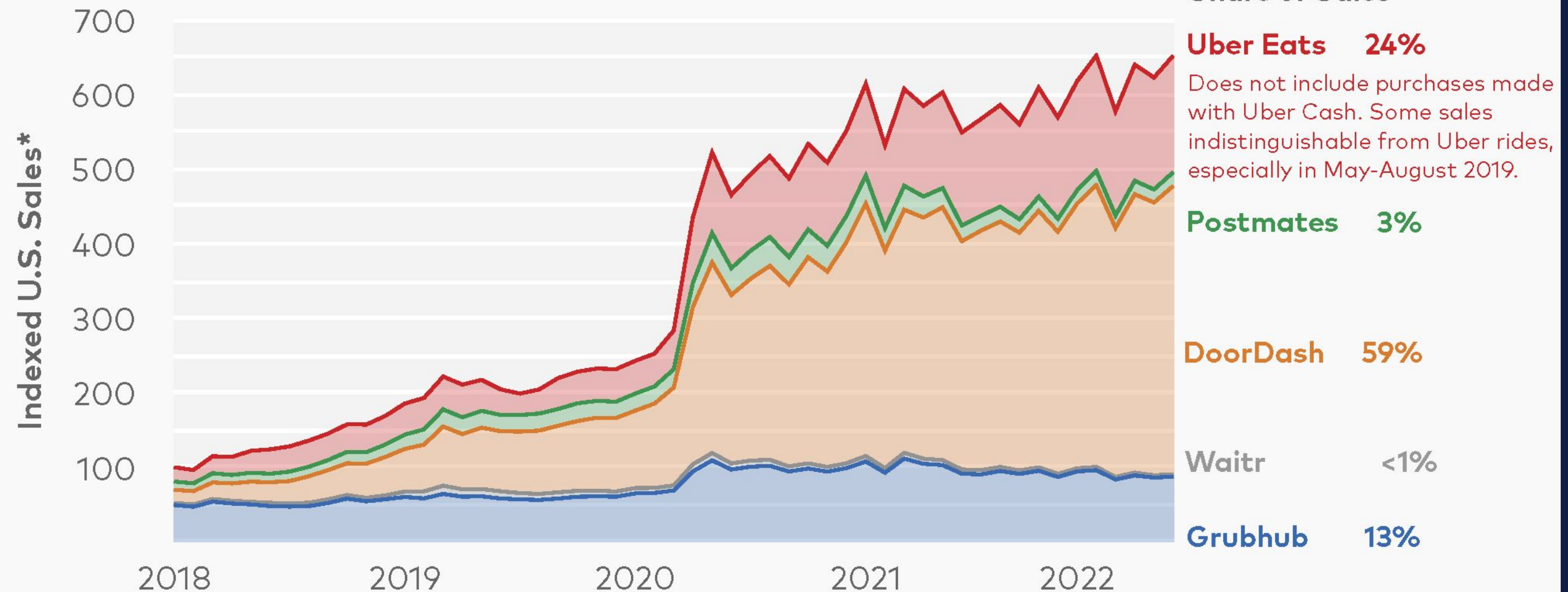
- Digital self-service enables personalization, recommendations, dynamic pricing
- Digital enables hospitality at scale
- Your restaurant experience can be like your Amazon experience

# MONTHLY FEE MODEL LOWERS BARRIERS TO ENTRY

- Site selection
- Mobile ordering
- POS terminals
- Kiosks
- KDS systems
- BOH / Labor systems
- Accounting systems
- Ghost kitchens
- RaaS (Robots as a Service)

# CONSUMERS STILL WANT THIS

## Meal Delivery - Monthly Sales



\* Indexed to meal delivery Jan. 2018 sales (=100)

\* Data excludes Amazon Restaurants as well as Caviar prior to its acquisition by DoorDash

\* Percentages may not add to 100 due to rounding



**Bloomberg  
Second Measure**

# THE OPPORTUNITY IS THERE; BUT IT ISN'T ALWAYS **EASY**

- ? Incremental (marginal) economics at best
- ? Poor consumer experience
- ? Lack of guest engagement
- ? Cog in the wheel of dine-in operations

**THE  
DIGITAL RESTAURANT  
MATURITY PATH**

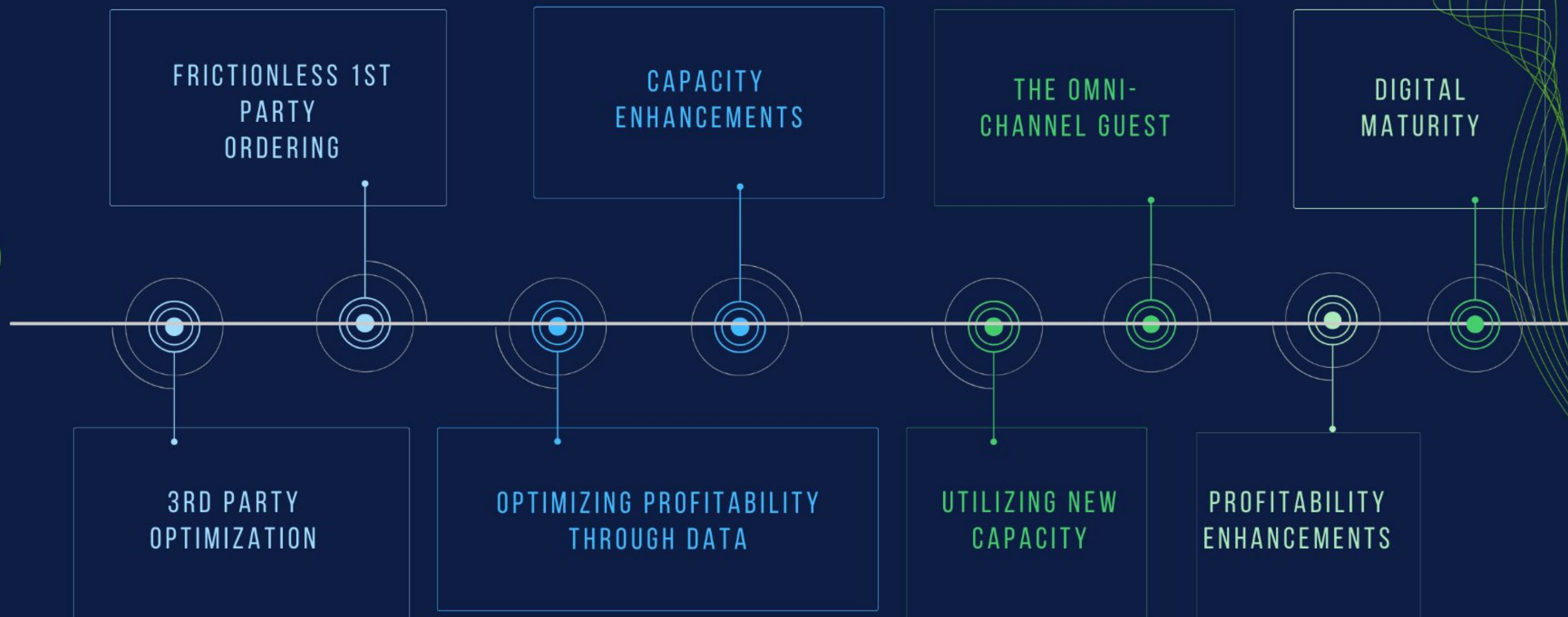




# The Path to Digital Maturity

DELIVERING THE DIGITAL RESTAURANT

THE PATH TO DIGITAL MATURITY



# DON'T BUILD ON **ROCKY** FOUNDATIONS



**THIRD-PARTY  
OPTIMIZATION**



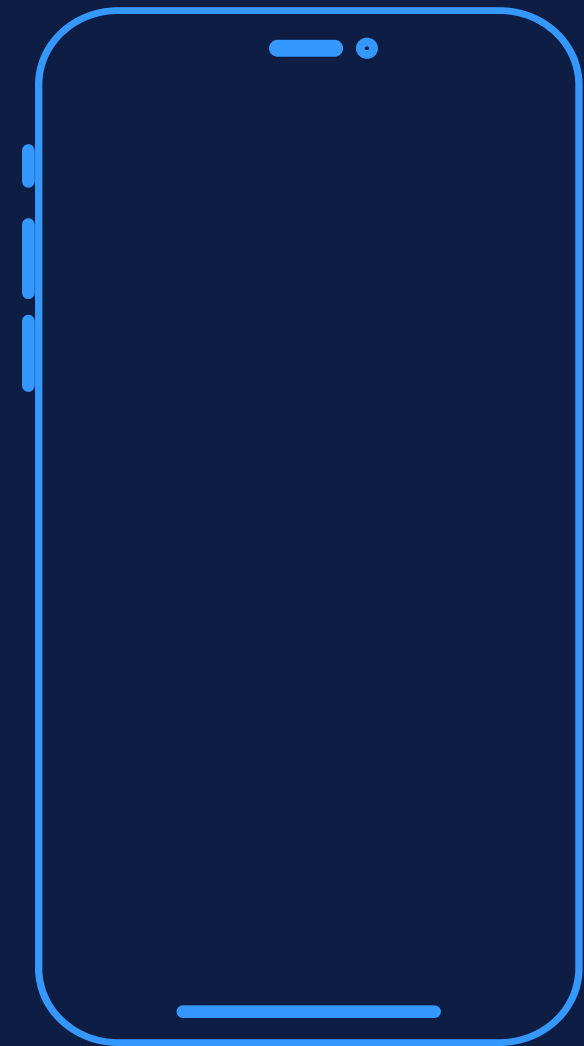
## ELEPHANT IN THE ROOM: 3<sup>RD</sup> PARTY MARKETPLACES



- + Hungry customers in active decision-making window (customer acquisition)
- + Incremental customer (marginal profitability)
- Limited customer data visibility
- % of Revenue fees
- Increasing paid advertising costs

*Be Where Your Customers Are*

**USING DIGITAL MARKETING  
TO YOUR **ADVANTAGE****



- **Awareness** through *TV, radio, mailers and signs*
- **Trial** through *broad offers*
- **Repeat** through *more TV, radio, mailers, signs and offers*  
--> **Half & half, but which?**

- **Awareness** through *social media, 3PD, search and podcasts*
- **Trial** through *targeted offers*
- **Repeat** through *brand engagement*  
--> **Measurable**

## CUSTOMER ACQUISITION

### Traditional Marketing

\$10K mailer reaching 5K households offering a 25% discount

1% (500) act on the mailer

Customer acquisition cost =  
\$20 per customer mailer  
+ \$25 per customer food costs  
\$45 per customer *assuming they are all incremental*

### 3rd Party Marketplace Marketing

20% fee to the marketplace

10% pay-per-click

Customer acquisition cost =  
\$20 per customer fee  
+ \$10 per customer marketing  
\$30 per customer *known to be incremental\**

Note: Assumes \$100 check

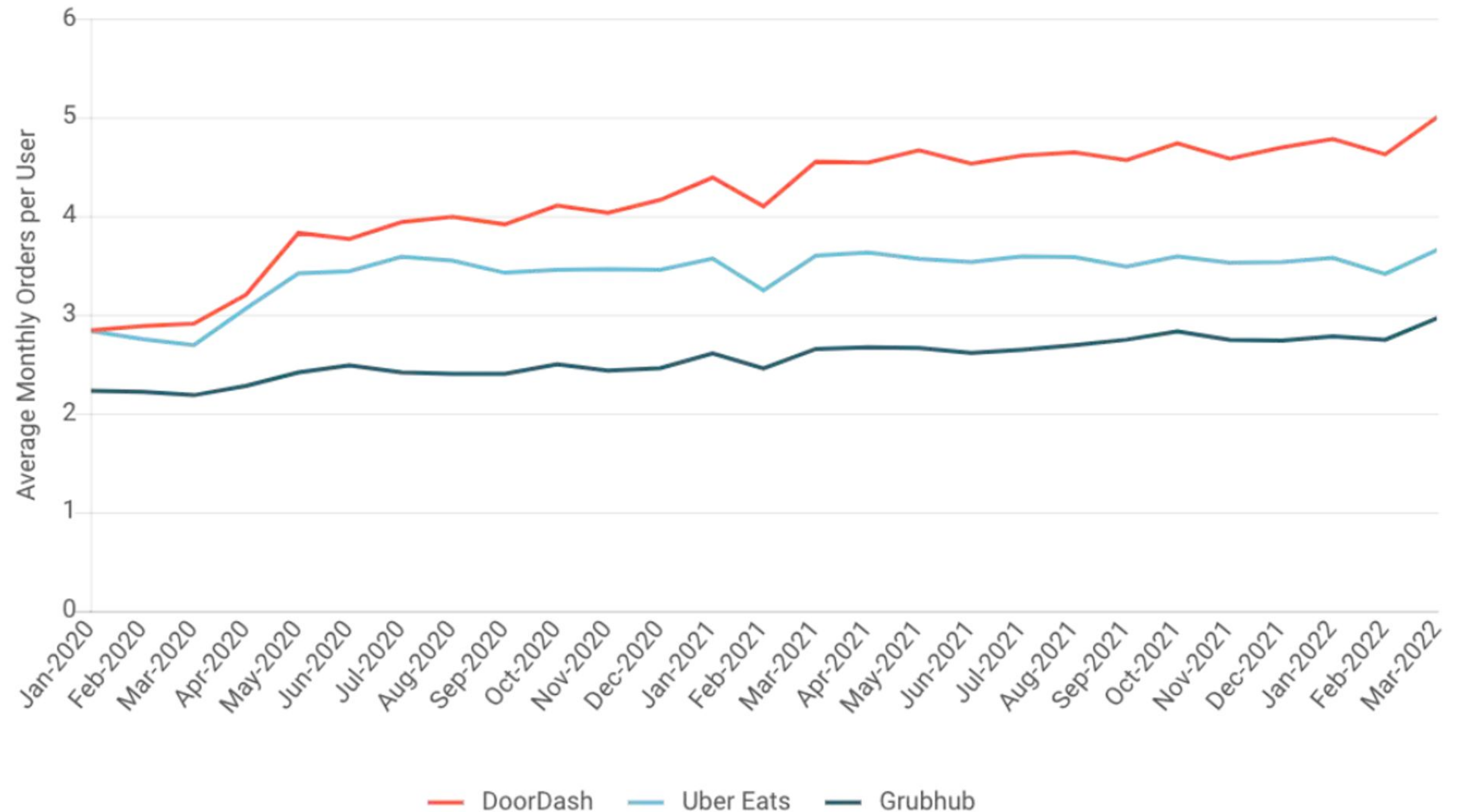
\*Customers are incremental within any given platform

# FREQUENCY OF USE IS INCREASING SO GROWTH IS NOT JUST INFLATIONARY

DoorDash receives 5 orders on average per month per user

## Average Monthly Orders per User, by Platform

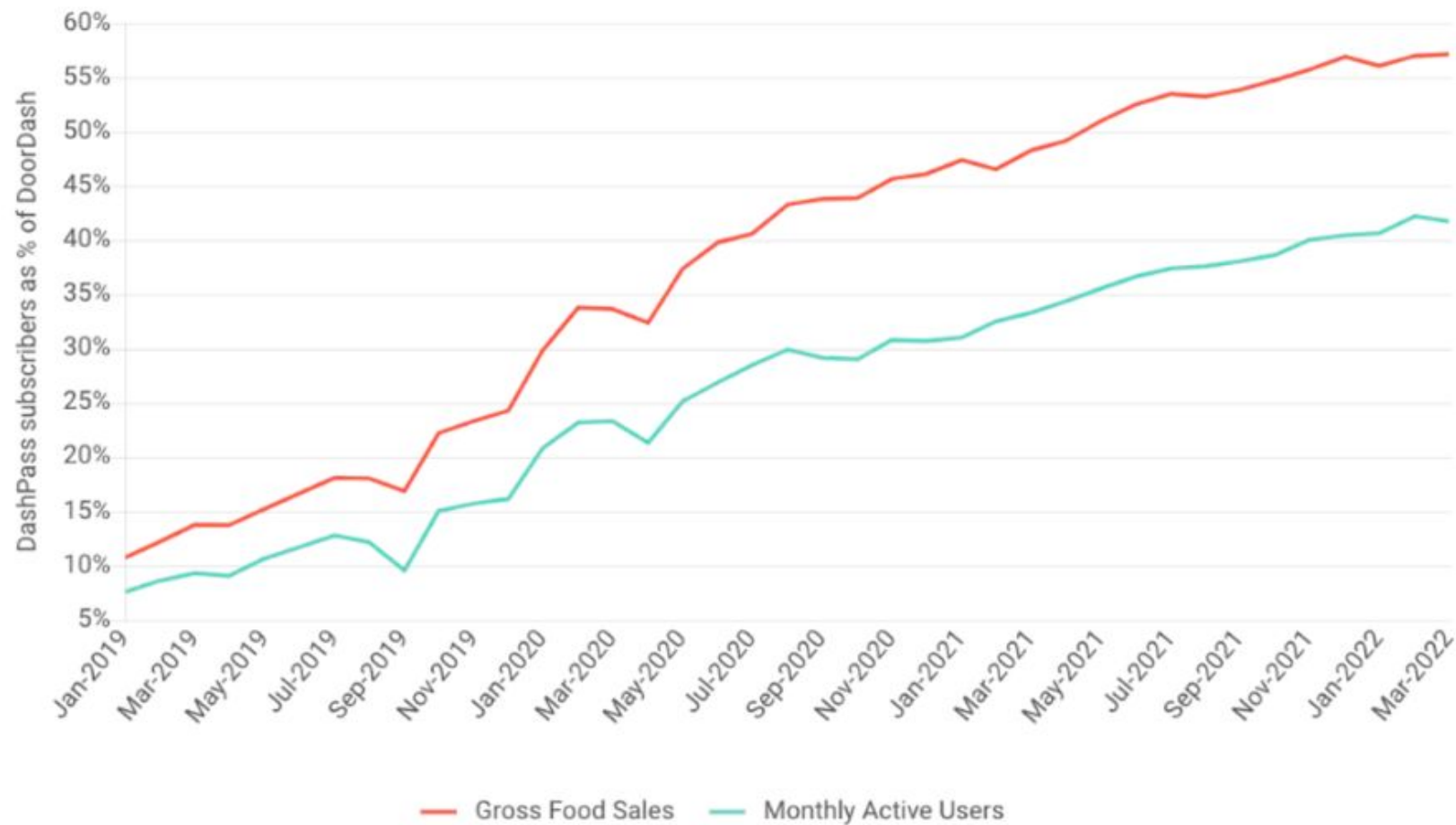
United States, January 2020 - March 2022



# DASHPASS CUSTOMERS MAKE UP 40% OF MONTHLY ACTIVE USERS, THEY ACCOUNT FOR 60% OF SALES AND **ORDER 7X A MONTH**

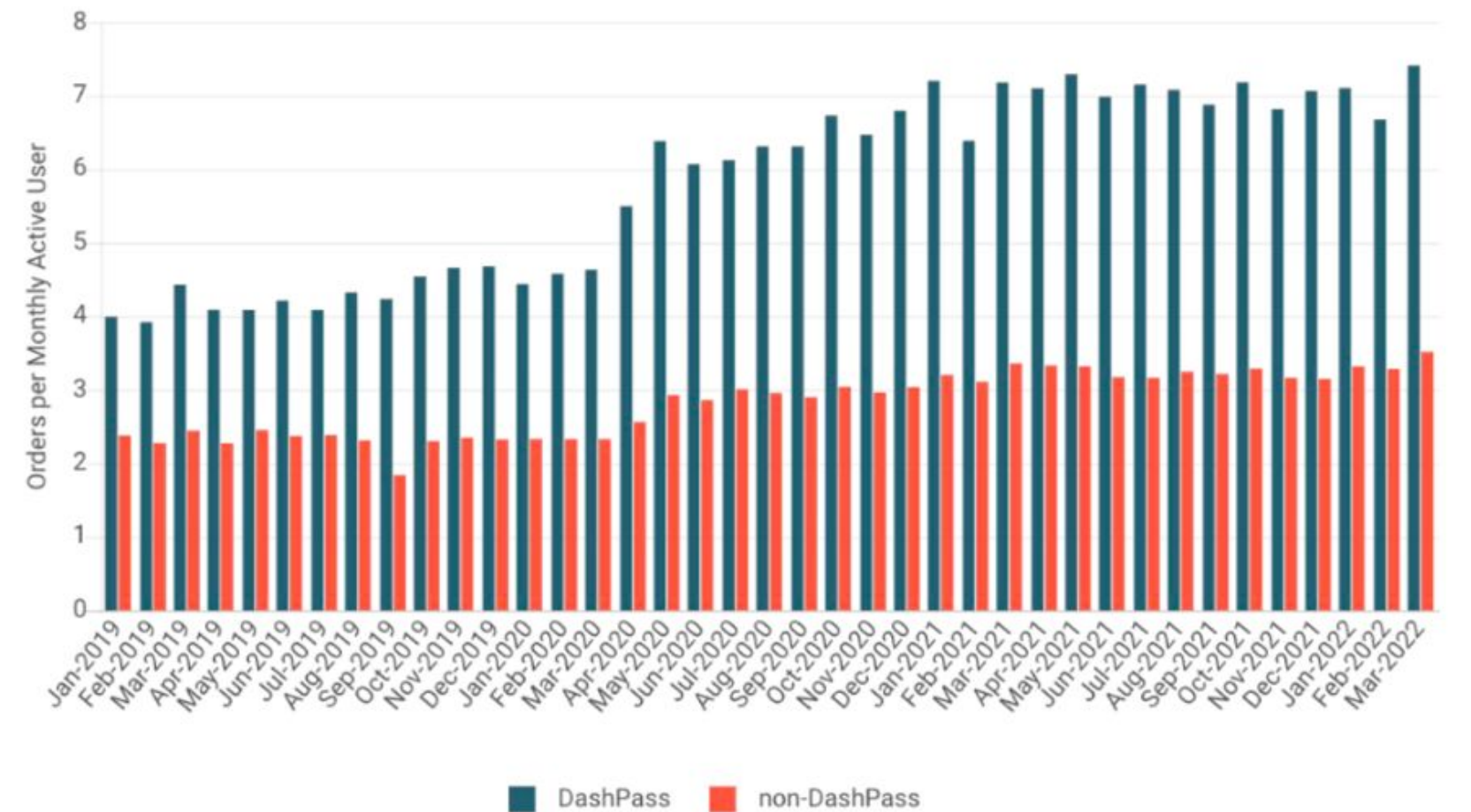
## Share of DashPass Subscribers as % of DoorDash Overall

United States, January 2019 - March 2022



## Orders per Monthly Active User, DashPass vs. non-DashPass

United States, January 2019 - March 2022





...AND SOME CONSUMERS  
WILL ALWAYS PREFER A  
MARKETPLACE

# Deliveroo Plus members double in just a month after Amazon Prime tie-up



Oscar Williams-Grut

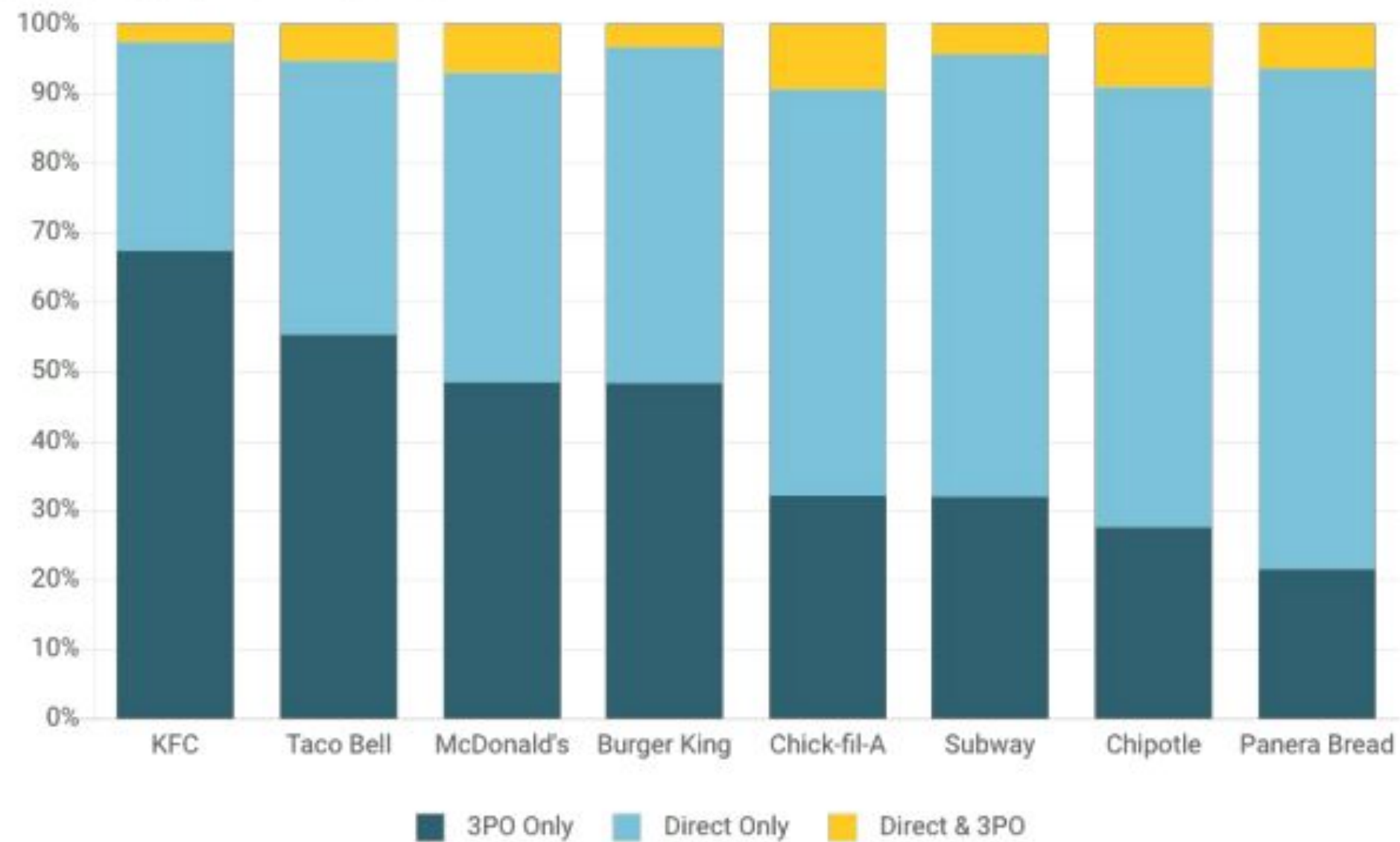
October 20, 2021 · 2 min read



# EVEN THE VERY BEST DIGITAL RESTAURANTS HAVE SIGNIFICANT REVENUE THROUGH 3<sup>RD</sup> PARTY MARKETPLACES

## Share of Customers Who Order via Given Channels

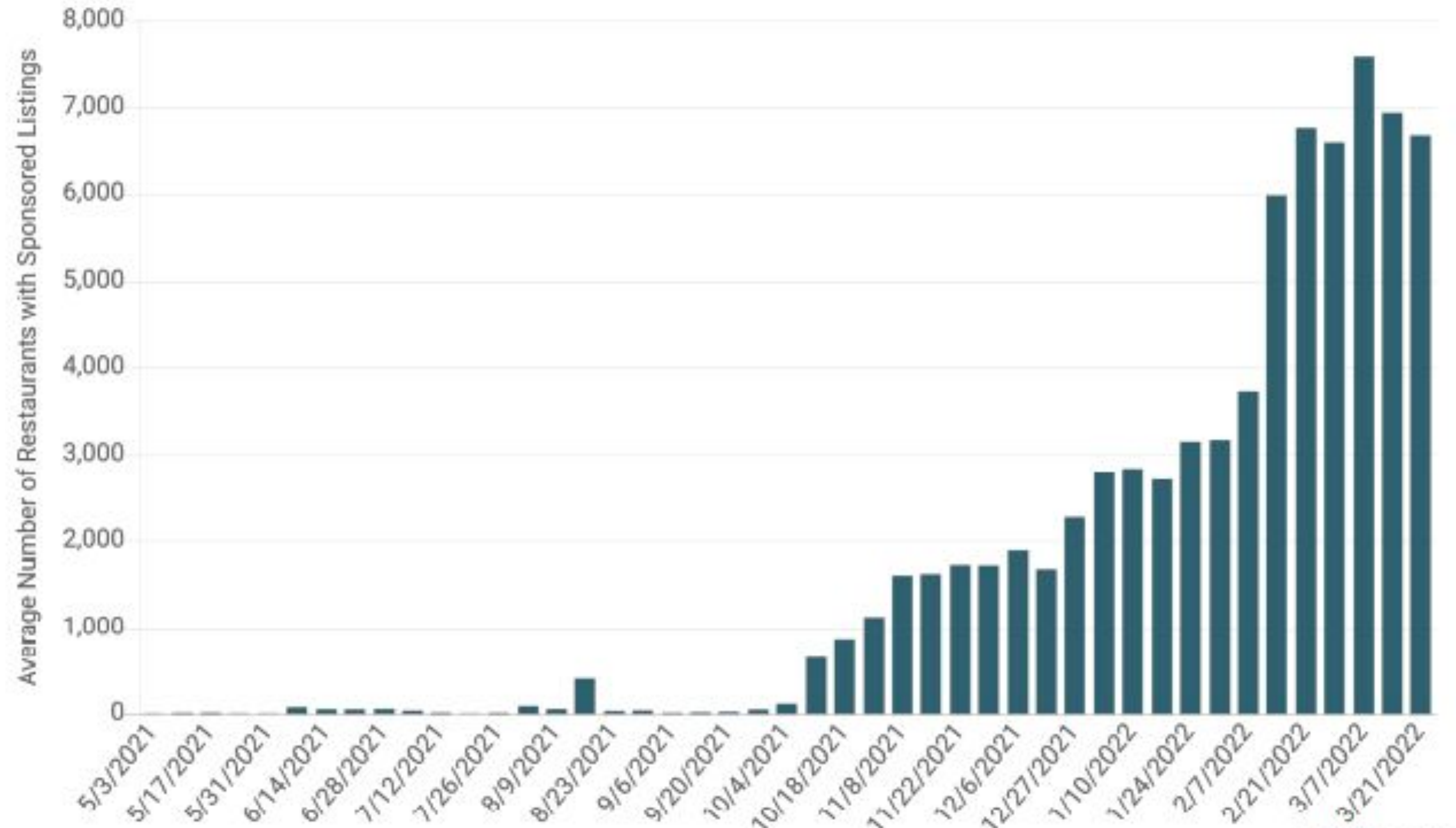
United States, April 2021 - March 2022



PAID MARKETING  
SPONSORED  
LISTINGS ON 3PD

### Average Number of Merchants Appearing via Sponsored Listings

United States, May 2021 - March 2022

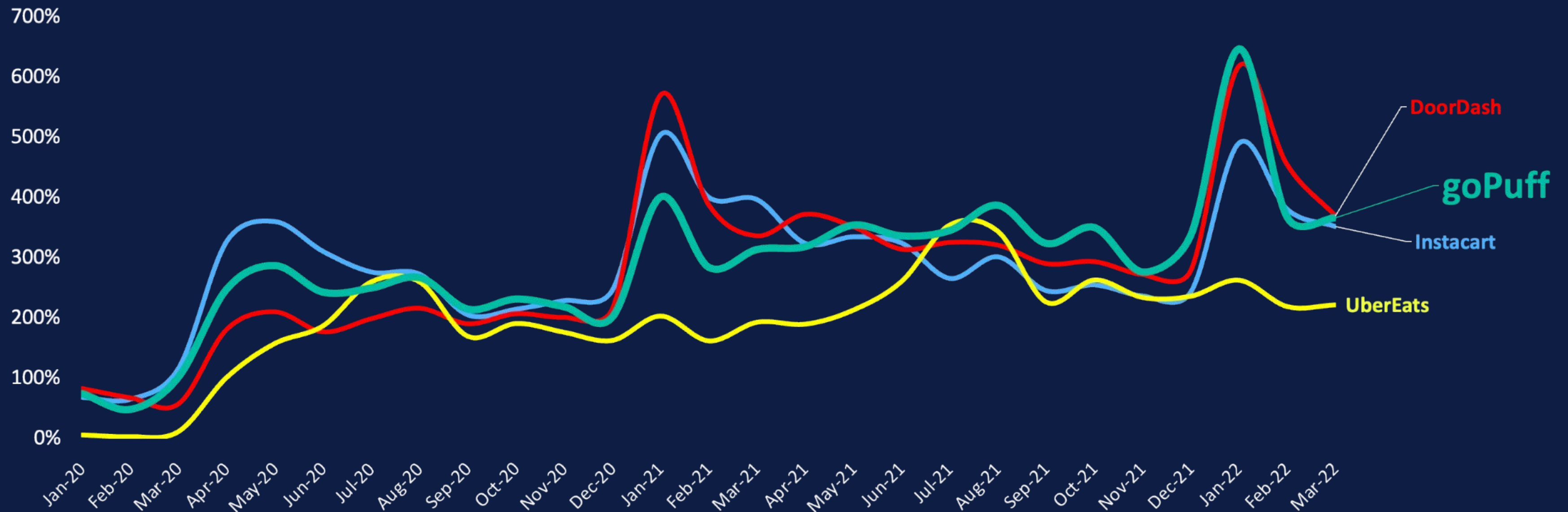


# MICRO FULFILMENT 3RD PARTIES **DISRUPTING C-STORES**

## IN THE SAME WAY RESTAURANTS WERE DISRUPTED.

### Sales Growth Rates of Select Delivery Platforms, vs. '19

National; Spend per Panelist by Quarter; Relative % Change vs. Equivalent Quarter in 2019



Source: Medallia Sense 360

\*Based on credit and debit spend among brands and 3PO platforms tracked by Sense360

# C-STORES HAVE STARTED TO EMBRACE PARTNERSHIPS BUT...?



Do not attempt. Not a real light bulb.

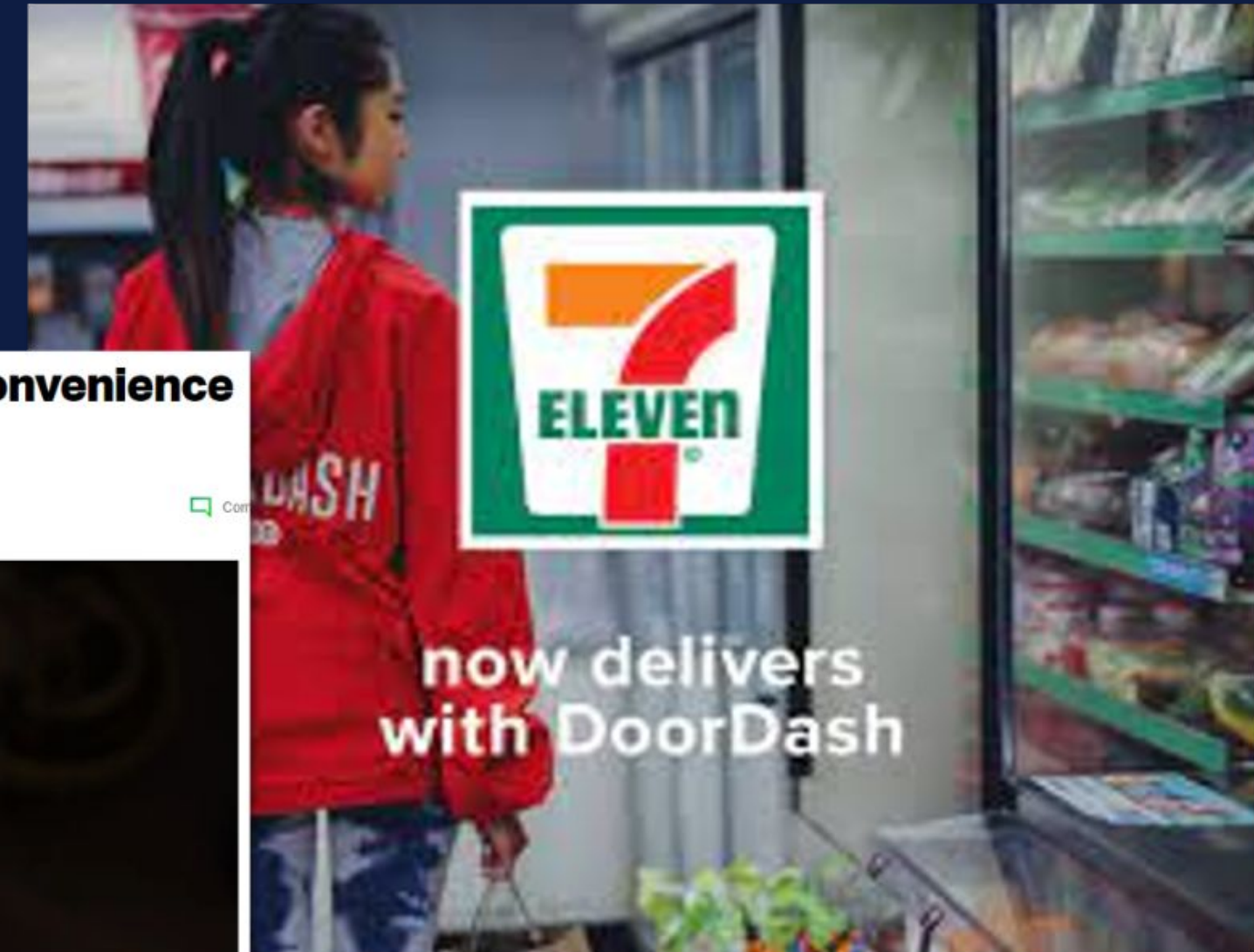
“I think you’d have a hard time finding one [c-store retailer] that says [third-party delivery is] working well and doesn’t need improvement,”

Perry Kramer, managing partner of Retail Consulting Partners, based in Boston.\*

\* <https://www.csnews.com/making-third-party-delivery-work-c-stores>

## Grubhub expands its 'Grubhub Goods' convenience offering nationwide

Aisha Malik @aishamalik1 / 6:00 AM PST • February 15, 2022



“42% of respondents had attempted to order products for delivery from c-stores in the past 12 months but were unable to because the store did not offer delivery services. Even so, 62% tried to order delivery again within a few months.”

# 90% OF C-STORES ARE INACTIVE OR INITIATING 1ST PARTY CHANNELS THAT ARE COMPELLING & DRIVE FRICTIONLESS OMNICHANNEL COMMERCE



ARE C-STORES ADAPTING **FAST ENOUGH?**



**3<sup>RD</sup> PARTIES ARE IMPORTANT**  
**BUT 1<sup>ST</sup> PARTY CONVERSION IS MORE**

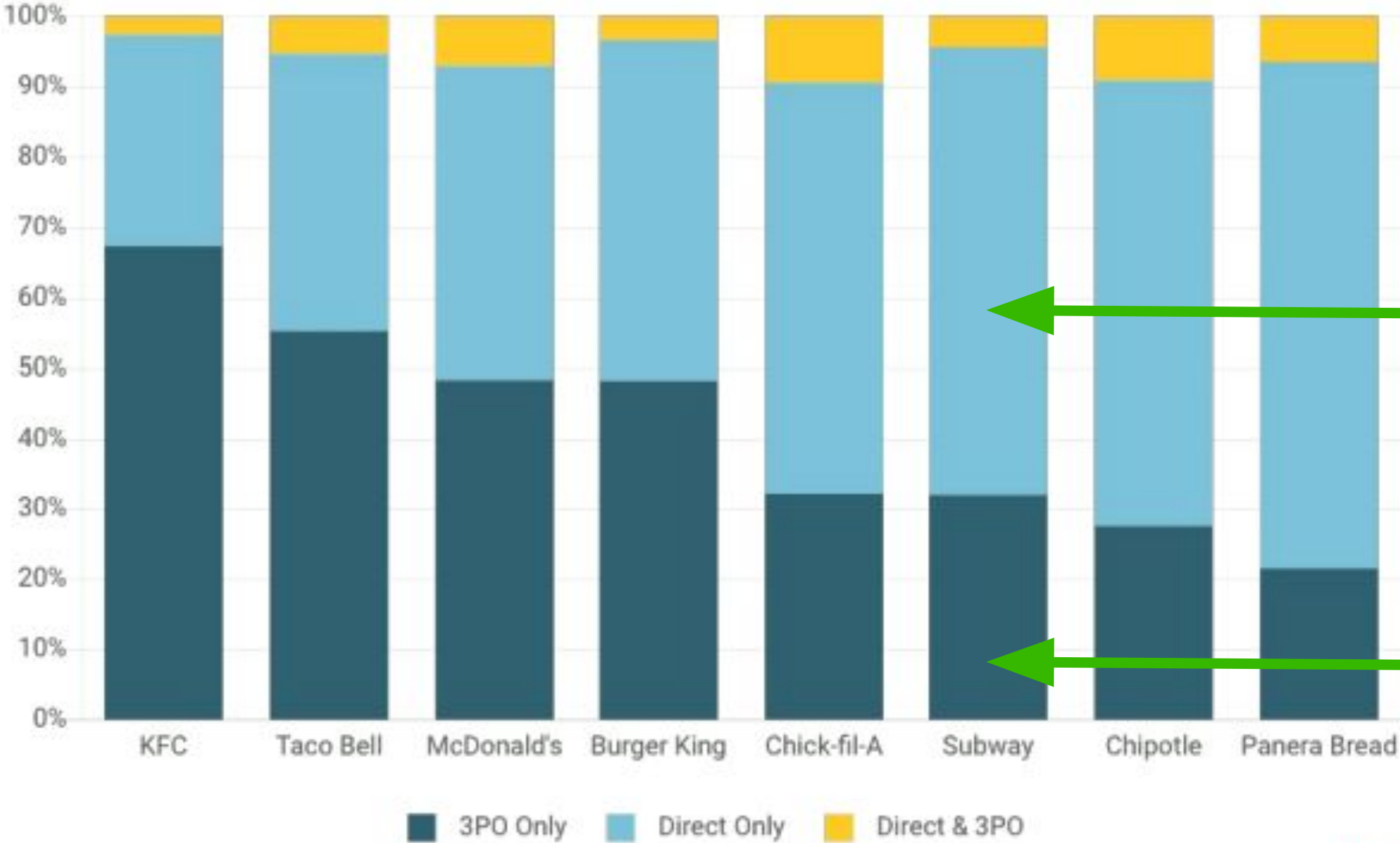




# HAVING A DIRECT CHANNEL IS **IMPORTANT**

### Share of Customers Who Order via Given Channels

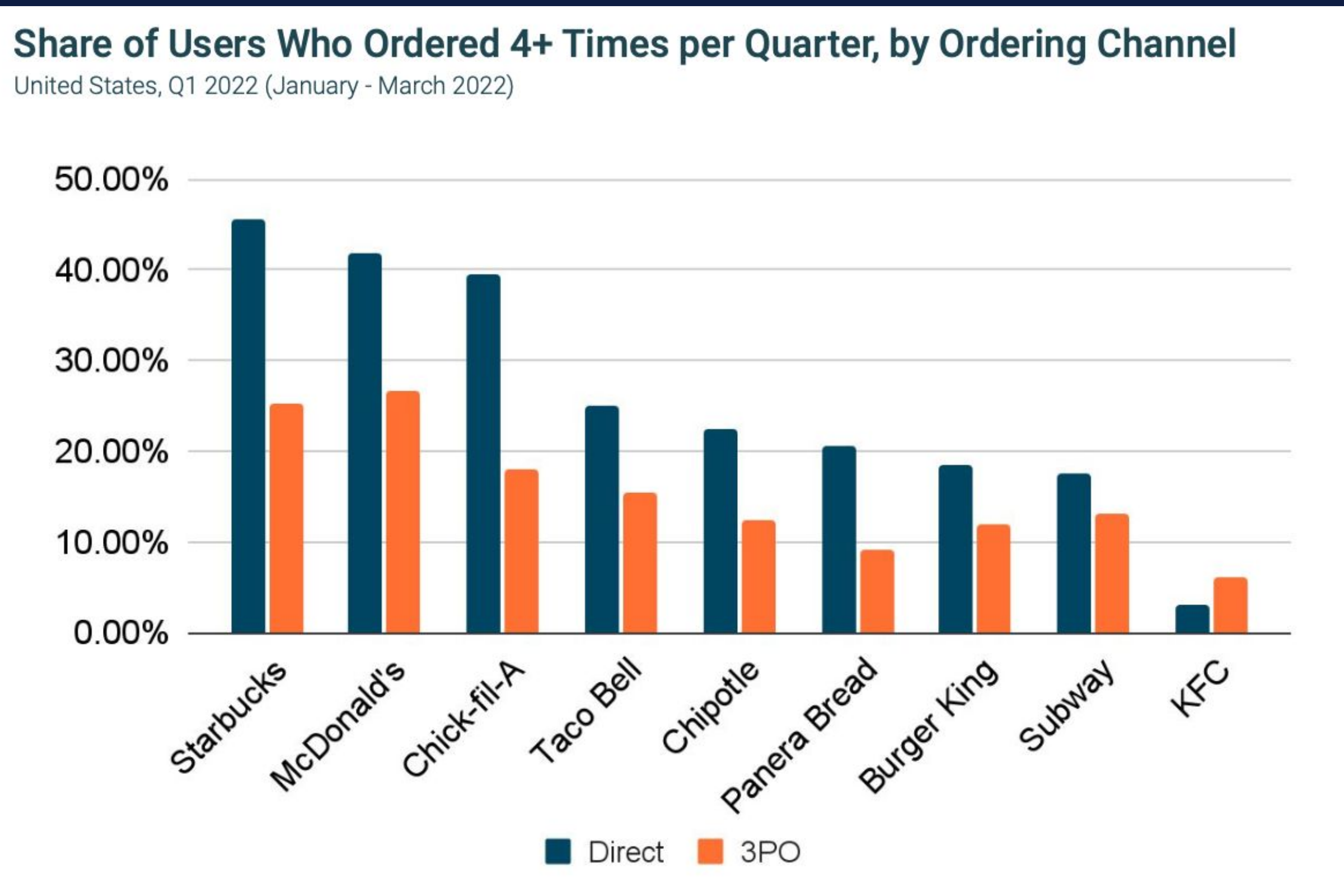
United States, April 2021 - March 2022



Higher margin  
Customer data

Lower margin  
No customer data

# FIRST PARTY ORDERING RESULT IN HIGHER FREQUENCY OF USE



- **BUT FIRST YOU NEED FUNCTIONALITY...DO YOU NEED AN APP?**

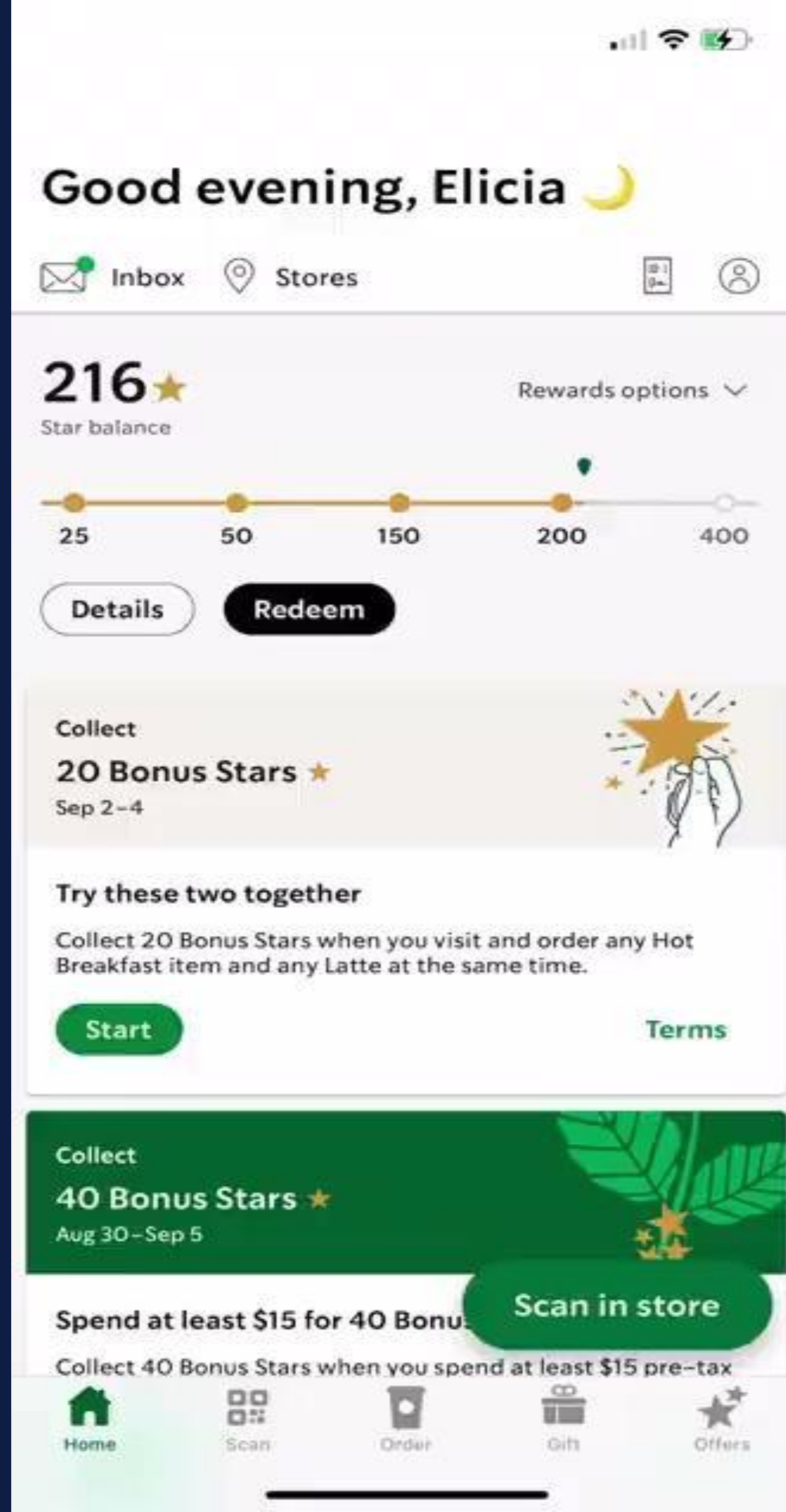
**SO HOW DO THE BEST BUILD  
GREAT DIRECT FIRST PARTY  
ORDERING CHANNELS?**

PAYMENT

ORDERING

LOYALTY

# TRILATERAL FUNCTIONALITY STARBUCKS



SMOOTH  
INTERFACE:  
CAVA



APPEALING  
PHOTOS  
WITH FORMAT  
CONSISTENCY  
WAGAMAMA



**tofu firecracker (vg)**

bold + fiery. mangetout. red + green peppers. onion. hot red chillies. sesame seeds. shich... (1,200kcal)

[see dish >](#)

12.0

add to basket



**tofu raisukaree (vg)**

mild + citrusy. coconut. mangetout. peppers. red + spring onion. sesame seeds. chilli. cor... (1,168kcal)

[see dish >](#)

12.0

add to basket



**hot yasai katsu (vg)**

spicy! vegetable covered in an our spicy curry sauce served with sticky white rice and a s... (1,165kcal)

[see dish >](#)

10.9

add to basket



**chicken katsu curry**

aromatic katsu curry sauce. chicken in



**yasai katsu curry (vg)**

sweet potato, aubergine + butternut



**vegatsu (vg)**

tofu + soya protein in crispy panko

AVOID  
POINTS OF  
RESISTANCE  
WAGAMAMA

**a note**  
**to our guests**  
**with allergies**



**unfortunately, we cannot accept allergy orders  
online or over the phone**

this decision ensures the safety of our guests with  
allergies, if you'd like to place an allergy order, we  
kindly ask you to visit your local restaurant + place  
your order with a member of the team

to view our allergen guides, please visit

[www.wagamama.com/allergen-information](http://www.wagamama.com/allergen-information)

**continue to order**

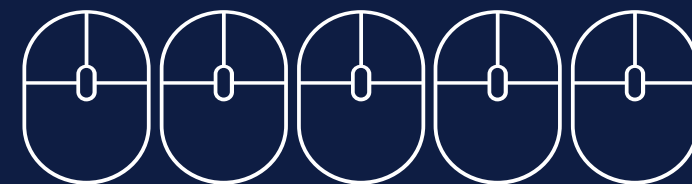
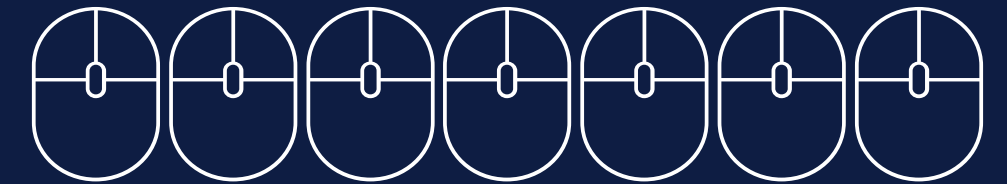
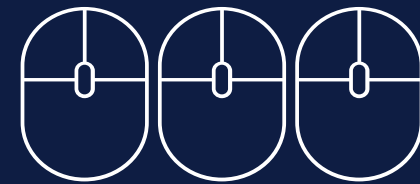


WATCH  
YOUR  
CUSTOMER  
INTERFACE



Lady tries to order food from a McDonald's sign

# COUNT THE CLICKS



## YOUR RESTAURANT?

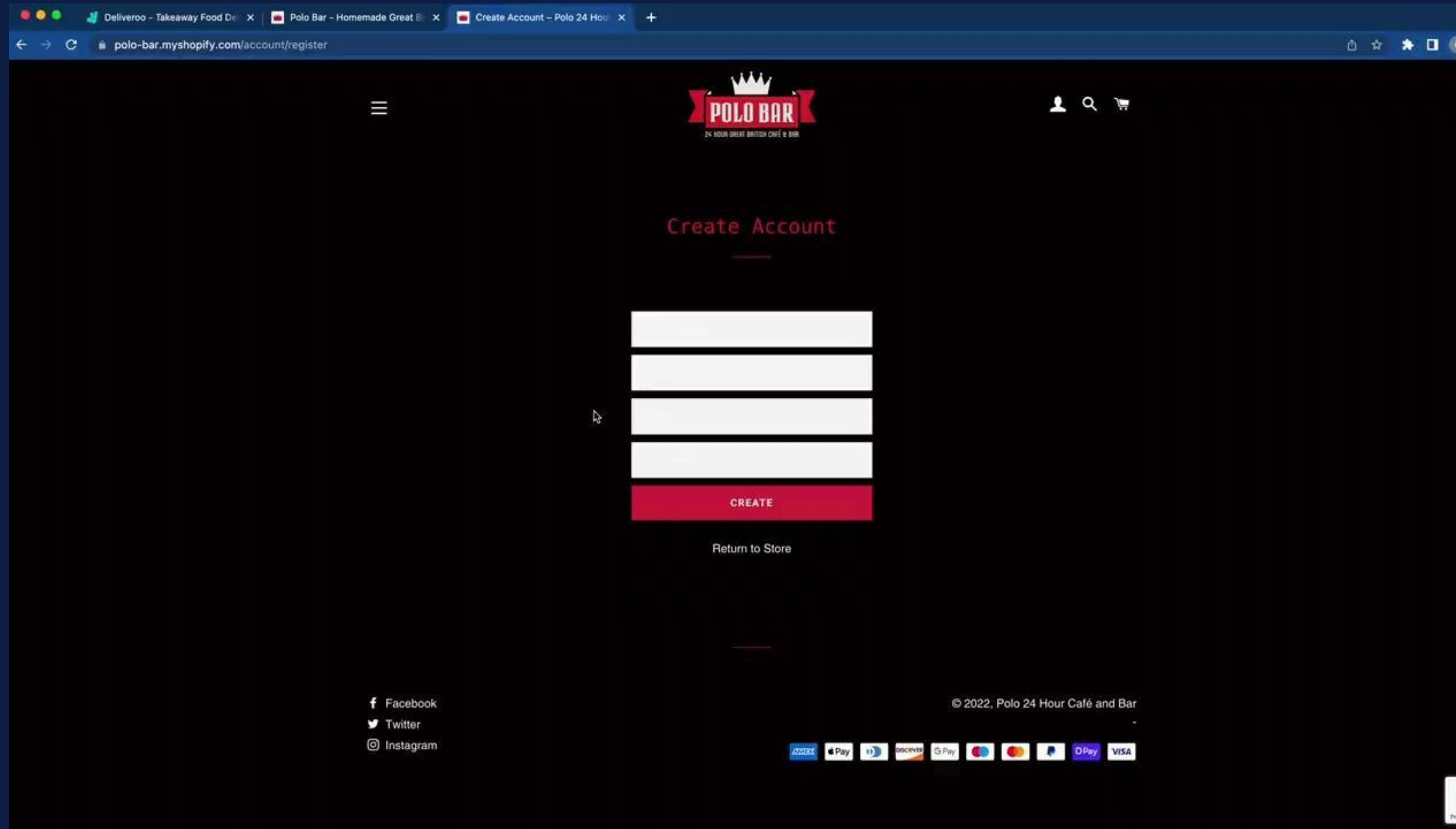


*"No amount of discounting will overcome friction."*

**DIFFERENTIATE  
WITH EXCELLENT  
INTERFACE**

**ITSU**

MAKE SIGN  
UP EASY  
POLO BAR 24



MAKE SIGN  
UP EASY  
CHIPOTLE



## CREATE AN ACCOUNT

Create an account so you can get rewards  
and order your favorites even faster.

First Name

Last Name

Email

Password



Mobile Number

Enter a valid mobile number that can accept SMS messages. This will be used for two-step verification for account access, and for order-related notifications.

Country

United States  Canada

Receive text offers and promotions?\*

Yes  No

Birthday MM/DD

Optional

So we know when to celebrate.

**CREATE AN ACCOUNT**



**ALREADY A MEMBER?**

**SIGN IN**

By joining Chipotle Rewards you are confirming that you are eligible for the program and you have read and agree to the [Chipotle Rewards Terms & Conditions](#), [Chipotle's Privacy Policy](#), and the Chipotle's online [Terms of Use](#). As a member of Chipotle Rewards, you may receive email updates and promotional offers and other benefits from Chipotle.


\*If you sign up for text offers and promotions, you acknowledge that CMG Strategy Co., LLC or its designated agent may send you commercial text messages using an auto-dialer or other technology. You consent to that type of contact. Standard message and data rates may apply. You can opt out at any time. You are not required to agree to this as a condition of purchasing any property, goods, or services. Text HELP for help. Text STOP to cancel.

EXPLAIN WHY  
THEY SHOULD  
SIGN UP  
CHIPOTLE




## WELCOME TO CHIPOTLE REWARDS


Now you'll earn points for free food, drinks,  
apparel, and more.




**Order in the  
App or Online**



**Scan in the  
Restaurant**




**Enjoy Member  
Exclusives**



**Celebrate  
Your Birthday**

● ● ● ● ● ●


[VIEW REWARDS EXCHANGE](#)



## HOW TO EARN

To earn points in the restaurant, just hit the  
SCAN button in the app and scan your  
Chipotle Rewards code before you pay.


Order for delivery or pickup to automatically  
earn points.



## EARN FREE CHIPOTLE, FAST


Keep an eye out for bonus points and  
exclusive rewards.

We'll let you know when there's something  
extra in your account – from double points to  
a surprise free drink.



## WE LOVE TO CELEBRATE

Add your birthday to your Chipotle Rewards  
account. What's better than the gift of guac?



## HOW IT WORKS

Pick a favorite reward and we'll help you  
track your points towards it.

Choose between food, goods and giving in  
the Rewards Exchange when you're ready to  
redeem points.

## REWARDS MINI FAQ

**How do I get credit for my points?**  
In the restaurants, just pull up your member code in  
the app (easy) or on the rewards website on your  
mobile device, and scan it at the register before you  
pay. When you order online (easier) or in the app  
(easiest), your points are credited automatically  
upon payment.

**When will my points and rewards show up?**  
You may not see points or rewards right away after a  
purchase—Don't Panic—they're still processing. Give  
it 24-48 hours for them to show up in your account.

**What if I forget to scan for points?**  
It happens. If it does, just be sure to grab your  
receipt to submit a points request.

[MISSING POINTS?](#)

 **Pay**



**EASY**  
**PAYMENT**



3PD TO 1PD  
CONVERSION  
IS ABOUT USING  
**EVERY TOUCH-POINT**  
ACROSS CHANNELS



**In-Store**

Convert guests to digital ordering in-store

**In-Packaging**

Tell guests how you want them to order and what's in it for them

**Marketing**

Acquire & retain digital customers through mailers, social, digital ads & presence





## In-Store

Convert guests  
to digital  
ordering  
in-store

## IN-STORE TOUCHPOINTS:

**CALIFORNIA**

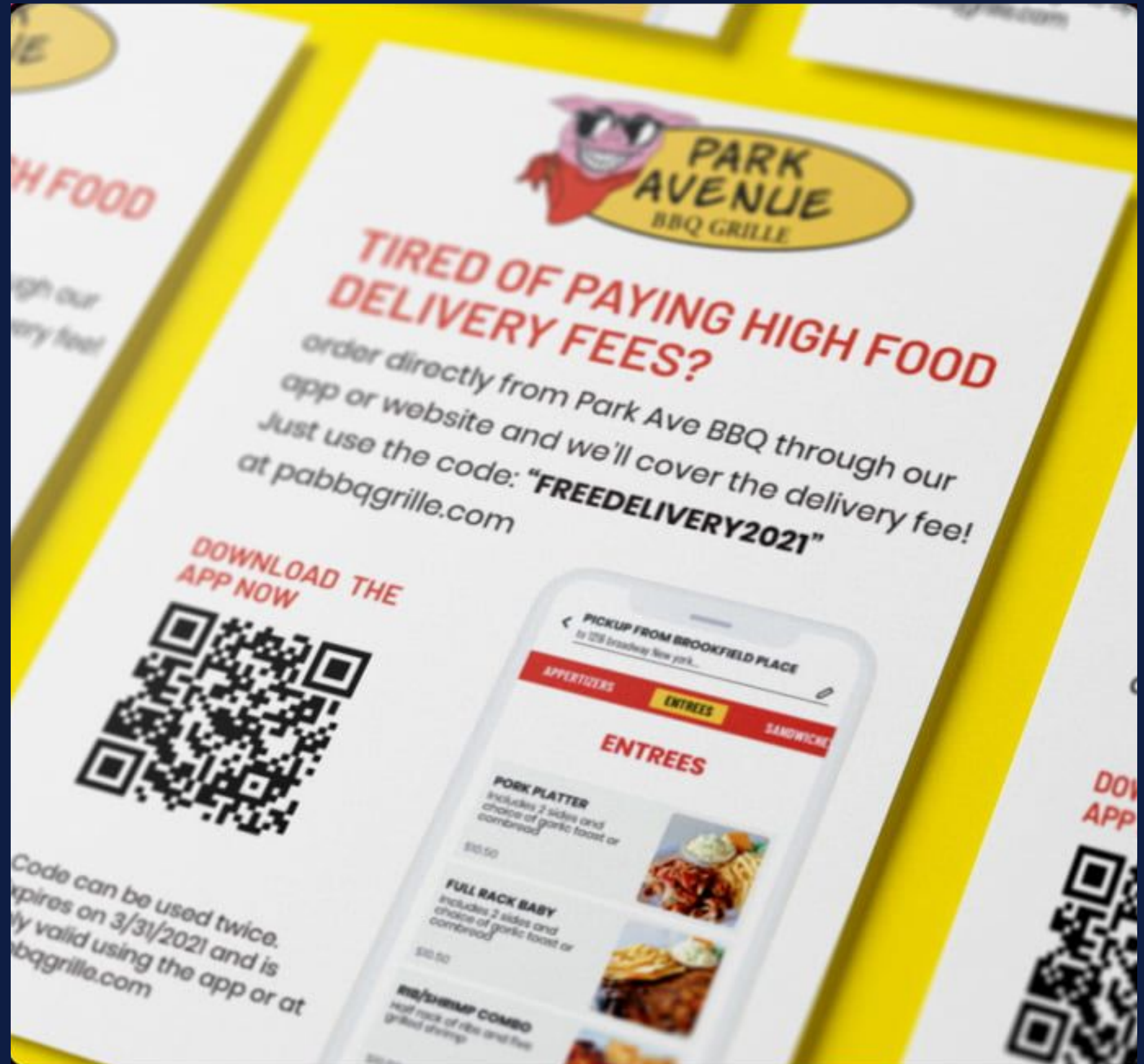
**PIZZA**

**KITCHEN**



Tell guests how you want them to order and what's in it for them

**IN/ON BAG MESSAGING:**  
**PARK AVENUE BBQ**  
**GRILLE**





Tell guests how  
you want them  
to order and  
what's in it for  
them

**INVEST IN  
PACKAGING**

**OO TORO SUSHI**





Tell guests how  
you want them  
to order and  
what's in it for  
them

# BRAND THE BAG: DIN THAI FUNG



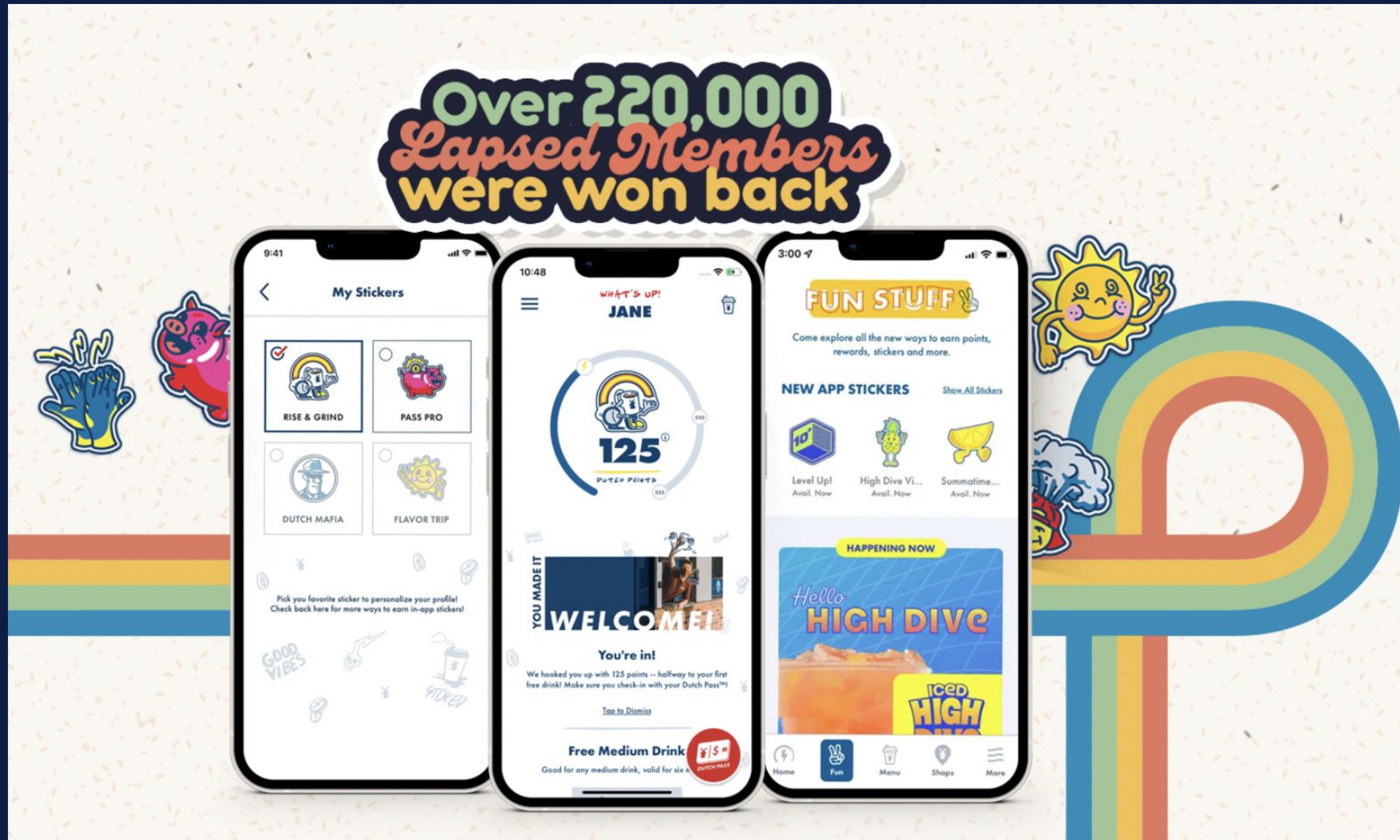
Drive traffic to  
know 1PD is the  
only place to get  
fan favorites

**EXCLUSIVITY &  
SECRET MENUS**



**WIN BACK**  
**LAPSED**  
**CUSTOMERS**  
**DUTCH BROS**

Over 220,000  
*Lapsed Members*  
were won back



Drive traffic to know 1PD is the only place to see better value.

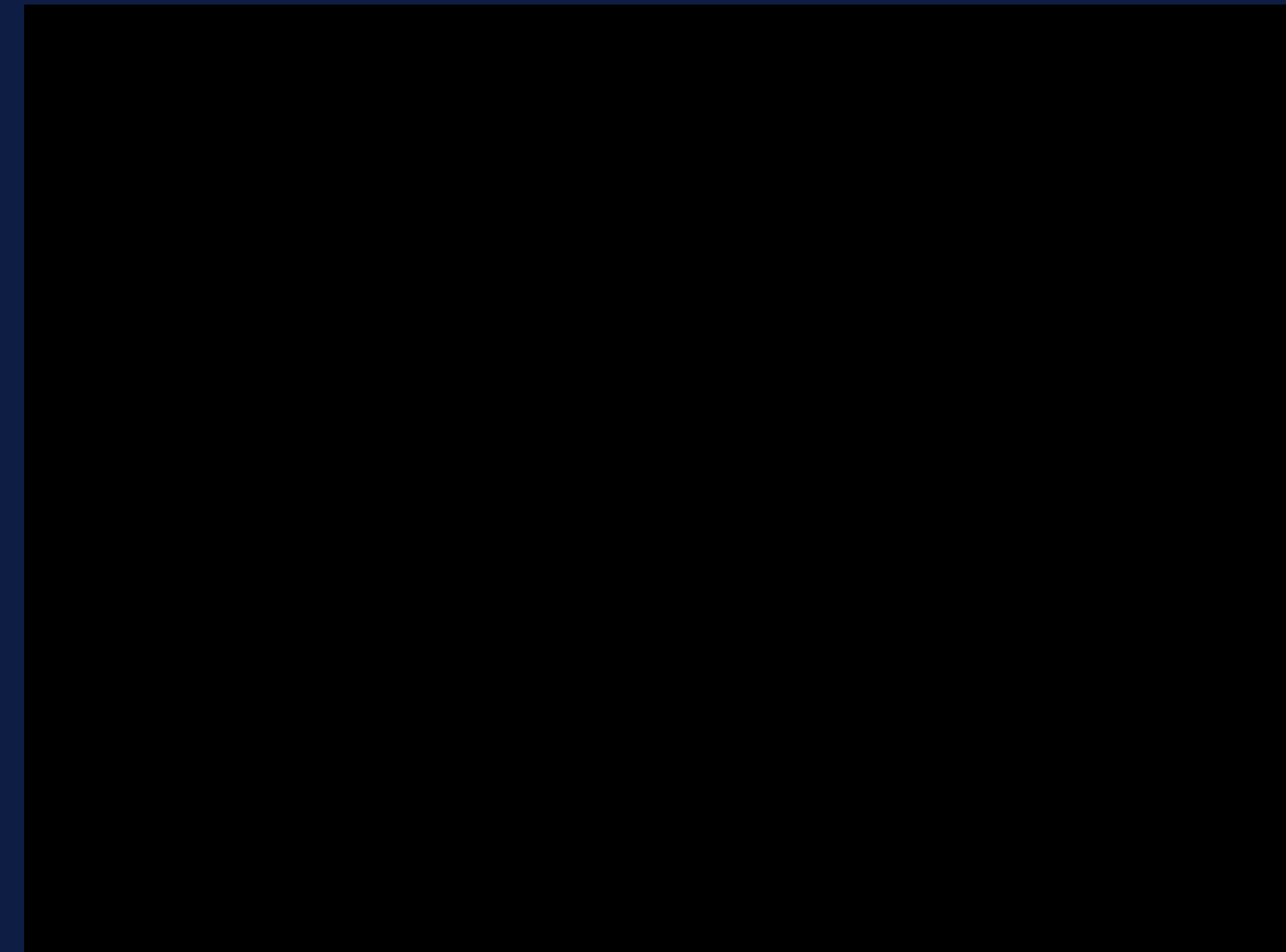
## Automated Price Changes Driven by Intelligent Forecasting



**PRICING**

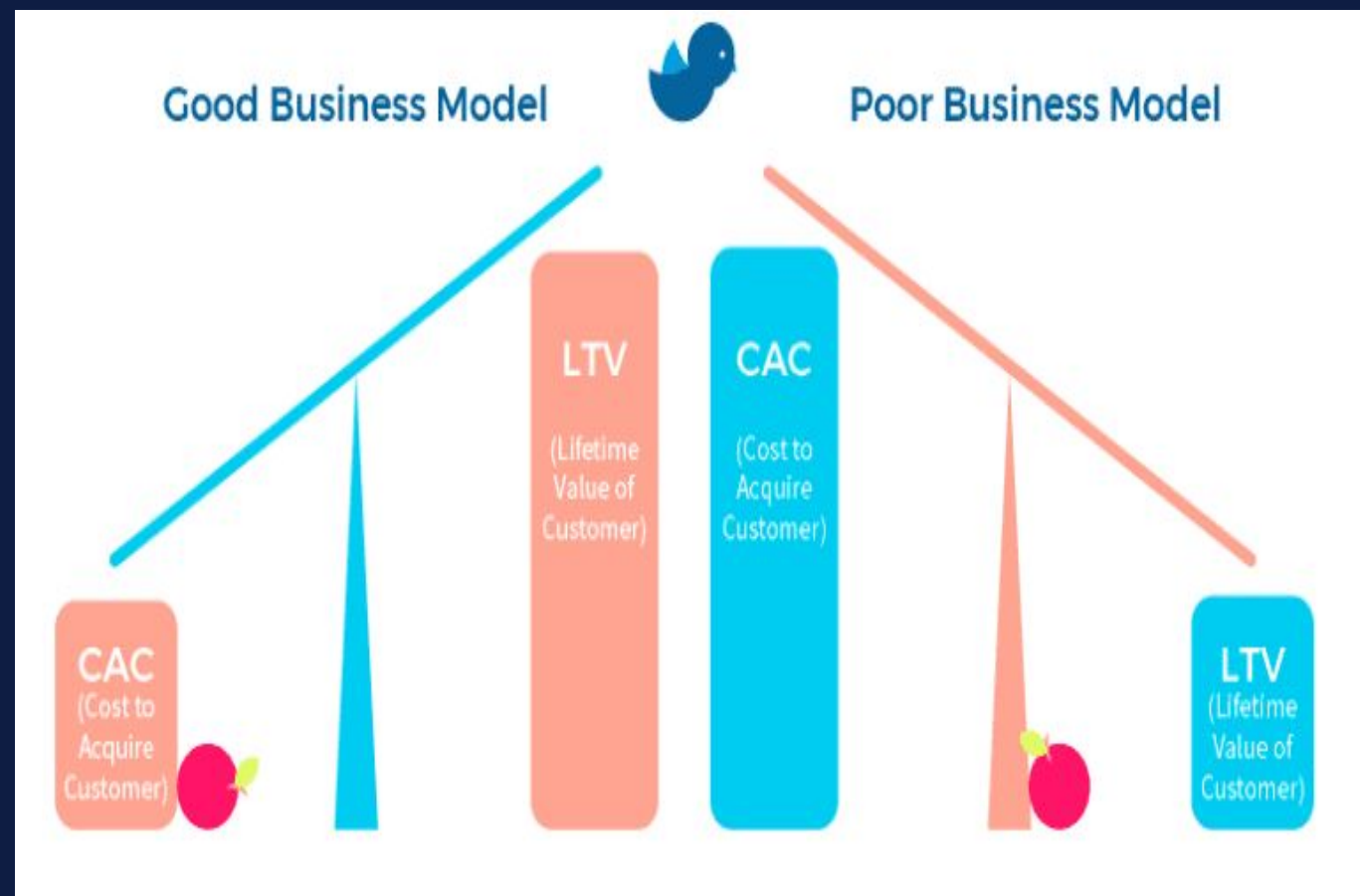
**DIGITAL VOICE**

**THE SMART PHONE  
IS YOUR GREATEST  
TOOL**





# THE NEW UNIT-LEVEL: ECOMMERCE ECONOMICS (LTV:CAC)



- A shift from unit-level economics to e-commerce economics
- LTV = lifetime value
- CAC = customer acquisition cost
- LTV-to-CAC = determine the profitability of your marketing efforts

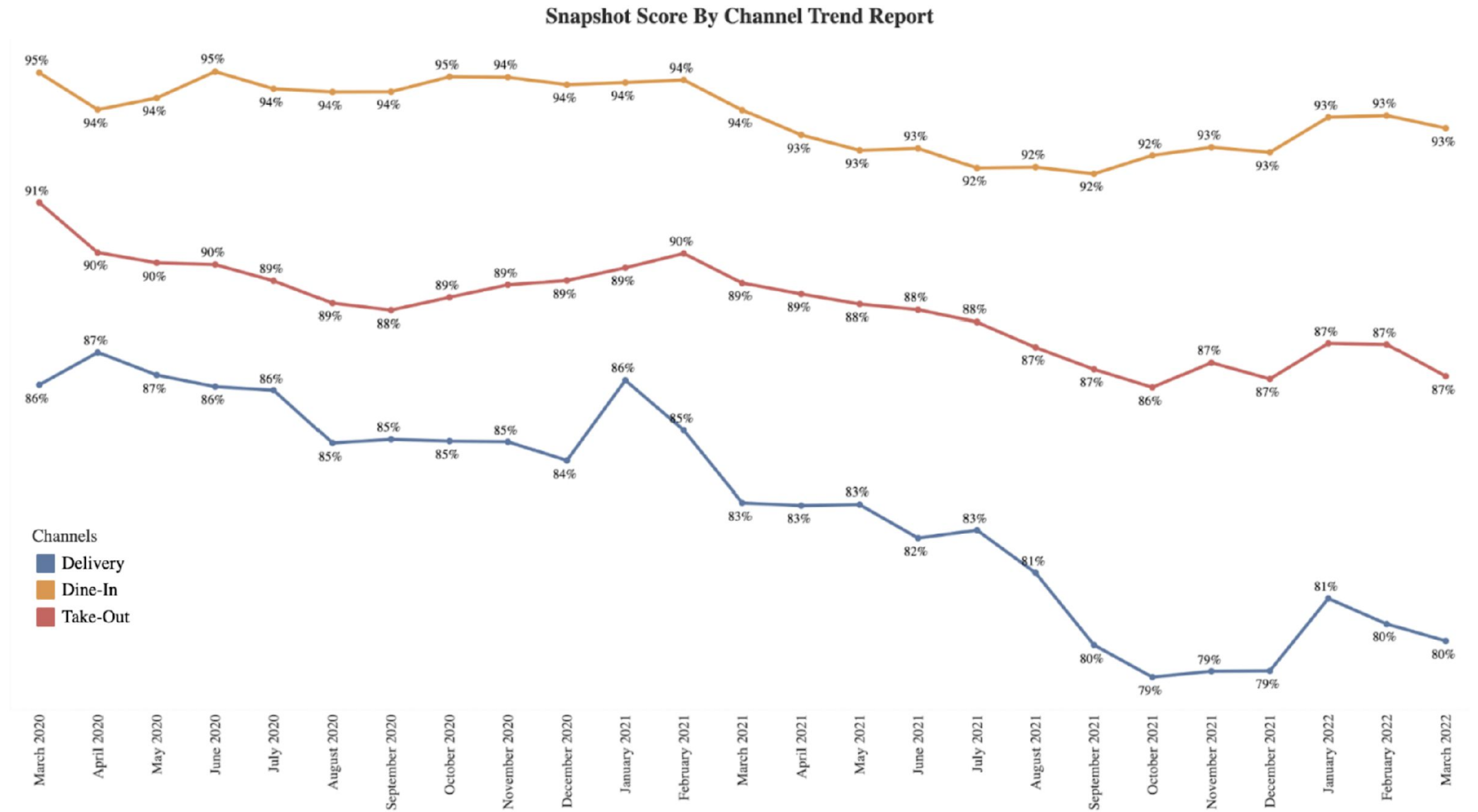
CREATING A **GREAT** GUEST  
**EXPERIENCE**



**3PD TO 1PD  
CONVERSION  
STARTS WITH A  
GREAT  
EXPERIENCE**

*“No amount of discounting will overcome a poor experience”*

# CUSTOMER SATISFACTION IS DROPPING



# CUSTOMER PERCEPTION OF VALUE IS **DECLINING**

## Reasons for not ordering Delivery, Among Restaurant Customers

For food you ate yesterday, why didn't you order delivery from any restaurant? % of respondents

Rank (out of 13 reasons)	Reason	Mar '20 - Oct '20	Nov '20 - Apr '21	May '21 - Mar '22	Change vs. Mar - Oct '20
1	I didn't want to pay the fees / tips for using delivery	35%	42%	42%	<b>+7ppt</b>
2	It would take too long to get the food	19%	23%	22%	<b>+3ppt</b>
4	The food would be cold / stale by the time I got it	10%	12%	12%	<b>+2ppt</b>
9	I didn't want an employee touching my food bag	9%	8%	5%	<b>-4ppt</b>
10	I didn't want to come in contact with the employee	9%	7%	4%	<b>-5ppt</b>

# GIVEN THE CHOICE, WHICH FACTORS PLAY THE MOST IMPORTANT PART IN YOUR DECISION TO PURCHASE?

Given the choice, which factor plays the most important part in your decision to make a purchase:



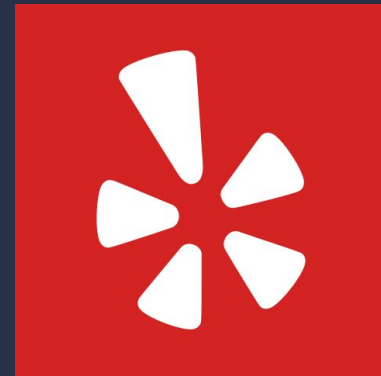
# THE VOICE OF THE CUSTOMER IS **LOUDER ONLINE**



# GUEST FEEDBACK DIVERSION

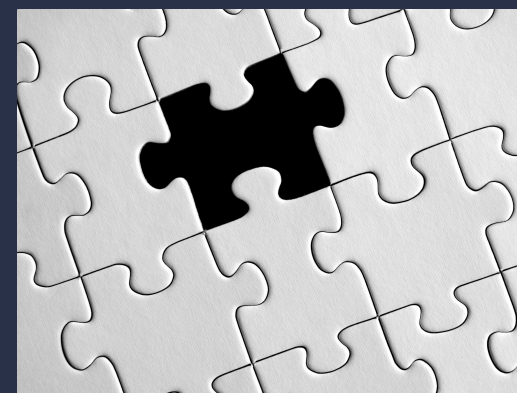
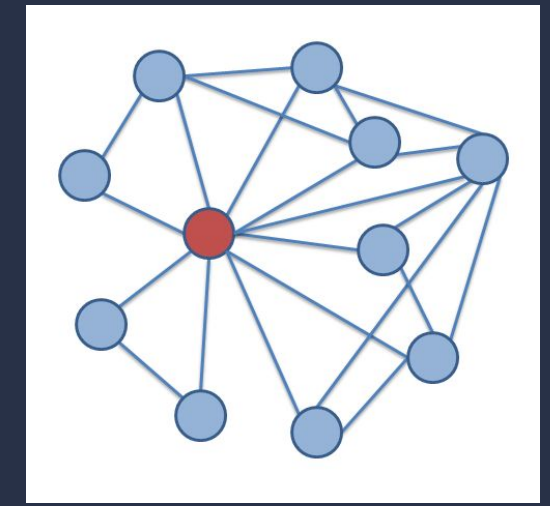


Google





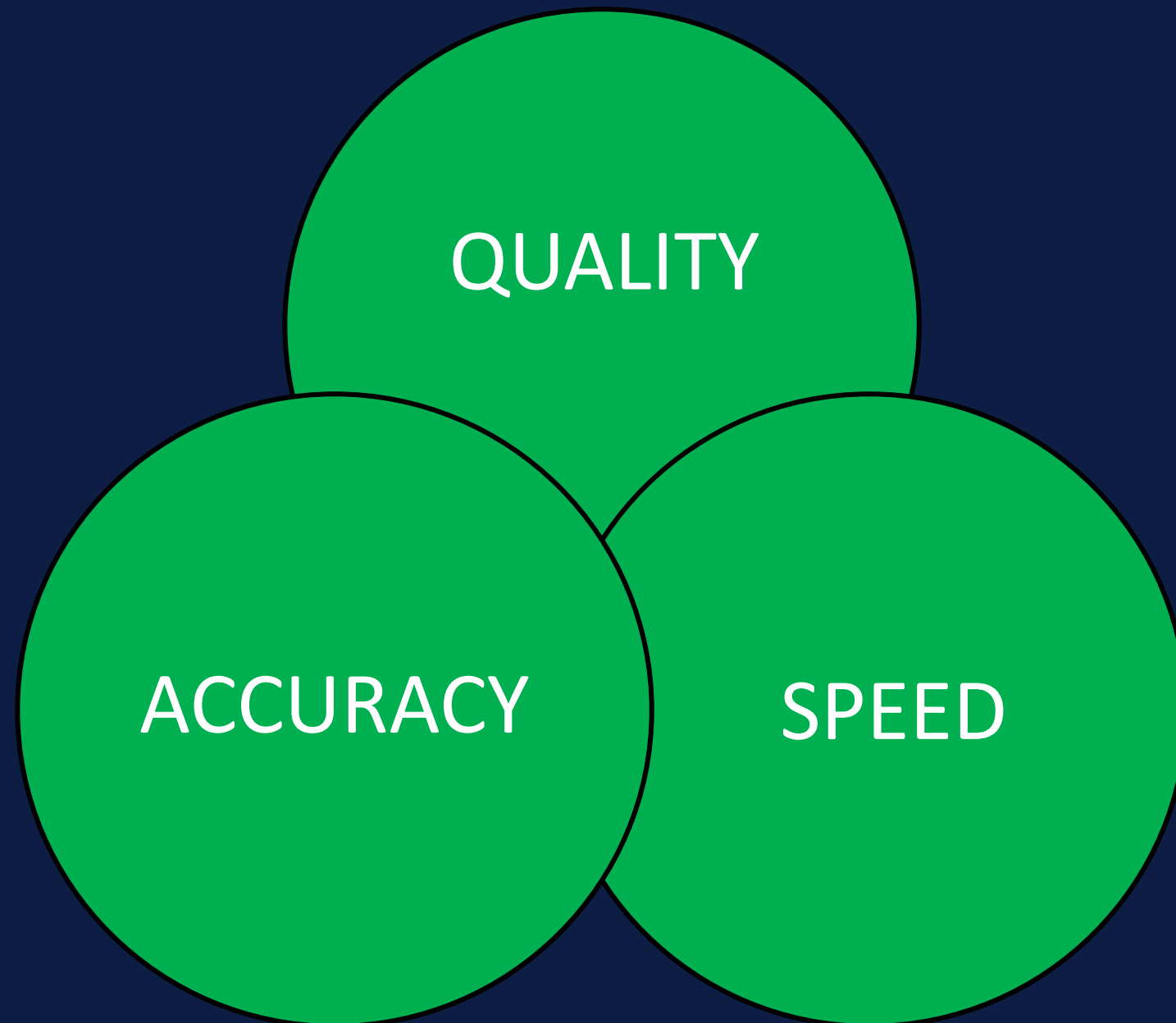
# GUEST FEEDBACK FOR OPERATIONAL IMPROVEMENTS







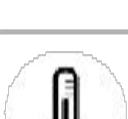
# OPTIMIZING YOUR OPERATIONS



# THE TRIFECTA OF GREAT OFF-PREMISE OPERATIONS

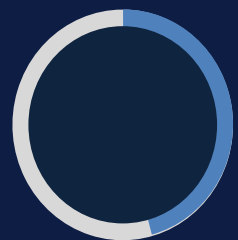


## When Off-Premise Operations Go Wrong

	<i>Delivery is incorrect in terms of quantity or the wrong item being delivered;</i>
	<i>Adjustments are not correctly made;</i>
	<i>Food is delivered outside the expected delivery window (e.g., late);</i>
	<i>Food has lost its intended state of integrity during transit (e.g., the package has fallen over); or</i>
	<i>Food has lost temperature or quality because of the time that has passed since it was produced.</i>

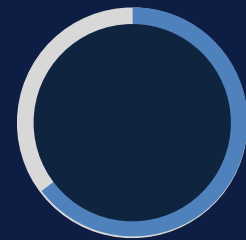
11.1 When Off-Premise Operations Go Wrong

# SPEED



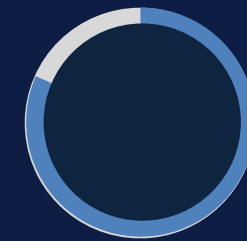
## ACCURATE FORECASTING

Measuring what you do, what you had ready and what you learned – and recalling it next time



## 10 MINUTE PREP TIME

Gamify and Train & Think like a drive-thru operation



## FIRE TIME TO DRIVER READINESS

- How connected is your prep time to your driver arrival?
- How can you help drivers get in and out quickly?
- Be in the Red Zone.

# ACCURACY

## Technology

Using an aggregator consolidates operations and data

## Expeditor Adjustments

The most important role in off-premise?

## The Driver as Server

What role do you want them to play?





### **TEST IT**

Eat your food twenty minutes after you take it for a ride.

### **PACKAGING**

Integrity, Temperature,  
First Party Branding  
Is it Instagramable?

What pizza teaches us?

### **SIMPLICITY MATTERS**

Remove  
complexity

# QUALITY

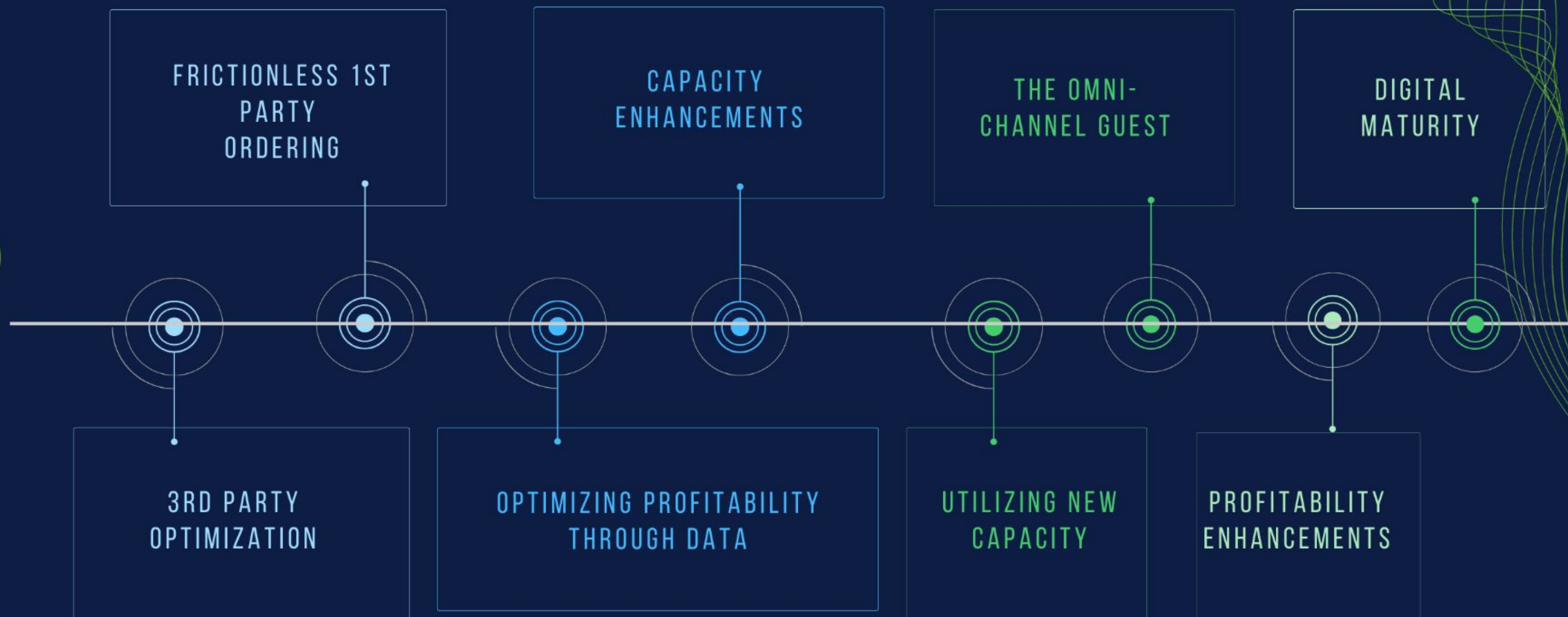
AFTER THE  
BASICS



# The Path to Digital Maturity

DELIVERING THE DIGITAL RESTAURANT

THE PATH TO DIGITAL MATURITY





“Most kitchens operate utilize less than  
50% of their true capacity.”

Stephen Crowley,  
CEO of Service Physics

# SAME PERSON **DIFFERENT CHANNELS**



- Saturday night: dine-in for date night
- Monday lunch: order take-out onsite for lunch at desk
- Wednesday lunch: order delivery through a 3PD to the office for a meeting
- Thursday dinner: click n'collect on the way home for family meal



*She didn't defect from the brand on Saturday*

# TRULY DIGITAL RESTAURANT **COMBINES** **OMNICHANNEL DATA FOR 360 VIEW**



- 1) Make every engagement a digital engagement
- 2) Collect data in every channel
- 3) Combine data in a CDP (customer data platform)

**SAME **THREE** FACETS  
APPLY IN ALL  
CHANNELS**

PAYMENT

ORDERING

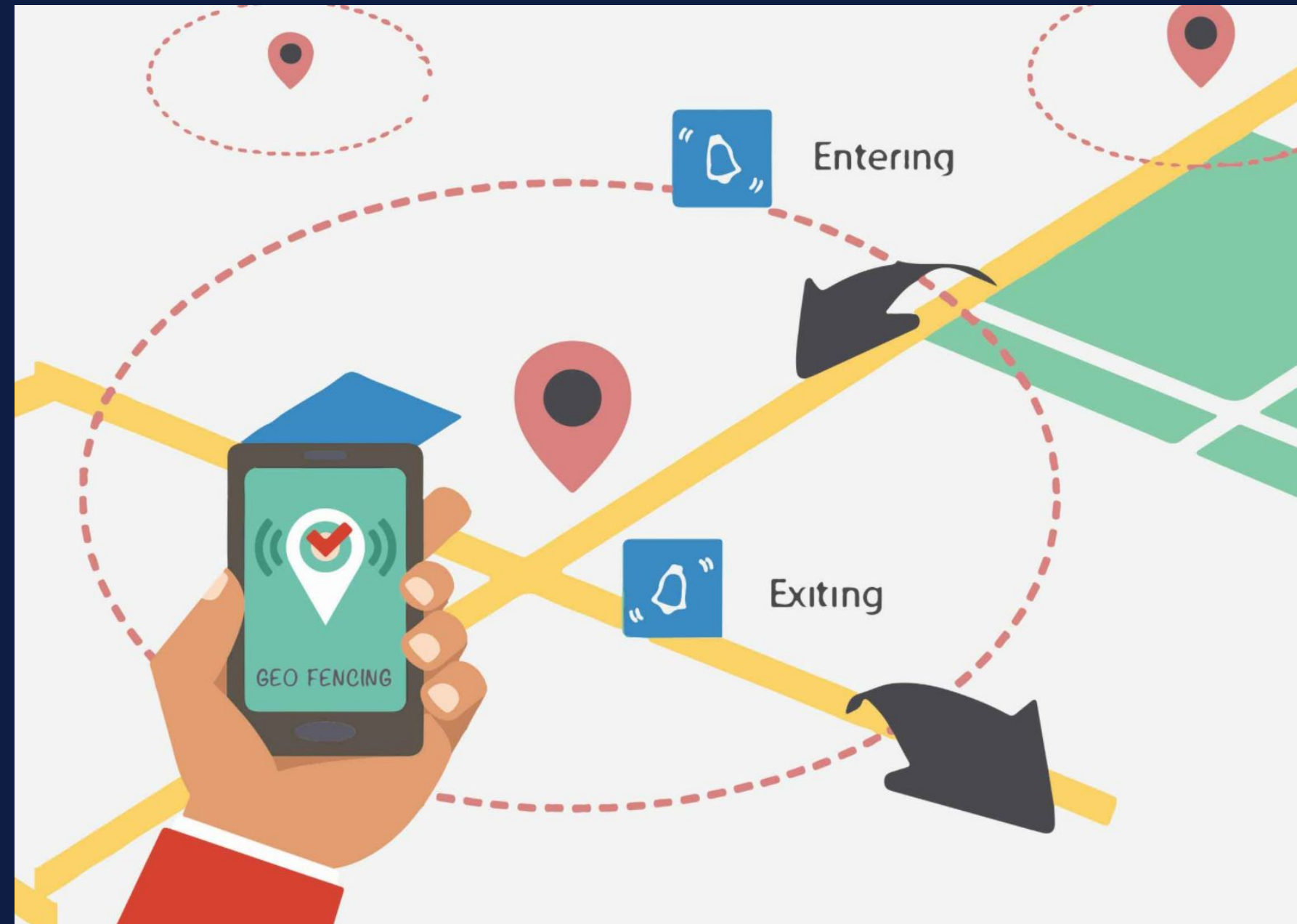
LOYALTY

# FUTURE TECH IS HERE NOW: DYNAMIC PRICING

Automated Price  
Changes Driven by  
**Intelligent Forecasting**



# FUTURE TECH IS HERE NOW: GEOFENCING TIGHTENS OTD TIMES



# REDESIGN OF RESTAURANTS IS UNDERWAY



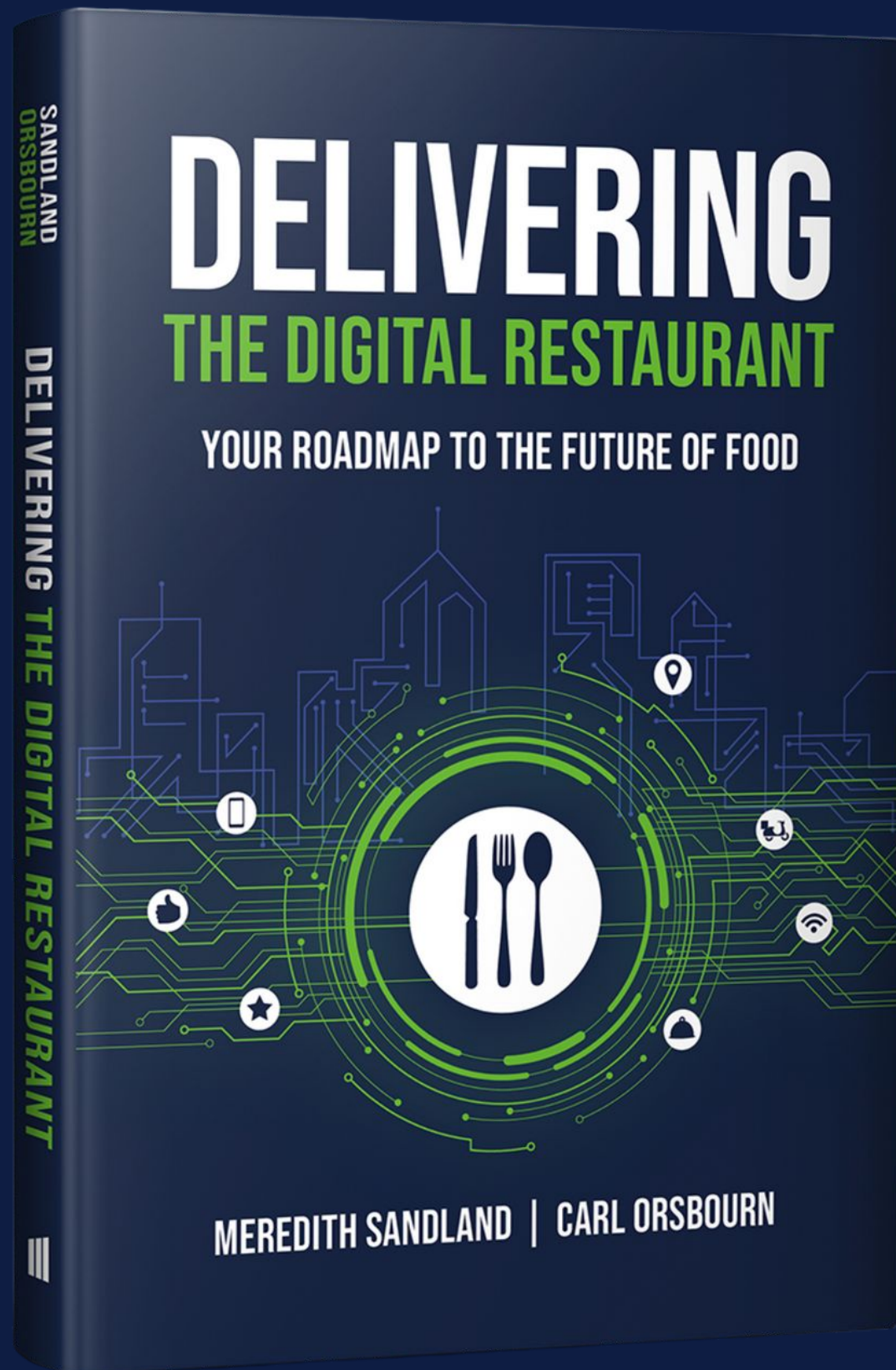
# MORE DISRUPTION IS COMING



- Ingredients are here: software, automation, ghost kitchens, plant-based foods, electric cooking
- Next winning concept will combine these ingredients in an irresistible recipe
- Consumers will get more value – more convenience, healthier food, a lower price



**Q&A**



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DELIVERY

# THE MONDAY MINUTE

5 HOT NEWS TOPICS IN  
10 (ISH) MINUTES

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