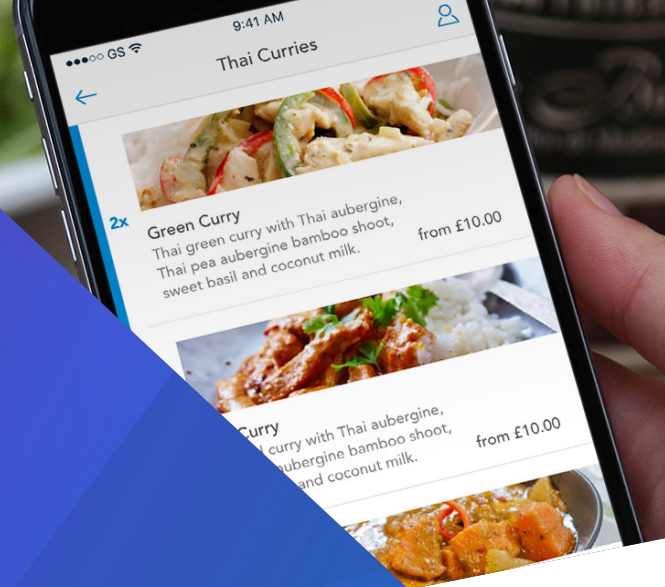# Four stories of mobile and online ordering success

Lessons from Preoday's specialist success team

With hospitality chains around the world unveiling new ordering strategies and launching mobile and online ordering platforms, the success of brands like Starbuck, Domino's and McDonald's should be seen as a catalyst for other venues, of any size, to explore the benefits of digitised ordering.

The proof is in the pizza pie

The US-based **National Restaurant Association** says 2017 will be the eighth consecutive year of real sales growth in the US restaurant industry and suggests that increased focus on modern technology and digital ordering will play a significant role in this.

As Zacks Equity Research **points out**, despite heavy competition, by continuing to add to its digital capabilities with the launch of various ordering apps and platforms, Domino's has been able to retain its position the forefront of digital ordering and customer convenience. Still, despite the reams of positive publicity around it's ventures, the percentage of the global hospitality market with online ordering capabilities remains comparatively small. The industry is vast and for every restaurant, cafe or bar exploring pre-ordering there is one that hasn't considered the possibility and another that is watching the market and waiting for a signal to invest.

Finally, there's one which labours under the misconception that mobile or online ordering isn't suited to its offering because its business is too different or too small.

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Four stories of
mobile and online
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Consider the data

What we would say to each of these parties is the same: the potential of the digital ordering market is vast and the technology options available, varied. Already **25% of people** in the US have at least one restaurant app on their mobiles. Of the UK, Cyril Lavenant, NPD's food service director, **said:** "Ordering ready-to-eat food for delivery via an app or by phone is growing so fast that eating in is becoming the new eating out."

McKinsey & Company has **stated** that with new online platforms making inroads around the world, it expects online and subsequent delivery to grow by 25% per year from 2015 to 2018 in key markets. Similarly, Ve Interactive's Head of Digital, Tom Clark, **commented:** "It's been exciting to watch the online food delivery industry grow as quickly as it has and to see how brands have adapted their business model in increasingly creative, customer-grabbing ways. With high-profile competitors entering the UK market and strong contenders acquiring others, I fully expect the online market share to continue to rapidly grow."

Our advice is to use the following success stories and recommendations as a benchmark by which to judge the readiness of your own company. None is the size of McDonalds, some were new to pre-ordering and all have taken a leap of faith and been pleased with the results.

How to know when it's time for a new ordering strategy

You know the old adage, if it ain't broke, don't fix it? That rule does not apply here because in a competitive arena like hospitality, standing still and being satisfied with what you've got gives others the chance to pull ahead. Your traditional phone and order system may not be broken, but its popularity will wane as consumers look to satisfy their need for convenience and turn to alternatives that offer digital options.

In 2010, approximately 1.39 billion phone delivery orders were placed in the US, according to market research firm NPD. By May 2015, that number had dropped to about 1.02 billion. In the USA, where arguably, online and mobile ordering is slightly ahead of the UK and Europe in terms of market share, **Taco Bell sees 30% higher average order values** on mobile compared to in-store, while mobile payments currently account for 30% of Starbucks transactions. These are businesses that recognised the ongoing change in consumer habits and made the switch early.

Change is a profound issue for most organisations. To thrive in the face of unanticipated events, trends and challenges, companies have to embrace that change.

How to prepare
To recognise when the time is right, a business should first review its strategic approach. Remember, a strategy is not a singular event - that is a tactic. A strategy should be a defined process that affects which tactics are put into play, when and why.

Businesses should employ scenario planning with current and future customers in mind. For example, if customers include the much-discussed 'millennial' generation (those currently aged 35 and under), note that this is a segment of the population that has grown up using digital devices. The typical 25 year old prefers to text or use online messaging rather than talk, and the concept of placing an order over the phone is all but foreign to them. In a planned scenario, will the tech-savvy customer choose to build a relationship with the business that caters to its digital needs, or the one that doesn't?

Even if these customers represent the future of a venue's spend, as opposed to the present, businesses should prepare to appeal to their requirements now. Ultimately, a hospitality business should be focused on creating value for present and future customers, and if that value is to be found through change, then the time to change and adopt a new ordering strategy, not just mull over it, is now.

Case study one:
The Shack

Knowing that the time was right

The Shack is a small burger chain with three restaurants. The popularity of the burgers led to long queues and waiting times for takeaway – sometimes up to 60 minutes. This led to low customer satisfaction and missed sales. Aside from dissatisfied customers, the company was aware that it did not know who its customers were or their ordering habits.

It was upon realising that a fresh ordering strategy was needed to combat these concerns that The Shack came to the knowledge that the time was right to invest in digital ordering.

The Shack selected Preoday's mobile and online ordering system to help improve customer experience and because it could integrate into its existing app. By using Preoday's analytics, it gained a better understanding of its customers' behaviour and was able to create bespoke promotions, marketing and loyalty discounts.

Mobile and online ordering now account for **30%** of The Shack's sales with average order value **58%** higher via Preoday than in-restaurant purchases. This is due to the opportunities for cross-selling within the app and also the ease of use. Critically, the average waiting time between ordering and collecting food for takeaway has been reduced dramatically from 60 minutes to 20 minutes; this has helped significantly improve customer satisfaction.

THE SHACK
BURGER · CHICKEN · RIBS

How to make any online and mobile ordering strategy a success

There are some general rules for any business that wants its newly implemented strategy to be a success. For a start, the strategic outcome must be achievable - and reasonable. Stretch goals are for sales and marketing teams, a successful business strategy should never be too big a stretch. To avoid it becoming so, the decision makers should not rush to implement any new strategy without having sanity-checked their plans, fresh operations or new technologies. The critical obstacles to achieving strategic objectives must be identified and a plan made to address these.

In addition to those general rules, for hospitality businesses looking to implement a new online and mobile ordering strategy, there are specific considerations that help drive success.

1) Prioritise the customer experience
It's the experience that counts. Digital menus should be straightforward to navigate, the options easy to select and payment simple to complete. Online and mobile customers deserve to be treated with the same care and thought as those that choose to sit inside the venue and eat. Speed of delivery, quality and courteousness are paramount. Customers should feel the value in using the technology on offer.

If customers have chosen to collect their order, then the pick-up process should be clear. Use signage to indicate the collection area and organise a separate line for those that have pre-ordered.

2) Be prepared for operational changes
A successful pre-order and pre-pay service has the potential to dramatically increase same-store sales and profits, but will require operational adjustments, not just once, but ongoing if sales are to continue to grow. Businesses should prepare by thinking ahead about how they're going to cope with an increase in same-store sales, while realising there will be a learning curve that even the biggest establishments are climbing.

If you anticipate a collection bottleneck, explore different solutions including store redesigns, cross-training employees to serve customers better or using text messaging to notify customers when their food and drink orders are ready.

3) Use analytics to improve relationships
Mobile and online ordering programmes capture a wealth of customer data. Data alone is nice, but it's only the starting point—customer data becomes powerful once it is applied to the real world and used to improve relationships with actual customers. A mobile ordering solution should give businesses insights into customer behaviour both at an individual level and at segment levels. This will enable companies to target both with special offers and personalised messages.

How to make any online and mobile ordering strategy a success

4) Choose a strategic technology partner

Mobile and online ordering is not a technology "one and done" effort. The marketplace is changing, consumer expectations are rising and the technology needs to evolve while providing a flawless customer experience.

Businesses need a partner which specialises in pre-ordering technology and can provide a platform that is tested and reliable to get them to market quickly. It is just as important to have a technology partner that invests in the platform on an ongoing basis to keep it current, as well as providing the support and consulting necessary for the solution to be successful. This approach will reduce the threat of technology obsolescence and 'future proof' the establishment's mobile strategy by ensuring the technology evolves with the market.
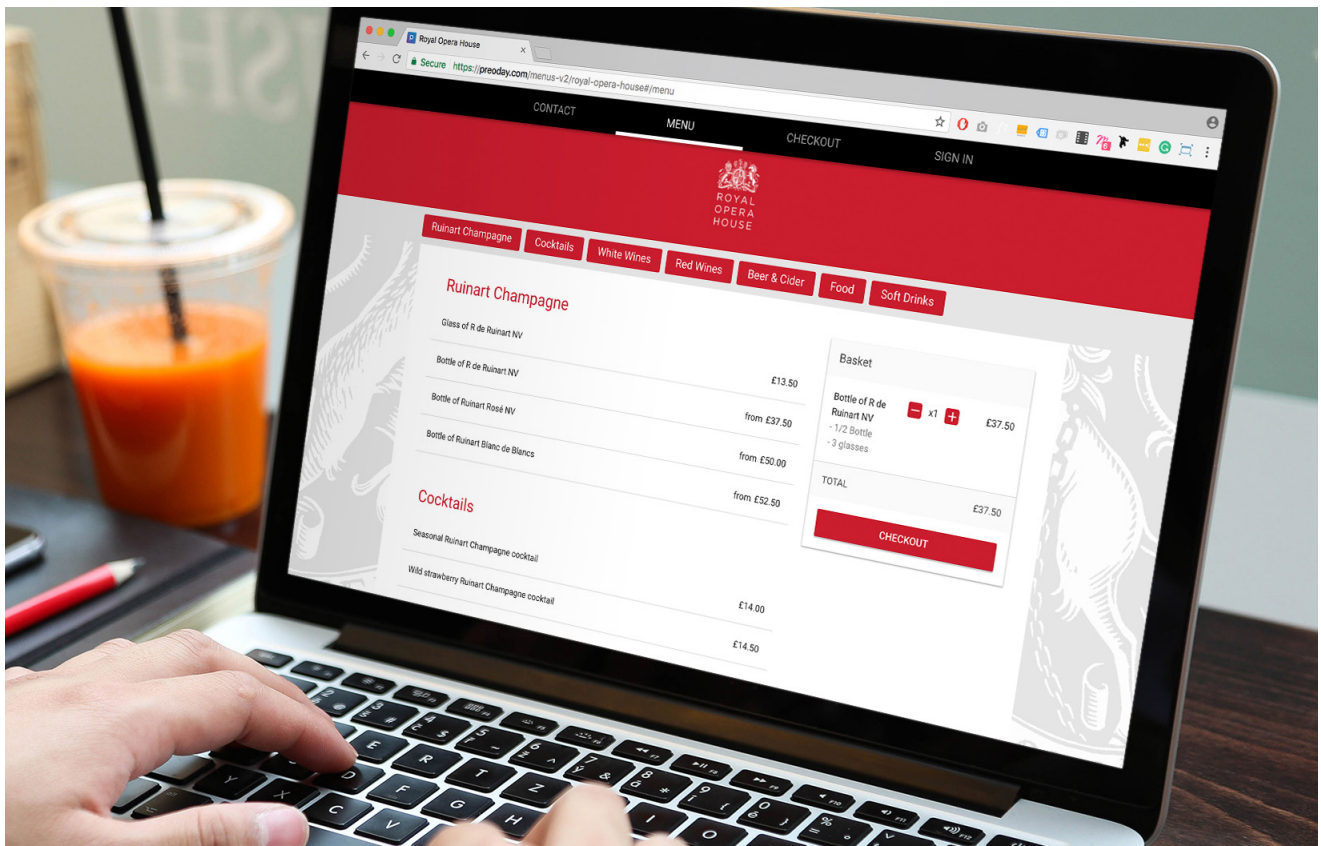
Case study two:
Bridge Bar & Grill

Using data to drive success

Hungry Monkey is a local marketplace aggregator powered by Preoday's technology. Its featured restaurants, which include Bridge Bar & Grill, receive the data they need from mobile ordering to improve their marketing campaigns.

The Bridge Bar & Grill is a popular venue in Gibraltar. Despite its success, local residents were inclined to remain loyal to one or two restaurant brands, rarely experimenting with alternative venues. This seemingly limited the venue's opportunities for attracting fresh custom.

Since feeding data collected by Hungry Monkey into fresh marketing and promotional campaigns, the Bridge Bar & Grill has grown and diversified its customer base.

The bar has seen an increase in revenue alongside a rise in the average spend per order and customers are more inclined to try new foods and experiment with their food options. Data-led marketing has made all the difference.

Why digital ordering suits your business - no matter who or what you are

As mentioned, the media is paying a lot of attention to those industry giants most publicly launching their digital ordering solutions. That's not to say that other restaurants aren't developing, or able to develop, online ordering portals and mobile apps that customers can use to make reservations with, or order food from. There really is no size too small or too large as long as the business finds the technology that best suits its needs.

Engaging with aggregators
Many venues, when they start out, feel they should trust an aggregator technology such as Just Eat to manage their online ordering. In some cases this is a great introductory route into mobile ordering, but any company going down this line should research its options carefully. Just Eat, for instance, charges around 14% commission per order to its venue partners. It doesn't manage delivery and it withholds the essential data restaurants need to improve marketing and customer loyalty. Considering many restaurants generate profit margins around 10%, that's a drastically high figure.

Online and mobile ordering gives businesses and their customers round-the-clock convenience and an ordering strategy, which properly implemented, can drive higher traffic alongside sales and profits. To lack a digital ordering solution is already a distinct disadvantage in the eyes of some consumers, and may even repel prospective customers from a brand. We are in an age when people rely on the internet to find new sources of information, fast, and then use the information they find to make purchasing decisions. If they find a brand, and enjoy the experience they have with it, they can easily become brand ambassadors. This is true no matter the size of the company.

The market segment should not matter either. While the companies currently best known for digital ordering are quick service, i.e. Chipotle and Panera Bread, there's no reason a high end venue can't also benefit.

Quality service restaurants
One perfect example is **ULI**, a beautiful, independent restaurant located in London's prestigious Notting Hill. In April it announced the launch of its mobile and online ordering service; if it can benefit from such technology, why shouldn't others? **The Royal Opera House** also offers a pre-ordering service to its guests ordering interval refreshments. You don't get much more 'high-end' than that.

Technology-centric restaurant services are important to the broad spectrum of consumers, not just those that frequent Pizza Hut and McDonald's. Nowadays both students and duchesses expect their favourite venues to offer technologies that make their lives more convenient. Technology has become a fact of daily life everywhere else in their lives and consumers expect as much from their food and drink providers.

When visiting a high-end eatery, the quality of the food is clearly important, but it's not the be-all and end-all. Just as important is the ambiance of the surroundings and level of service provided. These factors must come together to form a truly top-class experience. It's why the world's highest-rated restaurants begin their customers' dining experience before they walk through the door. It makes them feel special and takes the meal beyond the realms of sitting and eating.

Online and mobile ordering opens businesses of all sizes up to new streams of customers and provides fresh revenue potential. It reinforces brand identity and forges close customer connections through the collection of data that informs better business and marketing decisions.

Case study three:
Searcys

High end experiences powered by pre-ordering

Searcys was looking to develop its digital capabilities and identified digitising its voucher process as a way to grow the revenue stream. At that time, only one of its venues, **Searcys Bath Pump Rooms**, had an existing voucher system, but the process was manual, taking orders by phone or in-person. This made it inefficient and difficult to manage. The team therefore wanted to streamline the process. They wanted to boost the Searcys brand and increase customer satisfaction by tailoring each venue.

Preoday provided Searcys with an **online voucher system** for nine high-class venues including Gherkin and Blenheim Palace. The voucher offering was bespoke to each venue, including branding and a variety of experiences on offer, from postal vouchers for afternoon tea at the Bath Pump

Rooms to e-vouchers for a champagne experience at the Gherkin. It could be managed by each venue and the customer analytics were used to help improve the gift experience offering and its marketing.

The new system brought about a real benefit to Searcys' business. In the first six months, the platform delivered a 147% increase in revenue in vouchers, a 9% increase in average basket size and a 110% increase in order volume. It also helped position the Searcys venues as digitally astute and customer-focused.

What's the realistic outcome of online and mobile ordering?

From the consumers' point of view, the convenience of pre-ordering comes from the time and, potentially, money it saves them. There's no need to trawl up and down a high street reading menus when the same thing can be accessed instantly through apps and websites. More than that, an online pre-order portal can be made accessible 24 hours a day. The customer may not be ordering at 3am, but they can still see what a restaurant has on offer and place order for the next day. They can also access unique offers and promotions that the business makes available to loyal customers, something that builds their brand loyalty and encourages them to order time and again.

As for what a business can realistically expect, we know that every restaurant, bar, hotel, events venue or sports stadium is different. The stock they have has different values and the reason for purchase is different. It's tough to provide an exact answer for what to expect. However, to provide an example, below is data taken anonymously from one of Preoday's quick service restaurant clients. This shows its experience with mobile ordering within the first three months of implementation.

Case study four:
Anonymous quick service restaurant
Sample three-month pattern

During the first three months in which a quick service restaurant used our white-labelled online and mobile ordering platform:

Order timings:
Pre-orders placed on average at about 2:08pm daily.

Service efficiency:
Collection queues moved on average 3.9 times faster than standard queues during lunch.

Growth:
Within 90 days of launch 4,528 on-line pre-orders were received, the volume currently rising at 17% per month.

Average basket size:
£12.59, 27% larger than off-line basket sizes.

Customers:
1,402 online customers downloaded the app and ordered within three months.

Daily order volume:
On average 50 pre-orders collected a day.

Revenue:
Online takeaway revenue of £629 per day; overall, £56,625 in the first three months.

Channel mix:
100% app orders vs 0% web orders. (Preoday's web orders to arrive soon).

Looking beyond the quick service market at our clients' one-year data, we've we've seen strong growth from restaurants both small and large:

- Online revenue growth per annum: **+31%**
- Order volume per annum: **+41%**
- Profit per annum: **+27% vs standard non-online business (approximate).**

For further, anonymous examples of customer success stories, contact us direct on **customersuccess@preoday.com**

Since 2014, Preoday has worked with hospitality companies of all shapes and sizes. From **Hungry Monkey** to **Vital Ingredient,** the **National Theatre** to **Village Vanguard.** In that time we have helped many solve their own unique strategic, operational and technical challenges. Our experience means that there are few concerns we can't answer, and we are well placed to guide any business through the establishment of their online and mobile ordering platform - and beyond.

There's no way to overestimate the importance of learning from others' experience. We benefit from their knowledge as well as our own and we inherit that information and pass it on.

Here our Customer Success Team shares a few of their top learnings and pieces of advice:

"

The most important ingredients in a recipe for a successful mobile/online ordering launch include the 'trimmings' not just the core technology.

They are: an effective marketing campaign and a streamlined operations team which is comfortable using the service.

Once you have these right everything else will fall into place easily.

"

A client that had initially struggled saw continual improvement after adopting a strategy that focused on forming solid processes that could be easily followed by the whole team.

By concentrating on solving root problems, not surface issues, results quickly improved.

Don't walk before you run.

Many clients get too excited for the pilot and offer several services with a full menu, which can be confusing to customers using mobile/ online ordering for the first time. It can also cause operational issues.

The most important advice I can give is to take everything one step at a time: start with the obvious problems the service can solve first, then, using customer feedback decide where to take the service next.

Test, test, and test again. Make sure that you, as the mobile owner, are completely happy with the customer experience (everything from menus to how the receipt appears) and know exactly what it's like to place an order as a customer.

This means there are no awkward moments where a customer is trying to show you something on the mobile that you haven't come across before. The best way to ensure you know the mobile inside out is to place as many test orders as you can and get your team to place them too. It's your mobile and you should be comfortable with how it works.

Choose a low-risk day to go live. Whilst it's tempting to go for the big splash, it's wise to start slow and expose the app to customers in a relatively safe environment to first ensure all your operational processes are as accurate as possible.

> **Don't be too in awe of the technology or you'll be too scared to play around with it. You can't break it, and the best way to get yourself, and your ops team familiar with it is to spend time using the product.**

> **I've seen clients treat their dashboard with cotton gloves, whereas actually they just need to get stuck in and place a few demo orders to see how it all looks and feels.**

preoday
Success

TEAM

If you're interested in finding out more about Preoday and working with us to launch your online and/or mobile ordering platform, **get in contact** here.

Our Success Team runs free demos of our technology platform and will be happy to show you how digital ordering technology can fit into and benefit your business - whoever you are.

About Preoday

Preoday builds bespoke e-commerce platforms offering mobile and online ordering along with strategic solutions such as GDPR compliancy services.

Preoday enables hospitality businesses to offer branded online and pre-ordering facilities to customers purchasing food, drink, merchandise and making bookings. It provides a white-label service to companies across the hospitality industry, from quick service restaurants and cafes, to theatres and stadiums. Preoday works both directly with hospitality businesses and partners including resellers, ticketing agencies, technology providers and food tech start-ups.

For more information, visit **www.preoday.com**