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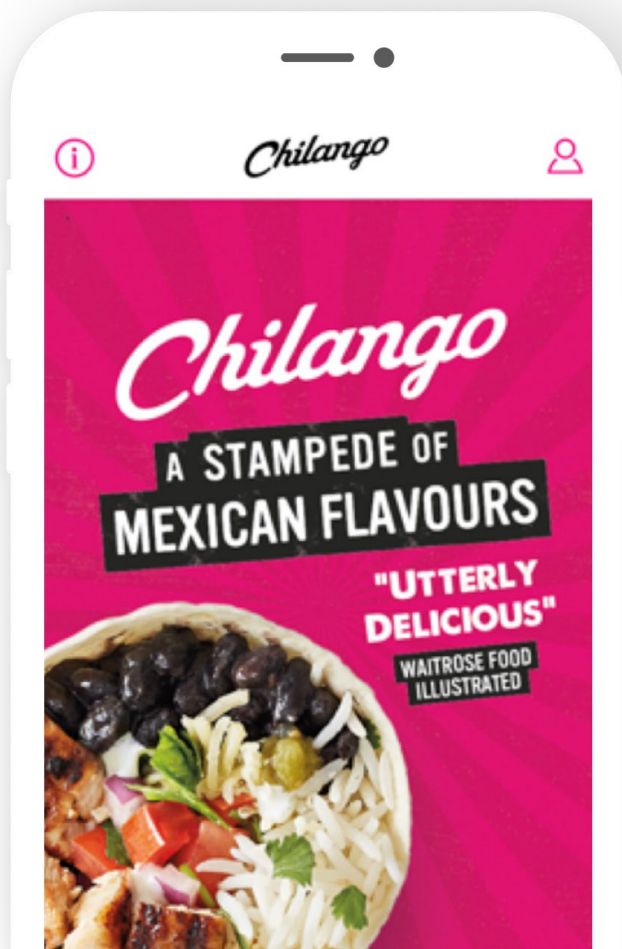
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Preoday and Chilango Retail EXPO Presentation

“Embracing technology to increase sales – How to make the most of all the digital channels available”

As part of this year’s [Retail EXPO show](#), our CEO Nick and Dan Houghton from Mexican fast food brand Chilango, discussed the merits and challenges of working with a variety of technology partners. Below is a transcript of the conversation.



Nick Hucker, Preoday:

Dan, can you give us an indication of how much of your business you’d say is “digital”?

Dan Houghton, Chilango:

Right now, I’d say three of the eleven restaurants are digital, if you take them by sales. All the restaurants are on multiple digital channels, but if you just go, right, how much business is online, it’s basically three restaurants’ worth. So just under 30 percent of all sales coming in digitally now, whereas it was zero two and a half years ago. We do a very high volume in the City. We will serve six hundred people in two hours and also have a good delivery trade, with some residential.



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Nick Hucker, Preoday:

Thanks Dan, that's really helpful. I'd say as a provider to these sorts of businesses, one of the interesting things is actually meeting a hospitality business where both the founders are hugely passionate about technology and therefore as a provider to those individuals it means you really have to be to the point because they understand exactly what you do for a living and they also know exactly what they want from technology, which sometimes is not the case.

But what we also find is that Dan has a very interesting set of partners. And I think this is a reflection of the marketplace that we find ourselves in now, which is hugely confusing for anyone in terms of business. You have a wide range of partners: delivery, ordering, white label, POS integrations, etc. What I wanted to ask Dan first is: why have so many partners?

The screenshot shows the Chilango website's menu page. At the top, there are navigation links for CONTACT, MENU (which is highlighted with a white underline), and CHECKOUT. Below this is the Chilango logo in a white script font. A secondary navigation bar lists various menu categories: Specials, Burritos, Hotboxes, Salads, Tacos, Nachos, Sides And Extras, Drinks, and Alcohol. The main content area is titled 'Specials' and features three items:

- Chicken Protein Box**: A generous helping of grilled fajita peppers with our fresh tomato pico de gallo salsa, extra chicken, topped with roasted tomato Asada (medium heat) - all for less than 500 calories and over 50 grams of protein. Price: from £8.95.
- Sweet Potato Burrito**: Deliciously roasted sweet potato wedges, coriander-lime rice, black beans, pico de gallo, lettuce & BBQ salsa. (Vegan). Price: £6.95.
- Low Carb Box**: Price: £4.95.
- Vegan Box**: Price is not visible.

On the right side, there is a 'Basket' section with a 'Collection' button and a message: 'There are no items in your basket'.



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Dan Houghton, Chilango:

As mentioned, I've got the technology background - I used to be a developer as well, so I can see the full spectrum of what a good technology partner looks like from being part of a coding team myself. So, why so many partners?

Well I mean, starting with delivery and the third-party marketplaces, I just think number one that you just don't want to pick a winner. Obviously, it moves way too quickly. Some of them like Deliveroo would love you to be exclusive, but I just think you're picking a winner by putting all your eggs in one basket and that's a very dangerous thing to do. Who's to say you get it right? And then secondly, consumers don't yet swap between channels. So, if you're only on one channel, you're actually limiting your audience. There'll be some overlap, but I think if you just pick one, you're going to be eliminating some of the guests who you serve in the restaurant. If we're just on one channel we can't serve some of them. That's a little bit short sighted in my view.

So that's how we've ended up with a range of partners. On the technology partner side, we have our own click & collect that Nick and his team power at Preoday and we have a loyalty system which is with a start-up called Swipii, who basically help us on the collection of consumer data. And then Nutrifix, a nutrition-led marketplace. As a consumer you can subscribe to them and choose restaurants that suit your nutritional needs. We've got an integration with them through to Preoday.

A lot of partners creates a ton of work for operations because of so many tablets and printers and all those kind of things not really glued together from a technology point of view, but you know if something can be bringing in, say, £500 a week to the restaurant consistently and it doesn't screw up operationally, we'll do it. We've just got to try and be with them as they grow up to make the most of it. Essentially, I think is very shortsighted and destructive to rely on one partner and just hope that it means everybody's needs, it's just not like that.



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Nick Hucker, Preoday:

So that leads me on to the question - What sort of criteria did you apply in selecting those partners?

Dan Houghton, Chilango:

Some of the key things to look for with technologies like white label tech where you're actually acquiring technology is how much money the companies have raised relative to their direct competitors; or how long have they been around. So, if someone's been around for five years, they'll probably be around for five more.

Or if they raised \$50 million, they'll be around for a while. So that's on the technology side, obviously it relies on qualified people as well. You also want data and a sense of a contract. I just think we've got to be open minded.

Nick Hucker, Preoday:

With the rise of "dark kitchens", how do you view them taking your data and then potentially taking customers away from you?

Dan Houghton, Chilango:

Yeah, I think they would do that regardless of the partnership with us specifically. Even if they're doing their own thing, there is still space for us, so I don't think it's completely incompatible. There is a fear that they will take intellectual property and so on, but I think that if you've got a good brand and a good operation and good food you can survive.

Nick Hucker, Preoday:

With this data gathered through all these various sources and from these various elements, how much of that do you then use to drive what you put on the menu and how much the consumer spends within a Chilango store? How much of that data are you actually using?

Dan Houghton, Chilango:

So, in terms of operational data, we do a lot. All the different providers give you operational reports. For example, Uber Eats will tell you, how long is the team taking to accept an order? How quick are you preparing the food? How long should you make the courier wait? That's information we get from all partners. We put the [operational] data from Deliveroo directly into our data warehouse and that's a good proxy for the other platforms. We still have those [other platforms by email] every week. You can see that this is very correlated [with Deliveroo's data].

In terms of marketing and actually understanding the consumer and really having that digital relationship, we've got some way to go. We've just hired a marketing director as we just recognised that here we've gone from having no sales on digital and everything face to face, to nearly 30 percent digital sales in 2 1/2 years. We're in danger of becoming disintermediated and losing the relationship with the customer. Plus, digital relationships are really effective, so we'd be crazy not to use them.



One thing I would suggest to people is that the [aggregators] are prepared to share data. They won't give you the individual customers, obviously they're worried about you targeting them directly, but, for example, i've asked them to give me postcodes, i.e. Everyone we have delivered to who has a certain postcode zone. It's a marketer's dream. For example, you know whether there's a work address or a residential address. You can also ask Uber Eats and Deliveroo for listing information.

That means when you appear in the listing panel and you know how long people have been on that page, how many are going to my page, do they click through, did they fulfil etc.

It's not quite as good as having Google analytics, but it's a good start. So we're just at the beginning of the journey, but I'm very excited because where we got to on operational excellence, with limited digital marketing, means that now we've added that to our team hopefully we'll do even better.

“You don't have to just use third parties, you can use white-label, but you have to get behind it and really push it. But I think it's worth it because you start to get a better feel for what the relationship is.”

Dan Houghton, Chilango

Nick Hucker, Preoday:

What sort of tips would you give to some of the operators in terms of putting it all together from a technology integration point of view?

Dan Houghton, Chilango:

We have an EPOS company that is prepared to do integrations. So, we have an API where we pull out all the data from that, which goes into our data warehouse daily. We have a direct integration with Deliveroo, straight into our EPOS and straight into our data warehouse. Critically, you want an EPOS provider that is able to integrate with a range of other providers and you want them to be doing that for all their clients, not just you. The EPOS is integral to making the integrations work. The primary source of truth for us is the EPOS database, which has everything we need [on sales and stock].



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Nick Hucker, Preoday:

What advice do you have for operators who are finding all of this very confusing?

Dan Houghton, Chilango:

I think you've got to embrace the fact that this is a consumer-led change. You know I've heard so many people at conferences, especially operators, who hate all this kind of change as they see it is damaging either hospitality or in a sense, destroying their margin.

Lastly, I would say you don't have to just use third parties, you can use white-label, but you have to get behind it and really push it. You're going to get behind it and really work on pushing back because consumers are being bombarded by opportunities to order from a third party every day and just to get them to use yours and to sign up requires effort. But I think it's worth it because you start to get a better feel for what the relationship is.



Nick Hucker, Preoday:

How are you using technology to help with the challenge of labour in terms of order fulfilment?

Dan Houghton, Chilango:

We find fulfilling these orders actually easier because the way we fulfil normally as you know is that the guest comes in and queues and then makes the order, which has to be prepared as fast as possible. That's actually difficult to fulfil at speed. So actually, having the receipts come in and someone collect can be easier.

We also price higher on delivery. Overall, the flex labour on walk-in is 15% for us, but on delivery it's 10%. Aggregators say that it's pure incremental sales on delivery and some operators say that aggregators cannibalise your earnings. I've done studies on our data, and concluded that delivery is about a third cannibalising from other channels, two-thirds incremental growth. You have to be careful. You probably take a little bit of a margin hit but not too much!

If you would like to find out more about implementing digital ordering, here is some further reading:

[London Tech Week 2018 – The Integrations and Innovations Needed for Ordering Success](#)

[How to be a smooth operator](#)

[Case study – 288 Bar & Wok](#)



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