

# The Complete Guide to Online and Mobile Ordering

June 2017

preoday

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## Introduction: what customers want

### State of market and statistics

In most parts of the world, the hospitality industry is experiencing growth and acting as a springboard for economic development and job creation. In the UK, [ONS business data](#) shows the birth of 24,000 food and accommodation companies in 2015, while 12,400 closed down: a net increase of 11,600. Meanwhile in the USA, the National Restaurant Association expects 2017 to be an eighth consecutive year of growth with sales figures [topping \\$799 billion](#).

While growth is continuing, changes in the global and local economies, disruptive technology and innovation and shifting consumer demand have caused waves that are slowly but surely reshaping the hospitality market and changing its value proposition. In times past the industry was known for selling pure products: a good meal, a comfortable bedroom, a pitchside view. Now the product is shifting to encompass better customer experiences, improved convenience and heightened levels of service.



In fact, according to [one study](#), by the year 2020 customer experience will overtake price and product as the key brand differentiator in the hospitality market. Similarly Gartner predicts [that by 2018](#), more than 50% of organisations will redirect their investments to customer experience innovations.

Whenever an industry undergoes dramatic change, enormous pressure is placed on companies within its marketplace, especially when there's a need to adopt fresh business models and make a success of them.



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The increased emphasis on customer experience and convenience presents a challenge financially and operationally, but it is also throwing the doors open to opportunity.

In the next five to ten years it will be those businesses that walk through that door that survive and avoid numbering among those on the scrapheap of history.

In this guide, we explain how technology is impacting the hospitality market and take a closer look at the rising trend in online and mobile ordering.

As part of this, we discuss whether aggregators or owned ordering apps offer the best deal for businesses: we offer our expertise on marketing strategy and explain how mobile ordering and loyalty programmes can work in sync with each other.

If there are any points you wish to discuss further, don't hesitate to get in contact on [hello@preoday.com](mailto:hello@preoday.com).

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**Customer experience is defined as the sum total of conscious events, as a coordinated series of interactions between a customer and a brand to accomplish anything. Above all words - a customer experience is defined by the customer, for the customer, at each touch-point, each time.**

Esteban Kolsky



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## Technology to the rescue

**As part of the the hospitality sector's objective to further enhance customer experiences and convenience, technology has an ever-more important role to play.**

If the word 'technology' seems indistinct by itself, that's because its impact is so far reaching. With the ability to affect both the front and back of house operations, it should be no surprise that an EY [Global Hospitality Insights](#) report claims sector leaders cited it as one of their top organic growth strategies. In the coming months and years, business owners should expect technologies to emerge that will advance their loyalty programmes, on-site operations, marketing and payments. However, for the purposes of this paper, we are focusing in on one form of hospitality technology which has the potential to change the industry, perhaps more than any other: online ordering and payment.

Worldwide, the market for food ordering (followed by delivery) stands at \$93.15 billion ([€83 billion](#)) and makes up 4% of food sold through restaurants and fast-food chains. The most common form of food delivery remains traditional, i.e. based on phone orders or walk-ins, however, online ordering (mobile and web-based) has been gaining momentum fast.

Given the benefits associated with online ordering, it's clear why.

Online ordering opens up a whole new sales channel for catering operators. Restaurateurs with no previous experience of takeaway or delivery services can use it to increase their capacity without extending their premises. And, because it's an internet service, online ordering can be made available 24 hours a day so customers can access it whenever and wherever they want.

Last, but not least, depending how the business manages mobile ordering, data generated by customers' profiles and their purchasing history provides invaluable information for business owners. With it they can better plan and manage their production volumes and staffing levels as well as creating relevant, targeted marketing campaigns.



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In 2016, [Ve Interactive](#), combining both the online food ordering and delivery markets, said market share had reached £10.5bn. By 2021, it predicts this figure to grow to [£17.6bn](#). It also expects more businesses to rebel against popular aggregator models by developing their own in-house technologies; this will reduce their reliance on third parties to boost their sales.



Further demonstrating the potential of the online ordering market, a May 2017 report from [GO Technology](#) that claims 40% of 25 to 34 year olds prefer to use their smartphone to order food and drink than queue at the bar or wait for table service. Finally, McKinsey & Co's [research](#) indicates that online's penetration of the food ordering market broke 30% in 2016. This figure, it believes, will grow as the market matures, ultimately reaching 65% per year.

If you collate each of these stats together a clear image of a future, where mobile and online ordering for food and delivery is a dominant force in the hospitality market, forms. An enormous opportunity is at hand for hospitality companies. As online and mobile ordering becomes commonplace for hungry consumers, we should expect healthier profit margins a faster rate of growth for those that offer the service to their customers.



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## Benefits of mobile and online ordering

If they haven't yet, 2017 should be the year companies think beyond the customer-facing technologies they feel compelled to have, and begin to understand what technologies their customers are ready, and want, to adopt. Adopting a mobile and/or online ordering platform provides customers with an ordering experience that drives real value and leads to greater customer retention. Aberdeen Group Inc. claims that companies with the strongest omni-channel customer engagement strategies retain an average of **89% of their customers** compared to 33% for companies with weak omni-channel strategies.

Customer retention is just one of many benefits online and mobile ordering offers businesses and its customers. For example, business owners might be particularly interested in how mobile ordering helps bring a fresh source of revenue, improvements in profitability and the new customer opportunities it brings.

### Grow revenue through 24/7 food ordering

Even if a business isn't open 24/7, having a portal that does remain accessible means consumers can engage with a brand at any time of the day or night. The great thing about online ordering is that a person can place an order at 3am for 7pm that evening if they so wish - in this case, the business owner is literally making money in their sleep.



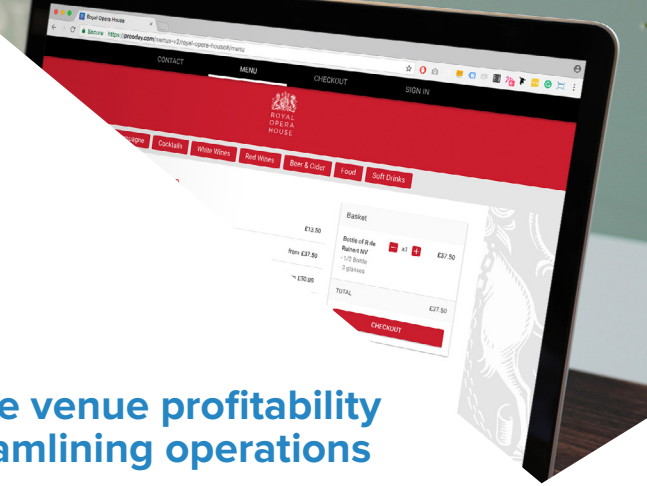
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### Increase venue profitability by streamlining operations

Queue speed is not just dependent on the rate at which a cashier can process an order. Often hold-ups along the line are as a result of indecisive customers, slow payment technology or, at quick service restaurants, food preparation times.

Slow queues can be damaging to businesses; some 70% of UK customers said they were **unlikely to return** to a store if they were made to wait in a long queue there in the past. With online ordering, lengthy queues can disappear and payments managed in advance. Customers can just walk in, collect a pre-prepared order and exit within moments.

Operations are further streamlined through the natural reduction in order errors. By removing the need for waiters to take down orders, and their variants en masse, businesses will increase the speed of kitchen operations, cut down order returns and minimise complaints.



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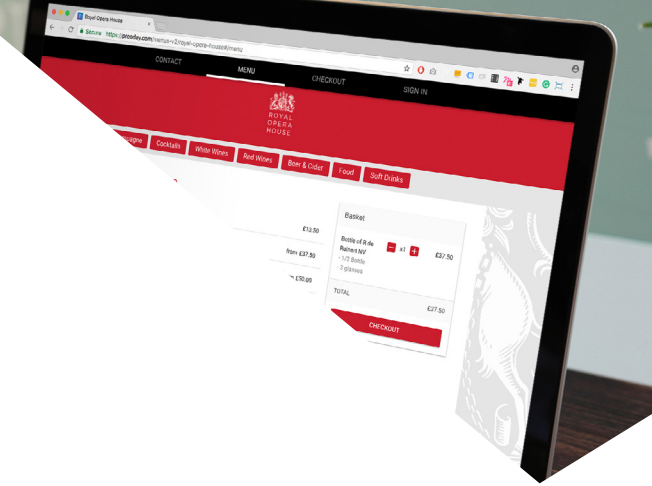
## Benefits of mobile and online ordering

**Bring in new business through customer insight Modern customers expect businesses to know and understand them.**

Capturing and analysing consumer spending patterns is something that every company should be doing. Businesses need to know what their customers are ordering, when, where, and how often. Online and mobile ordering channels make it possible to capture this information and break it down to the individual or build up a general picture. This then enables the business to create effective loyalty schemes and engage in better marketing efforts aimed at the individual. The ultimate result is an increased customer intimacy which drives visits and leads to an increase in sales.



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**Marketing platform, Hubspot defines omni-channel as a multichannel sales approach that provides the customer with an integrated shopping experience.**

**The customer can be shopping online from a desktop or mobile device, or by telephone, or in a bricks and mortar store and the experience would be seamless.**

We would be happy to discuss these, and other benefits, with you further if you want to get in [contact](#).





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## Just Eat - vs - Your own app

Names across the food market are investing in mobile and online ordering, either by appearing on an aggregator, as in [Pizza Express'](#) deal with Deliveroo, or having an owned app such as London's [Camm & Hooper](#).

Mobile ordering is obviously the future. But instead of a relying on a [commission-based aggregator](#) like Just Eat, we argue hospitality businesses would derive greater benefit from a technology that offers commission-free orders across all devices. Why?

Consumers are creatures of habit, which often ends up in the restaurant's favour. But through takeaway portals like [Just Eat](#) many customers fall into bad habits and it's usually the restaurant [that picks up the bill](#). Here are just five ways we believe an independent app is a better choice for hospitality businesses.

### 1. More Loyalty, Less Discovery

With portals like Just Eat it's hard not to become "Just Another Takeaway" where a company's reputation is judged primarily by location and cuisine type (and then how much a person pays to be at the top of the list). With its own app a business can focus on the more important reasons for a customer to order: the food, the service, the brand.



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### 2. Get Used to Saving Money

Due to Just Eat's high commission fees many takeaways have had to raise their prices to keep their head above water. But with a commission-free app we often find businesses can afford to offer their users app-exclusive discounts and reduced prices.





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## 3. Get Rewarded for Ordering

Customer analytics makes it easier than ever to visualise consumer behaviour. This knowledge allows a business to make bespoke offers to its most valued customers, as a little thank you for their custom. Just Eat keeps this customer data, leaving hospitality businesses blind.

## 4. Problems are Solved Quicker

There's nothing more frustrating for a customer than a missing order, and having to call up a third-party customer service like Just Eat only makes it harder. That's why an owned app that puts a business in direct contact with a customer means that company can resolve issues much faster and with a greater level of customer satisfaction at the end.

## 5. Total Flexibility

When using a business' app, customers won't feel restricted by their address. Company owners have the final say in accepting or rejecting every order. So, even if a customer is technically outside of a delivery zone, if the order is big enough or the customer regular enough the business can choose to make an exception.



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## Marketing your online offering

When a business launches its own mobile and online ordering, it is important to put effort into marketing the new service; how else will customers know that it exists? For anyone that isn't a 'marketing expert' this might seem daunting, but actually there are a number of techniques that can be easily implemented for maximum return.

### In-store visibility

In-store signage and printed collateral, for example, is a simple but effective way to promote an online ordering portal or mobile app. Signage and print marketing might include:

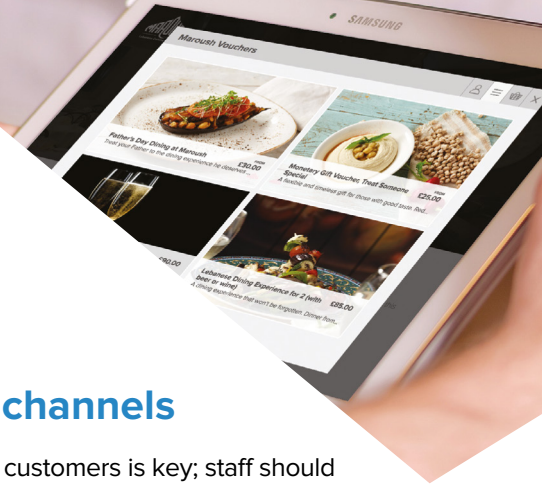
- Signs on or above counter screens and tills
- Flyers handed out in-store
- Wall posters
- Window advertising
- Pavement board advertising
- Business cards including information about the app and how to download it (can be included in food bags)
- Receipt messages - simple messages printed on the till receipts promoting the app/online portal

These marketing basics will go a long way to promoting the launch of any new mobile or online ordering service, but, of course, there's always more than can be done. We recently launched a series of blogs covering every aspect of [marketing for hospitality](#) businesses and we would encourage you to read and subscribe to updates in order to access this, completely free, marketing resource.

### Using digital channels

Engaging directly with customers is key; staff should talk about the app and its advantages with people as they pay or wait standing in the queue. Beyond face-to-face discussions, businesses can also use their own digital channels to talk about the service and promote its launch. For example:

- Customer emails
  - Send an announcement to mailing lists and include ongoing adverts in customer newsletters
- Website
  - Add a section about the ordering service
  - Include a short-term home-page pop-up to promote the service
- Social media
  - Post regular social updates - Instagram, Facebook, Twitter - and consider placing some spend behind a Facebook promoted post/advert in launch week.
  - Post/contact local groups on Facebook



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## Improving loyalty with online and mobile

Traditional, card-based loyalty programmes have been prominent in the hospitality industry for more than ten years, and they've been working well. From point collecting in exchange for goods, to paper cards that offer a free coffee with a 10th stamp, retailers, restaurants, hotels and coffee shops have all been taking advantage of what is a very simple, cost-effective way to generate customer loyalty. But herein lies the problem. With every other store offering a loyalty card, it's hard for any individual programme to gain a competitive advantage. Paper cards also lack the personal impact that consumers are starting to demand.

Enter mobile ordering technology. Giving business owners access to customer data helps them create unique loyalty schemes, tailored to different segments of their customer base. In this way businesses can take their loyalty programmes into a different league, constantly delighting customers by delivering unexpected, personal rewards.

In 2015, Jon Fisher, head of mobile and loyalty at Costa, spoke to [Marketing Week](#) magazine, about the success of the existing Costa loyalty app.

"It's about choice," Fisher said at the time. "There will always be customers who want to have a plastic card, so my job is to support however our customers want to interact with a loyalty scheme. We have already seen people shift to mobile and there's definitely a market for customers who want to have everything on their phone."



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Of course, that was before mobile ordering apps had effectively infiltrated the market! No doubt Jon would agree that an app combining the success of mobile ordering and loyalty holds an even greater appeal to new and existing customers.

That phrase 'new and existing customers' is important. Though gaining new customers is valuable, retaining existing ones is critical. According to [Forbes Insights/Sailthru](#), companies that increased spend on retention over a few years had a nearly 200% higher chance of growing their market share in the past year versus those that invested in acquisition.

The great thing about combining a mobile ordering app and a loyalty programme is that the two can work in sync, each improving the success of the other, helping retain existing customers and attract new ones. The loyalty scheme acts as a customer-focused incentive meaning people will download an app simply to access a loyalty programme and subsequently they will be encouraged to make online orders. Others will download the app to make an online order but will return to make future orders because of the loyalty scheme in place and the benefits it promises.

Of course, the more popular the app, the higher it will appear in online marketplaces and the more likely it will be downloaded by people that may not yet have come across the business: greater visibility equals greater adoption. This takes the app beyond being a tool used only by customers already loyal to the company.



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## About Preoday

Preoday builds bespoke e-commerce platforms offering mobile and online ordering services. We enable hospitality businesses to offer branded online and pre-ordering facilities to customers purchasing food, drink, merchandise and making bookings.

Preoday provides a white-label service to companies across the hospitality industry, from quick service restaurants and cafes, to theatres and stadiums. We work directly with hospitality businesses and partners including resellers, ticketing agencies, technology providers and food tech start-ups.

### Reasons for choosing Preoday:

- Never pay excessive costs. Avoid up to 14% commission on every order placed through aggregator service like Just Eat. Preoday is 0% commission
- Acquire new customers and make existing ones more loyal
- Reinforce your brand identity
- Gain complete access to customer data (often withheld by aggregator services)
- Have total control over customer service including delivery deals and menu creation

### Want to know more?

This is the first in a series of white papers and guides designed to answer your questions and provide solutions to common challenges.

Next in the series will be a white paper that tackles key themes of the General Data Protection Regulation (GDPR), helping you to understand the new legal framework in the EU, and how it could impact your business.

If there are any topics you want us to cover, [get in touch](#) and let us know.

Check our [Resources](#) page regularly to access fresh and useful content.

To ask us a question, arrange a demo or get a quote for your project please [drop us an email](#) and a member of our team will be in touch very shortly.



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