

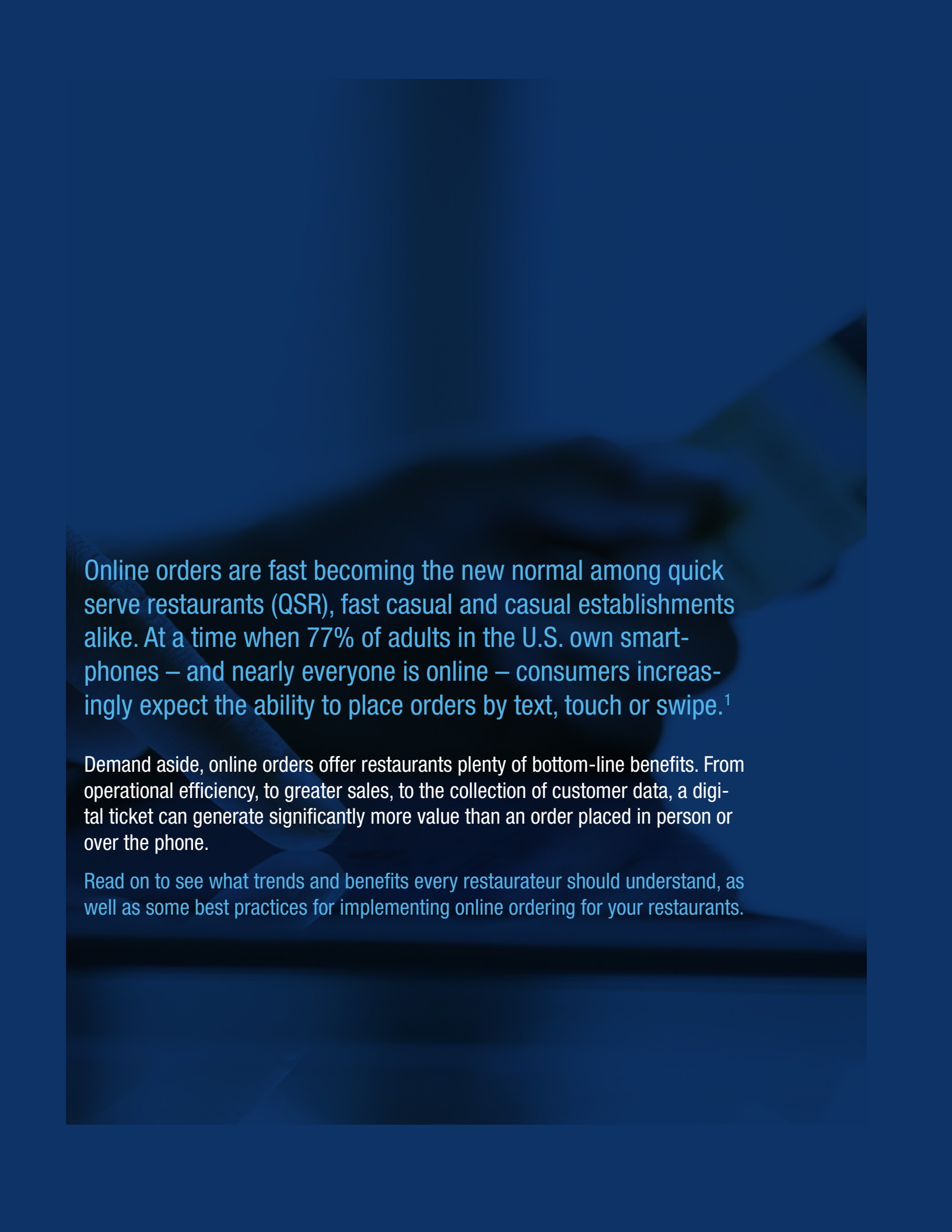
White Paper

The Rise of Online Ordering for Restaurants

Elavon

What Every
Restaurateur Should
Know About This
New Trend





Online orders are fast becoming the new normal among quick serve restaurants (QSR), fast casual and casual establishments alike. At a time when 77% of adults in the U.S. own smartphones – and nearly everyone is online – consumers increasingly expect the ability to place orders by text, touch or swipe.¹

Demand aside, online orders offer restaurants plenty of bottom-line benefits. From operational efficiency, to greater sales, to the collection of customer data, a digital ticket can generate significantly more value than an order placed in person or over the phone.

Read on to see what trends and benefits every restaurateur should understand, as well as some best practices for implementing online ordering for your restaurants.



The online delivery market is projected to reach **\$55 billion by 2022**

IMPORTANT TRENDS TO WATCH

Online ordering is growing at an unprecedented rate. Over two-thirds of internet users have ordered delivery online within the past month, with another 18.6% saying they'll try the option soon.² In addition:

- 49% of consumers aged 18 to 34 purchased food via mobile device more often than they did three years ago.³
- The online delivery market is projected to reach \$55 billion by 2022.⁴

Convenience is king. Every internet user is a potential online customer. So the easier a restaurant makes it to order and pay, the more repeat business they'll gain.

- 59% of consumers say they order from a QSR more frequently when an app is available.⁵
- 83% say that using a smart device to pay saves time and frustration.⁶

A few innovators are even creating additional pick-up and delivery options to satisfy consumers' quest for convenience. Little Caesars Reserve-n-Ready allows customers to skip the counter altogether, for instance.

Consumers have more disposable dining income.

Americans now spend more on eating out than groceries.⁷ Given that tech-savvy Millennials are driving that trend with 44% of their food spend, online options are more important than ever in capturing a piece of the pie.⁸

Aggregators and third-party delivery services are increasing competition. In-house apps and mobile-optimized websites work best, but plenty of small chains and independent eateries have found some success with aggregators. Grubhub, in particular, improved restaurants' takeout revenue by an average of 30%, with smaller shops seeing typical increases of 50%.⁹

Still, these sites can charge steep commissions – up to 35% in GrubHub's case – required to appear more prominently in local searches.¹⁰

With most restaurants already facing slim margins, controlling costs with in-house or third party apps for online ordering is a better bet.

Online ordering is a must. 54% of all restaurants offered online ordering by the end of 2017, and some fast food giants are already receiving half or more of their orders via apps or online.¹¹

Bottom-Line Benefits for Restaurants

Higher sales volumes. Consumers are more likely to patronize restaurants where they can place orders online, particularly from dine-in restaurants offering takeout. TGI Friday's realized a 30% increase in takeout orders through its new online channel, with 70% of those orders coming from new customers.¹²

Bigger tickets. eCommerce tends to encourage larger orders, and food orders are no exception. With no lines, less pressure and more time to explore menu options, online customers spend \$4 more per order than non-digital users.¹³ And check sizes are 23% greater online than in-person.¹⁴

Speed and convenience. Dine-in, delivery or carryout, your customers want to get the greatest ROI on their money and time. Online orders ensure the fastest service possible at any time of day, eliminating the bottleneck created by phones and in-person orders. Plus, when customers enter their choices themselves, misunderstandings and inaccurate orders become a thing of the past.

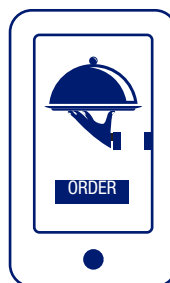
- 60% of adults say they'd take advantage of delivery to their homes or offices if limited-service restaurants offered it.¹⁵

Operational efficiency. Most phone orders take more than one minute (75%). That's time your employees could spend cooking, prepping or serving customers face-to-face. Among establishments using GrubHub, every 100 takeout orders saved 2.5 hours of labor per week.¹⁶

Collecting customer data. Knowing what your customers want – and what they will want – offers a tremendous advantage. With every sign-on, search and purchase, online customers present you with invaluable data on their likes, dislikes and unmet desires. Struggling to find out what menu items you should launch (or eliminate)? The data will show you.

The insights gained from the data collected can likewise improve your stores' day-to-day efficiency. Peaks and valleys in order volume help to allocate labor, and ordering trends allow for reductions in spoilage, storage space and redundant orders.

A competitive edge. Today's restaurants can't afford not to implement online ordering. According to the National Restaurant Association, 40% of Millennials and nearly 33% of all adults say the availability of tech options has become an important factor in choosing a restaurant. And, even if your current customers are loyal to a fault, the efficiency online ordering provides is a must in providing the food quality, service and price point that new customers will expect.



75% of phone orders
take more than one minute

Online Ordering Implementation: Tips and Best Practices

Optimize your website for mobile. To generate a steady stream of online orders, mobile optimization is a must. Websites that aren't optimized have a 58.8% bounce rate, compared to just 9% for sites that are mobile optimized.¹⁷ Even if on-the-go customers come to your site expecting to order, an unwieldy experience may cause them to turn to a competitor.

Make it easy to pay. For both safety and convenience, shoppers want to choose how they pay. To avoid last-minute cart abandons, make it easy for customers to use credit and debit, as well as PayPal, and the various mobile wallet options like Apple Pay.

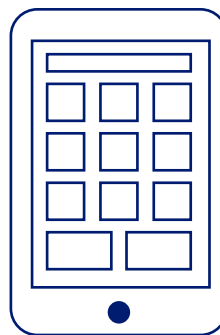
Offer an app. If you're a franchisee, see whether there's a proprietary app available for your stores. An app allows you to generate more orders while building your brand, and it facilitates the creation of personalized promotions, rewards and advertisements.

- When offered, restaurants generate 15% or more of sales through apps.¹⁸

- 59% of consumers order more frequently from QSRs that offer smartphone apps.¹⁹

Incentivize customers. To get the greatest ROI from your online ordering system, it has to offer perks that phone-based and in-person orders do not: lower prices, loyalty rewards, or online-only merchandise and discounts, just to name a few. Overall, 7 out of 10 consumers say they'd use mobile payments more often if they automatically received discounts or rewards.²⁰

Improve the in-person experience. Digital orders don't have to replace face-to-face interactions. On the contrary, with fewer phone calls and inaccurate orders to address, employees can – and should – put more attention towards the people picking up takeout and receiving deliveries. No matter how sophisticated technology becomes, quality service will always differentiate you from your competition.



**When offered,
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15% or more of sales
through native apps**



Protect sensitive data with layered security, tokenization and a PCI DSS compliance program.



Summary

All in all, it's clear that online ordering is one of the best ways to reach a wider audience, grow sales and widen margins – but it must be done right.

Elavon helps you give your customers the online ordering experience they want in the secure environment they expect.

You can quickly process online orders and safely accept all transaction types including Apple Pay and Android Pay. Our eCommerce solutions feature robust tokenization in a layered security model, for full Payment Card Industry Data Security Standard (PCI DSS) compliance and peace of mind for you and your customers.

To learn more, please visit www.elavon.com/future-restaurants

About Elavon

Our customers want to expand their business opportunities. We help them get there.

From eCommerce to mobile wallets and chip card acceptance, Elavon helps businesses, small and large, accept all payment types – and reap the benefits at the end of the day.

For 25 years, we've helped more than one million customers around the world grow their business through payments. Our flexible, secure and innovative payment solutions help businesses attract and keep customers, develop partner relationships, process payments and simplify operations.

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- ² Mobile Order Ahead Tracker. Sept. 2017- Payments.com
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- ⁴ CNBC, Home food delivery is surging thanks to ease of online ordering, new study shows, July 2017. <https://www.cnbc.com/2017/07/12/home-food-delivery-is-surging-thanks-to-ease-of-online-ordering-new-study-shows.html>
- ⁵ <http://www.pymnts.com/news/merchant-innovation/2017/au-bon-pain-jumps-on-mobile-app-order-ahead>
- ⁶ eMarketer, July, 2017 Note: ages 14+; includes point-of-sale transactions made by using mobile devices as a payment method; excludes transactions made via tablet [http://totalaccess.emarketer.com/Chart.aspx?R=209319&dsNav=Ro:9,N:916-406,Nr:NOT\(Type%3aComparative+Estimate](http://totalaccess.emarketer.com/Chart.aspx?R=209319&dsNav=Ro:9,N:916-406,Nr:NOT(Type%3aComparative+Estimate)
- ⁷ USDA data compiled by Quartz: https://qz.com/706550/no-one-cooks-anymore/?utm_source=nextdraft&utm_medium=email
- ⁸ United States Department of Agriculture, Food Expenditures. <https://www.ers.usda.gov/data-products/food-expenditures.aspx>
- ⁹ Business Insider, "This is how restaurants can boost revenue by 30%," <http://www.businessinsider.com/sc/online-ordering-helps-restaurant-business-2015-10>
- ¹⁰ <https://www.eater.com/2014/3/3/6270739/grubhub-charges-restaurants-an-average-13-5-commission-per-order>
- ¹¹ May 2017 Payment Insider Mobile Order Ahead Tracker
- ¹² Food and Wine: TGI Friday's Online Ordering Experiment is Working. <http://www.foodandwine.com/news/tgi-fridays-online-ordering>
- ¹³ <http://nrr.com/technology/tech-spotlight-wingstop-upgrades-online-ordering>
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- ¹⁸ Karen Augustine, Mobile Payments: Greater Value Needed for Widespread Adoption. Mercator Advisory Group CustomerMonitor Survey Series. October 19, 2017
- ¹⁹ <http://www.pymnts.com/news/merchant-innovation/2017/au-bon-pain-jumps-on-mobile-app-order-ahead>