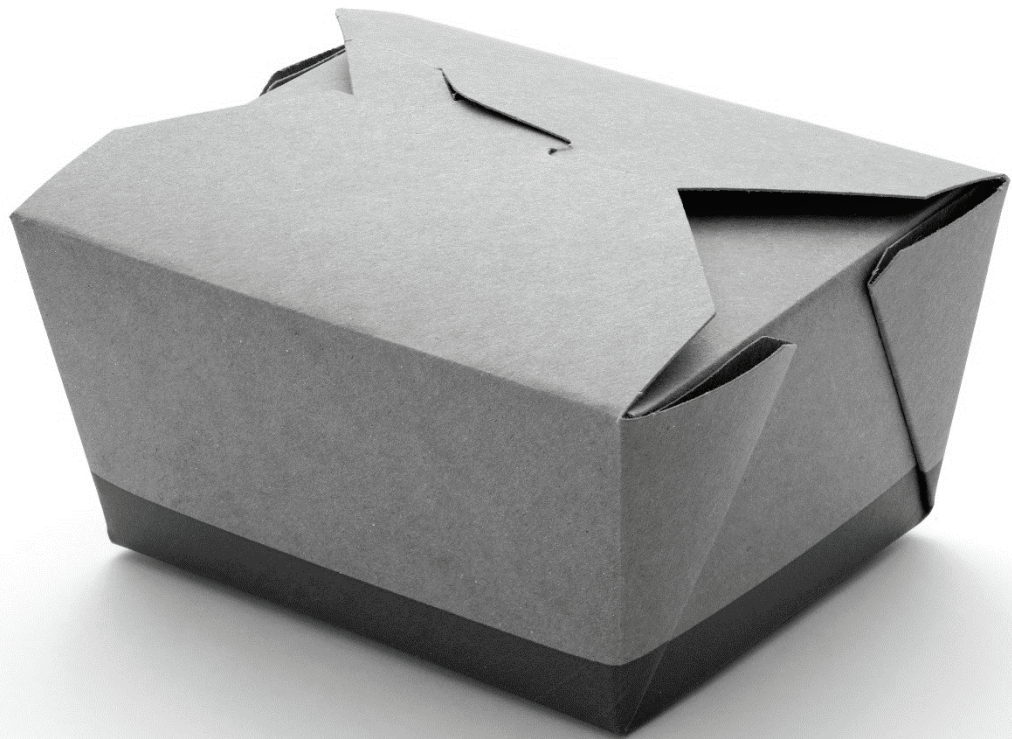


RestaurantOWNER.com

2019 Restaurant Delivery Survey

Insights From Nearly 1,000
Independent Restaurant Owners



Overview

2019 Restaurant Delivery Survey Report

RestaurantOwner.com surveyed independent restaurant owners and operators regarding delivery services and their experience with delivery.

Nearly 1,000 (993) owners and operators responded to the 2019 Restaurant Delivery Survey conducted in the second quarter of 2019. We carefully screened the responses to provide the most reliable and valid results and summaries.

This report is intended to provide an overview of restaurant delivery service, including the services restaurants are using, the markets where delivery is prevalent, and the fees associated with delivery. This report also provides estimates of profitability, increases in sales, as well as whether restaurants are planning to offer delivery in the future.

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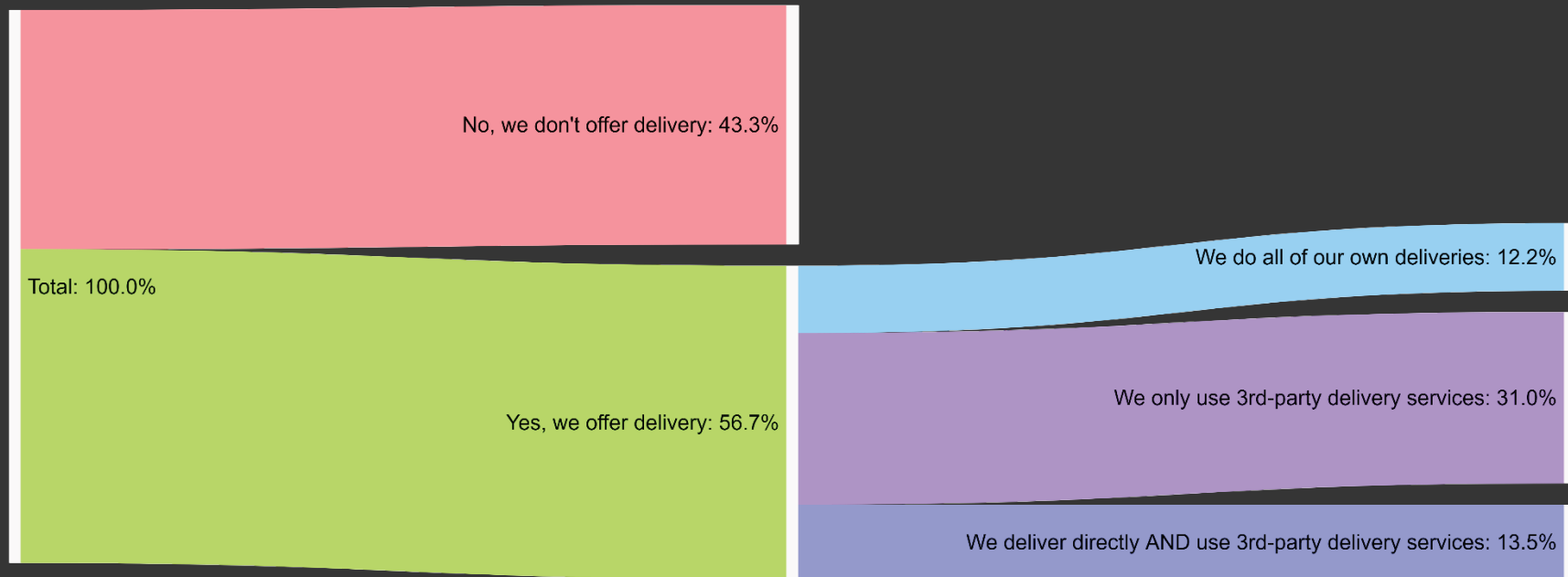
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Delivery Prevalence and Type

Over 56% of responding independent operators offer delivery. Of those, over 45% conduct their own delivery. Consistent with the growing trend of third-party delivery services, over 78% of restaurants who offer delivery do so using one or more third-party delivery service providers.



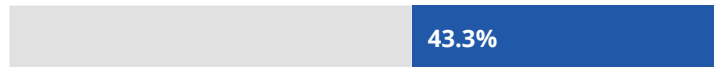
Market Type and Delivery

More restaurants tend to offer delivery in urban (67.1%) and suburban (56.7%) markets, where high population densities make delivery feasible. Likewise, fewer restaurants offer delivery in rural (30.3%) or resort/tourist areas (29.5%). These results suggest that rural areas lack the population density needed to make delivery profitable, and that guests prefer a dine-in experience when visiting a resort area or tourist destination.

Restaurants Without Delivery



Urban



Suburban

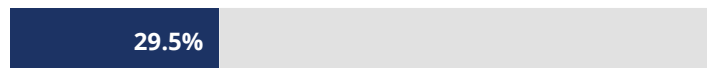
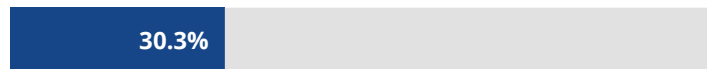
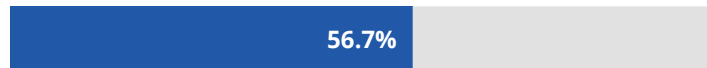


Rural



Resort/Tourist

Restaurants With Delivery



Delivery Service Providers

DoorDash was the most frequently cited delivery service in the survey, with 47% of independent operators reporting using DoorDash. UberEats and GrubHub are the second and third most frequently cited delivery service providers, being present in 44% and 40% of independent restaurants, respectively.

Most independent restaurants (76%) make the entire menu available to delivery customers. Only 24% of restaurants reported providing a sperate menu for delivery customers.

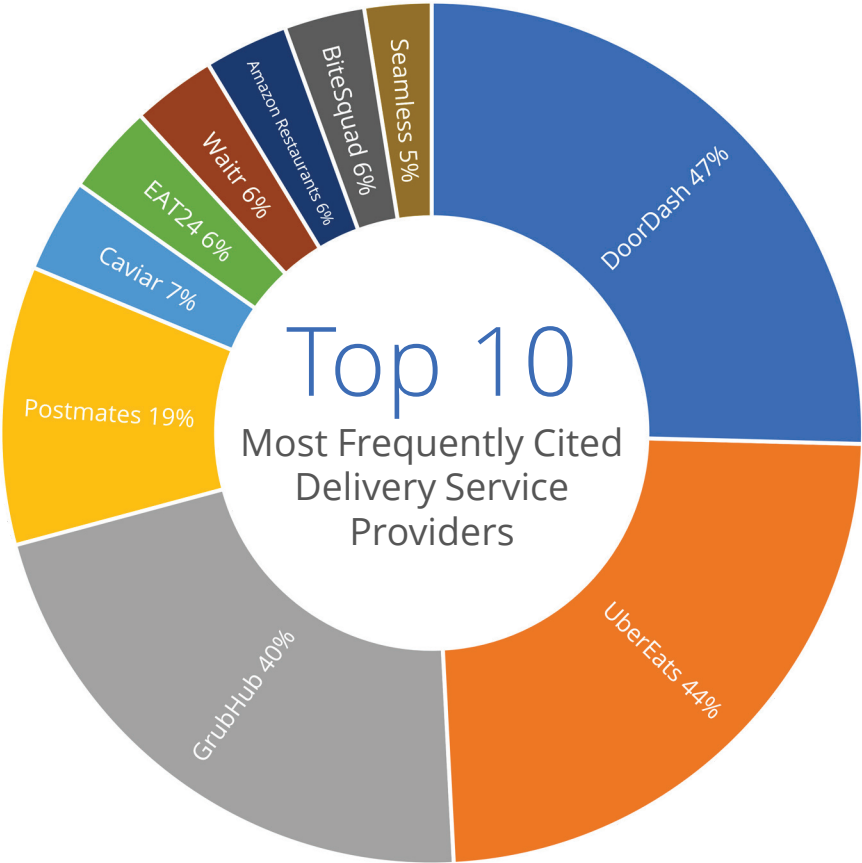
Entire Menu or Separate Menu for Delivery Customers?

Entire Menu

76%

Separate Menu

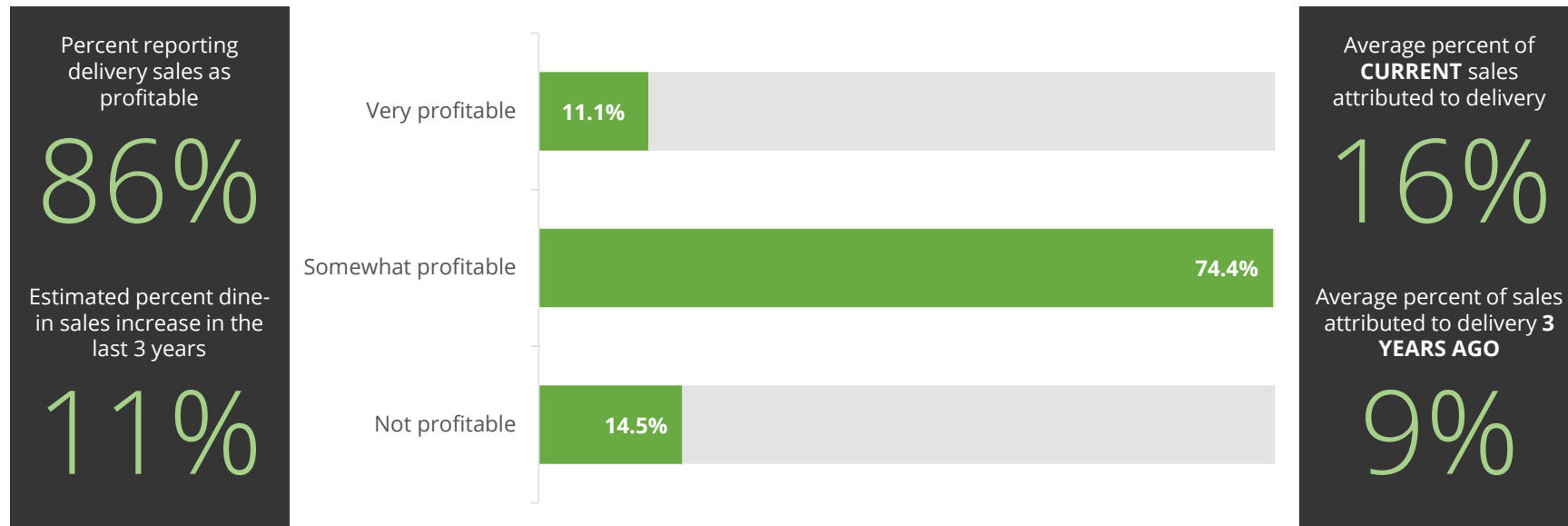
24%



Delivery Profitability

For restaurants who offer delivery of any sort (in-house delivery and/or third-party), the overwhelming majority (86%) reported that offering delivery service was profitable. These same restaurants reported an 11% average increase in dine-in sales over the last three years.

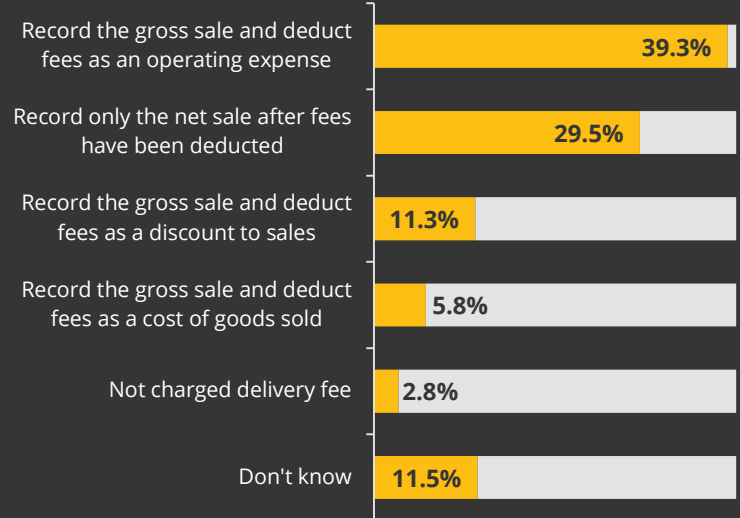
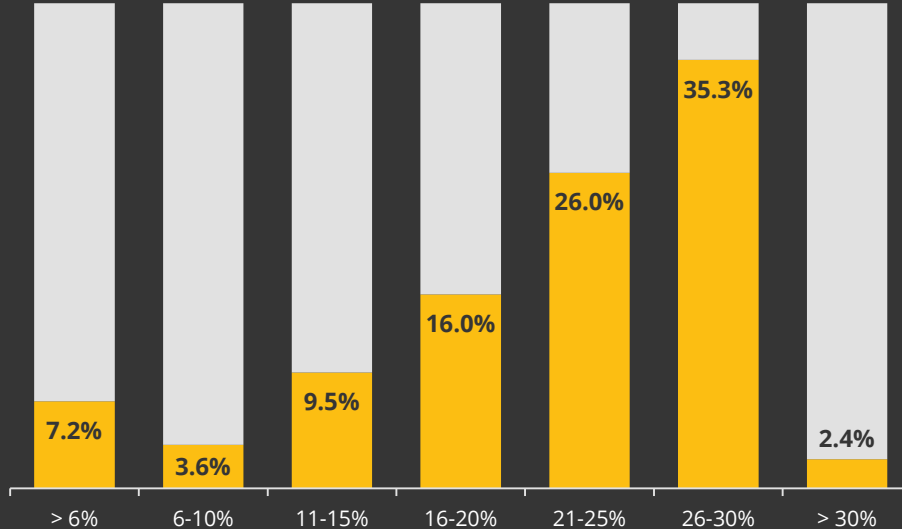
The prevalence of delivery service is on the rise. Delivery service accounted for an increasing percentage of sales, growing from 9% of sales three years ago, to 16% of sales, currently.



Third-Party Fees and Accounting

The fees charged to restaurants by delivery service providers vary quite a bit. Most independent restaurant operators pay fees that range between 21% and 30% of the sale. Only about 11% of restaurants pay delivery fees less than 6%. Just under 3% of restaurants reported not being charged any fees for delivery service. In these instances, the delivery service places the take-out order, then charges the delivery fee to the customer.

When it comes to accounting, most restaurants record the gross sale of the delivered food, and then deduct delivery fees as an operating expense. Just over 11% of restaurant owners did not know how they account for the delivery service fees they pay.



Satisfaction with Third-Party Delivery

Although there were mixed feelings about third-party delivery services, 67% of restaurants that utilize third-party delivery are satisfied.

Three themes emerged as the reason for this dissatisfaction: high fees charged by third-party delivery services, poor customer service by third-party delivery drivers, and lack of control over food quality/presentation. Several respondents shared their frustration that issues caused by the third-party drivers (long wait times, missing items, poor attitude, etc.) reflect poorly on the restaurant, and affect the restaurant's online reviews and ratings.

"Very satisfied. We used to do our own delivery but it became increasingly difficult to find safe, reliable drivers. Increases in insurance costs made it more attractive to go 3rd-party."

"We are most satisfied by a local company. Communication is easy, and the regular drivers know how to get in and out of the restaurant. They are very good at giving us notice on larger orders."

"It works for our customers and it's easy for our staff."

"We're satisfied. Although the commission rates are pretty high, delivery is the most challenging part of the business in terms of staffing and logistics. Outsourcing some of it has been nice."

"I am very satisfied with the delivery service. Fees are the problem. We need to offset fees. I also believe we are slowly converting our regular walk-in customers to delivery, which is hurting us."

"We're very happy with our choice of exclusivity (with one provider only). We're averaging around \$1,800 extra in sales per week from delivery, less our commission cost. We consider the commission a marketing expense."

Percent satisfied with third-party delivery services

67%

Percent who cited high fees as cause for their dissatisfaction with a third-party service

26%

"Third-party is HORRIBLE. Drivers are miserable. We have no idea how long it takes to deliver. The food sits waiting forever or they arrive way before the order is ready. Customer service is difficult and time-consuming when we have the least amount of time to deal with it. We see little profit."

"We're not very satisfied. If you're able to increase your prices then it's ok, but it's still just glorified marketing."

"We like the extra sales but it could be better. It's hard not being in control of the third-party service. And if the driver causes any issues, the bad reviews are against the restaurant."

"Not very satisfied. Fees are a big expense, but 15-20% of sales are from delivery. It's too large to eliminate. We just deal with the rude drivers and customer complaints about delivery times and missing items."

"Not satisfied at all. Heavy fees, lackluster user interfaces, and limited customer data/analytics."

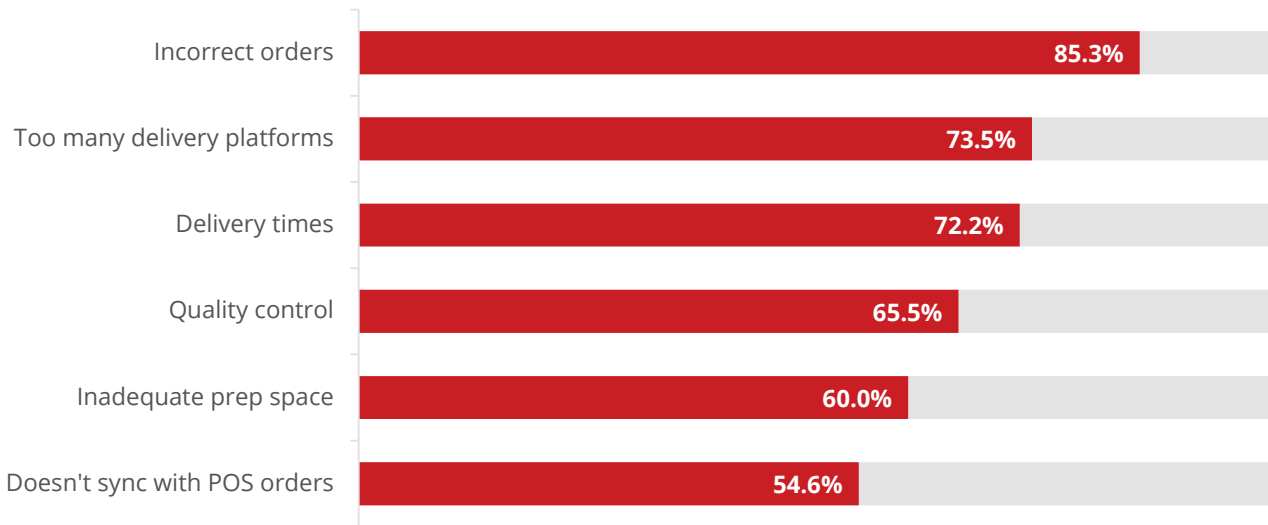
"It increases sales, but lowers profits. I'm not sold. And third-party offers customers the option of picking up food at the restaurant if they don't want to wait for delivery. That doesn't sit well with me. Being charged a commission when a customer picks up their food makes no sense to me."

Most Challenging Delivery Issues

Most independent restaurant operators (85.3%) reported that incorrect orders are challenging to some degree.

The most disagreed upon delivery-related issue was inadequate prep space. While 40% of respondents indicated inadequate prep space is not challenging, over 24% disagreed, and rated inadequate prep space as very challenging.

Although a POS that doesn't sync with orders was rated the least challenging issues, it was a problem for more than 54% of restaurants.



Other Delivery Challenges

- Difficult/late drivers
- Staffing drivers
- Balancing sales with delivery
- Reimbursement delays
- Limited or no access to guests and guest information
- Food doesn't meet expectations
- Ensuring consistent menu items and prices across platforms

Adding Delivery or Making Changes

43% of independent operators reported they do not offer delivery services of any sort. Of these, just over a third (38%) have plans to add delivery, and many are in the process of evaluating third-party delivery service providers.

Over 56% of independent operators already offer some form of delivery. Just over 47% of these operators shared that they are planning to make a change to their delivery services. Some are planning to add additional delivery service providers, while others are working to integrate their POS with their delivery service.

Percent of restaurants
without delivery that
plan to add delivery

38%

Percent of restaurants
with delivery that plan to
make changes

47%

Adding Delivery

"We plan on adding delivery. We're a new restaurant and currently focusing on our in-house dining, but we're looking at adding deliveries ASAP."

"We are considering using one or more of the national delivery services but have not yet signed with anyone."

"We currently deliver catering but not individual orders. We plan on delivering ourselves but are waiting for the right time to hire a crew. It is a very tough labor market here now and we need to hire 6-10 drivers to execute well."

Making Changes

"We're going to use better to-go-ware and increase the space to prep and hold orders."

"We're integrating our POS with delivery service."

"It is a great hassle to have a delivery fleet, and a massive operation and the overhead is a burden, but we are studying the case and considering having our own delivery aside the platforms and receiving the orders through our call center."

"We may discontinue delivery or limit to weekdays due to impact on bottom line and health of business."

About RestaurantOwner.com

Our mission is to change lives by educating and inspiring independent restaurant operators to create restaurant success stories. We offer online training and other resources to build a healthy culture, implement effective systems and create a superior guest experience.

With more than 54,000 members since 1998, RestaurantOwner.com serves a worldwide member base that operates in more than 176 countries.

Our members represent a wide-range of restaurant concepts and sizes, from small to large, with over 35% of members operating multiple locations.

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