

How restaurants + third-party delivery providers can partner to mitigate risks and maximise ROI

6 trends to track + 5 strategic steps to take now

SMG has been closely following third-party delivery and its impact on the restaurant industry since our first published report in 2017. Our latest research turns the lens on the UK market, digging deep into consumer trends and unveiling ways restaurant brands and third-party delivery partners can work together to exceed customer expectations and improve business outcomes.

With the global pandemic ushering in unprecedented challenges and uncertainty, it's more critical than ever for brands and delivery providers to understand the customer experience with off-premise dining. Because the reality is, third-party delivery is a volatile world—with a high problem occurrence rate and a lack of clarity on who's to blame—leaving customers frustrated and putting brand reputation at risk.

Restaurants and delivery providers must take a collaborative approach to address these issues and take control of the customer experience for mutual gain. Informed by feedback from 4,700+ UK consumers, this brief breaks down what you need to know to build and fine-tune your delivery strategy together.

METHODOLOGY

Data collected

**11–14 June,
2020**

Third-party delivery
apps included

JUST EAT

Uber Eats



deliveroo

Unique respondents

4,700+



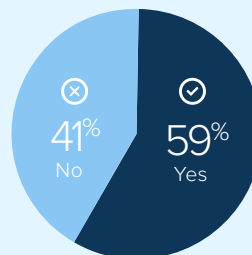
6 trends to track

TREND #1

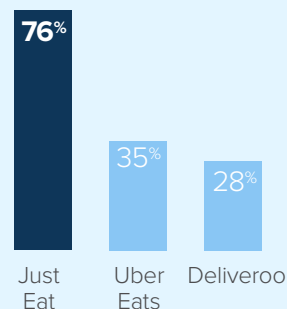
The majority of respondents have used third-party delivery in the past 3 months. Nearly 60% of respondents have ordered food via third-party delivery app—with people under the age of 45 most likely to use the service. Just Eat came out on top overall, with 3 out of 4 customers choosing it over Uber Eats and Deliveroo.

The data is clear: Consumer demand for third-party delivery is high, and there is business to win and loyalty at stake. Customers have high expectations and more options than ever. To survive, you must make operational and partnership decisions that will meet + exceed customer demands.

Used Third-Party Delivery in Past 3 Months



Third-Party Delivery Apps Used

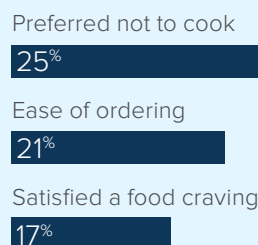


TREND #2

Convenience + cravings drive motivation for most third-party delivery orders. Most customers use food delivery because they prefer not to cook and select an app based on ease of ordering. Customers looking to satisfy a food craving represent a close second.

Cooking fatigue during the pandemic is real and customers want their favourite restaurant food. Ensure their delivery order process is simple + seamless with problem-free execution so they keep coming back when motivated by convenience and cravings.

Reasons for Using Third-Party Delivery



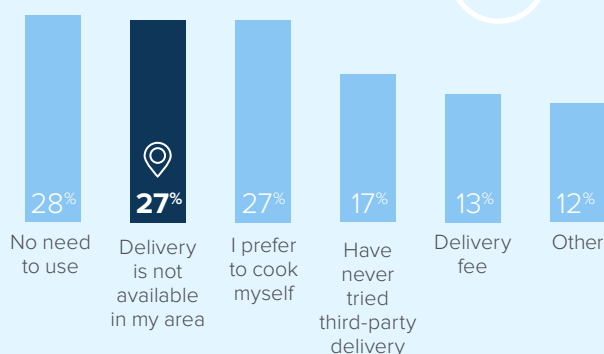
Though Just Eat has the highest usage rate, more customers feel Deliveroo partners with their favourite restaurant

TREND #3

For those who haven't used third-party delivery lately, coverage is a big barrier. Along with not needing the service and preferring to cook, most customers don't use third-party delivery because it's not available in their area.

Evaluating the reach of third-party delivery partners is an important consideration for restaurant brands. If many of your loyal customers aren't eligible for delivery, you may need to revisit your partnership strategy. It's also important for providers to regularly monitor population counts to inform their coverage range and expansion strategy.

Reasons for Not Using Third-Party Delivery

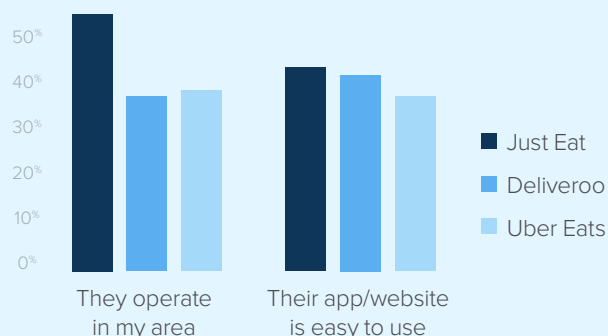


TREND #4

More than half of customers prefer Just Eat as their third-party delivery provider. This is due in large part to one big advantage: Just Eat has a much bigger coverage area across the UK than Uber Eats and Deliveroo.

Just Eat was also credited with having the most user-friendly app + website. As more customers increase their digital engagement, brands + delivery providers must embrace this digital maturity and provide customers with a seamless online ordering experience—driving brand advocacy and earning loyalty from customers in their coverage area.

Reason for Preferred Third-Party Delivery Service

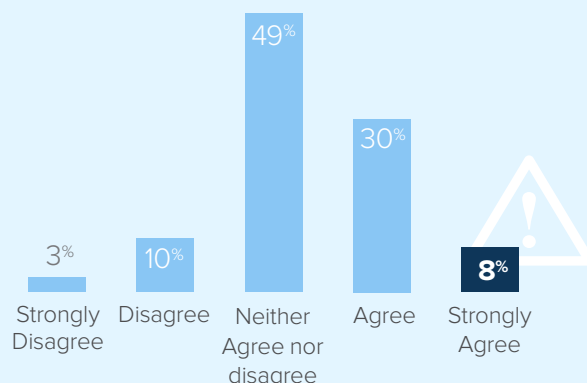


TREND #5

Customers feel third-party delivery providers aren't customer-focused. Our research shows *only 8%* think third-party delivery providers really care about the customer. But that doesn't mean this is exclusively a provider problem. A bad delivery experience is going to reflect poorly on both provider and restaurant, so it's in both parties' best interest to understand why dissatisfaction occurs, how it might differ by coverage area, and what actions to address.

More than ever, customers are giving their business to brands that demonstrate cordiality and earn their trust. Your front-line teams are the face of your business and their goal must be to execute an exemplary customer experience every time. Consistency drives loyalty.

Believe Delivery Providers Care About Customers

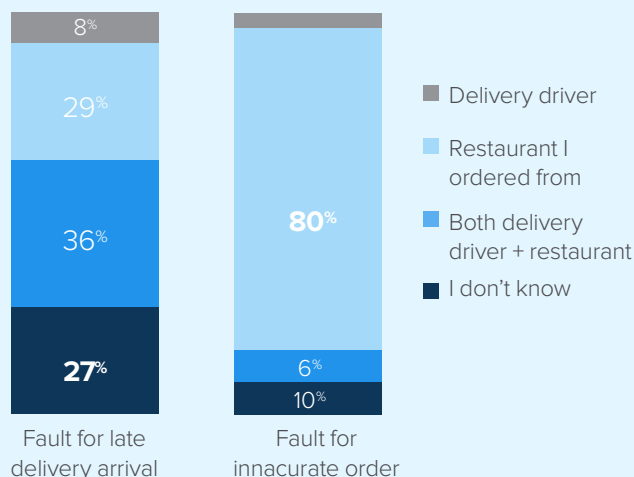


TREND #6

When something goes wrong with a third-party delivery order, the customer is more likely to blame the restaurant—but the delivery driver isn't in the clear. For inaccurate orders, 80% of customers will completely fault the restaurant. But if a delivery is late, 1 in 3 customers will blame both, with 27% not knowing who's at fault—which can make problem resolution a big challenge.

When a customer has an issue with their delivery order, they need to know who to turn to. Most will default to the restaurant—but poor problem resolution can damage the reputation of the third-party delivery provider as well. By joining forces and creating a cohesive customer experience + case management strategy, restaurants and delivery providers can work together to resolve customer issues and boost loyalty.

Fault for late delivery arrival/inaccurate order



In-Practice Example

Assign franchisee accountability to deliver on order accuracy



SITUATION

In order to withstand third-party delivery disruption and the evolved needs of customers, McDonald's UK rolled out its partnership with Uber Eats in August 2017. Over the course of 2 years, SMG's CX data showed lower customer satisfaction with delivery orders, compared to other visit types. To better understand what drives OSAT for McDelivery customers, the brand requested deeper delivery analysis from its SMG team.

INSIGHT

Data showed that while Accuracy of Order held less weight with traditional visit types (since dine-in/drive-thru guests can see if their orders are wrong and get it quickly fixed), it was much different for delivery. Accuracy was one of the top key drivers for delivery customers—and also one of the lowest performing measures, with a significant number of orders being reported as incorrect.

ACTION

- 01** | Made accuracy top priority for delivery orders
- 02** | Held franchisees accountable, by ensuring restaurants contributed towards refunding inaccurate orders



RESULTS

McDelivery customers:

- +6ppts Accuracy of Order
- +7ppts Overall Satisfaction
- +3ppts Likelihood to Return

5 strategic steps to take now

To leverage these trends and mitigate risks, create opportunities, + maximise ROI, here are 5 actions restaurants + delivery providers can take together to drive more positive experiences for customers:

- 1 Prioritise digital efforts by evaluating apps + websites, ensuring they're user-friendly and providing a seamless ordering experience
- 2 Conduct regular assessments of population counts across markets to inform coverage range, expansion, and partnership strategies
- 3 Configure text analytics libraries to trigger real-time alerts when customers mention third-party delivery problems in survey comments and/or online ratings + review platforms
- 4 Address third-party delivery problem occurrence + refine your close-the-loop process to provide transparency + swift resolution
- 5 Partner on a customer experience (CX) programme to share data and insights, creating a holistic view of the third-party delivery experience and collaborating to meet customer expectations

The world changed quickly. Let's change with it.

With the current global health crisis creating a surge in delivery orders + driving increased adoption of off-premise dining, it's more important than ever for restaurants and third-party delivery providers to make operational and partnership decisions together that will meet + exceed customer demands—providing superior experiences that drive customer loyalty and, ultimately, business outcomes.

SMG partners with 85% of NRN's Top 20 concepts, helping them use real-time customer feedback to adapt to changing market dynamics + tackle complex operational challenges—like third-party delivery.

To learn more on how we can help you implement a winning delivery strategy, drive changes that boost loyalty, and improve business performance, visit smg.com/contact-us.



About Service Management Group

SMG inspires experiences that improve people's lives. We are a catalyst for change, providing actionable customer, patient, and employee insights that boost loyalty and drive business outcomes. Our unique model puts a dual focus on platform technology and professional services—making it easier to collect, analyse, and share feedback and behavioural data across the enterprise. To learn more about our customer experience management, employee experience, and brand research solutions, visit www.smg.com.