



# GO FURTHER IN YOUR DELIVERY PROGRAM

## ! EXECUTIVE SUMMARY

Today's delivery and takeout sales account for 38% of restaurant sales or \$198.7 billion and with the many available channels for consumers to make an order, restaurant brands must find a way to stand out to take advantage of this opportunity.

Consumers have many motivations to order in—not wanting to cook, not wanting to go out—and they are looking to have a tasty and effort-free meal in the relaxing comfort of their own home. Offering enticing delivery menu items, such as beer and other alcoholic beverages, can make a difference in the consumer's decision. However, with beer delivery still being new to many, education and communication throughout the To-Go Consumer's journey will be critical to make an impact.

**In this perspective, we will share how co-branding opportunities with beer brands can increase consumers' interest in ordering takeout and make your brand stand out amongst all the delivery choices.**

# ! TODAY'S DELIVERY CHALLENGES & OPPORTUNITIES

WITH THE RISE OF DELIVERY AND TAKE-OUT COMES WITH SEVERAL CHALLENGES FOR OPERATORS:



## AWARENESS:

Adult beverage, including beer, is not in takeout consideration set.



## DIFFERING CONSUMER PROFILES:

Profiles of dine-in, takeout and catering consumers vary significantly, but to lesser extent for loyal consumers.



## STATE VARIANCES:

To include adult beverages in delivery orders, operators will run into the complexity of state-by-state rules.



## CONTROLLING THE EXPERIENCE:

With minimal restaurant exposure, there's less opportunity to build loyalty with consumers and a loss of brand control with 3rd party delivery.



## PRICE/VALUE:

Operators must find the balance between offering value to consumers while retaining margin.



## THIRD-PARTY LIMITATIONS:

Operators lose control over wait times and food quality once it leaves the premise (e.g. arriving too cold). They also lose a cut in profit margins with commissions to delivery company for each order.

DESPITE THESE CHALLENGES, DELIVERY ORDERS BRING MANY OPPORTUNITIES:



To-go orders represent incremental revenue



Operators also believe it is driving new consumers into their brands



Catering for delivery is outpacing most revenue goals and can make Q4 for operators



Operators open to considering logistics, testing vessels and license implications of alternates beyond bottles and cans.



# ! GETTING TO KNOW THE TO-GO CONSUMER

**To-Go Consumers** are in their mid-20s to early 40s, career minded, family building and time-starved. Having a household income of \$75K and up, they can afford to eat out or get restaurants meals to eat at home on a regular basis.

**Mobile professionals:** Their mobile is their connection to do life their way. To-Go Consumers embrace applications' algorithms for a more personalized experience. Tech streamlines many aspects of their life and offers connectivity. Being present on their daily mobile activities throughout their journey will be imperative.

Their **motivations** are simple: They need speed, convenience and simplicity to keep up with their fast-paced and full lifestyle. They are looking for simple ways to relax and unwind from a stressful week. Dining in gives them the solution they need - a tasty and effort-free meal in the relaxing and unwinding comfort of their own home.

## WHAT IS FEEDING CONSUMER'S DEMAND

### MICRO OCCASION: ENHANCING THE EVERYDAY

ME TIME <2

JUST HANGING OUT >2

72%

Relaxing Night

66%

Unwind after work

38%

Connecting with friends

## — WHY ORDER IN —

66%

To not have to cook

51%

To save time

50%

To not have to leave the house

36%

It feels like a treat

26%

Watching entertainment

20%

To avoid bad weather

Source: Simmons 2018 Spring 2-Year Study; Technomic On Demand Delivery Study; CEB Iconoclature; IN Connected Marketing Custom Food Delivery and Beer Research November 15-19 2018; Mintel November 2018 Food Delivery Study

## RESTAURANT DIRECT IS KING

Majority of consumers still prefer to order directly from restaurants: 44% ordered to-go or delivery directly from restaurants, 44% ordered to-go or delivery directly from restaurant web or app, and 43% ordered to-go or delivery by directly calling restaurant.

## THIRD-PARTY GROWTH

Third-party sales growth is predominately driven by young (Gen Z) and urban consumers. Their usage is high with 24% ordering once a week and 18% twice a week or more. However, only 29% of consumers agree that ordering via a third-party delivery app is more convenient.

## QUALITY COMPROMISE

Consumers feel like getting delivery or takeout is asking for a compromise:

-34% feel that delivery does not provide as much value as dining on premise.

-35% think that food quality is diminished when it is delivered.

-52% would be willing to pay extra for food packaging to increase the food quality.

# ! BECAUSE MEAL SATISFACTION IS KEY, RESTAURANT CHOICE IS CRUCIAL

## IMPLICATIONS

At-home dining is an opportunity for brands to strengthen their equities and loyalty, as well as sales. Hard pressed Casual Dining brands will favor the beer company that helps them realize this opportunity.

WHETHER IT IS A SPECIFIC TYPE OF FOOD OR DISH, THE PRIMARY DRIVER IS THE "CRAVE"



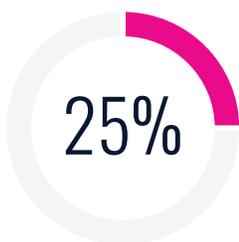
Time Saving



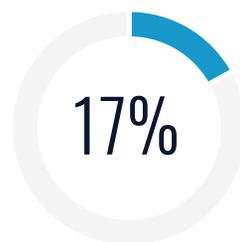
Delivery Option



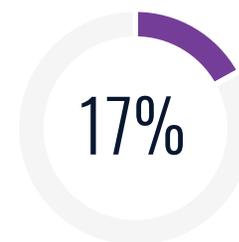
Others



Desired Cuisine



Suitable Restaurants



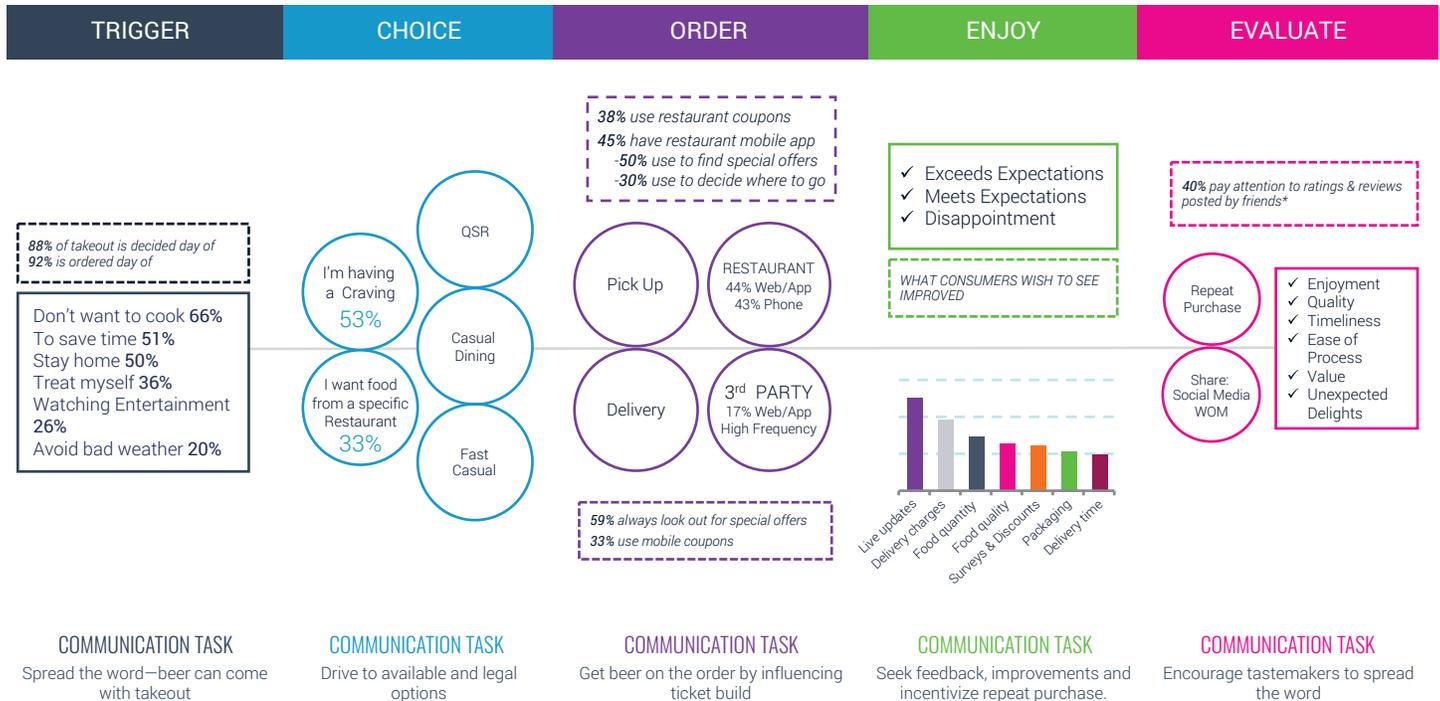
Quality of Restaurant



Ease of Ordering

# ! NAVIGATING THE DELIVERY JOURNEY

Whether he is ordering a delivery or to-go meal, the To-Go Consumer goes through a series of decisions and eliminations to arrive at his final meal choice. To stay top-of-mind, it is important to keep communication constant from the moment he is starting to plan his next meal until after he has enjoyed it.



## — WHY BEER FITS THE EXPERIENCE —

A great way to bring something new to consumers is a co-branding partnership with a beer brand. A successful partnership can help boost sales benefitting both the restaurant and the partner's performances and bringing differentiation from the competition.

## BEER IS A NO-BRAINER WITH THEIR MEAL

**Food drives the beer choice:** 43% of consumers decide what beer to order based on what they expect to eat at a restaurant.

**Want beer to come with their at-home meal:** 75% people are interested in beer with their takeout order.

**Beer enhances off-premise meals:** Consumers agree that beer completes their meal with 76% say they enjoy beer with Casual Dining food on premise or at home and 80% agree beer makes a takeout meal more enjoyable.

**Consumers want beer delivered:** Three in 10 are interested in delivery companies offering alcohol, partly due to over a quarter (28%) of younger Millennials drinking at home because they believe it takes too much effort to go out.

# BARRIER

**Awareness:** The problem is that next to no-one knows they can or even thinks it's possible.

**Price:** Far from a killer, but there are limitations. Many consumers would be open, even at "full" price.

**Permission/State Limitation:** CA, NY and TX all permit beer delivery with food orders with conditions. In CA and TX, funds paid by the consumer must go directly to the retailer, not a 3rd party delivery platform. In NY, however, a 3rd party platform is permitted to collect money itself, but all deliveries must be made by vehicles that are either owned and operated by the retailer or via licensed delivery companies.



## CONCLUSION

The delivery space keeps growing and restaurant brands need to differentiate themselves from competitors and stand out from all delivery choices the To-Go Consumer must go through. Adding beer to the delivery menu can be the key to surprise loyal consumers and win new ones. However, brands need to educate consumers that adding beer to their delivery order is not only possible but should be integral to completing their to-go meal. Implementing this delivery strategy with the right partners will get restaurant brands to gain the incremental revenue to-go orders offer.



IN Connected Marketing is leading the retail and shopper evolution through what we call "Connected Commerce". We know "buy moments" can happen anywhere, no matter where the consumer journey takes them. Our hyper-connectivity to retailers and a \$12MM investment in data and proprietary tools allow us to connect real-time and historical location data, past purchase behavior, online media consumption and your own data to build true lifestyle shopper personas. We can target shoppers with unmatched, personally-relevant shopper communications across every media channel to truly impact how, where and why they find, buy, and love your brand.

If you want to go deeper on how this could apply to your business, please connect with Valerie Bernstein, EVP New Business, [Valerie.Bernstein@inconnectedmarketing.com](mailto:Valerie.Bernstein@inconnectedmarketing.com)

### CONTACT US



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### SOURCES

IN Connected Marketing, Custom Food Delivery and Beer Research, November 15-19, 2018

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