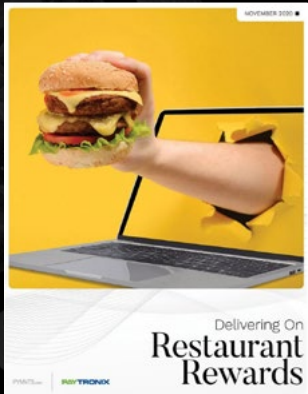


Delivering On Restaurant Rewards, a PYMNTS and Paytronix collaboration, draws from a survey of a census-balanced panel of 2,096 U.S. consumers about the types of restaurants from which they order, whether they use those restaurants' loyalty and rewards programs and the types of rewards they would like to receive to understand how restaurants can customize their rewards offerings to enhance their businesses.

GET MORE INSIGHTS AND TRENDS:



Delivering On Restaurant Rewards

NOVEMBER 2020



Delivering On Restaurant Rewards

DECEMBER 2020



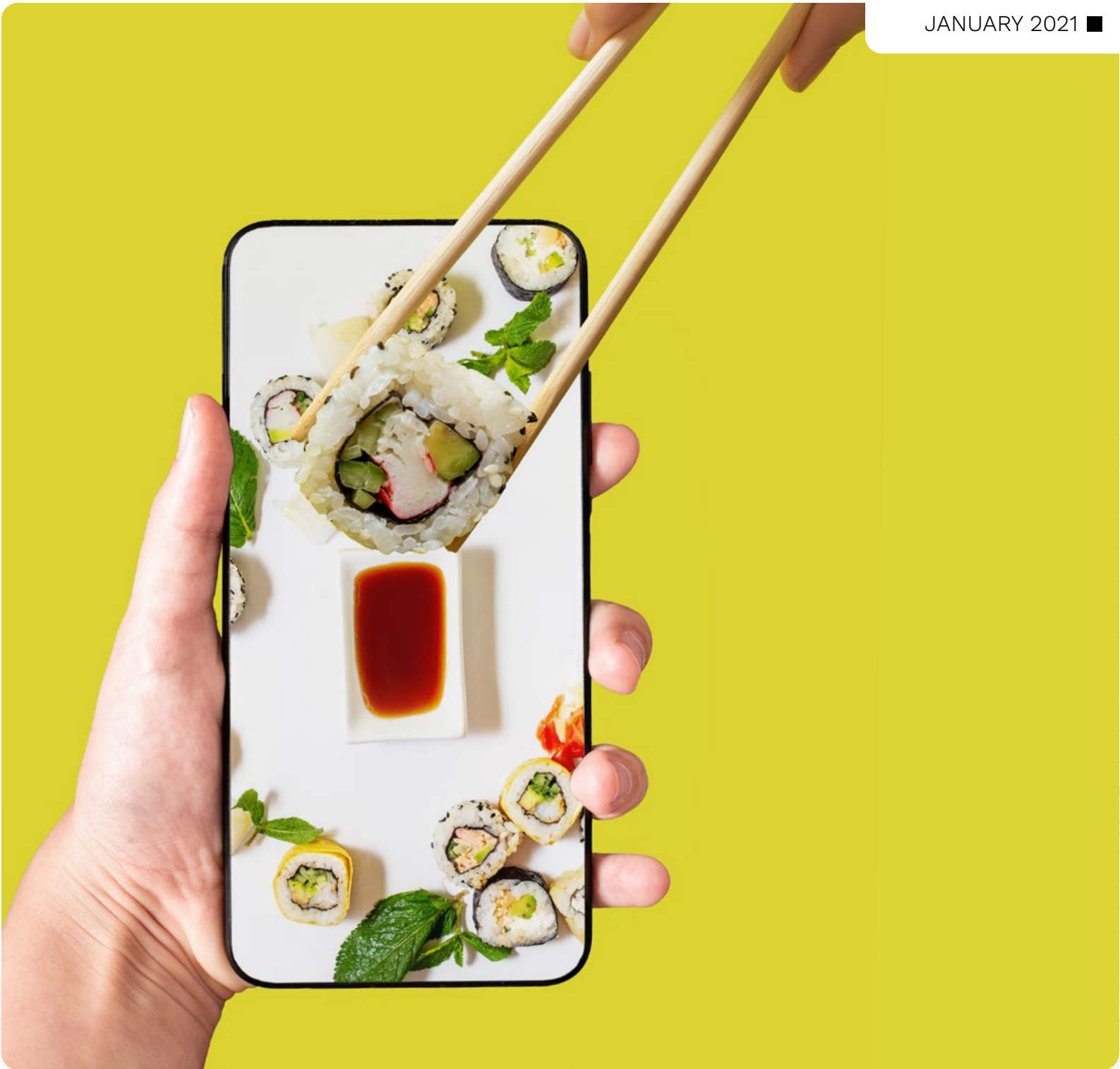
Restaurant Readiness Index

DECEMBER 2020



Order To Eat Tracker®

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Delivering On Restaurant Rewards



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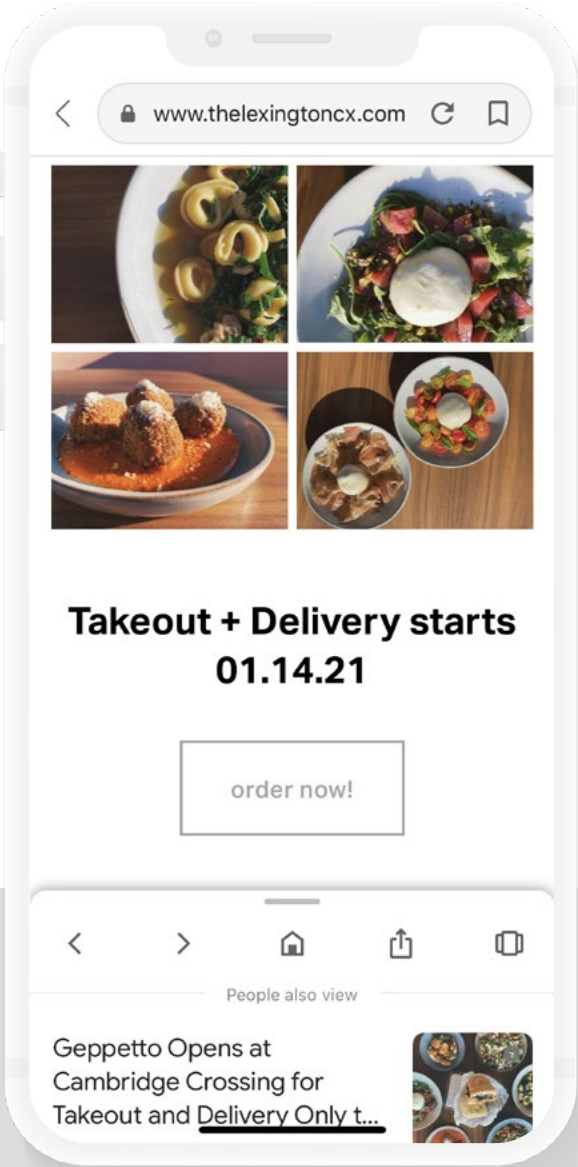
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Delivering On Restaurant Rewards was done in collaboration with Paytronix, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the following findings, methodology and data analysis.

Introduction



Chef Will Gilson opened his new “Italian-ish” restaurant Geppetto in Cambridge, Massachusetts, on Jan. 14, 2021. The 74-seat compound’s opening marked the completion of a three-year process, but the establishment will not officially seat any diners until at least spring. Geppetto will offer a strict takeout-only service, allowing customers to put in their food orders on the restaurant's website until then.¹

¹ Doyle, T. Geppetto opens in Cambridge for takeout and delivery. *Eater Boston*. 2021. <https://boston.eater.com/2021/1/14/22230685/geppetto-opens-cambridge-crossing-will-gilson-takeout-delivery-only>. Accessed January 2021.

Gilson’s decision to open the massive brick-and-mortar venue for takeout reflects how restaurants must adapt their operations to meet consumers’ demands for digital-first ordering experiences. PYMNTS’ research shows that 63 percent of United States consumers’ total food order expenditure is now being spent on food they consume within the comfort and safety of their own homes, with 89 cents of each of those dollars being spent online. What type of food ordering experiences does this new, digital-first takeout diner crave, and which ordering and payment features will help restaurants win them over?

The latest edition of Delivering On Restaurant Rewards takes a step back to examine the demand spike for take-out ordering and its impact on the restaurant industry.² PYMNTS surveyed a census-balanced panel of 2,096 United States consumers to understand how often they order restaurant food, where that food is consumed (at home or at a restaurant) and the relationship between ordering methods (via aggregators versus direct from a restaurant), the use of restaurant loyalty programs and order size.

This is what we learned.

² Delivering On Restaurant Rewards Programs, in collaboration with Paytronix, draws from a census-balanced survey of 2,096 U.S. consumers issued on November 16, 2020.

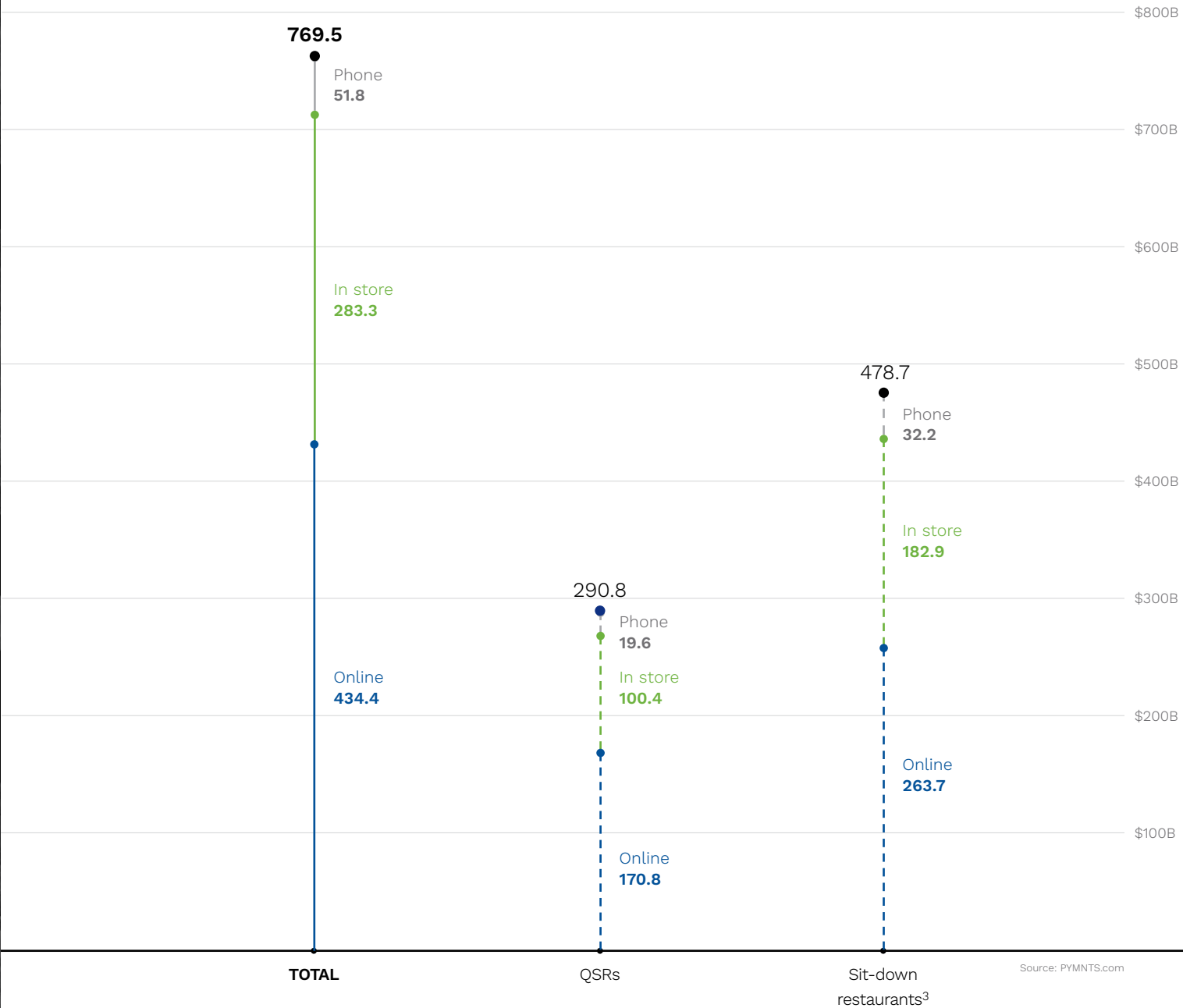
Sixty-three percent of the \$769 billion consumers spent ordering food from restaurants in 2020 was used on takeout orders.

Eighty-nine percent of that takeout spend happened on digital channels.

Ordering food for takeout or delivery became consumers’ fallback meal plan in 2020. Restaurants that did not offer digital order and delivery options to accommodate consumers’ shifting habits lost the chance to earn their business. PYMNTS estimates that U.S. consumers spent a collective \$769 billion on ordering food last year, and \$486 billion — 63 percent — of that expenditure was spent on food eaten at home. Digital purchasing channels played a key role in the rise of the new, takeout-centric restaurant industry. Of the \$486 billion consumers spent on food eaten at home in 2020, \$434 billion — 89 percent — was spent on orders placed via desktop websites, mobile apps and aggregator apps.

We also found that customers placed a majority of these online food orders from restaurants that only offered sit-down dining services prior to the pandemic. Our research shows that \$264 billion, or 61 percent, of the \$435 billion consumers spent on online food orders in 2020 was spent at restaurants that had only offered sit-down dining services prior to the outbreak. Customers also spent a collective \$290 billion on food orders from quick-service restaurants (QSRs) in 2020, with \$171 billion — 59 percent — spent on online takeout or delivery orders.

FIGURE 1:
How much money U.S. consumers spent on food orders in 2020
Consumers’ collective food order expenditures in 2020, by type of order



³ For our study, "dine-in" or "sit-down" restaurants are any restaurants or food sellers that provided full-service dining prior to the pandemic, regardless of whether they offer full-service dining now.

Consumers spend 50 percent more on average when they place orders online for takeout.

Sit-down restaurant customers who order food for takeout spend \$43 more per month than those who dine on-site.

Consumers’ shift from dine-in restaurant experiences to online takeout means that the average restaurant customer spent more on food to eat at home than on food eaten on-site in 2020, no matter the type of restaurant from which they ordered. The average QSR customer spent 51 percent more on food they ordered to eat at home than on food they ordered to eat on-site, and the average sit-down restaurant customer spent 36 percent more on food ordered online or over the phone for takeout or delivery than on food eaten on location.

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THE MEAL BUDGET: How much restaurant customers spend per food order

Sit-down restaurant customers who order takeout spend more per month than any other type of restaurant customer, but they also spent \$4.40 less per meal than sit-down restaurant customers who order on-site. This might mean they order takeout more often than they dine on-site. It also might suggest they are more likely to order appetizers, purchase beverages or pay their servers tips when dining at a brick-and-mortar venue. All of these variables might help explain why QSR customers spend roughly the same per meal, regardless of whether they order takeout or dine on-site.



SIT-DOWN RESTAURANT CUSTOMERS:	
Ordering takeout	Dining on-site
\$37.90	\$42.30



QSR CUSTOMERS:	
Ordering takeout	Dining on-site
\$35.30	\$35.10

Restaurant customers may have spent more on food eaten at home in part because they ordered more from sit-down restaurants than from QSRs, and sit-down restaurants typically sell food at higher price points. Consumers spent an average of \$162 per month on takeout and delivery orders placed at sit-down restaurants — roughly 11 percent more than the amount QSR customers spent on takeout and delivery each month, on average. Customers meanwhile spent an average of \$119 per month dining at sit-down restaurants' brick-and-mortar locations — 24 percent more than QSR customers spent per month.



AT-HOME DINING

The average sit-down restaurant customer spends \$162 per month on food to eat at home.

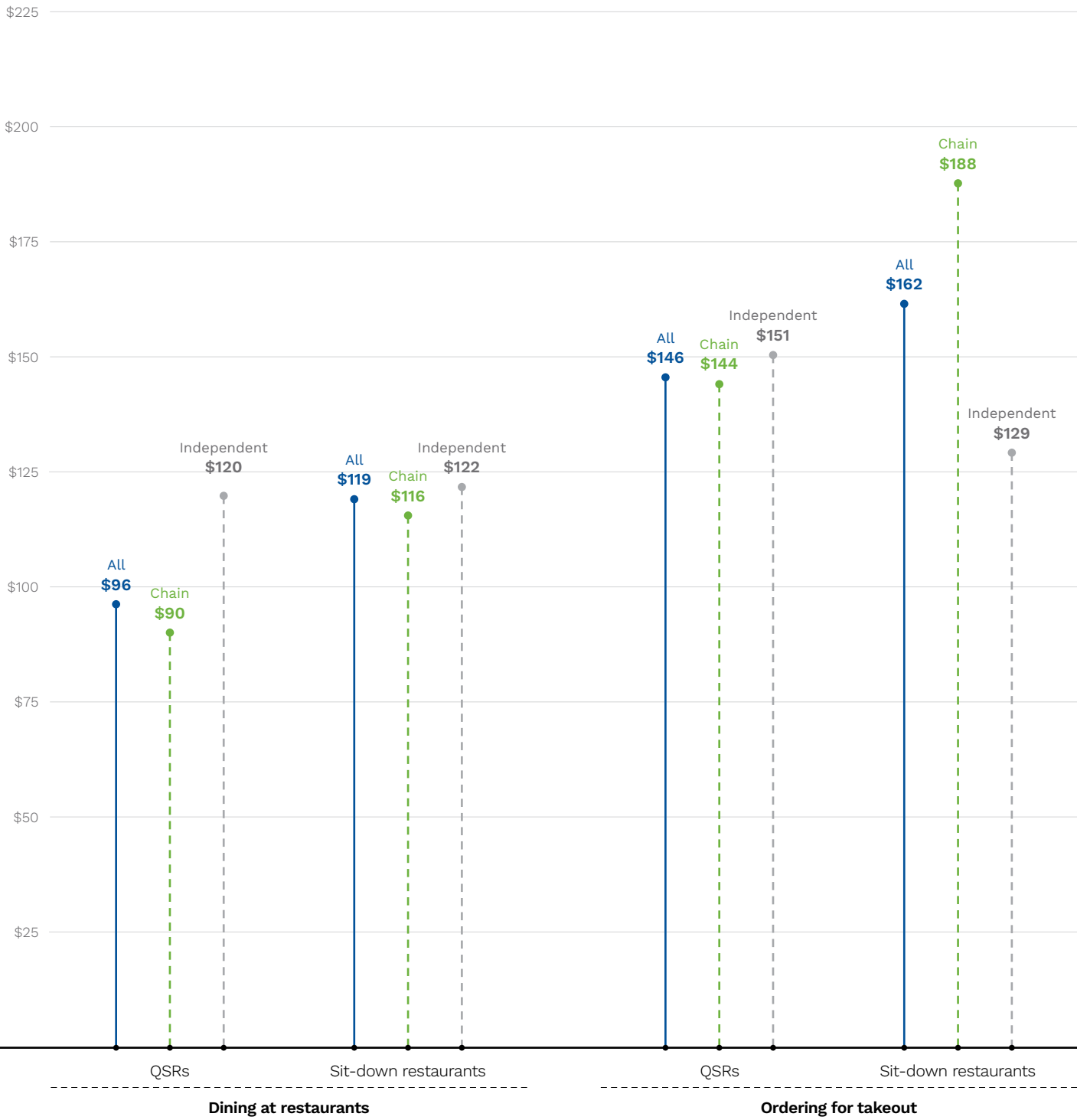
Restaurant customers' monthly food expenditures also varied depending on whether they ordered from independent restaurants or chain restaurants. Consumers who ordered takeout or delivery from chain sit-down restaurants spent more per month than any other group: \$188 per month last year on food they ate at home. Consumers who ordered food from QSRs to eat on-site spent less per month than any other group, by contrast, spending only \$90 per month on food orders last year.



FAST FOOD

QSR chain customers eating food on-site spend less per month on food orders than any other restaurant customers.

FIGURE 2:
How much individual restaurant customers spent on food orders in 2020
Average monthly amount a single customer spent on food orders in 2020, by type of order



Source: PYMNTS.com

Restaurant customers who belong to loyalty programs spend twice as much as those who do not.

Rewards programs incentivize restaurant customers to spend more on their orders. Those who used their restaurants’ loyalty programs spent far more on food orders in 2020 than those who did not use such offerings. This was true regardless of whether they ate their food on-site or at home. The average sit-down restaurant customer who used rewards programs spent \$167 per month on food eaten on-site in 2020, for example — 92 percent more than the amount sit-down restaurant customers who did not use rewards programs spent.

The difference in expenditure is even greater between consumers who ordered takeout from dine-in restaurants. Restaurant customers who ordered takeout from sit-down restaurants and used loyalty programs spent \$232 per month on food orders in 2020 — more than twice the amount customers from the same restaurants who did not use loyalty programs spent.

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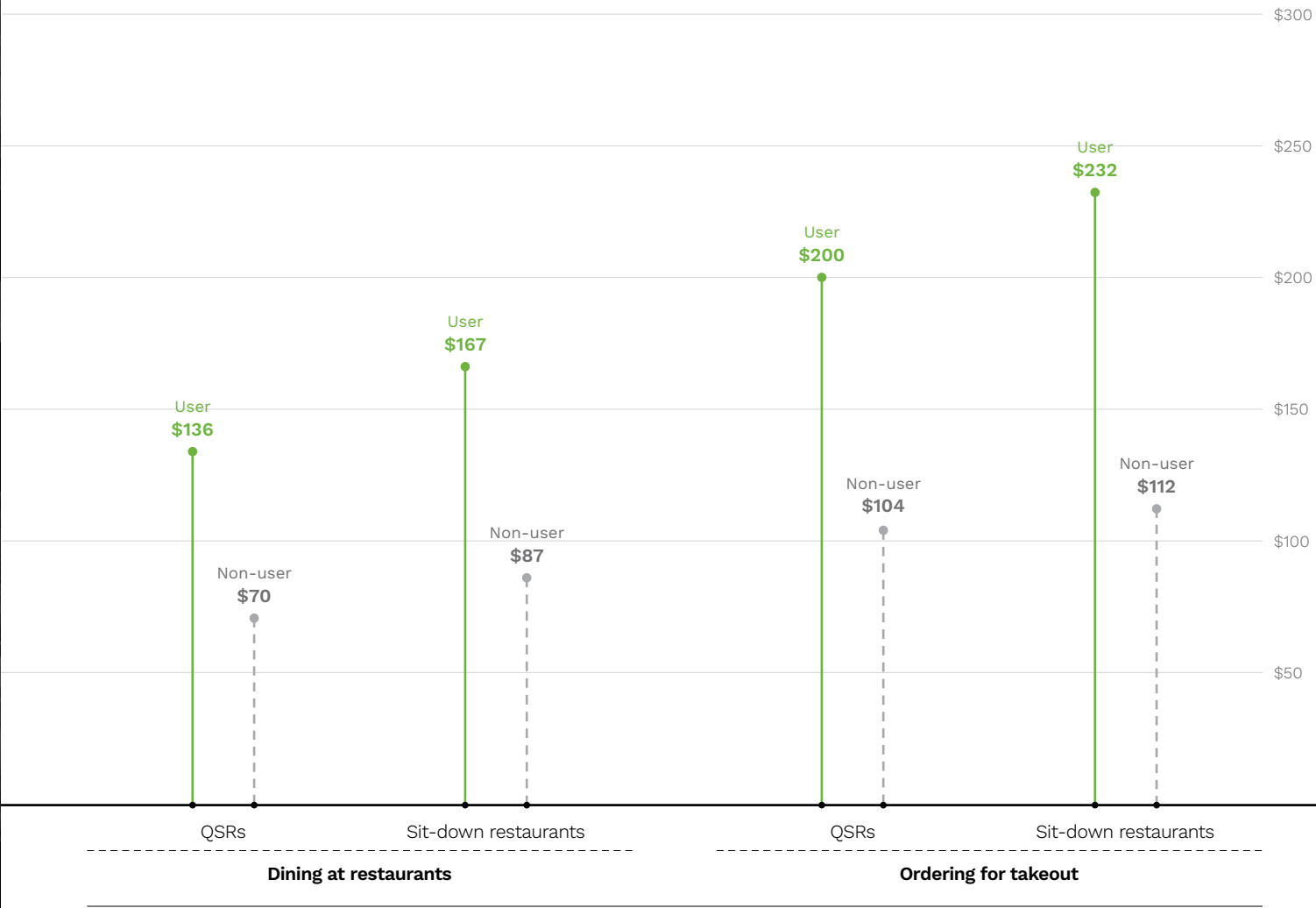
REWARDING LOYALTY

Loyalty and rewards programs can help restaurants cater to their most frequent customers.



FIGURE 3:
How much loyalty program users spend on food compared to non-users

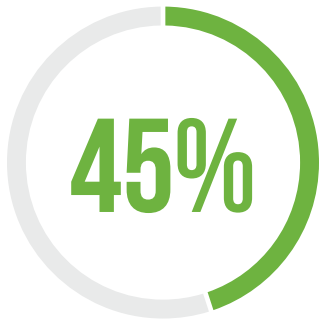
Average monthly amount a single loyalty program user spent on food orders in 2020 compared to a non-user, by type of order



Source: PYMNTS.com

Consumers will spend more at restaurants that offer touchless ordering and payment experiences because the features save them time. Twenty-eight percent of consumers now say being able to order on restaurants' mobile sites would also drive more spend.

Consumer demand for digital food ordering experiences is increasing. Forty-five percent of all restaurant customers now say being able to order online would encourage them to spend more on food orders — up from 37 percent who said the same on Oct. 1, 2020. This signals that restaurants must tap into consumers’ desire for time-saving options.



Forty-five percent of all restaurant customers say that online ordering options would encourage them to spend more on food orders.



One-third of restaurant customers would feel encouraged to spend more on food orders if they could pick those orders up via drive-thrus.

More consumers than ever say they would be encouraged to spend more if their favorite restaurants offered time-saving services, such as ordering and menu updates via mobile app or pickup orders via drive-thru. Thirty-five percent of all restaurant customers say they would spend more on their food orders if they could order via app, for example — up from 27 percent in October. It is therefore clear that saving time is at the top of restaurant customers’ minds when they are choosing where to order and dine.

TABLE 1:

Which features would encourage consumers to spend more on food orders

Share of restaurant customers who say select features might encourage them to spend more on food orders, by date

	DATE		
	SEPTEMBER 15	OCTOBER 1	NOVEMBER 16
• Online ordering	38.5%	36.9%	44.7%
• Online payments	37.6%	37.9%	40.6%
• Mobile app ordering	30.2%	27.0%	34.7%
• Fast-lane pickup	36.4%	33.5%	33.8%
• Pickup via drive-thru	35.4%	30.5%	33.3%
• Loyalty/reward programs	38.6%	38.9%	32.6%
• Curbside pickup	31.1%	29.8%	30.9%
• Auto update menu online	17.9%	17.0%	29.1%
• Mobile ordering via website	25.9%	21.4%	28.2%
• Auto update menu in store	17.1%	14.2%	27.6%
• Auto update menu on mobile app	16.4%	13.8%	23.7%
• Contactless payments in store	21.5%	19.4%	22.5%
• Card on file	21.5%	21.0%	20.7%
• Digital wallets	18.4%	16.3%	17.9%
• Matching pickup order correctly	17.6%	13.5%	17.9%
• Self-service kiosks	18.1%	14.4%	17.5%
• Auto update menu on aggregator sites	12.2%	10.6%	15.8%
• QR code payments	11.4%	10.5%	11.6%
• Ordering and checkout with codes	9.6%	8.0%	9.8%
• Other	0.8%	0.7%	0.8%
• None	22.0%	23.2%	21.0%

Source: PYMNTS.com

Conclusion

Offering digital ways to order and pay has become more important than ever in the restaurant industry. Sit-down restaurants and QSRs alike must rise to the competitive challenge by offering ordering via websites, apps and aggregators and providing a full range of options that meet their customers' specific preferences. Both on-site and digital rewards features will play key roles in helping restaurants enhance their performances and ordering experiences going forward.

Methodology

Delivering On Restaurant Rewards, a PYMNTS and Paytronix collaboration, draws from a survey of a census-balanced panel of 2,096 U.S. consumers to gain insights into the types of rewards programs they use and would like to use while making food orders. Respondents were 47 years of age, on average, 32 percent had college degrees and 35 percent earned more than \$100,000 in annual income.



ABOUT

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