THE 2022 RESTAURANT DIGITAL DIVIDE:

Restaurant Apps And Websites In The Spotlight

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PYMNTS

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INTRODUCTION

I n the last decade — particularly during the peak of the pandemic — third-party food aggregators have dominated digital ordering and fulfillment in the restaurant space. Their technology leadership and deep pockets have made it seem impossible for small and medium-sized restaurants to compete in terms of convenient, easy-to-use app- and web-based meal ordering. The tide has begun to change, however.

PYMNTS' latest consumer research finds that just 8% of consumers used aggregators for at least half of their restaurant purchases in September 2022. Displacing these platforms are restaurants' apps and websites that are powered by more accessible technology solutions that level the playing field. First-party channels such as these pull consumers away from aggregators by providing more personalized — and often less costly — experiences, connecting them directly with the restaurants they prefer and want to support. In turn, restaurants are increasingly leveraging digital loyalty programs to reward their valuable repeat customers and keep them coming back.

For The 2022 Restaurant Digital Divide: Restaurant Apps And Websites In The Spotlight, PYMNTS surveyed a census-balanced panel of 1,996 United States consumers between Sept. 16 and Sept. 18 to reveal the current state of play for digital meal ordering. The report takes a deep dive into consumer behavior and preferences when using first-party and third-party channels and how this is changing as restaurants increasingly leverage more advanced digital solutions to help beat aggregators at their own game.

This is what we learned.

Part I:
# For consumers, first-party apps provide a pick-me-up

Twice as many diners use a restaurant's digital channels to place at least half their orders than those that use aggregators. Consumers are also three times more likely to order from a restaurant for pickup than for delivery.

PYMNTS' latest research shows that consumers are more frequently ordering meals through a restaurant's app or website than through aggregators, reflecting a shift in this digital landscape. First-party channels have charged past aggregators, with 16% of diners ordering at least half of their restaurant meals directly from the restaurants' digital channels in the preceding 30 days and 14% doing so for between one-quarter and one-half of their purchases. This places restaurant apps far ahead of aggregators: Just 8% of diners use aggregators for at least half of their purchases, and 11% use aggregators for between 25% and 50% of their restaurant purchases.

Figure 1

How consumers order and pay for restaurant meals

Share of consumers who engaged in select order and fulfillment methods in the last 30 days, by frequency
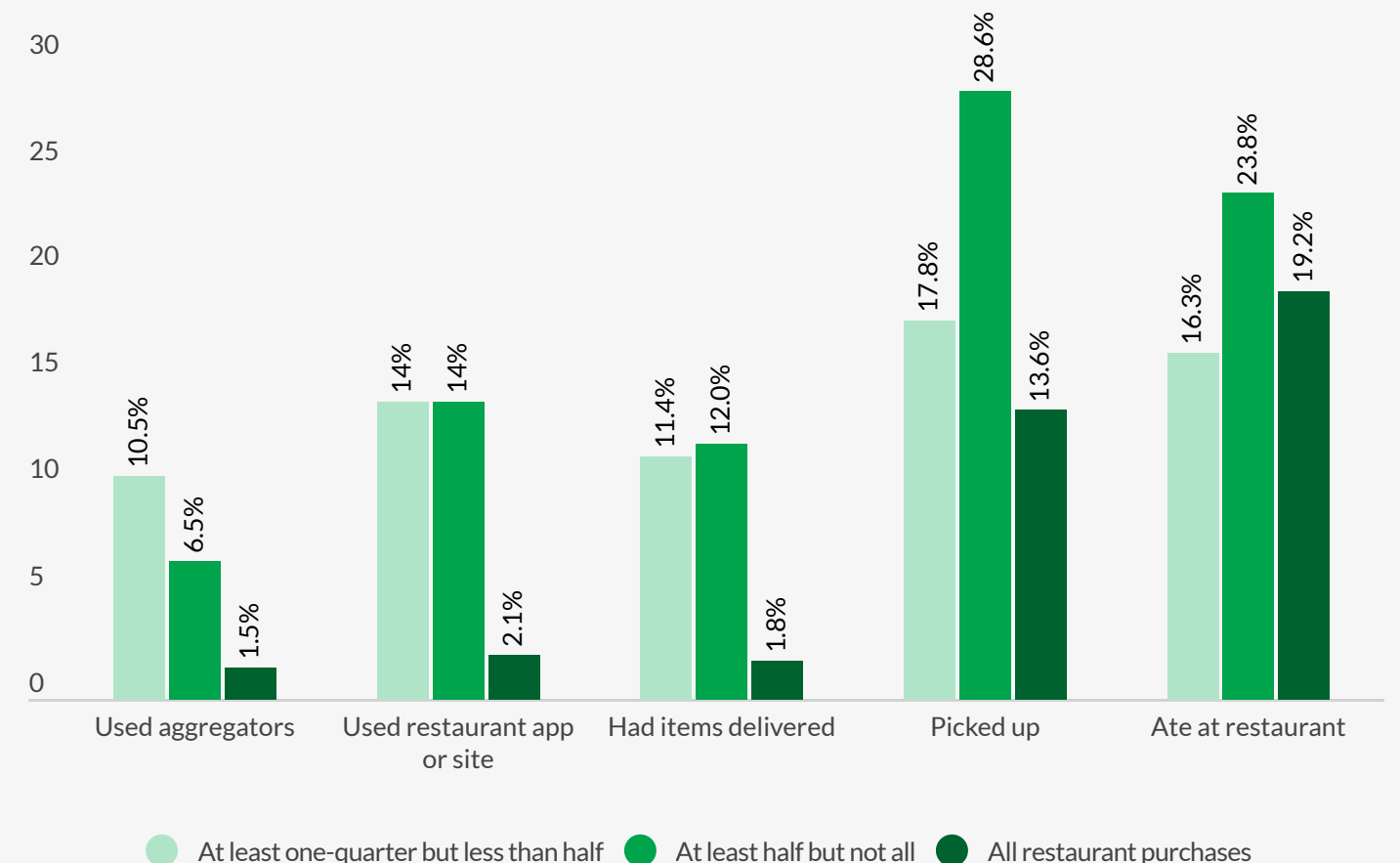
● At least one-quarter but less than half   ● At least half but not all   ● All restaurant purchases

Source: PYMNTS
The 2022 Restaurant Digital Divide, October 2022
N = 1,996: Restaurant customers, fielded Sept. 16, 2022 – Sept. 18, 2022

Dialing in on how diners receive their orders reveals how pronounced this shift to first-party channel usage has been. Among consumers who choose delivery for most of their restaurant meals, 34% used aggregators for at least half their purchases. However, just 14% of all restaurant consumers prefer using delivery to this extent, with the remaining 86% mainly ordering for pickup or dining in. This underscores how the aggregator-popularized model of ordering online for delivery appeals to relatively infrequent users, and the importance of catering to the large shares who prefer to pick up or enjoy their meals at restaurants.
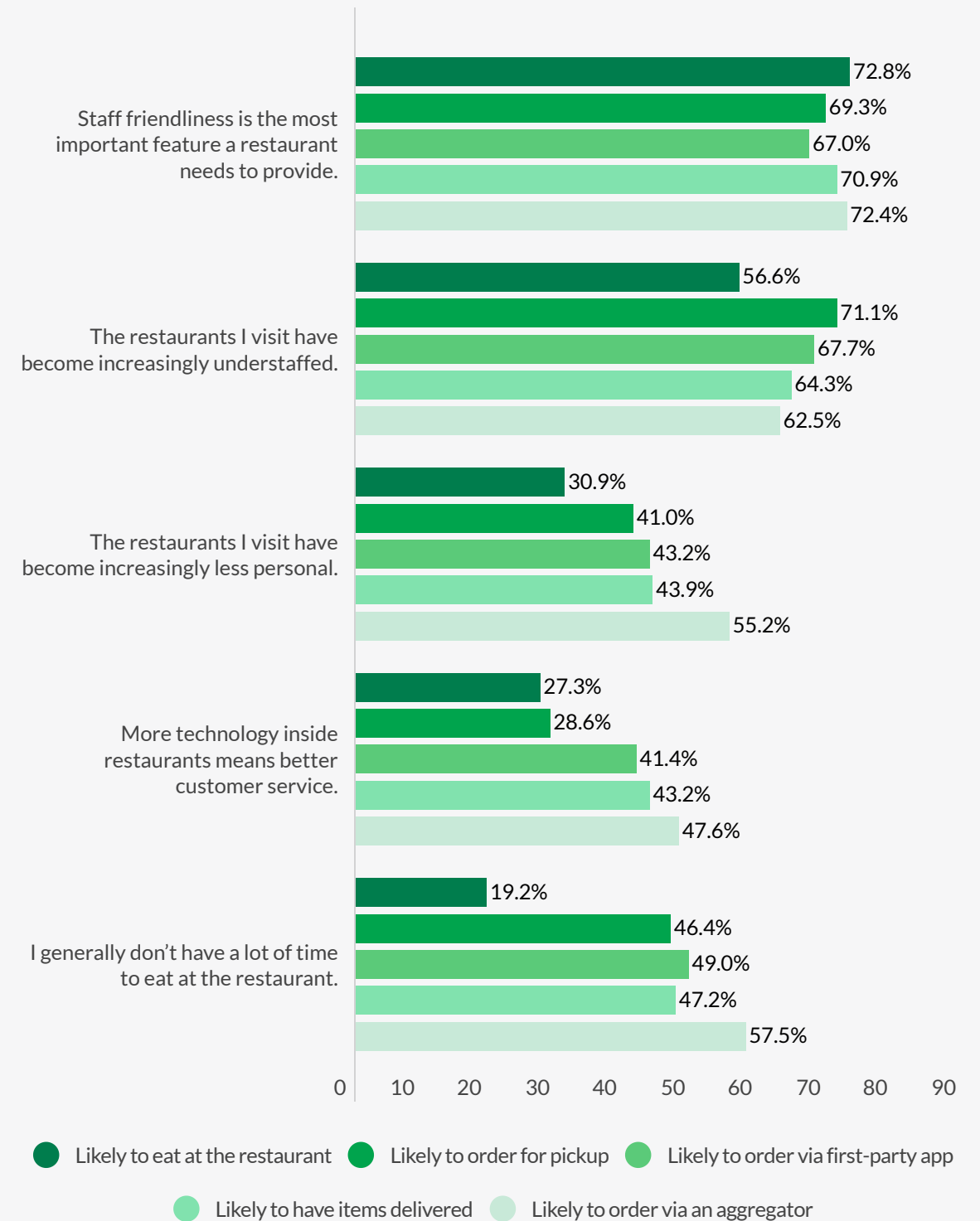
Our data shows that restaurant apps and websites trounce aggregators on pickup orders. Just 5% of those who ordered pickup for most of their purchases said they use aggregators for most of their total restaurant purchases. In contrast, 22% used a first-party channel to order at least half of their restaurant meals.

We observed this trend across every age group we surveyed. For example, 33% of the high-spending bridge millennial segment prefers restaurant apps and websites over aggregators for ordering and picking up orders at the restaurant, versus 12% who say the opposite. The shares are the smallest for baby boomers and seniors, but the gap remains similar, at 15% and 1%, respectively.

Figure 2
A shifting digital-ordering landscape
Share of consumers who mainly ordered through select channels, by how they ordered most of their purchases
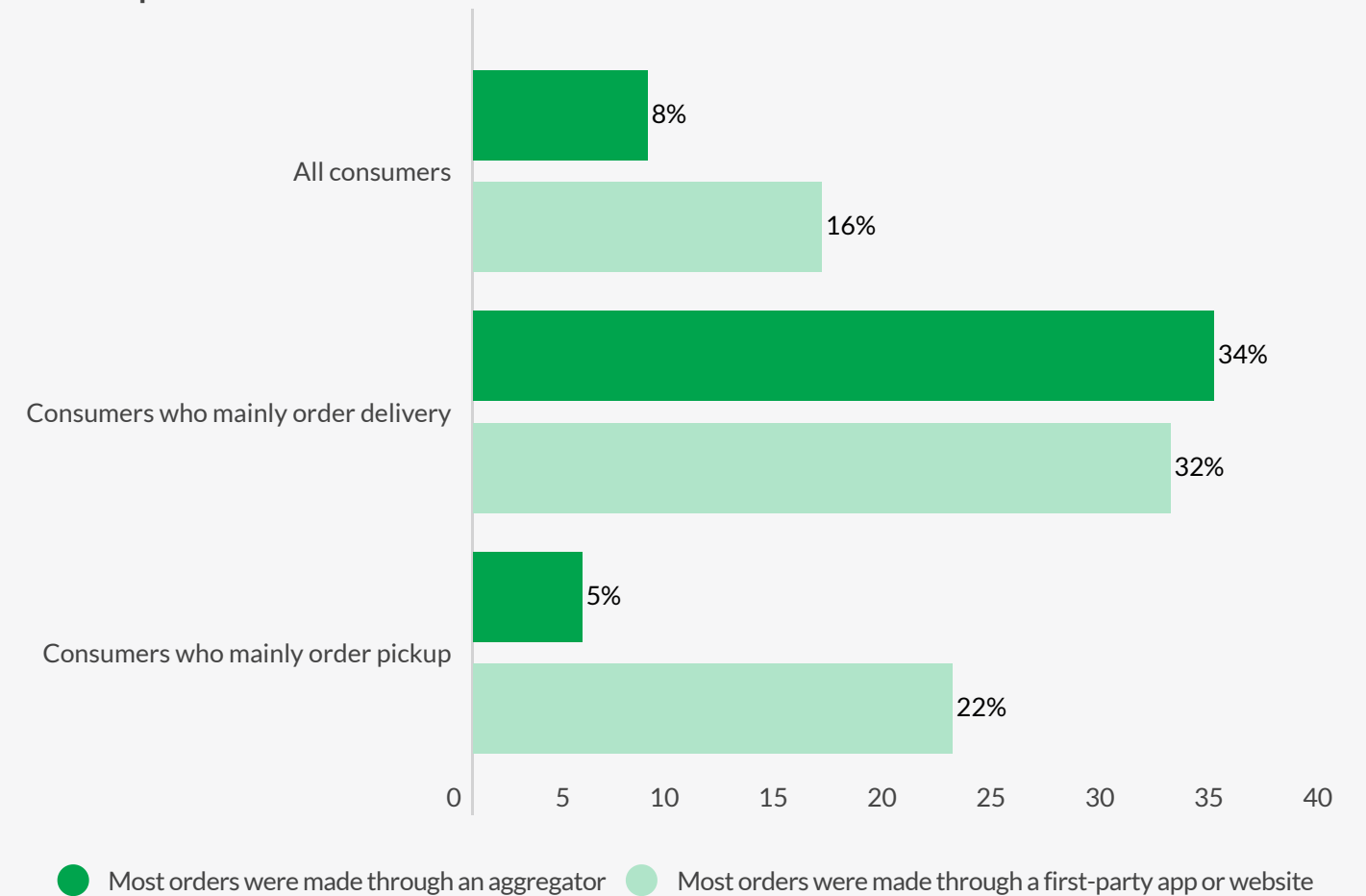
- Most orders were made through an aggregator
- Most orders were made through a first-party app or website

Source: PYMNTS
The 2022 Restaurant Digital Divide, October 2022
N = 1,996: Restaurant customers, fielded Sept. 16, 2022 – Sept. 18, 2022

Part II:
Hungry? Why wait?

Consumers mainly use food aggregators to order meals at the last minute, when delivery speed, not food cost, is the primary motivator. Digital-first consumers are often willing to pay a premium to avoid long wait times. Our research found that 58% of diners likely to order from aggregators said they are short on time when ordering from restaurants, and 49% of their counterparts using first-party apps and websites said the same. By contrast, just 19% of customers who frequently dine in said they are in a hurry when purchasing those meals.

Figure 3
Time drives consumers' aggregator use
Share of consumers who agree with select statements, by how they carry out most purchases

Staff friendliness is the most important feature a restaurant needs to provide.
- 72.8%
- 69.3%
- 67.0%
- 70.9%
- 72.4%

The restaurants I visit have become increasingly understaffed.
- 56.6%
- 71.1%
- 67.7%
- 64.3%
- 62.5%

The restaurants I visit have become increasingly less personal.
- 30.9%
- 41.0%
- 43.2%
- 43.9%
- 55.2%

More technology inside restaurants means better customer service.
- 27.3%
- 28.6%
- 41.4%
- 43.2%
- 47.6%

I generally don't have a lot of time to eat at the restaurant.
- 19.2%
- 46.4%
- 49.0%
- 47.2%
- 57.5%

● Likely to eat at the restaurant ● Likely to order for pickup ● Likely to order via first-party app
● Likely to have items delivered ● Likely to order via an aggregator

Source: PYMNTS
The 2022 Restaurant Digital Divide, October 2022
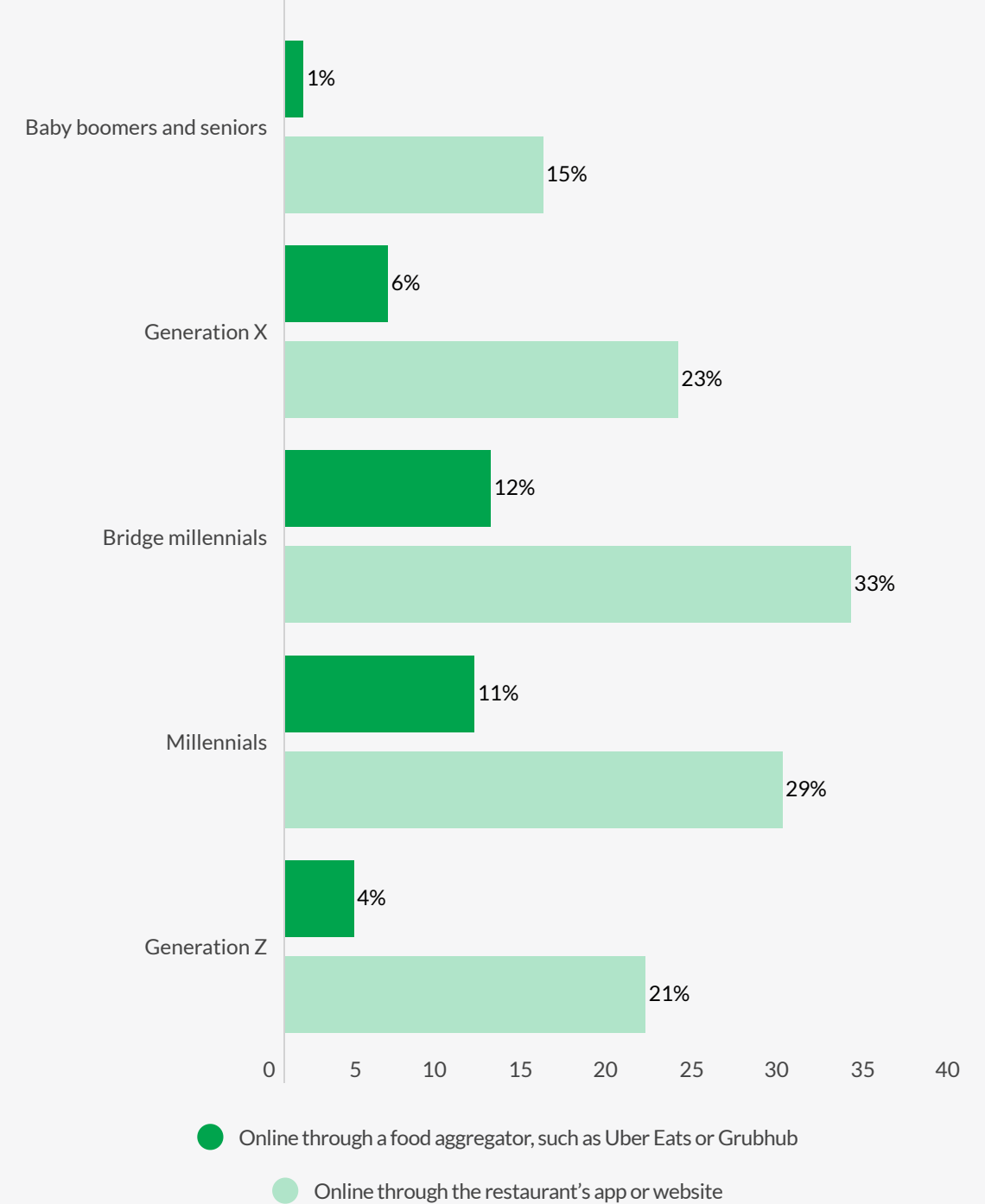N = 1,996: Restaurant customers, fielded Sept. 16, 2022 – Sept. 18, 2022

Minimizing the time from ordering to taking that first bite is key to increasing customer engagement. Fifty-six percent of diners who frequently use aggregators to order their food said speedy access to their meals drives their engagement with that channel. An even greater share of consumers who frequently order their food through restaurant apps and websites agree: 60% said they use restaurant apps for the same reason.

Millennials, at 18%, and bridge millennials, at 13%, are the age groups that most often used an aggregator to order at least half of their restaurant meals during the preceding 30 days. Generation X and Generation Z significantly trail behind in their use of aggregators, at 7% and 6%, respectively, during the same period. Meanwhile, just 2% of baby boomers and seniors opted to purchase frequently via an aggregator. Our research shows that one in 10 diners earning more than $100,000 annually are frequent aggregator users, significantly more than those earning between $50,000 and $100,000 and those earning below $50,000, which are both at 6%.

Figure 4

First-party channels favored for pickup orders

Share of consumers who mostly order pickup using select channels for at least half of their purchases, by generation

Baby boomers and seniors	1%	15%
Generation X	6%	23%
Bridge millennials	12%	33%
Millennials	11%	29%
Generation Z	4%	21%

● Online through a food aggregator, such as Uber Eats or Grubhub

● Online through the restaurant's app or website

Source: PYMNTS
The 2022 Restaurant Digital Divide, October 2022
N = 896: Restaurant consumers who ordered at least half of their purchases for pickup in the last 30 days, fielded Sept. 16, 2022 – Sept. 18, 2022

Part III:
Loyalty plays a key role

Digital ordering enhances pickup through mobile order-ahead and leverages loyalty and rewards to increase customer engagement. Access to restaurants' loyalty programs through first-party apps and websites increases consumers' appetites for ordering and engaging through these channels. Forty-five percent of frequent first-party app and website users cite better access to discounts or rewards as an influential feature impacting their preferences for these first-party channels, as do 37% of aggregator users. Frequent on-premises diners buck this trend, however, with just 10% stating access to loyalty benefits impacts their purchasing behavior.

Restaurant loyalty programs have proven popular among consumers. Seventy-two percent of those likely to order and pay through first-party channels had used loyalty programs in the month prior to the study — a higher share than the 67% we observed for aggregator users. Consumers who favor delivery are more likely to use loyalty programs than those who mainly order for pickup, at 63% and 46%, respectively.

For frequent in-restaurant diners, loyalty programs play a less prominent role in the overall restaurant experience. Just 42% of in-restaurant diners tapped a loyalty program during the 30 days preceding our survey, while 37% of consumers who paid in person

for their last purchase did the same. Still, these are significant shares of restaurant patrons, and taken together with the growing and influential digital-ordering crowd, highlight the importance of loyalty programs for driving engagement with restaurants and their first-party channels. These programs enable restaurants to connect directly with their customers in more personalized ways, enhancing loyalty and establishing positive feedback loops that further strengthen customer engagement.

Figure 5
Loyalty program engagement depends on order method
Share of consumers who have used loyalty programs in the last month, by how they carry out most of their purchases
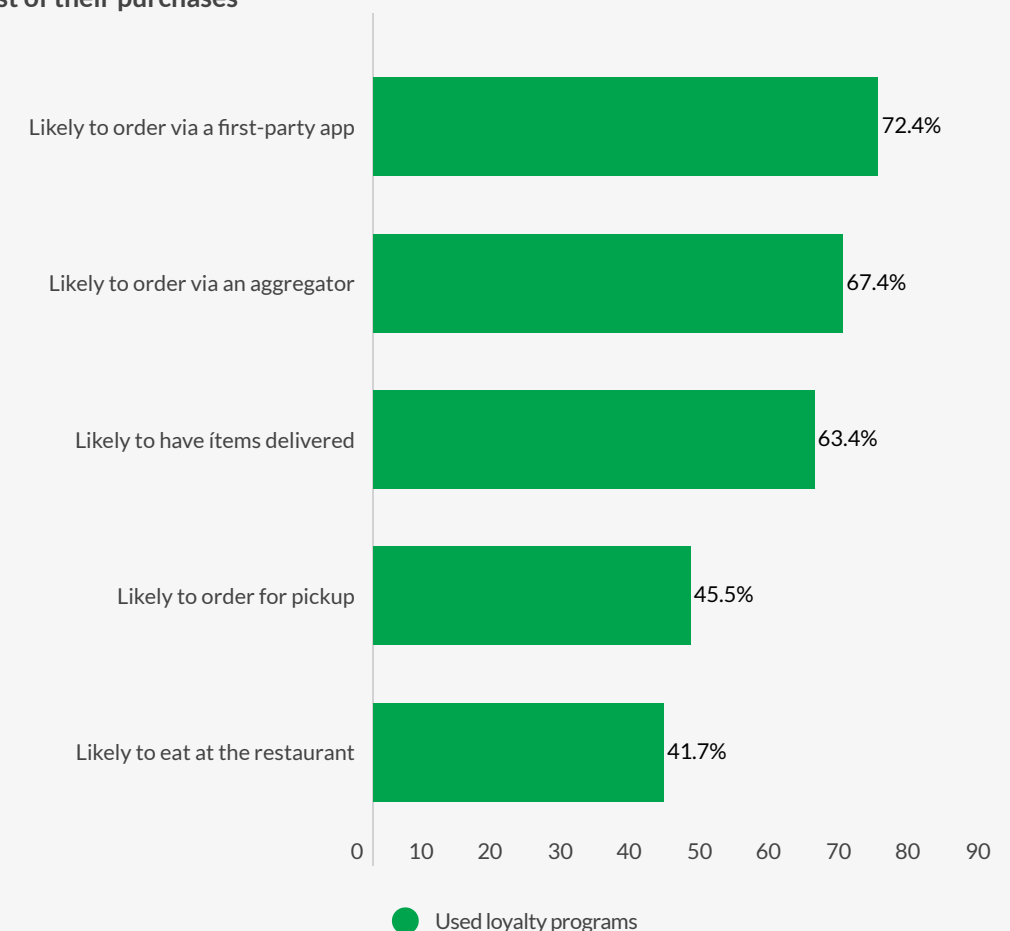
Likely to order via a first-party app	72.4%
Likely to order via an aggregator	67.4%
Likely to have items delivered	63.4%
Likely to order for pickup	45.5%
Likely to eat at the restaurant	41.7%

● Used loyalty programs

Source: PYMNTS
The 2022 Restaurant Digital Divide, October 2022
N = 1,996: Restaurant customers, fielded Sept. 16, 2022 – Sept. 18, 2022

Part IV:
The cost–convenience sweet spot

Digital channels offer consumers more transparency about the tradeoffs between speed, cost and convenience, putting them in control of how they want to order and receive their food.

Diners appreciate the convenience, flexibility and greater access to a variety of meals that ordering online facilitates. Convenience trumps all other reasons for using a digital channel to order food, with 62% of those likely to order via a first-party channel and 63% of those likely to order via an aggregator indicating it was a convenient way to purchase their meals.

Despite the appeal of ordering through digital channels, the price for this convenience often discourages many would-be consumers from ordering this way. PYMNTS found that 34% of diners chose not to use an aggregator because doing so is seen as expensive, whereas just 11% of consumers who shied away from using a first-party channel to order meals offered the same reason for doing so. This wide gap indicates that first-party channels will have the upper hand whenever they can match the convenience offered by aggregators.

Figure 6

Drivers for choosing a channel for restaurant orders

Share of consumers who cite select reasons for using specific channels for all or most restaurant purchases
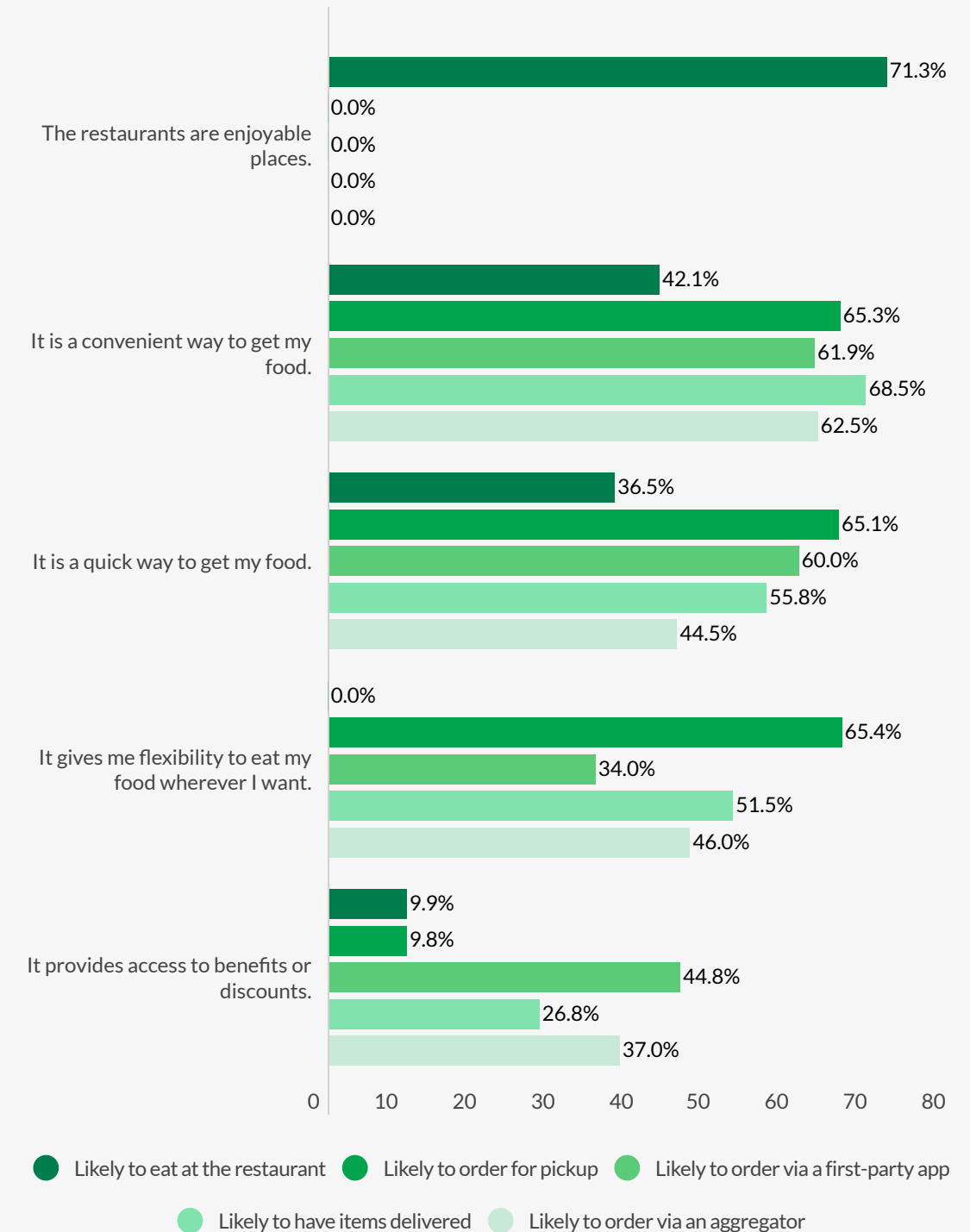
Source: PYMNTS
The 2022 Restaurant Digital Divide, October 2022
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Higher prices are not the only concern on consumers' minds. We discovered that diners are wary of installing too many apps on their connected devices — a phenomenon called "app fatigue." Twenty-nine percent of respondents stated they rarely or never used first-party apps or websites, and 21% said the same about aggregators. Others reported that their preferred restaurants were unavailable through digital channels: 21% said their favorite restaurants did not offer first-party digital channels, and 20% said their favorite restaurants were not available on aggregators.

Figure 7

Pain points that deter ordering via a given channel

Share of consumers who cite select reasons for using specific channels infrequently or not at all for restaurant purchases
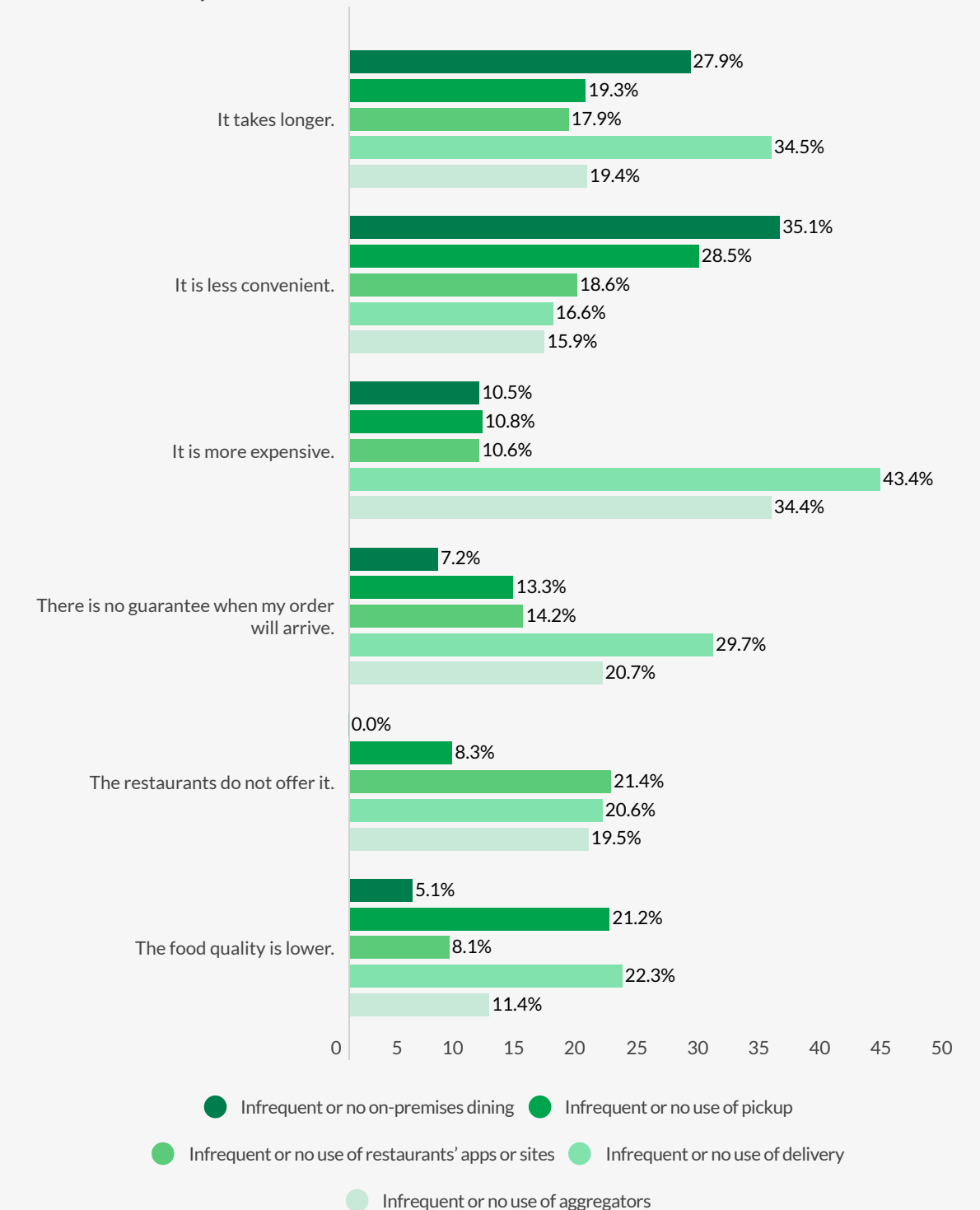
It takes longer.
- 27.9%
- 19.3%
- 17.9%
- 34.5%
- 19.4%

It is less convenient.
- 35.1%
- 28.5%
- 18.6%
- 16.6%
- 15.9%

It is more expensive.
- 10.5%
- 10.8%
- 10.6%
- 43.4%
- 34.4%

There is no guarantee when my order will arrive.
- 7.2%
- 13.3%
- 14.2%
- 29.7%
- 20.7%

The restaurants do not offer it.
- 0.0%
- 8.3%
- 21.4%
- 20.6%
- 19.5%

The food quality is lower.
- 5.1%
- 21.2%
- 8.1%
- 22.3%
- 11.4%

● Infrequent or no on-premises dining   ● Infrequent or no use of pickup
● Infrequent or no use of restaurants' apps or sites   ● Infrequent or no use of delivery
● Infrequent or no use of aggregators

Source: PYMNTS
The 2022 Restaurant Digital Divide, October 2022
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CONCLUSION

More accessible digital solutions enable restaurants to offer their customers first-party digital apps and websites that directly compete with third-party aggregators on ease of use and convenience while offering other advantages. First-party digital channels excel at providing more personalized ordering experiences, often including loyalty and rewards programs, which create positive feedback loops, drive further engagement and capture greater market share. Consumers also widely believe that they offer better prices than aggregators. By offering high-quality digital ordering options, restaurants heighten transparency and engagement throughout a customer's entire ordering journey — and in response, diners are voting with dollars, lifting restaurants' channels into pole position.

METHODOLOGY

The 2022 Restaurant Digital Divide: Restaurant Apps And Websites In The Spotlight contains original research from PYMNTS. We surveyed 1,996 United States consumers between Sept. 16 and Sept. 18 to learn about the evolving relationships between consumers, restaurants and brands with different ordering and fulfillment choices. The sample was balanced to match the U.S. adult population in a set of key demographics: The average age of our respondents was 48, 52% were female and 36% earned more than $100,000 annually.