

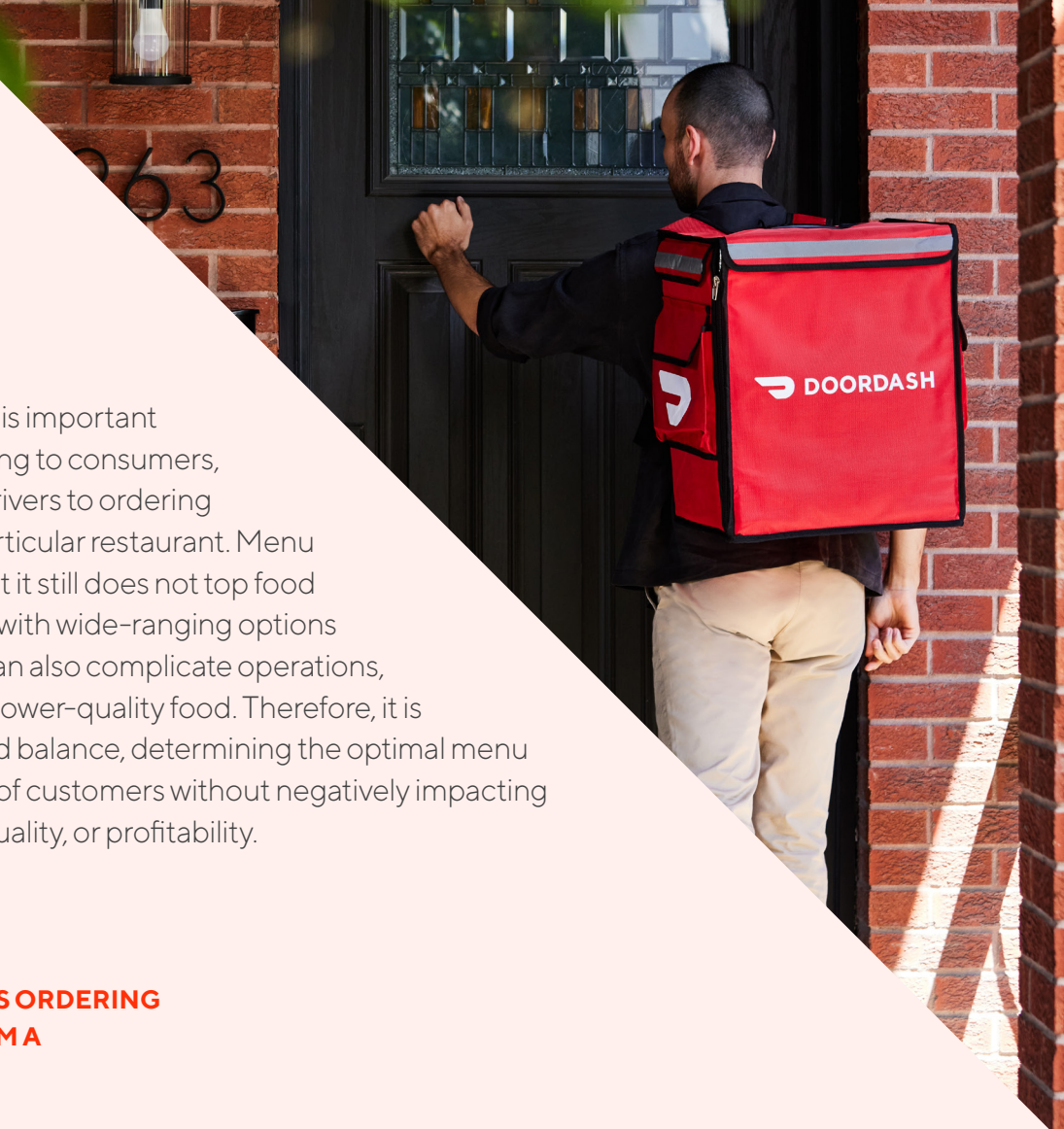


Menu Optimization

Balancing Consumer Preferences with Operational Efficiency

Unless otherwise noted, data referenced in this report come from two surveys conducted by Technomic:

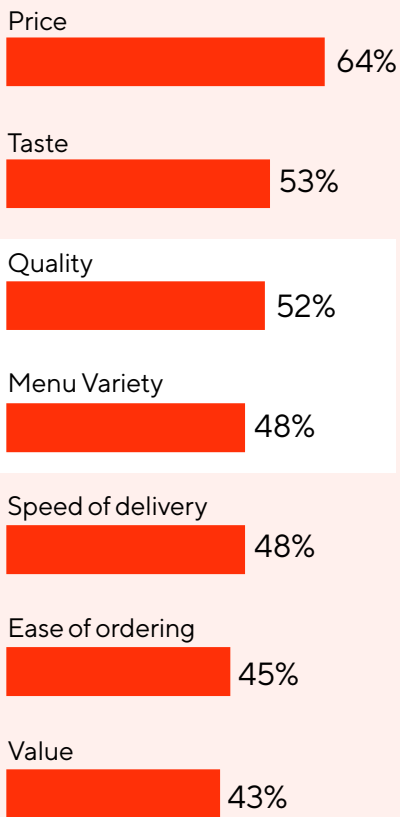
- Survey of 200 limited-service and 200 full-service restaurants that offer third-party delivery, fielded Jan. 29-Feb. 7, 2024
- Survey of 500 consumers (nationally representative sample) who order third-party delivery, fielded Jan. 29-Feb. 5, 2024



Introduction

It's no secret that food quality is important to consumers. In fact, according to consumers, quality is one of the leading drivers to ordering third-party delivery from a particular restaurant. Menu variety is important as well, but it still does not top food quality. While a robust menu with wide-ranging options may appeal to customers, it can also complicate operations, hinder prep time, and lead to lower-quality food. Therefore, it is important for operators to find balance, determining the optimal menu mix that satisfies the majority of customers without negatively impacting operational efficiency, food quality, or profitability.

TOP DRIVERS TO CONSUMERS ORDERING THIRD-PARTY DELIVERY FROM A PARTICULAR RESTAURANT

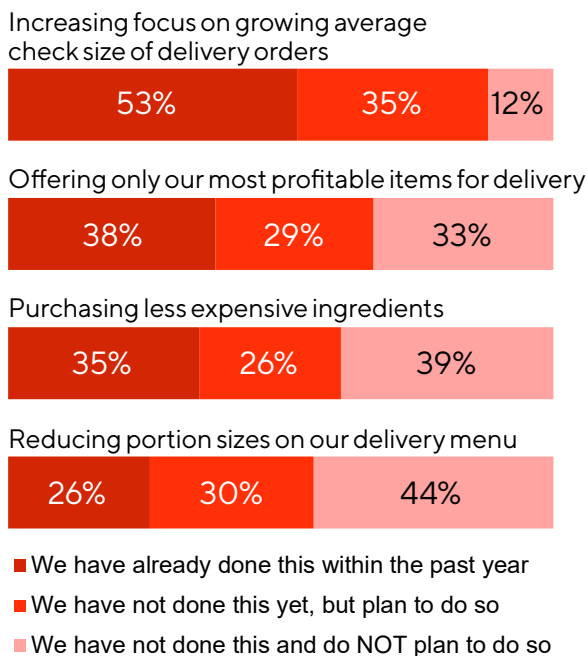


The Importance of Menu Optimization

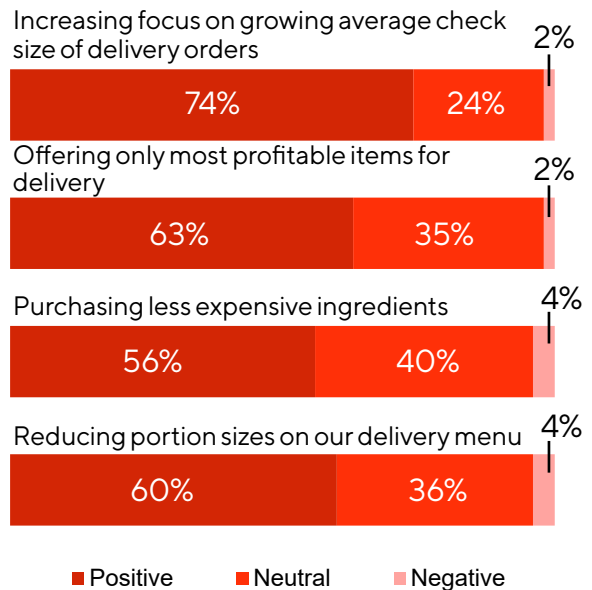
Optimizing menus is a key part of driving profitability overall and on third-party delivery platforms, but few operators make efforts to do so. Just 20% of restaurants say they have reduced or simplified the items on their delivery menus. However, nine in 10 restaurants who *have* simplified their menus report that their business is positively impacted by this strategy. This indicates that operators are consistently benefiting from evaluating their delivery menu mix, focusing on their most profitable items, and potentially excluding items that have low demand, low margins, extensive preparation, or a lack of portability. Restaurants are also employing tactics like only offering their most profitable items for delivery, adjusting portion sizes to be best suited for delivery, purchasing less-expensive ingredients, and increasing focus on growing average check size on delivery orders. Those who have implemented these strategies again report strong success as a result.



ACTIONS TAKEN BY OPERATORS TO DRIVE PROFITABILITY OF DELIVERY PROGRAM



IMPACT ON PROFITABILITY OF DELIVERY PROGRAM



When evaluating which items to offer for delivery, restaurants can also consider which cuisines are most popular among consumers. Top menu categories for delivery include pizzas, burgers, sandwiches, and chicken, as these dishes tend to travel well off-premise and are often designed to satisfy consumer cravings. Categories like frozen dessert, barbecue, steak, and seafood represent a smaller share of consumers' recent delivery orders.*

CUISINE ORDERED MOST RECENTLY FOR DELIVERY*

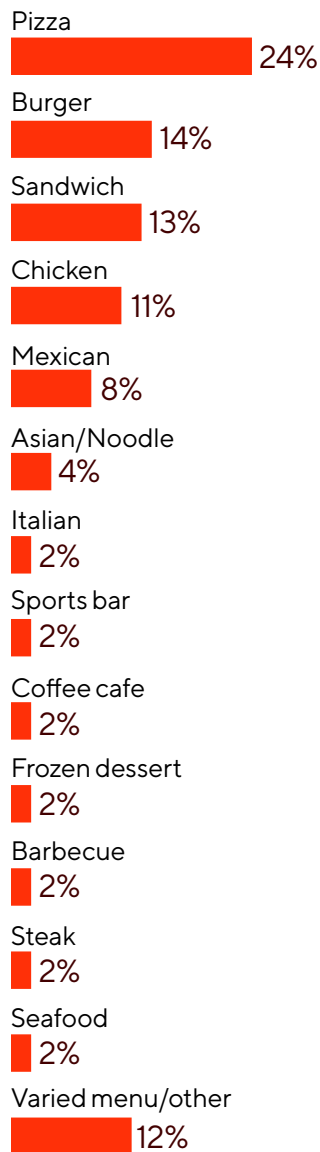
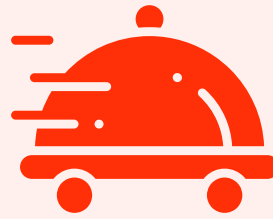


Image source: Shutterstock
 *Source: Technomic Ignite Consumer, Q1 2023-Q4 2023
 **Base: 15,000 local small business merchants
 **Source: DoorDash study, Q2 2022



30% of consumers say restaurants could improve their delivery programs with delivery-exclusive items

20% of restaurants have introduced items exclusively available for delivery

Creating items that are available only for delivery is another way to appeal to customers. Nearly a third of consumers say restaurants could improve their delivery programs by offering delivery-exclusive items, but only one in five restaurants are currently offering these options. Therefore, opportunity may exist for more operators to adopt this strategy, as it can create a sense of exclusivity and excitement. DoorDash has also recently begun offering a number of other promotion opportunities for restaurants to leverage, such as happy hour deals, item-level discounts, and buy one, get one specials. Promotions during specific occasions or times of day are also available.

Enhancing the Guest Experience with Menu Photos and Customization

Adding high-quality photos and compelling descriptions of menu items on third-party platforms is another way for restaurants to improve the customer experience and drive delivery sales.

In fact, menus with item descriptions get up to 23% more sales each month, and menus with item photos get up to 44% more monthly sales.**





31% of consumers say restaurants could improve their delivery programs with menu photos and item descriptions

26% of operators have added more menu photos and descriptions to drive delivery orders

Roughly one-third of consumers say restaurants could improve their delivery programs by adding more menu photos and item descriptions, but only 26% of operators report doing so. Therefore, it's evident that photos and item descriptions represent an opportunity to drive cravings and make your restaurant stand out.

To ensure food quality lives up to the photos and descriptions on delivery menus, some operators are turning to taste-testing. By sampling their food in a delivery format, restaurants can ensure it maintains its appearance and taste. Half of operators who have taste-tested their delivery food quality indicate that it's had a very positive effect on their delivery orders.



50% of operators who have taste-tested their delivery food quality **report a very positive impact on delivery orders**

CONSUMERS' MOST IMPORTANT FEATURES WHEN USING THIRD-PARTY DELIVERY

SOMEWHAT/VERY IMPORTANT

Good customer support
75%

Easy-to-use interface
68%

Allows for customization of orders
67%

Ability to track driver location in real-time
64%

Exclusive promotions or discounts
58%

Offers a free loyalty/rewards program
58%

Ability to filter restaurants by type, cuisine, price, etc.
58%

Customization is one of consumers' most important features on third-party delivery platforms. Giving customers control with simple modifications like toppings and sauces provides a more personalized experience and allows them to create a wide variety of flavor combinations. As operators look for ways to streamline their menus, customizability should be viewed as a tool for expanding menu offerings without overly complicating operations. Offering customers simple additions—like avocado or proteins—for an additional cost can also help restaurants increase delivery order size and profitability.

Closing Thoughts

To improve performance on third-party delivery platforms, restaurants should analyze each menu item's reach, sales, and prep time before including it on their delivery menus. By considering what mix of items and customizations will satisfy the largest number of guests—while keeping prep time manageable—operators can simplify their operations while still giving customers the variety they seek.