

SOLUTIONS BEST PRACTICES

Straight to your doorstep



“How to develop a successful delivery business - Can restaurateurs still improve on delivery?” KARIM ASMAR

Recent restaurant concepts have integrated delivery into their sales mix; however there is often a disparity in the level of integration. While some restaurants have gone as far as developing their branding by creating original packages for the delivery, other are trying to seize this opportunity by putting their operation to stress for lack of preparation.

Delivery in the Middle East is by all means an important market, to the extent that even American standardized chains, such as Mc Donald, had to adapt and put forth a delivery solution.

The challenge with the delivery is to extend the dining experience to the customer's office or house. Unlike the restaurant, the client is not in the restaurateur's domain. There is no way of interacting and adjusting the response through communication. But customers will respond to tangible attributes such as timing, temperature and the packaging itself.

Client perception is often disregarded or given insufficient consideration. What restaurateurs must remember is that when a client places an order it is either during a lunch break or during a gathering with friends. The lunch he or she is ordering does not only represent food. It is also a break and recuperation time. Improving on the delivery

experience could come in the form of recommended items that will give energy and are fast to prepare.

The trend for delivery is widespread throughout the Middle East, especially in cities such as Dubai, Jeddah and Beirut. Although customer expectations are to be met, satisfied and exceeded, one cannot but notice divergences in operating standards. For example, the standard delivery time in Beirut is 30 minutes while in Jeddah it is one hour. In the regional context of chain and franchise development, understanding local specificities can make or break a brand.

In a recent study conducted by Hodema on the delivery sector, delivery was reported to exceed 30% of the revenue mix in some restaurant chains. Needless to say that with such significance, restaurateurs need to address the issue with utmost care.

Let's consider the case study of a medium sized outlet of 100 plus chairs and available production capacity. The restaurateur decides to develop a neighborhood delivery service and recruits a small delivery team composed of 4 students. Should the restaurant sell an average of 50 delivery orders, with an average check of around US\$15 to US\$17.50, 7 days a week, delivery amounts to around US\$200,000 additional income with contribution margins



Check list for developing a successful delivery business

1. Assess market opportunity
2. Define your objectives for the delivery activity
 - Complement your restaurant activity
 - Independent of a restaurant activity
 - Delivery operating objectives
 - Delivery profit objectives
3. Define your delivery strategic marketing
 - Pricing
 - Branding
 - Target customer
 - Menu
 - Packaging
 - Target delivery time
4. Define your delivery operation plan
 - Production center type (central kitchen, outlet kitchen)
 - Management structure
 - Delivery manning
 - Delivery process
 - Delimitation of the delivery zones
 - Operation management software
 - g. Identify suppliers
5. Identify the implementation parameters and objectives
 - Testing method and duration
 - Facilities implementations
 - Development of packages
 - Set up of the delivery system
 - Training of the staff
6. Budget and forecast on your delivery activity
 - Investment required for the delivery activity
 - Delivery revenue projection
 - Delivery expenses budget
 - Expected contribution to your profit line

The client experience

- When is the client placing an order (lunch, dinner, etc)?
- Where is the client placing an order (office, home)?
- Who is responding to the client?
- How can you improve the interaction?
- How can you extend your dining experience to the client premises?
- Will the client receive food at the right temperature?
- How can you exceed the client expectation?
- How can you receive feedback from your clients?
- What will you do with the feedback?



exceeding 40%. This could produce around US\$80,000 incremental profit.

Many restaurateurs have developed delivery as a side activity to their restaurant. This allows them to respond to a market need, as well as use available production capacity in the restaurant. Nevertheless, developing a delivery activity with insufficient space, personnel and funding will put pressure on the restaurant. Thus causing stress, service disruption and uneven allocation of resources.

In today's context, the delivery market is developing. Entry barriers are being pushed higher and there is less space for improvisation. Outlets, such as Pronto in Beirut and Toast-ed in Jeddah, have developed their services entirely on the delivery. With 90 to 100 percent of their revenue generated from delivery, they need to develop a strong identity to secure a sustainable market share and preserve their success factors.

Packaging can play a major role in the success of delivery. It has two main attributes: wrapping and branding. While some restaurateurs are still lagging behind on branding with their packages, others have gone full



speed ahead. La Tabkha in Beirut introduced the lunchbox with fully integrated amenities inclusive of a placemat. Toast-ed in Jeddah developed an interesting sandwich box that converts into a placemat. By developing their packaging they are providing a comprehensive dining experience to their customer.

Packages also have to maintain the temperature and qualities of the food. Developing a delivery activity requires that the restaurateur develops an understanding of how the customer will receive the order and con-

sume it. For example providing indication on reheating conditions is a plus.

Customer relation management on the other hand allows a good understanding of the customer needs and expectations to develop. The greatest risk in delivery is that an unsatisfied customer remains anonymous. Without vital feedback from the customer, the restaurateur may miss opportunities. Roadster Diners created a strong momentum by focusing on the customer base. Unsatisfied customers are called within 3 hours. Depending on the case, customers

are often offered a complementary meal on the following order.

The telephone is the angular stone in the interaction with the client in the delivery process. To an extent, the person taking the order must be considered as a telemarketer. When trained properly, telephone correspondents can improve both revenue through increasing sales and customer experience through proper interaction.

Although delivery is based on food and beverage products, hence on the restaurateur's core competence, recent developments have introduced new variables. Restaurateurs have fewer margins for error. Customers require more attention and care than in a restaurant because of the low human interaction. While software has been developed to assist and manage the delivery process, the challenge is in finding how to introduce human interaction in the dining experience. Delivery is becoming a new business, and requires specific care and resources. Pronto in Beirut and Toast-ed in Jeddah have made the delivery their main focus. Does it mean that the next generation of delivery restaurateurs will have no dine in facility?

Room service, can I help you?

Karim Asmar - managing partner at Hodema sal, tel: +961 1 381101 www.hodema.net

Room service at home or in the office is every person's dream but just how feasible is it? According to their website Room Service Deliveries, a food delivery service since 1997, brings you the finest restaurants in Dubai & Abu Dhabi right to your door. You can consult your favorite restaurant's menu online, place your order and enjoy a delicious gourmet meal within 60 minutes. And if a group can't make up their minds on a single choice then they can choose from multiple restaurants and have it all within the same delivery. Abdulla Mirza marketing manager of Room Service shed light on the company's policies.

Define your objectives for the delivery activity?

Our objectives are to deliver meals from fine cuisines to the comfort of the customer's home or office. As well as to maintain the best quality in food and the best service in delivering the meal to the client.

Does your delivery service complement restaurant activity?

It was to complement restaurants that we set it up. We came in with our operation team, a fleet of cars and drivers and menus of all the fine dining restaurants in the cities we wanted to operate in. We then created an easy online ordering service that with just a couple of clicks you can have your favorite meal delivered to you in an hour.

How do you extend your dining experience to the client premises?

By distributing Room Service Deliveries menus and leaflets door to door, as well as e-mail and outdoor media campaigns.

Do you receive feedback from your clients? How do you act on this feedback?

Of course we do. We usually get feedback from customers by them calling us through customer service or by just signing onto our website and leaving comments and/or suggestions. When there is complaint about a certain aspect we study the situation from A to Z, then communicate with the customer and do whatever we can.

What are your thoughts on how to improve client interaction?

In my opinion by knowing your client and putting yourself in the client's shoes you can ask what you (as the customer) want from the service? Of course you will want it to be the best with excellent quality because you are purchasing the "service". Basically match your personal expectations with your client's and try to top your personal expectation with what the client will require.

www.roomservice.ae

