

Restaurants or Delivery App Companies: Which Suffers Most When Problems Occur

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BACKGROUND

The rise of delivery services like Grubhub and UberEATS presents a number of problems for restaurants. Restaurants can authorize these apps and take advantage of the large number of people who use them—41% of people according to another Zion & Zion study—or watch other restaurants take the business. These multi-restaurant delivery websites/apps often help restaurants keep and increase their customer base, but they may need to address margin erosion and challenges associated with elements often out of their control once the delivery company has picked up the food. In particular, problems and frustrations associated with delivery services may be hidden from restaurants which may hurt their businesses and their brands.

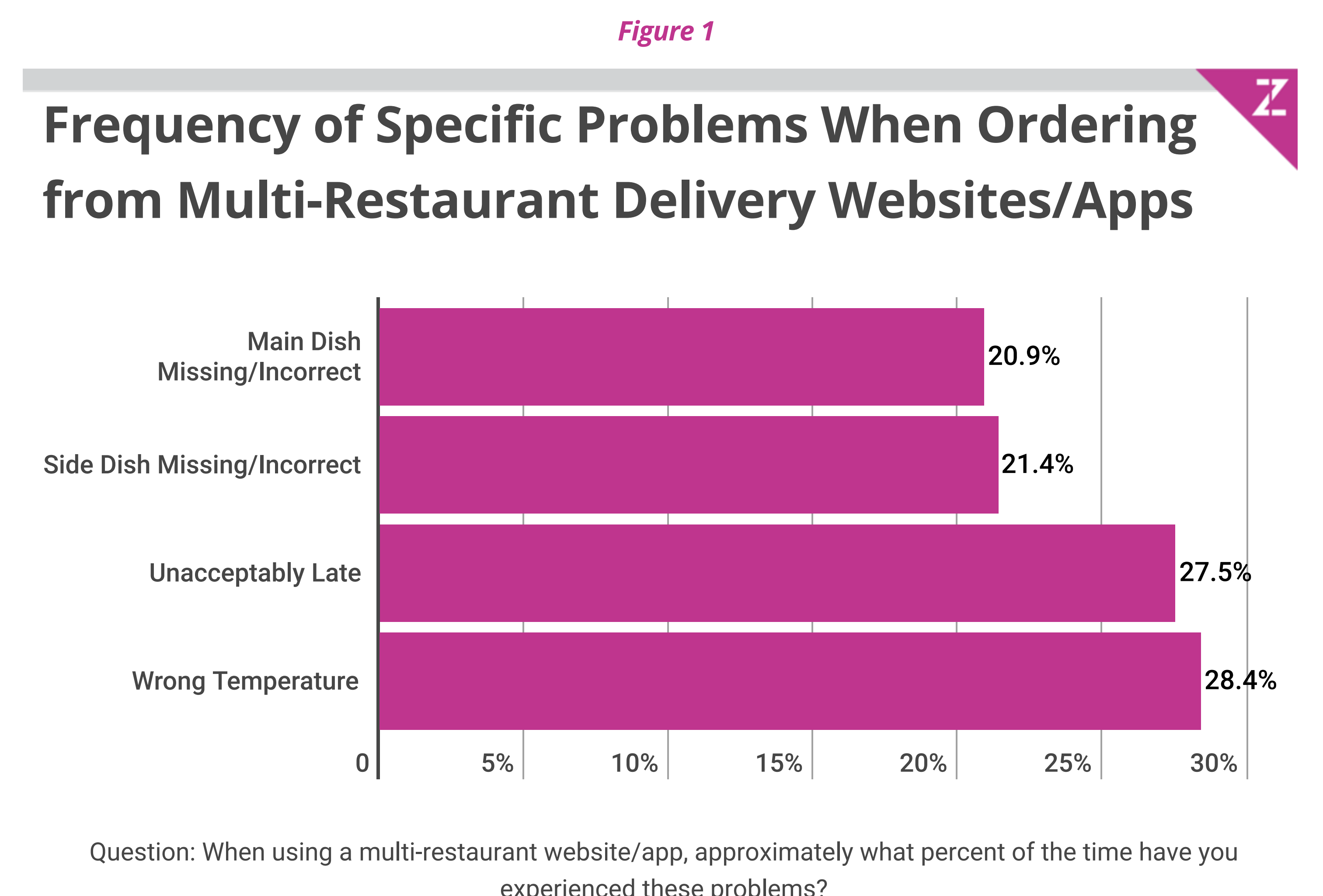
EXECUTIVE SUMMARY

To understand the problems and frustrations that consumers are experiencing with multi-restaurant delivery websites/apps like Grubhub and UberEATS, the Zion & Zion research team conducted a nationwide survey of 1,084 consumers. Data indicates that, on average, consumers experience some sort of problem with their food or delivery nearly a quarter of the time. These problems lead to significant frustration—nearly 50% of people say they are “very frustrated” when experiencing these problems. Non-millennials display significantly more frustration than millennials, and they are much more likely to complain to the restaurant or delivery company than millennials.

PROBLEMS ARE VERY COMMON

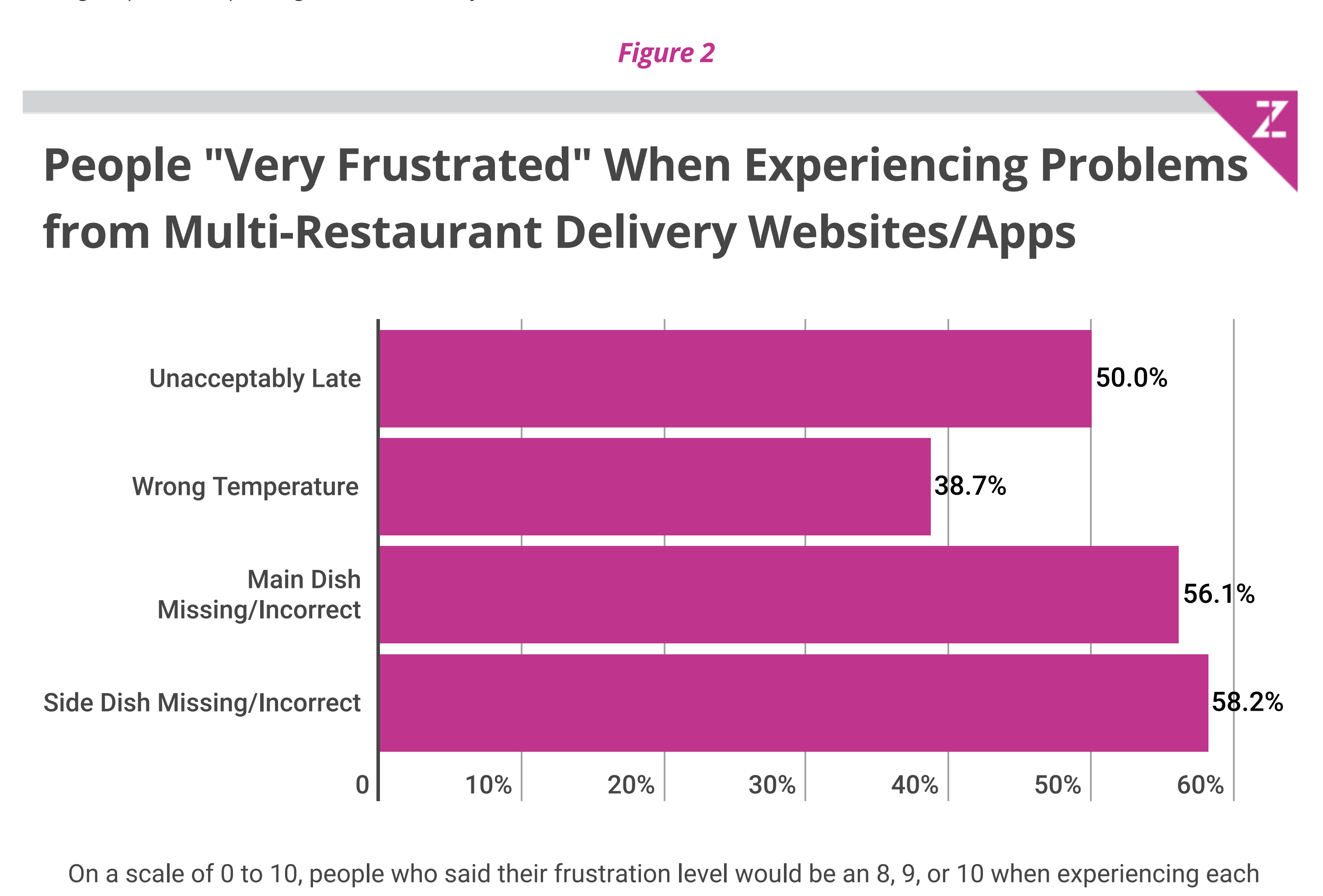
Data from Zion & Zion's research team has found that consumers experience problems with multi-restaurant delivery websites/apps an average of 24.4% of the time, including missing or incorrect food or side items, food either too cold or too warm, and unacceptably late delivery. A restaurant would have difficulty staying in business if their in-store customers had problems a quarter of the time.

Figure 1 shows the frequency that consumers say they encounter problems associated with these deliveries. The most common problems are orders arriving unacceptably late and deliveries with food at the wrong temperature; both occur about 28% of the time. These issues are followed by orders arriving with missing or incorrect main and side dishes (20.9% and 21.4%).

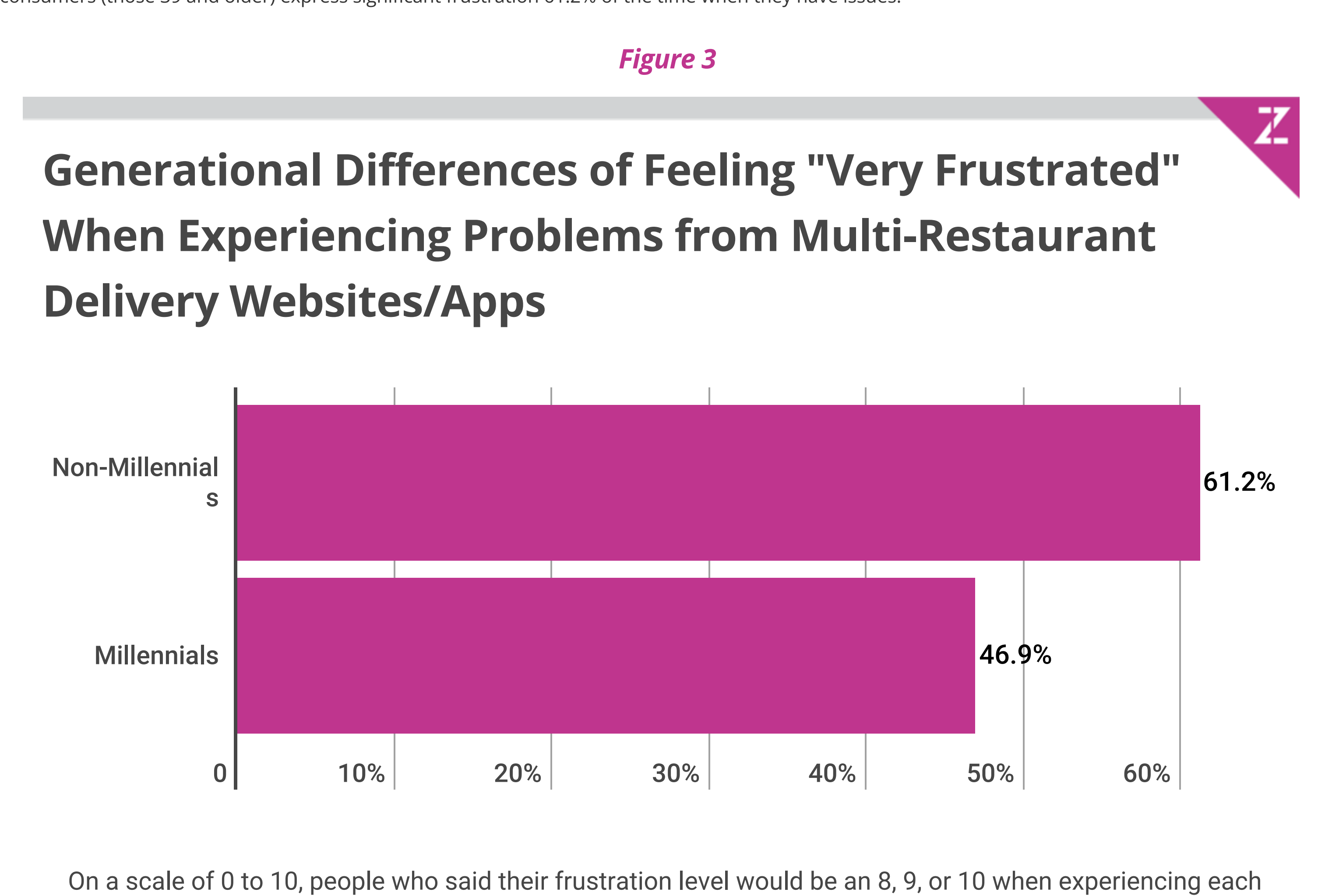


SIGNIFICANT FRUSTRATION

As might be expected, consumers aren't happy when their orders are incorrect. Our team's research reveals very high levels of frustration: Of people experiencing problems, 51% of them say they are “very frustrated.” But not all frustration is equal. Figure 2 shows that frustration will rise and fall depending on the problem. Consumers with a missing or incorrect main dish are “very frustrated” 58.2% of the time, while those with food delivered at the wrong temperature express significant frustration just 38.7% of the time.



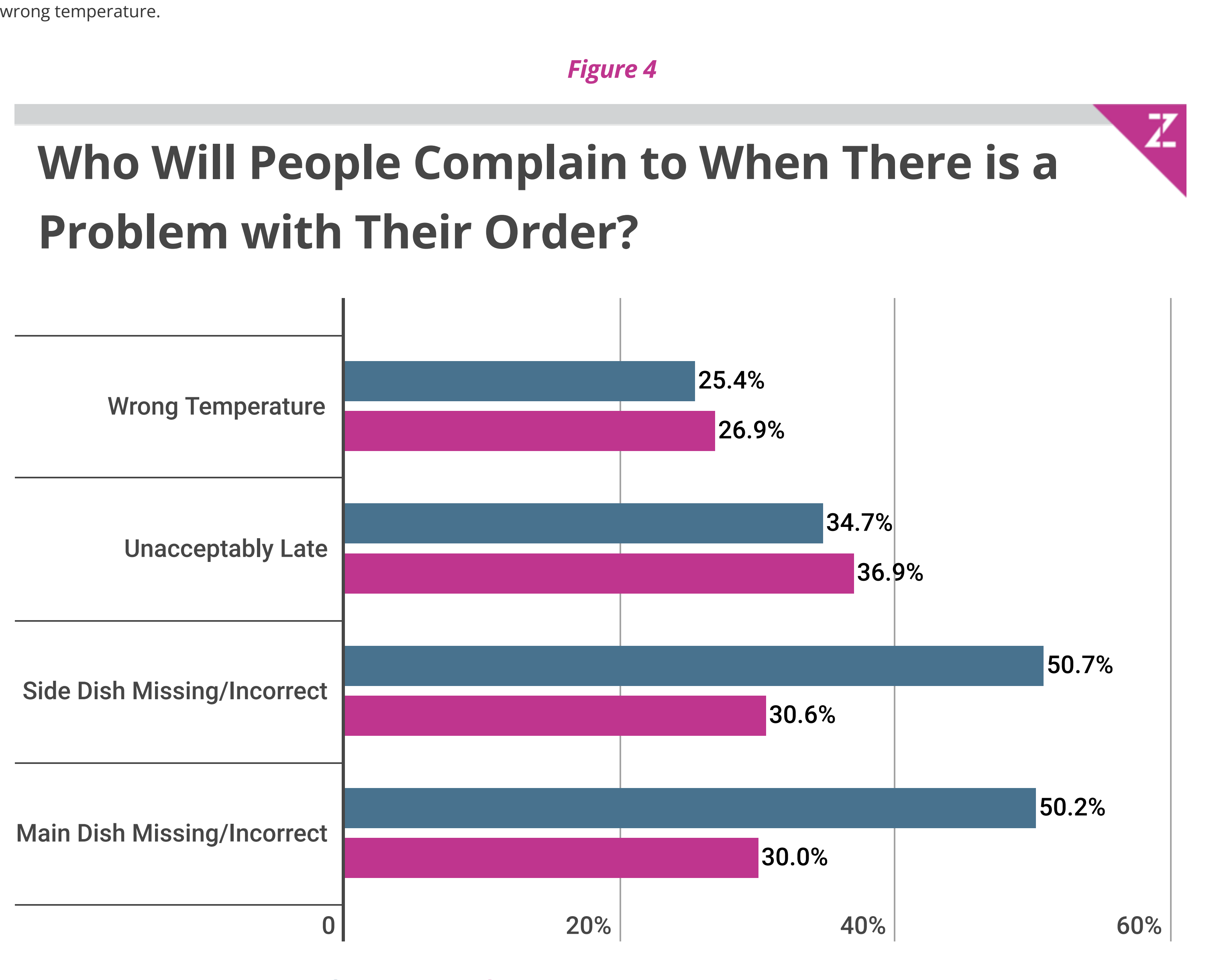
The feeling of frustration is, of course, a matter of perception. What's very frustrating to one person might be a simple annoyance to others. Our research has uncovered that generation is particularly relevant to whether a person is frustrated. See Figure 3. When experiencing a problem with food or service when using a multi-restaurant delivery website/app 46.9% of millennials (those 22 to 38 years old) say they are “very frustrated.” But older consumers (those 39 and older) express significant frustration 61.2% of the time when they have issues.



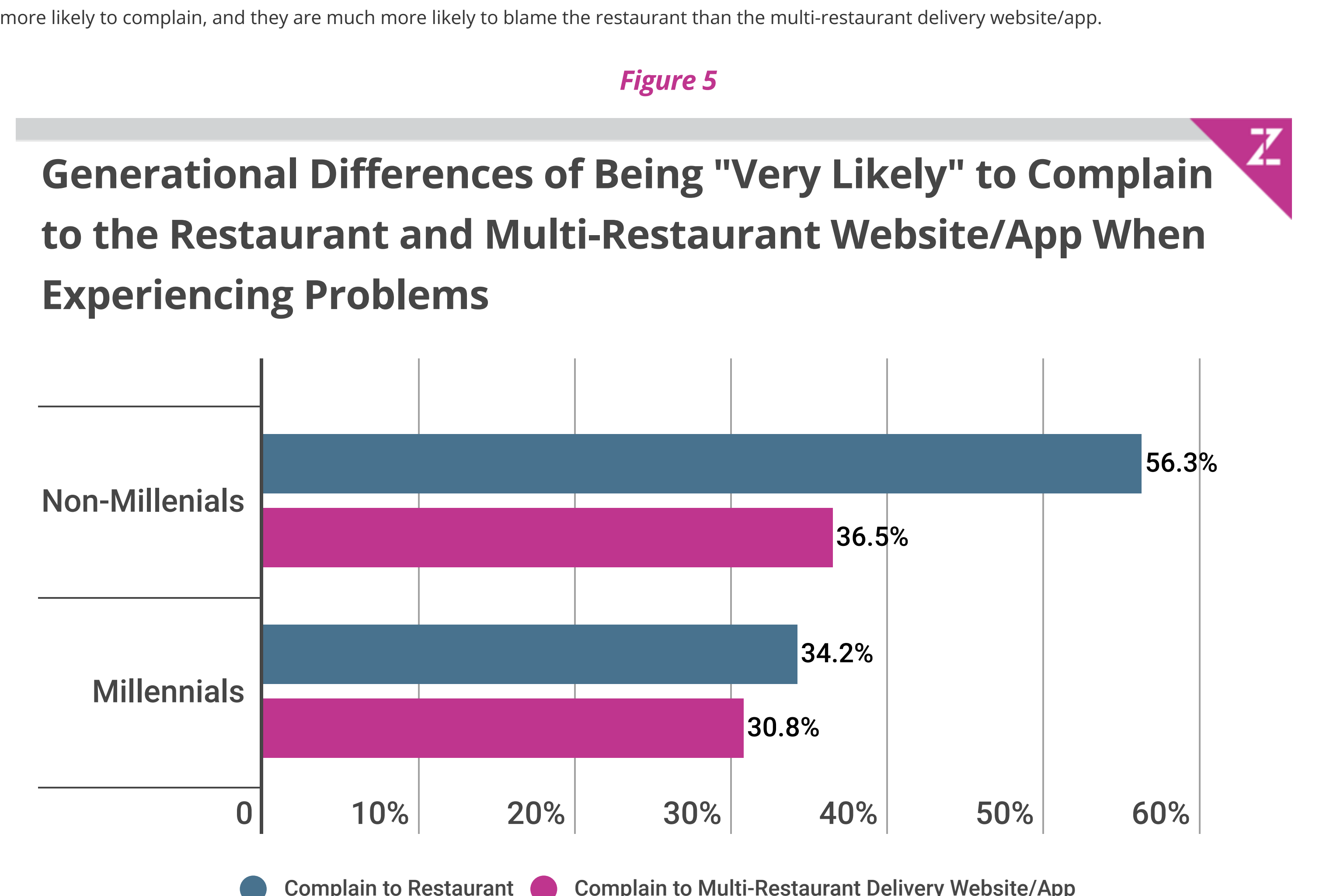
WHEN PROBLEMS LEAD TO COMPLAINTS

It's easy to lodge a complaint when there's a problem at a restaurant, but it's not as simple when using a multi-restaurant delivery website/app—it takes effort. Still, 31.4% of consumers are “very likely” complain to the website/app if they have a problem. But a larger group (40.3%) say they are “very likely” to complain to the restaurant.

Figure 4 demonstrates that some problems will increase/decrease the likelihood of a consumer lodging a complaint with the multi-restaurant delivery website/app or the restaurant. Consumers will complain the most (36.9%) to the website/app when the food is unacceptably late. But restaurants get the blame if a main dish (50.2%) or side dish (50.7%) is missing or incorrect; and 25.4% of consumers will complain to the restaurant if their food is the wrong temperature.



But as with frustration, there is a substantial generational difference when it comes to complaining. Figure 5 indicates that non-millennials are much more likely to complain, and they are much more likely to blame the restaurant than the multi-restaurant delivery website/app.



PUTTING THE DATA TO WORK

Just as any business would do with delivery personnel, restaurants should consider vetting multiple multi-restaurant delivery websites/apps and continually monitor their performance. This can be accomplished through customer service surveys. Restaurants can pick and choose which delivery websites/apps will feature their menus, so if one isn't serving them well, they can move to another.

Restaurants may also want to consider simplifying or restricting meals that are available for delivery. Some foods are best served only on premises, so restaurants may want to eliminate them from being delivered by creating a restricted delivery menu. Restaurants may also want to consider simplifying their delivery menu in a manner that will make missing items less common. However, these approaches have other customer service and brand-related consequences.

Finally, restaurants might consider contacting the consumer directly prior to preparing a meal. This will give the restaurant the opportunity to speak directly to a customer to confirm the order. Restaurants might also call the consumer when the order is picked up by the website/app driver. This might help direct blame away from the restaurant if the order arrives late or food is cold.

Multi-restaurant delivery websites/apps should continually upgrade and monitor their systems and institute rigorous programs to control for human error. These could include:

- Creating systems that will minimize processing of incorrect orders
- Ensuring that drivers check orders when picking up food at restaurants
- Ensuring proper insulation of food during transport
- Training and monitoring drivers on speed of delivery and customer service

While many delivery website/app companies would claim that they already do these things, the exceptionally high number of incorrect orders and frustrated customers clearly indicates that they have much more work to do.