

nextbite[®]

Top 9 Things You Need to Know About Consumers' Growing Obsession for Delivery



At Nextbite, we've built our company from the ground up to empower restaurants to easily enter the virtual restaurant arena and take fast advantage of the exploding market for delivery-only menus. Our all-in-one solution is already paying dividends for thousands of restaurants and other foodservice operators through incremental orders and revenue. But with that rapid expansion, we wanted to pull back the curtain and really focus on understanding this emerging delivery consumer.

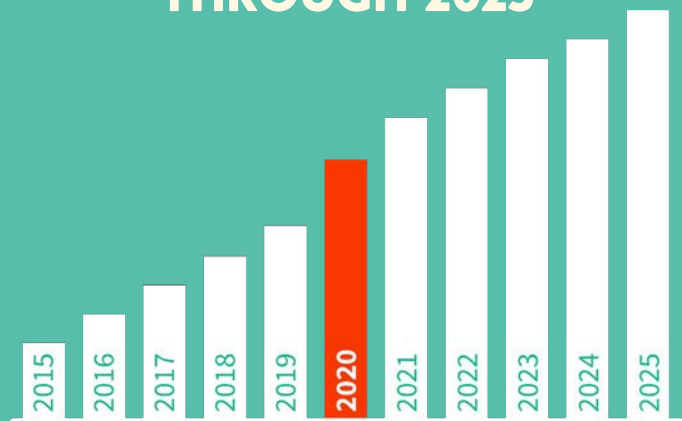
To build a foundational understanding of their needs and behaviors, we commissioned a survey of 3,012 consumers across the U.S. ranging in age from 18 to 65-years-old. The questions were designed to dig deep and understand how people really felt about food delivery and ordering – their use, preferences, and wish list. We want to share our top nine facts that we feel are sure to be useful for foodservice operators and restaurateurs looking to expand their own businesses and tap into this growing segment.

1

IT'S REALLY COOKING

The delivery market was already growing prior to the pandemic, but since then there seems to be no stopping it. Delivery's market share jumped from 7% in 2019 to 28% by Oct. 2020*. Delivery sales are expected to grow at least 17% yearly through 2025. The question isn't if you need to incorporate digital into your business but how fast you can do it.

DELIVERY SALES EXPECTED TO GROW AT LEAST 17% YEARLY THROUGH 2025



> May '21 sales grew 17% vs. May '20

Sources: Research & Markets, IMARC Group
*BCG "The \$100 Billion Digital Lifeline for Restaurants"



2

IT'S ONE FOR THE AGES

Consumers are making delivery a routine part of their food and dining lifestyles. Our study showed 43% order delivery at least once a month, and 23% order weekly. While still most popular with millennials, digital-based food delivery came into its own during the pandemic. This was due to necessity and safety in some cases, and ordering delivery food is now widely accepted by a broad range of age groups. Since it has emerged as a permanent and lucrative segment of the overall restaurant business, the delivery options need to appeal to a more diverse base.

The good news from our study is that offering delivery menus expands your appeal to the most desirable restaurant patrons – higher-income customers entering their prime restaurant-usage

years. Consumers who order delivery weekly are 71% millennials (over 50% more likely to be this generation than the average person) or Gen Z, with an average income of \$119k (77% higher than the average US income).

At the same time, delivery spans many age groups. In fact, over 40% of monthly delivery users are over the age of 40. This could open the door for more ordering from the Gen X and Boomer crowds as they start by ordering once a month, then find more incentives to increase ordering due to new routines, new offerings and menus, or simply realizing how easy it is to treat oneself or someone else with delivered restaurant meals.



3

IT'S NOT A PICK UP GAME

Off-premise dining includes both delivery and take-out, but our research showed that almost a quarter of delivery users (23%) don't actually use take-out. We have found that delivery ordering is most likely to occur when people are low on time or energy. Who wants to spend the time and effort to get in the car, pick up the food, and bring it back home when you can kick back, grab your phone, and order digitally? The uptick in delivery is in response to the needs of busy people with busy lives. It is also a win-win for restaurants as you reach an incremental audience vs. relying on pick-up orders only.

**ALMOST A
QUARTER OF
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4

IT'S GOT BIG APP APPEAL



There are dozens of online ordering apps today, but most people stick with their go-to favorite or two. Our study found the average number of apps used by consumers was two, but when looking at the data by ordering frequency, we found the more they ordered, the more apps they used. Those ordering weekly or more used an average of 3.4 apps. In today's digital world, we must find our customers where they are; it shouldn't matter if they prefer a certain service or if they jump around from app to app. To maximize ordering, restaurants must be listed on multiple food delivery apps and not rely on customers to figure out how to find them online. Managing multiple apps can be overwhelming and burdensome,

but with a technology solution like Ordermark, we remove the complication of ordering and delivery management and streamline it into one, easy plug-and-play tablet, no matter how many apps your restaurant chooses to use.

Being on delivery apps is key, but being featured and standing out from the competition is also important. Interestingly, delivery apps have grown to rely on virtual restaurants like Nextbite for great content. We're the ones adding loads of exciting new content through creative menus, awesome food photography, promotions, and more so consumers will come back to see what is new and then order more.

5

IT'S TIME TO MIX IT UP

Longstanding delivery favorites such as pizza, burgers, and wings are still popular, but we found in our survey that today's delivery users are ready to mix it up. They're interested in having more international cuisine options—with Asian varieties topping the list—as well as more choices that meet health-related dietary needs like vegan or gluten-free. The study revealed that these new areas were not well covered by delivery today, so an opportunity exists to fill in and meet these emerging consumer cravings.

One of the easiest ways to quickly get into delivery for one or several of these trendy cuisines is to work with a virtual restaurant company like Nextbite. We develop delicious menus and handle the marketing, training, and ongoing support. Using their existing kitchen and labor, restaurants can experiment with a few menus, then add more or make adjustments depending on local preferences and other competitive offerings.

Nextbite Concepts



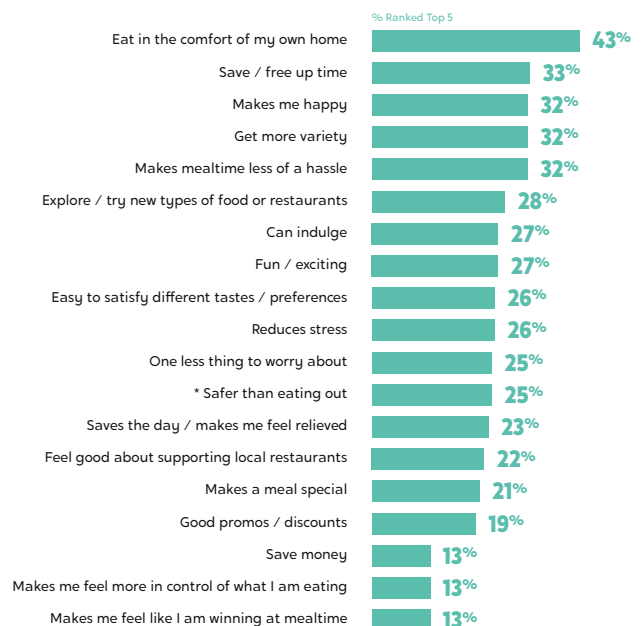
AND MANY MORE!

6

IT'S ABOUT COMFORT, SPEED, AND CHOICE

With all the buzz around delivery, we wanted to know what is really driving consumers to order. Our study asked consumers how they ranked the benefits of ordering food for delivery, and the top three were: eating in the comfort of my own home (43%), saving time (33%), and finding more variety (32%). These factors are in line with what you might expect, but an interesting factor—ordering for safety reasons—was much lower on the list at #12 and only seen as a benefit by 25% of participants. This would suggest that the aftereffects of the pandemic are still somewhat relevant, but they're neither a significant driver nor are they impacting long-term viability of the segment.

Reasons for restaurant loyalty (%TB)



* Safety is low on the list of benefits of delivery, suggesting that the need for delivery will remain even after the COVID-19 pandemic

7

IT'S A REGULARS THING

In the restaurant business, everyone knows the importance of catering to your regulars. And the same can be said for delivery. More than three-quarters of consumers said they select a delivery restaurant they know and trust (76%). Quality is job number one; a consistent, quality food experience helps ensure digital customers keep coming back.

Our study also evaluated how consumers ordered based on loyalty. We found that loyalty ordering is driven by knowing the food will be delicious, quality will meet expectations, and that reordering will be easy.

To foster quality, working with a virtual restaurant company like Nextbite helps in several ways: ensuring strong staff training so they can execute

well the first time, managing consumer reviews to maintain positive ratings, and making it easy to reorder by being prominently featured on multiple apps and websites.

Reasons for restaurant loyalty (%TB)



IT'S ENJOYABLE TO EXPLORE

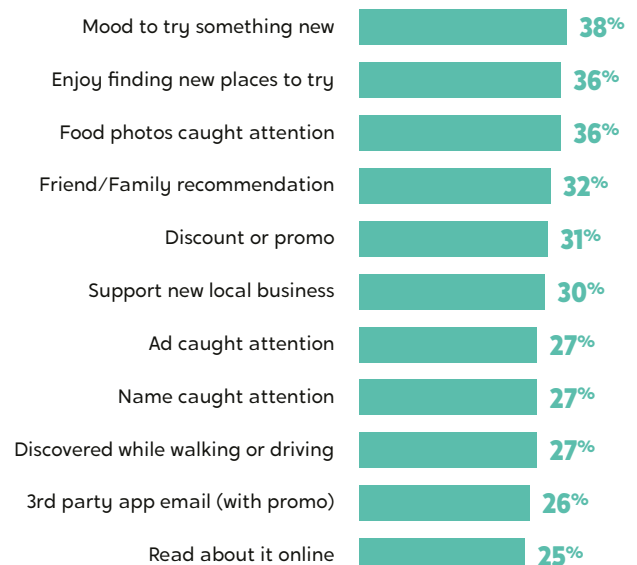
Today's delivery consumer is not just looking for a quick meal, they're also satisfying their love of exploration and enjoyment of food. Our study uncovered some enlightening facts about exploring: delivery consumers' top three reasons to try new restaurants are when they are in the mood for something new (38%), to simply enjoy finding new places to try (36%), and the food photography catching their attention (36%).

People like to explore, and the secret for restaurants is in knowing how to be found online. To drive trial for delivery, restaurants need to make sure they're represented on multiple apps and have amazing content with tantalizing photos, appealing descriptors, great placement, and more.

That's a high bar to be sure, but working with Nextbite provides you with a world-class team of culinary, operational, and marketing experts who are creating and establishing delivery-only brands that stand out and impress. Another tried-

and-true tactic is to offer creative promos and offers online like free delivery and buy-one-get-one (BOGO) offers. 58% of consumers said it was either extremely or very important to how they select a delivery restaurant.

Reasons for trying a new restaurant (%TB)



IT'S A SEGUE TO SEGMENTING

With consumer growth and exploding delivery options, what was once a largely identifiable base is now segmenting into several different groups with diverse tastes and drivers. Understanding these consumers is key, and that means digging deeper into the broad similarities and key differences. Here are three important customer segments that we identified from the study:

VARIETY HUNTERS

Order a lot of delivery for anyone, anywhere, and anytime. More than just a need, delivery is *fun*. At the same time, they feel that they get good promos and discounts on their delivery orders, ultimately saving them money.

FAMILY FEEDERS

Frequently choose delivery as an easy way to feed their families. Delivery helps them feel like they're saving the day and winning mealtimes as they order to satisfy their family's differing tastes.

CRAVING SATISFIERS

Order delivery when they don't have the time or when they can't cook something for themselves to satisfy their cravings. Delivery is a break from their normal routine and not ordered too frequently as it is viewed as a treat or reward for themselves.

Knowing your consumer is the first step to maximizing the delivery opportunity. Then, you can plan to offer menus tailored to different needs segments. A strong virtual restaurant partner can help analyze the data in your region in order to help you strategically adopt delivery-only menus that will be a perfect fit for your target customers.

Consumers are increasingly obsessed with delivery. For a restaurateur, that means one thing: becoming obsessed with these consumers. By understanding their motivations and preferences, we can create the right brands and menus, and then find and meet them where they are again and again and again.