

# GRUBHUB FOR RESTAURANTS



## Restaurant survival guide for the 2020s

The next decade will see five big trends reshape the industry.  
Find out how you can start preparing for them now.

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# Introduction

Running an independent restaurant has never been for the faint of heart. Stiff competition. High operating costs. Razor-thin margins. And, while the next decade promises amazing new developments for restaurateurs, those challenges don't show any sign of tapering off.



The average independent U.S. restaurant reports just a **6.2% profit margin**, with **67% of revenues** going directly to wages and purchasing expenses.<sup>1</sup> Those costs are growing: nearly two thirds of restaurants have had to increase menu prices in the last couple years due

to climbing costs, and staff turnover (with associated training expenses) is at an all-time high.<sup>2</sup>

Looking ahead, industry analysts expect a saturated market for restaurants, with stiff competition and modest growth.<sup>3</sup>



**While restaurant operators are generally optimistic about business, they don't expect a letdown in competitive pressures. The vast majority say competition from other restaurants will hold steady or become even more intense.”<sup>4</sup>**

National Restaurant Association 2019 State of the Industry Report

At the same time, the next decade holds tremendous opportunity. Restaurants already account for \$863 billion—about 4% of US gross domestic product.<sup>5</sup> New digital capabilities like online ordering and delivery, next-generation point-of-sale (POS) systems, and data-driven insights are leveling the playing field, helping independent restaurateurs stand

out in a crowded marketplace. More than any time in the past, small and medium-size restaurants have amazing tools at their disposal to grow revenues and cultivate more loyal and satisfied customers. That is, if they can recognize and adapt to shifting tastes and trends before their competitors do.

# A unique view into the future

**At Grubhub, we've been helping restaurants thrive in this dynamic marketplace for 20 years.**

Today, we're the nation's leading online and mobile food ordering and delivery marketplace. More than 150,000 restaurants in 2,700 US cities and London use our platform every day to reach hungry customers and boost their orders and sales. Processing more than 450,000 orders daily, we can gather enormous amounts of data—more than any other delivery provider. We have the hard numbers to understand what works, what doesn't,



which new tastes and trends are on the rise, and how they're likely to affect your business. Drawing on those insights, we're looking ahead to identify the key factors that will reshape restaurants in the 2020s.

## **Are you ready for what's coming?**

Read on to learn about the biggest trends likely to reshape the industry in the next decade and how you can make the most of them.

## TREND #1

# Delivery will become more popular than ever

**For independent restaurants, the math around delivery is straightforward:**

In a brick-and-mortar restaurant, your revenues are capped by front-of-house capacity and staffing.

When you deliver, the only limit is how quickly your kitchen can fill orders. In the next decade, expect delivery to become even more popular than it is today, and more critical to most restaurants' bottom line.

Even as the number of third-party delivery services increases, the opportunity—more restaurants, more customers, more drivers—will continue to grow. Bottom line, carryout is no longer just for pizza and fast food. Customers want a full menu of dining options available on their terms, wherever they choose. And restaurants of all types and cuisines are lining up to give it to them.

**\$30B**

is spent on food delivery every year.<sup>6</sup>

**37%**

of total restaurant sales comes from offsite purchases.<sup>7</sup>

**86%**

of consumers use off-premises dining services at least monthly.<sup>8</sup>

**12%**

growth rate is projected for delivery over the next five years.<sup>6</sup>

**38%**

consumers say they're more likely to have food delivered than they were two years ago.<sup>4</sup>

## ★ Why you should care

In the next decade, front-of-house dining (with its associated costs and risks) will remain relatively unchanged. **Delivery represents your best opportunity to reach new customers, generate more business from existing customers and increase revenues.**

While carryout and delivery is growing among customers of all ages, looming demographic changes promise to kick demand for these services into high gear. Millennials became the largest segment of the population in 2019, and Generation Z will take the lead by 2026. These consumers have grown up in a digital and on-demand culture,

where the services they use adapt to their schedules and preferences.

They expect their dining options to be the same. Already, 59% of millennials' restaurant orders are carryout or delivery.[vi] By 2026, 80% of those millennials will be parents, promoting even more dining at home.



**The off-premises market—carryout, delivery, drive-thru and mobile units—is where the majority of industry growth is going to come from over the next 10 years.**

National Restaurant Association 2019 State of the Industry Report

## ★ How Grubhub can help

Online ordering has become one of the most popular—and profitable—ways for restaurants to reach more customers and generate incremental revenues.

Nearly half of all consumers ordered takeout or delivery online or via an app in the past year.<sup>4</sup> And, 38% of customers who order online used third-party delivery services like Grubhub within the last month.<sup>2</sup>

Grubhub has been working with independent restaurants to capitalize on these trends longer than anyone else. We've helped hundreds of thousands of restaurants quickly adopt online ordering and delivery and grow their orders and revenues.

### Independent research from Technomic shows that, among independent restaurants using Grubhub:

●●●●●●●●●●  
**NEARLY 9 IN 10**  
see increased volume of takeout and delivery orders<sup>13</sup>

●●●●●●●●●●  
**8 IN 10**  
see increased customer frequency and repeat business<sup>14</sup>

●●●●●●●●●●  
**8 IN 10**  
enjoy faster, simpler delivery order processing<sup>15</sup>

●●●●●●●●●●  
**8 IN 10**  
see their visibility with prospective customers increase<sup>16</sup>





## TREND #2

# Rewarding loyalty will pay dividends

**Just as demographic and cultural changes drive demand for more convenient dining options, in the coming decade, customers will also expect more personalization. Your most loyal customers will want to be recognized and appreciated for their business.**

Given the stronger relationships and fine-grained marketing data that businesses gain when they can meet those expectations, more restaurants will be launching loyalty programs and targeted promotions in the 2020s.

If you're not, you could be missing an important opportunity to solidify loyalty and keep your best customers ordering from your restaurant instead of your competitors'.

## Why you should care

There are plenty of good reasons for independent restaurants to implement loyalty programs and targeted promotions for their customers.

**They improve the bottom line.** More than a quarter of restaurant customers say that loyalty programs are extremely important to their dining experience.<sup>2</sup> And, 50% of consumers say that a loyalty and rewards program would make them choose one restaurant over another.<sup>5</sup>

**They help you reach customers you otherwise wouldn't.** Loyalty programs can be a great way to target specific types of customers. For example, for those who have visited your restaurant but have not yet become repeat customers, loyalty rewards and targeted promotions

**They give you deeper insight into your customers.** Loyalty programs and promotions can be a rich source of data about customers' habits and preferences. You can use these insights to craft more effective outreach and menu options. Using modern data tools, you can narrowly target those segments and can make a big difference. They help you stay in touch, remind them that you value their business, and provide extra incentive to choose your restaurant over another.



**Mastering personalization and targeted marketing will be the hallmarks of successful operations as we head toward 2030. That includes leveraging loyalty programs for online marketing.**

National Restaurant Association Research and Knowledge Group 9

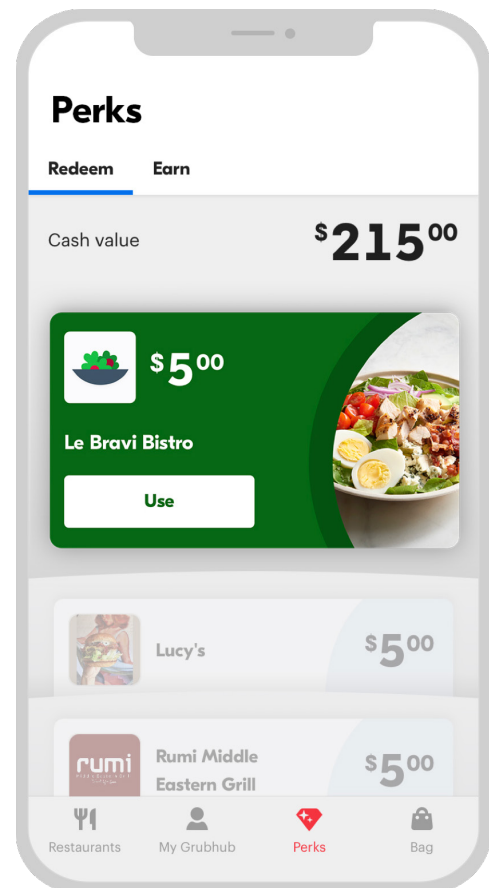
## ★ How Grubhub can help

Loyalty programs and targeted digital marketing were once only feasible for larger chains, due to their high startup costs and ongoing administration. Grubhub is making it possible for even smaller restaurants to benefit from these kinds of programs, without having to build up their own sophisticated digital capabilities.

With minimal budget and even less administrative overhead, you can reward your loyal customers and **launch data-driven promotions**.

**Customer Loyalty:** We know that promoting customer loyalty and driving repeat orders are top priorities. Coming later this year, as part of the same platform you use to manage orders, you'll be able to use Grubhub to reward your loyal fans and attract new diners on our marketplace.

**Promotions:** You can launch restaurant-funded promotions like free delivery or discounts right now. These promotions offer an easy, flexible way for you to reach new customers and continually experiment with outreach efforts. Launch targeted promotions to capture new customers, generate more business at specific times of day (such as happy hour), encourage larger orders, and more. Promotions can be displayed in the Perks section of the Grubhub app, displayed across your restaurant on the Search page, and within your restaurant's menu.



# Restaurant growth will go virtual



One of the more fascinating recent trends has been the rise of “ghost kitchens” and other virtual restaurant models.

Initially, this approach to growth—expanding delivery-only concepts, often while leaving front-of-house business unchanged—was little more than a curiosity. Today, it’s becoming a stake in the ground for the future of delivery and for restaurants in general.

There are three main variations of this trend:

## Ghost Kitchens/Cloud Kitchens

These kitchen spaces operate exclusively for delivery/carry-out, with no onsite dine-in options. Larger chains were the first to start using them as a way to expand their footprint into areas where delivery is popular, without the costs of opening a new dining space. Now, even small independent restaurants are getting into the game.

## Shared Kitchens

Along the same lines, smaller restaurants are joining forces to operate shared ghost kitchens. In this model, multiple smaller restaurants work together to expand their delivery footprint and revenues, while spreading out the costs and risk. In popular delivery areas, it’s becoming common to see 3-4 restaurants operating out of the same shared kitchen.

## Virtual Restaurants

In this model, a restaurateur or even a well-known brand launches an entirely new concept operating out of an existing kitchen space, with delivery-only service. Here, restaurateurs can explore new menus and concepts without the risk of opening and staffing in a new brick-and-mortar dine-in space, and hoping it catches on quickly enough to stay open.



## ★ Why you should care

Facing tight margins and stiff competition, independent restaurants are stuck between a rock and a hard place. They know they need to find ways to grow revenues and orders. But opening a new dine-in location is a huge risk, requiring major financial outlays for months or years before ever seeing a return.

**New models like shared kitchens and virtual restaurants** represent ways to expand at a fraction of the cost, with far less risk. By employing one (or more) of these virtual approaches, you can explore new menus and concepts easily and inexpensively. And, by experimenting with virtual

models, you retain more business agility than when rolling the dice on brick-and-mortar expansion. If an experimental concept doesn't work out, or if there's a hot new culinary trend you want to get in on, you can reorient and retool in a matter of days, as often as you like.



## ★ How Grubhub can help

Grubhub offers our restaurant partners more than just online ordering and delivery. We provide expert consulting services, and we help independent restaurants explore new concepts like this every day. By drawing on our vast network of restaurants and massive database of order information, we can make granular, targeted recommendations for your unique business and market. We can show you which concepts are likely to take root, which growing food trends are underrepresented in your area, and the best places to expand your delivery footprint.

## TREND #4

# More restaurants will go green

**Across the industry, more and more restaurants are focusing on operating in a much more sustainable fashion.**

“Zero-waste cooking is a sign of the times, as younger generations of consumers value that in restaurants and want to support establishments that are more eco-friendly,” says Hudson Riehle, senior vice president of research for the National Restaurant Association.<sup>17</sup> “It’s also good for business and helps restaurants reduce costs, as well as benefiting the environment.”

The sustainability movement also extends to online ordering and delivery, where restaurants and delivery services are seeing increased scrutiny around the amount of waste that delivery can produce.

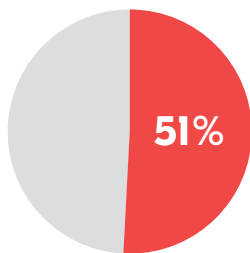




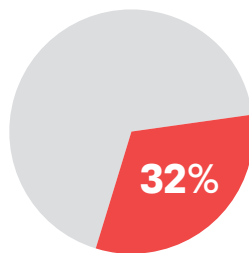
## ★ Why you should care

Many restaurateurs are taking steps to become more sustainable and environmentally conscious just because they believe it's the right thing to do. It could also be a smart business strategy. In the coming decade, sustainable and socially conscious dining will play a bigger role in where people choose to dine and order from.

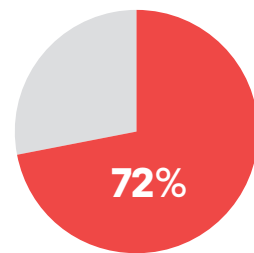
### Sustainability by the Numbers:



of consumers say that having environmentally friendly food options would make them choose one restaurant over another. <sup>5</sup>



of millennials say they're more likely to give their business to restaurants that try to be sustainable. <sup>9</sup>



of millennials and 74% of Generation Z are willing to pay more for sustainability. <sup>11</sup>





## **How Grubhub can help**

Grubhub is committed to helping restaurants operate in more sustainable, environmentally conscious ways, and doing our part to help reduce waste.

Today, Grubhub offers an online store where restaurant partners looking to reduce their eco-footprint can purchase sustainable packaging and self-sealing bags—subsidized by Grubhub—made from up to 75% recycled and post-consumer materials. That’s just the beginning of this journey. We’re currently developing a broader sustainability initiative that will touch on multiple aspects of Grubhub’s operations, giving

partners new tools to promote a more sustainable industry. We see the industry moving towards a much greener future, including reusable containers and green solutions throughout the pipeline. As new opportunities emerge to operate restaurants more sustainably, we’re committed to helping our restaurant partners take advantage of them.

## TREND #5

# Technology will be a bigger part of your business



Technology is already reshaping the restaurant industry. In the coming decade, it will be a key factor separating those businesses that thrive and grow from those that fall by the wayside. While it may seem counterintuitive, technology can make an even bigger difference for smaller restaurants than large chains. After all, independent restaurants are more vulnerable to shrinking profit margins, so stand to

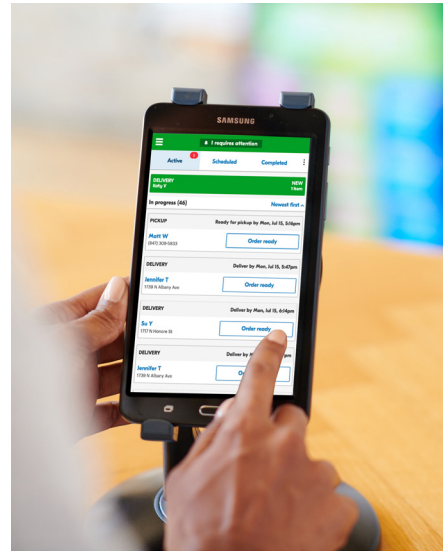
benefit most from digital efficiency and productivity gains. **Some of the areas where technology will play a bigger role soonest include:**

- Mobile and integrated POS systems
- Tablet- and kiosk-based ordering
- Growing reliance on data for insights and recommendations



## Why you should care

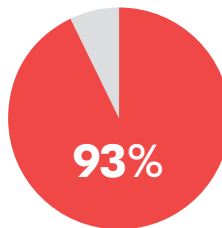
Any restaurant technology—especially customer-facing technologies—can become a rich source of data and insights about your customers. The more digital touchpoints you use (online ordering, third-party delivery services, mobile POS systems, touchscreen kiosks) the more data you can collect and analyze. That leads to smarter decisions about menu options, pricing, locations, promotions, and more.



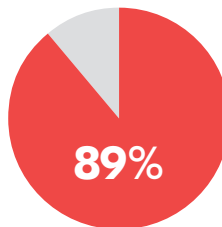
Beyond the data they generate, next-generation restaurant technologies like mobile- and kiosk-based POS systems can deliver concrete gains in speed, efficiency, accuracy, and the overall customer experience.

These tools become even more valuable when they're integrated (for example, integrating front-of-house POS, back-of-house ordering and staffing, and online ordering and delivery services). The most successful independent restaurants of the 2020s are likely to be those that can maintain a holistic, 360-degree view of their customers and their business.

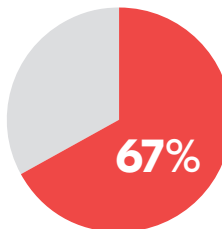
### Point-of-sale systems by the numbers:



of restaurant owners say a good restaurant management and POS system can improve customer satisfaction, loyalty, and positive word of mouth.<sup>12</sup>



of restaurant owners say an effective POS system raises staff productivity and streamlines business performance.<sup>18</sup>



of restaurant owners say an effective POS system improves business intelligence and performance reporting.<sup>12</sup>



## ★ How Grubhub can help

As the world's leading online ordering and delivery platform, Grubhub collects massive amounts of data from across the United States. We don't keep it to ourselves, either; we continually share in-depth data and insights with our restaurant partners to help them make smarter business decisions.

Within the Grubhub for Restaurants platform, you can view key performance metrics trended over time (for example, orders and sales by day of the week or time of day), menu item trends, and competitive intelligence.

We're also continually expanding our technology profile to help our restaurant partners stay on the cutting edge of new trends.

For example, we offer:

### **Full integration with leading POS systems**

Restaurants working with our POS system partners (NCR, Upserve/Breadcrumbs, Oracle Hospitality, Toast, and others) can integrate Grubhub online ordering and delivery directly into their POS, with zero hassles and minimal effort.

### **Insights Dashboard**

Restaurant partners can view their restaurant delivery metrics, sales summary, top menu items and more from our in-app dashboard. Personalized suggestions for how to get more orders and attract new customers can also be found here.

# Grubhub: your partner for success in the 2020s

Since 1999, Grubhub has helped tens of thousands of independent restaurants make the most of emerging industry trends, and capitalize on new innovations to position their business for success.

Today, more than 100,000 small- and medium-size restaurants use the Grubhub platform to (literally) meet their customers where they live and grow their orders, revenues, and customer loyalty.



# By working with Grubhub, you gain a valuable partner—and not just for online ordering and delivery. We provide:

## 1 Expert resources to help you grow your business

In a recent Technomic survey, 95% of independent restaurants said they were satisfied with their partnership with Grubhub, and nearly two thirds called Grubhub a strong partner in their business.

## 2 Flexibility

You have the freedom to customize Grubhub to work best for your business—including using targeted promotions to attract new customers and loyalty programs to keep them coming back.

## 3 New capabilities with minimal investment

There are no startup costs and no long-term commitments when you join Grubhub—that's how much we believe you'll love it. You only ever pay for the orders you get through our platform.

## 4 Personal relationship

As a restaurant partner, you'll have an Account Advisor you can work with directly who can offer recommendations and help you make the most of our partnership.


## 5 Best-in-class support

If you have any issues, Grubhub has local support personnel there to help, 24 hours a day, seven days a week.

## 6 A partner who listens to you

We view our restaurant partners as genuine partners. When you succeed, we succeed. It's why we hold ongoing roundtable discussions with restaurant owners to listen to their challenges, successes, and insights. We use that feedback to make meaningful updates to our products and services, and make sure we're always focusing on what matters most to your business.





Are you ready to capitalize on emerging industry trends and steer your restaurant to success, in the 2020s and beyond?

Grubhub can help.

**Sign up now at [get.grubhub.com](https://get.grubhub.com)**

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