



DATA & DOLLARS:

Revealing the Impact of
Third-Party Marketplaces

SEVENROOMS

FOOD
DELIVERY



FOREWORD




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The hospitality industry has been put through the ringer for the past year, navigating unpredictable and constantly changing rules and regulations. Yet, despite these challenges, operators have continued to adapt in the face of adversity, proving their incredible creativity and resiliency. For much of this year, take-out and delivery have been the only options for operators to drive revenue, many leaning on third-party delivery platforms as a lifeline to attract customers and promote their dine-at-home options. Now, nearly a year into the pandemic, these same third-party delivery platforms are causing new challenges for operators.

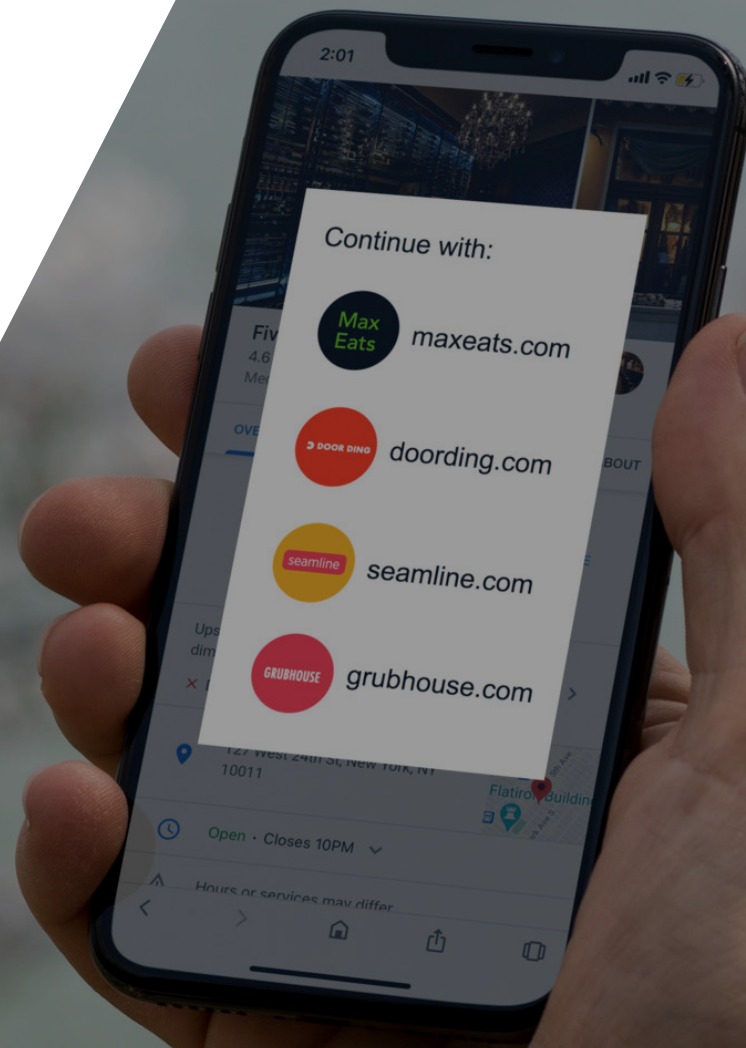
This is why SevenRooms commissioned our report, ***Data & Dollars: Revealing the Impact of Third-Party Marketplaces***. While third-party platforms are costing operators both revenue and diner data – we know that loyal customers want to do what they can to support their favorite restaurants. Through this study, we look at how much restaurants are giving up to third parties, and the ways in which consumers are willing to change their habits to see restaurants survive and thrive.

THE REAL COSTS OF THIRD PARTIES

Third-party delivery platforms, on average, take a

 **30%** commission from a restaurant that uses its services.

With fees deducted from order totals, many operators don't realize exactly how much money they are losing each month. Let's compare the amount of money that could be **saved by shifting a percentage of online orders to a direct ordering solution** to offset the real costs associated with operating a restaurant today.





THE REAL COSTS OF THIRD PARTIES

Take the following scenarios as examples of restaurants with 75% of their business from delivery (at 30% commission) and 25% of their business from pickup (at 10% commission) over a 6-month period.*



A high-end NY Italian restaurant

(e.g. Luca, Bar Primi or Marea)

fulfills **1,500 combined delivery and take-out orders** over a six-month period. Their **average order is \$144**, and **total order volume is \$216,000**.

A direct ordering solution would **save approximately \$54,000**.



A high-end LA steakhouse

(e.g. Del Frisco's or Morton's)

fulfills **1,500 combined delivery and take-out orders** over a six-month period. Their **average order is \$167**, and **total order volume is \$250,500**.

A direct ordering solution would **save approximately \$63,000**.



A high-volume casual restaurant in CA

(e.g. Urth Caffé or Coral Tree Café)

fulfills **19,000 combined delivery and take-out orders** over a six-month period. Their **average order is \$33**, and **total order volume is \$617,500**.

A direct ordering solution would **save approximately \$154,000**.

*These scenarios represent estimates based on city & state averages, stated commission fees, and anecdotal restaurant figures

MISSED OPPORTUNITIES: WHERE THIRD PARTY COSTS COULD GO INSTEAD

In addition to lost revenue, restrictions and regulations of the past year have increased costs in other ways, as operators have had to adapt to outdoor dining, provide their staff with sufficient PPE and create a safe dining environment for guests. Without sacrificing order revenue to commission fees, operators can instead put dollars towards more worthwhile causes and tools to keep their doors open.



A high-end NY Italian restaurant

would save **\$9,000 a month**,
the same as:



NEARLY 1 MONTH
of rent (NYC rents
average \$10k-\$30k)



904 HOURS OF PAY
for waiters (at \$9.95/hour)



6 IGLOOS
for outdoor dining



183 TANKS
of propane to keep
guests warm



A high-end LA steakhouse

would save **\$10,500 a month**,
the same as:



NEARLY 2 MONTHS
of rent (LA rents
average \$6k-\$15k)



875 HOURS OF PAY
for waiters (at \$12/hour)



477 GALLONS
of hand sanitizer



350 BOXES
of masks



A high-volume casual restaurant in CA

would save **\$25,600 a month**,
the same as:



101,000+ CONTAINERS
for takeout



522 TANKS
of propane to keep
guests warm



196 BOXES
of gloves



853 BOXES
of masks



CONSUMERS ARE CATCHING ON

These eye-opening discoveries are also causing consumers to catch on to the thin margins that make running a restaurant in a pandemic nearly impossible. Now, more than ever, guests are motivated to order directly from restaurants.

Of Americans who say they're motivated to order directly from a restaurant instead of a third-party delivery platform,

28% have seen their favorite restaurants struggle & **want to help out others** as much as possible

23% know that third-party delivery platforms **charge too much in fees** from restaurants

Additional motivating factors to order directly include:

- 48%** Think it's cheaper to order directly 
- 37%** Want to do all they can to directly support restaurants 
- 16%** Believe that third-party platforms do more harm than good for restaurants 



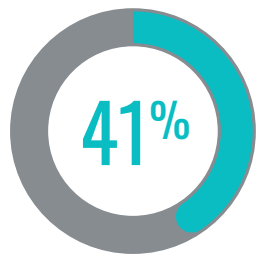
BUILDING LOYALTY ONLINE


This past year has shown us that the restaurant industry is incredibly resilient. Restaurants across the country have adapted by creating offerings and incentives including to-go cocktails, in-home experiences and tailored customer promotions that have increased loyalty tenfold.

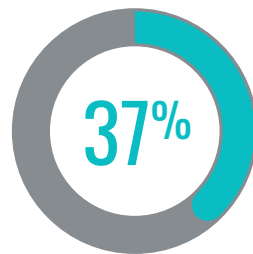
Of Americans planning to order takeout from a restaurant, **28%** say they would be incentivized to order directly versus from a third-party delivery platform if they were offered a **personalized promotion for their meal** (i.e. discount code or complimentary item).




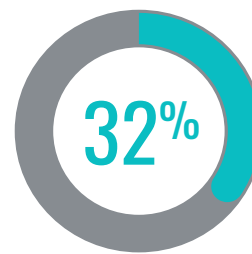
Other top incentives include:




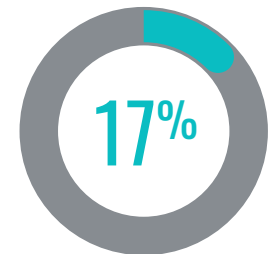
 A restaurant's own app for ordering, tracking, communications, etc.




 A complimentary addition to their meal (i.e., a free drink, dessert or appetizer)



 A personalized promotion for a subsequent delivery order or visit



 A menu & experience that was personalized for them based on previous orders



THE CUSTOMER CALL FOR HELP

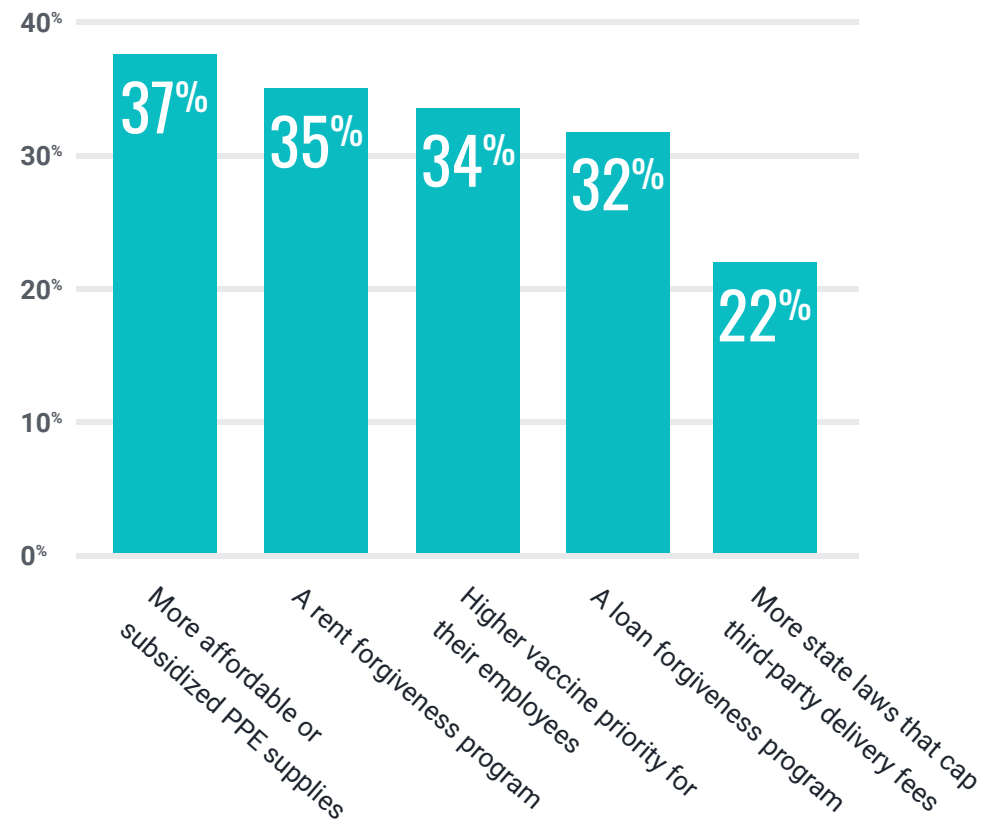
Government stimulus packages have barely made an impact within the hospitality industry, as restaurants compete with small businesses of all types for aid – with many receiving nothing at all. Americans see the crisis the industry is facing, and they want and expect more for their beloved restaurants. It's clear that Americans expect the government to step in to help.

47% of Americans want to see increased or additional **aid for restaurants** from the federal government.



4 in 10 of Americans want to see increased or additional **aid** from local and state governments.

Americans would also like to see restaurants receive:





For more information on SevenRooms, please visit sevenrooms.com.

Methodology

SevenRooms commissioned YouGov PLC – a third party, professional research and consulting organization – to poll the views of 1,229 individuals who agreed to take part. Fieldwork was undertaken online between January 28 – 29, 2021. The figures have been weighted and are representative of all US adults (aged 18+).

SevenRooms provided data in regard to commissions, fees and estimated customer savings over a period of six months, taking into account both delivery and pick-up rates.

SevenRooms conducted research in February 2021 to compile data from various resources published in recent years related to the average cost of rent, PPE, hourly pay, and more across the country. All of the information provided in this report was collected from reputable internet sources and restaurant vendors. The topics of these studies ranged from average restaurant expenses to third-party rates and fees.

Pricing information sourced from WebstaurantStore, Restaurant Supply, Go!FoodService, Home Depot, Lowes, Garden Igloo USA, Amazon, Backyard Igloo and EarthEasy.



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