MOBILE ORDERING TRENDS
for prepared food.

INTOUCH INSIGHT

Introduction

The rapid evolution of technology continues to impact every industry and raise consumer expectations around how brands incorporate it into their customer experience. In the case of mobile ordering, some brands have been able to develop 1st party applications while others have turned to 3rd party services to offer a similar experience.

Here we will look at the impact mobile ordering is having on convenience stores, quick-serve, and fast casual restaurants by blurring the lines between industries, how the customer experience differs between 1st and 3rd party apps, and where brands can focus their efforts in order to differentiate consumers' experience with their 1st party apps to drive increase adoption.

This report by **Intouch Insight** is based on two sets of data that help brands achieve a holistic understanding of how consumer habits and expectations are changing and how to best align with these changes moving forward.

1. **Consumer surveys:** Questionnaires, each receiving over a 1,000 responses, sent to North American consumers to learn more about their recent experiences and how they inform their current and anticipated actions.

2. **Mystery shopping:** Professional mystery shoppers completing 500 purchases from 12 prominent convenience store, quick-serve, and fast casual restaurant chains using 1st and 3rd party mobile applications.

What's covered in the report:

1. Increase in Channel Blurring
How mobile ordering is leading to more competition around prepared food.

2. 1st vs. 3rd Party Applications
How mobile ordering apps are performing and where they can be improved.

3. Optimizing Your Experience
How brands can best align with consumer expectations going into 2023.

# 1. Increase in Channel Blurring

Summary

Mobile ordering makes it increasingly difficult for brands to differentiate themselves from each other. When consumers are using the same device or, worse still, the same application to order prepared food from quick-serve, fast casual restaurants, and even convenience stores, the customer experience is virtually the same.

A recent spike in the usage of mobile ordering from convenience stores indicates this will be a crucial channel as brands continue to compete for market share around prepared food.

Channel blurring - although not a new concept - refers to when the **lines between industries and their product offerings become less clear**. A great example of this is big box stores offering everything from groceries to pharmaceuticals.

Mobile applications are an increasingly popular method for consumers looking to purchase a meal. In fact, **71% of consumers reported using a mobile app to purchase food from a restaurant**.

Have you purchased food from a restaurant using a mobile ordering app?

No - 29%

Yes - 71%
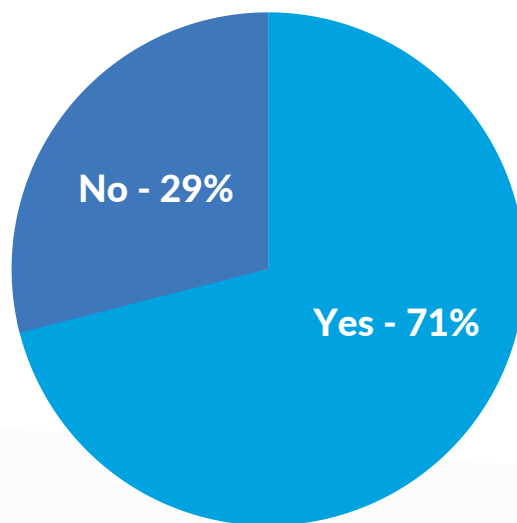
Have you used alternative shopping methods to make a recent purchase from a convenience store?
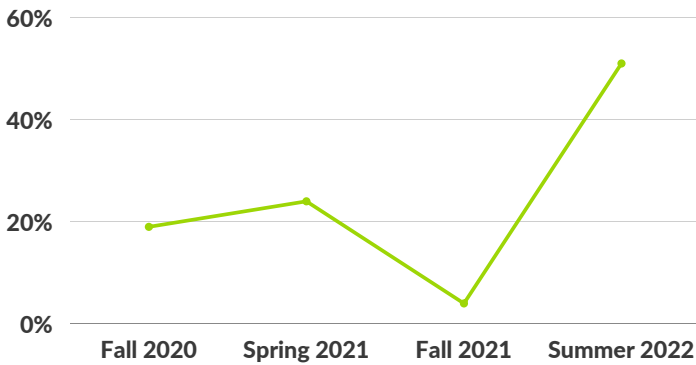

However, **consumers aren't just using apps to purchase food from restaurants.**

Despite relatively low adoption over the past two years, we've seen a **47%** spike in the usage of alternative shopping methods such as mobile ordering to complete a purchase from a convenience store in the summer of 2022.

This is particularly noteworthy because **prepared food and groceries were the top two most purchased items from convenience stores using alternative shopping methods** — giving mobile applications the potential to be the hottest battleground around prepared food heading into 2023.

What items did you purchase via mobile app from a convenience store?

Prepared Food	Groceries	Snacks	Sport/Soft Drinks	Coffee
24%	24%	17%	16%	11%
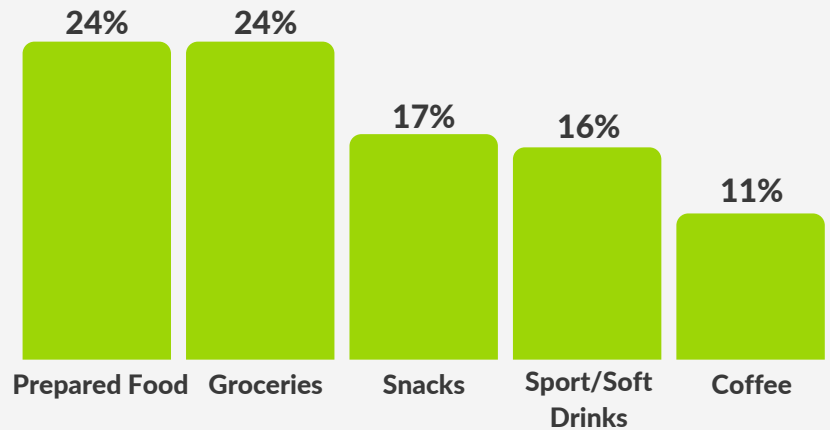
The **biggest growth** in last mile services from convenience stores was among those placing **orders for delivery** — especially **via 3rd party applications**.

This is particularly **notable** for quick-serve and fast casual restaurant operators because **3rd party applications are offering prepared food from convenience stores and restaurants side by side**.

How did you complete your delivery order from a convenience store?

▪ Fall 2021   ▪ Summer 2022

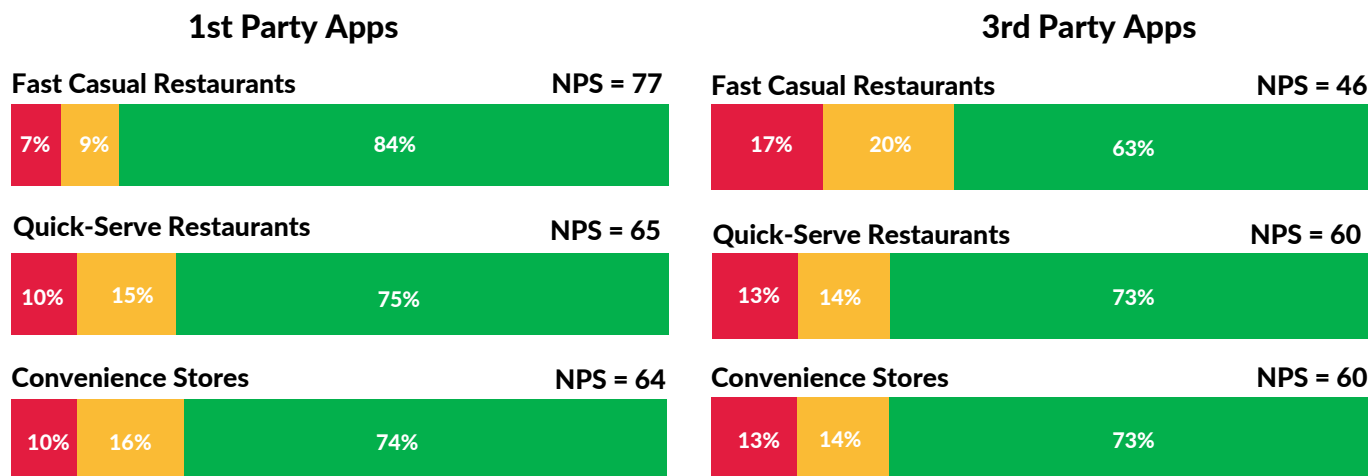|	1st Party App	3rd Party App
Fall 2021	19%	19%
Summer 2022	37%	47%
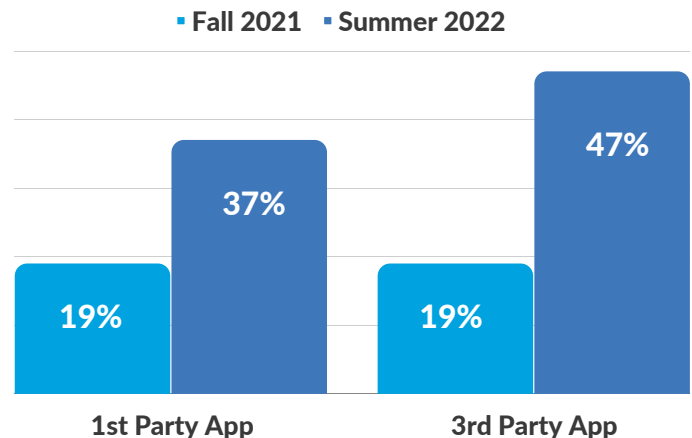
2. 1st vs. 3rd Party Applications

Summary

The popularity of 3rd party applications threatens brands' ability to control their customers' journeys and own those relationships. With that in mind, Intouch Insight measured the experiences provided by 1st and 3rd party apps across brands that offer prepared food, using a mystery shopping program to evaluate real-time brand performance.

While the data shows 1st party apps generally score higher across key customer experience metrics, brands will need to do more to outperform 3rd party apps in order to ensure they drive consumers towards their own 1st party ones.

One of the most prominent metrics in customer experience measurement is a **Net Promote Score (NPS)** which indicates how likely consumers are to recommend your goods and services. As part of the mystery shopping study, shoppers were asked to rate their likelihood to recommend the brand's first party apps or the third party delivery service.

Looking at NPS scores across 1st and 3rd party apps, convenience stores, fast casual, and quick-serve restaurants' **1st party apps consistently score higher**.

See next page for details on how NPS is calculated.

1st Party Apps

Fast Casual Restaurants   **NPS = 77**

| 7% | 9% | 84% |

Quick-Serve Restaurants   **NPS = 65**

| 10% | 15% | 75% |

Convenience Stores   **NPS = 64**

| 10% | 16% | 74% |

3rd Party Apps

Fast Casual Restaurants   **NPS = 46**

| 17% | 20% | 63% |

Quick-Serve Restaurants   **NPS = 60**

| 13% | 14% | 73% |

Convenience Stores   **NPS = 60**

| 13% | 14% | 73% |

The biggest variation we're seeing is between NPS scores with Fast Casual restaurants, where their customers are far more likely to recommend the 1st party app as opposed to 3rd party one.

Although leveraging a 3rd party is a great way to get added exposure to new potential customers, the risk is that by delivering a sub-par experience, it could erode a brands reputation in the long term.

Net Promoter Scores

NPS is calculated by asking customers how likely they are to recommend a brand then subtracting the number of detractors, those who respond with a 1 or 2 on a scale of 1-5, from the number of promoters, those who respond with a 4 or 5.

Another key metric used by customer experience professionals is **Customer Satisfaction (CSAT) Score** which measures customers' overall satisfaction with a product or services. Here we again see consumers' experience with **1st party apps ranking slightly higher than 3rd party apps** with the exception of quick-serve restaurants — though the difference there is not drastic.
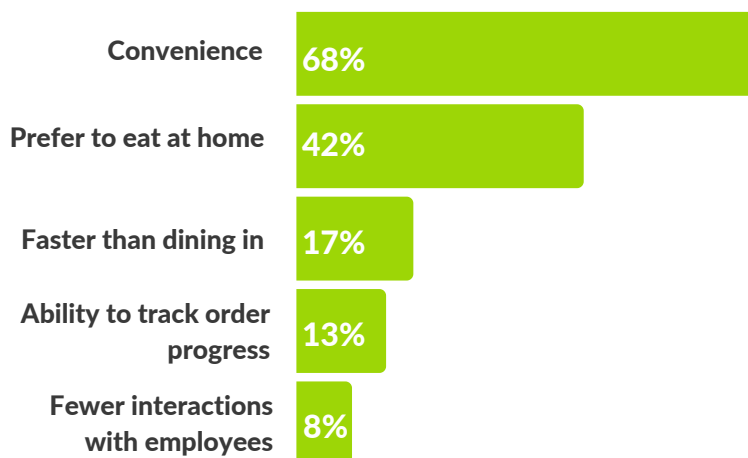
Customer Satisfaction Scores

CSAT scores are determined by taking the number of satisfied customers, those who rank their satisfaction as 4 or 5 on a scale of 1-5, dividing that number by the total number of customer responses, and finally multiplying the result by 100.

Customer Satisfaction Scores Across Industries

■ **1st Party App**   ■ **3rd Party App**

Fast Casual Restaurants		Quick-Serve Restaurants		Convenience Stores	
93%	79%	85%	90%	90%	89%
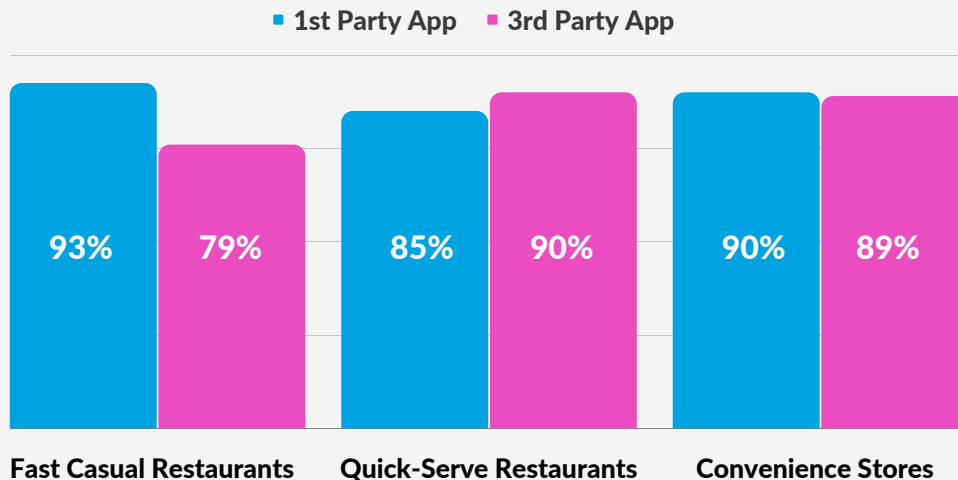
The leading reason consumers choose to use a mobile app to purchase food is convenience. **3rd party apps offer the added convenience of including all food ordering options from multiple brands in one place**. As a result, 1st party apps will need to out-perform 3rd party apps in order to outweigh this factor.

What factors influence your decisions to use a mobile app for a prepared food purchase?
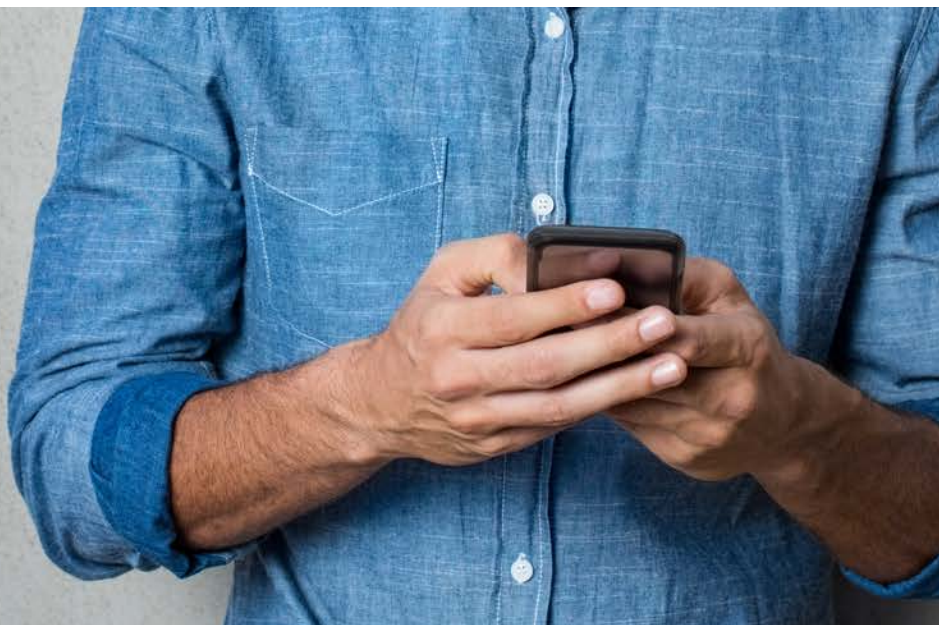
Factor	Percentage
Convenience	68%
Prefer to eat at home	42%
Faster than dining in	17%
Ability to track order progress	13%
Fewer interactions with employees	8%

CHOICE

FAST

EASY

COMFORT

As more and more brands launch and prioritize their own 1st party mobile apps, they will need to differentiate the customer experience from that of 3rd party apps in order to drive consumer adoption.

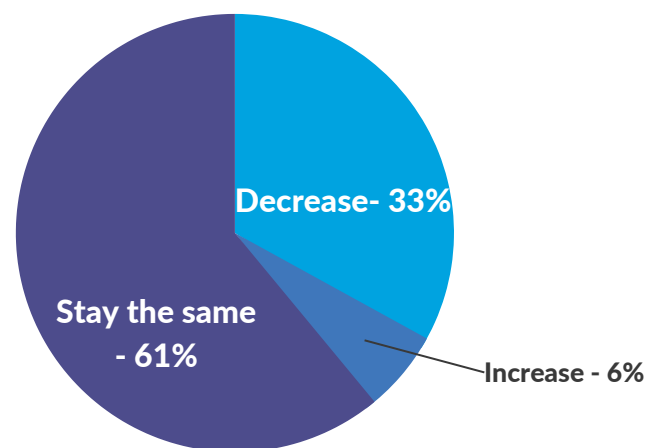# 3. Optimizing Your Experience

Summary

Brands looking to delight consumers and draw them away from 3rd party apps will need to focus their efforts on improving key aspects of their 1st party mobile ordering experience. According to consumers, the two most crucial elements are order accuracy and speed of service.
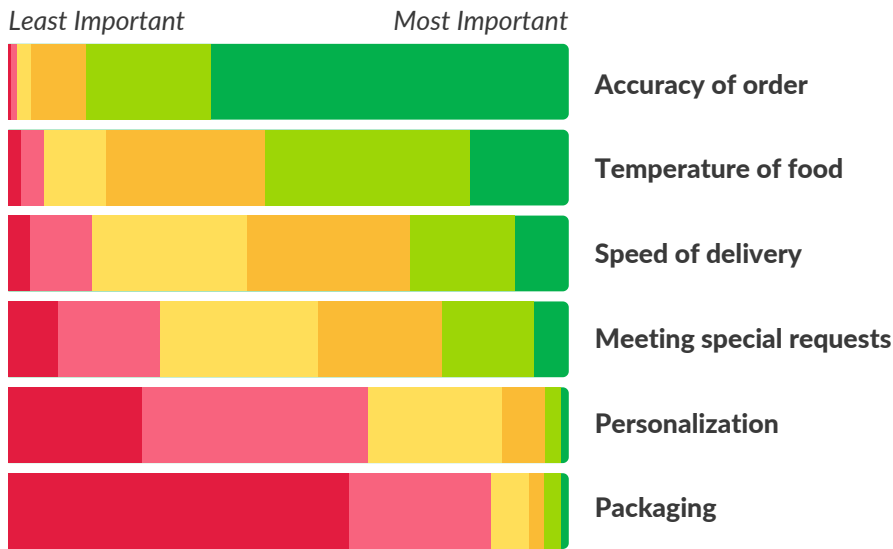
Here again we see 1st and 3rd party apps performing closely, but with 1st party apps leading in most cases. However, it's important to remember the rise of new consumer concerns. Even without social distancing requirements, most customers still feel safer avoiding in-person interactions and 3rd party apps are leading the way regards to contactless service.

While 3rd party apps make it easier for brands to quickly offer mobile ordering and delivery services to customers, the service fees they charge operators are only part of the cost.

Brands are forced to relinquish control of their customer experience and the increased channel blurring we've covered previously make it more important than ever for brands to prioritize 1st party apps as the usage of mobile ordering shows little sign of waning.

How do you expect your use of mobile ordering to change in the coming months?

Decrease- 33%

Stay the same - 61%

Increase - 6%

Least Important   *Most Important*

Accuracy of order

Temperature of food

Speed of delivery

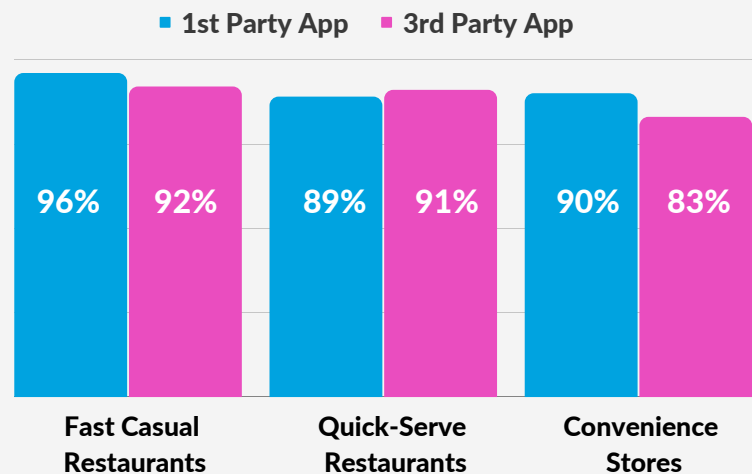Meeting special requests

Personalization

Packaging

We asked consumers to rank various aspects of their mobile ordering experience from most important to least important. **Order accuracy was far and away the leading factor** with **86%** of consumers listing it as the first or second most important factor followed by the temperature of the food and the speed of delivery — with the latter two being inextricably linked.
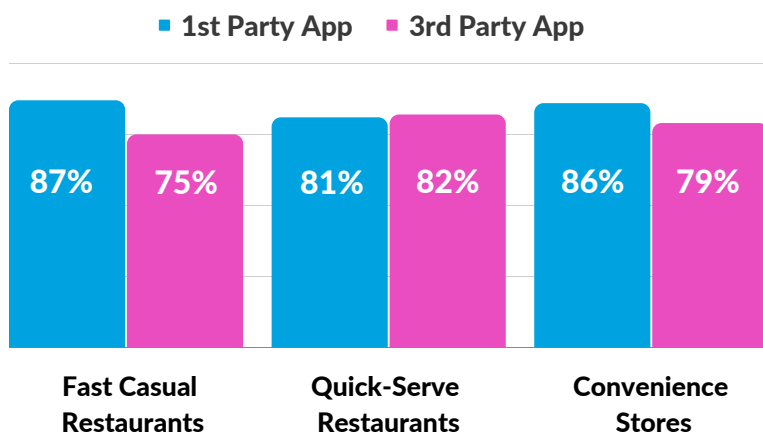
How can brands deliver on these customer expectations?

On average, **1 in 10 orders were inaccurate** across all apps and industries. Which, given the significance this has on customers' overall experience, is too often.

Was Your Order Accurate?

■ 1st Party App   ■ 3rd Party App

96% 92%	89% 91%	90% 83%
Fast Casual Restaurants	**Quick-Serve Restaurants**	**Convenience Stores**

Was Your Order Ready by the Estimate Time?

■ 1st Party App   ■ 3rd Party App

|		
87% 75%	81% 82%	86% 79%
Fast Casual Restaurants	**Quick-Serve Restaurants**	**Convenience Stores**

Brands have complete control when setting customer expectations around speed of service with 1st party apps — making it an area they can truly differentiate themselves. However, despite out-performing 3rd party apps, **customers were still receiving orders placed through 1st party apps late 13%-19% of the time.**
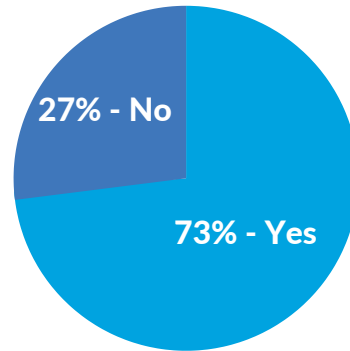
While most pandemic-related restrictions have been lifted, there remains a **perception that reduced human interactions means increased safety.**

### Do you feel safer using a mobile app than ordering at a counter in-person?

23% - No

77% - Yes
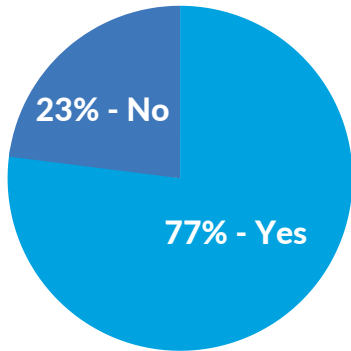
Do you feel safer having food delivered than picking up your order in-person?

27% - No

73% - Yes

However, despite feeling safer avoiding in-person interactions, **89%** of consumers who placed an order via a 1st party mobile app **picked up their order at the counter or somewhere else inside** the location.

Where did you pickup your order placed via a 1st party app?

Other - 2%

Outside/Curb - 9%

Inside/Counter - 89%
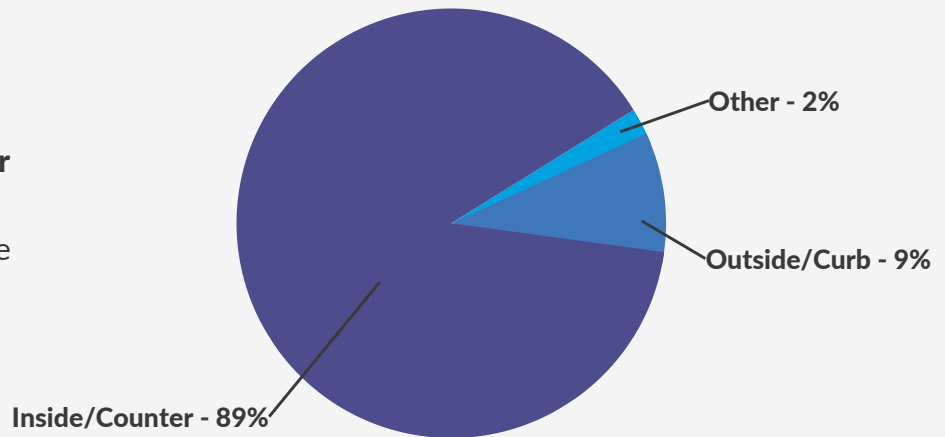
This discrepancy appears to be caused by 3rd party apps offering contactless service far more consistently than 1st party apps — marking a major area for improvement as brands look to drive more users to their own apps.

Did the service offer contactless pickup/delivery?

■ 1st Party App ■ 3rd Party App

67%

96%

33%

4%

Yes

No
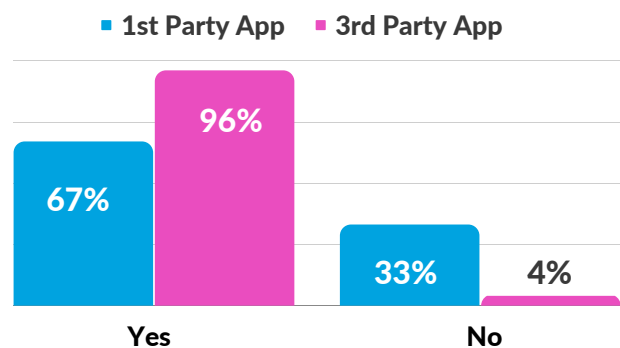
Conclusion

While mobile ordering is not a new channel, it is table stakes for Quick Serve Restaurant and Fast Casual Restaurants and Convenience Stores in 2022. Spurred on by the events of the past two years, consumers expect their favorite chains to either have a 1st party mobile app or be available through a 3rd party one. However, the upfront cost savings of 3rd party services have long-term consequences on the relationship between consumers and their favorite brands.

As we've seen, the best way for brands to retain control of their customer experience and continue to own the relationship with consumers who love their products is invest in a 1st party mobile app. But, delivering a great customer experience via 1st party apps is just as crucial as an in-store customer experience.

Aggregate data such as that included in this report are a great way to understand the landscape and larger trends, but cannot replace measuring you own customer experience using consumer surveys and mystery shopping programs. To learn how Intouch Insight can help your business, visit www.intouchinsight.com.

Intouch Insight is a CX solutions company, specializing in helping multi-location businesses achieve operational excellence so they can exceed customer expectations, strengthen brand reputation and improve financial performance.

Intouch enables brands to collect and centralize data from multiple customer touch points, giving them actionable, real-time insights in an advanced analytics platform. Founded in 1992, Intouch is trusted by over 300 of North America's most-loved brands for their customer experience management, customer survey, mystery shopping, mobile forms, operational and compliance audits, geolocation data capture and event marketing automation solutions.
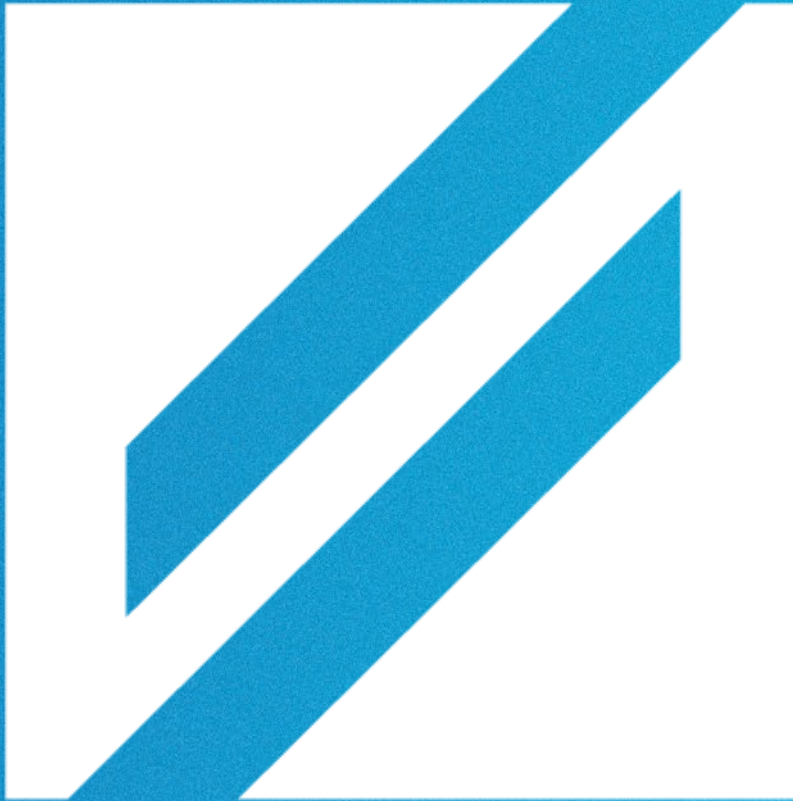
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