

Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



"With more delivery options than ever before, Americans can enjoy their favorite restaurant meals without even leaving their homes. And these new and unique ways of ordering are chipping away at actual restaurant visitation, fueled by the explosive growth of third-party delivery companies and continuing operator investment in their own ordering platforms."

- Hannah Spencer, Foodservice Analyst

This report looks at the following areas:

- Older consumers aren't as engaged in delivery services
- Older consumers may be difficult to convert

Younger consumers, Gen Zs in particular, are now dining more off-premise than on-premise, an indication that the delivery occasion shows no sign of slowing. Operators must adapt and invest in their online ordering platforms or risk becoming irrelevant.

# BUY THIS REPORT NOW

**VISIT:** store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533

> Brazil 0800 095 9094

Americas +1 (312) 943 5250

+86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

**EMAIL:** reports@mintel.com

**DID YOU KNOW?** 

This report is part of a series of reports, produced to provide you with a more holistic view of this market



Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

#### **Table of Contents**

#### **Overview**

What you need to know

Definition

#### **Executive Summary**

Top takeaways

The issues

Older consumers aren't as engaged in delivery services

Figure 1: Restaurant delivery and pickup, by generation, September 2019

Older consumers may be difficult to convert

Figure 2: Delivery and pickup motivators- Any agree, by generation, September 2019

The opportunities

Investment in ordering and delivery platforms and partnerships is essential to remaining relevant

Figure 3: Restaurant delivery and pickup, June 2016, September 2018 and September 2019

Third-party partnerships offer versatility and ease

Figure 4: Third-party delivery company behaviors, by age, September 2019

Grubhub is still the most used app, but DoorDash is catching up fast

Figure 5: Third-party delivery company usage, September 2018 and September 2019

# The Market - What You Need to Know

Meal kits offer inspiration, competition to operators

Entertaining at home appeals to younger consumers

Lawmakers seek to regulate third-party delivery company operations

## **Market Perspective**

## Meal kits find a convenient sweet spot squaring against foodservice

Figure 6: Home Chef Creative

Figure 7: Home Chef Facebook post

Figure 8: Sun Basket Facebook post

Figure 9: Sun Basket Facebook post

Figure 10: Freshly Facebook post

#### **Market Factors**

#### Gen Zs come of age

Figure 11: Population, by generation, 2014-24

#### The Netflix and chill effect

Figure 12: Grubhub Instagram advertisement

Figure 13: Postmates: We need you for the MMMmys 9/20/2019

NY and CA officials look to regulate third-party delivery company operations

**Key Players - What You Need to Know** 

BUY THIS REPORT NOW VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 | **EMAIL:** reports@mintel.com



Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Casual dining chains invest in delivery to boost struggling sales

Domino's bets on itself rather than third-party delivery company partners

Operators look to virtual kitchens to feed delivery demand

DoorDash significantly outspends all competitors on marketing

#### What's Working?

#### Casual dining chains double down on delivery

Figure 14: Chili's: BIG news: Chili's now offers Delivery! 10/8/2019

Figure 15: Outback Steakhouse: Free Sirloin Steak and 1 Side from Outback Steakhouse! 9/25/19

#### Domino's invests in itself, rather than partnerships

Figure 16: Domino's Pizza Facebook post

#### What's Struggling?

Postmates delays its IPO after Uber's IPO flops

#### **What to Watch**

Ghost kitchens proliferate

## **Third-party Delivery Company Advertising Spend**

#### DoorDash vastly outspends competitors

Figure 17: Online advertising spend volume for top four third-party delivery companies, January 1, 2019-October 15, 2019

Figure 18: Online advertising spend share by device for top four third-party delivery companies, January 1, 2019-October 15, 2019

Figure 19: Postmates Facebook post

#### The Consumer - What You Need to Know

Americans are dining off-premise more than on-premise

Third-party delivery company usage continues to grow

Consumers order delivery for its convenience and comfort

Grubhub is still the most used app, but DoorDash is catching up fast

Seamless customers are among the most dedicated customers

# **Restaurant Delivery and Pickup**

# Americans are ordering in more and dining out less

Figure 20: Restaurant delivery and pickup in the past three months, June 2016, September 2018 and September 2019

## $\label{eq:continuous} \mbox{Gen Z and Millennials drive off-premise sales}$

Figure 21: Restaurant delivery and pickup net usage in the past three months, by generation, September 2019

Figure 22: Restaurant delivery and pickup net usage in the past three months, by generation, September 2019

# Third-party delivery companies appeal across generation

Figure 23: Restaurant third-party delivery company use, by generation, June 2016, September 2018 and September 2019

#### Hispanics are key delivery and pickup customers

Figure 24: Restaurant delivery and pickup net use, by race and Hispanic origin, September 2019  $\,$ 

#### **Restaurant Delivery and Pickup Motivators**

Consumers order delivery for relaxation and convenience

BUY THIS REPORT NOW VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

**EMAIL:** reports@mintel.com



Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 25: Restaurant delivery and pickup motivators - Any agree, September 2019

Figure 26: Uber Eats Facebook post

Figure 27: Postmates: Free Delivery—Just Because 3/12/2019

Figure 28: Grubhub: Couch + pajamas + delivery = \$15 off! 3/15/19

Gen Zs are willing to trade food quality for the convenience of delivery  $% \left\{ \left( 1\right) \right\} =\left\{ \left( 1\right)$ 

Figure 29: Delivery and pickup motivators – Any agree, by generation, September 2019

Figure 30: Caviar: Skip the line and pay no fees 6/3/19

Seamless customers view delivery as being a good value

Figure 31: Delivery and pickup motivators - Any agree, by third-party delivery app usage, September 2019

Grubhub users are less likely to trade food quality for convenience

Figure 32: Delivery and pickup motivators - Any agree, by third-party delivery app usage, September 2019

#### **Restaurant App Usage**

#### Pizza restaurant websites and apps remain dominant services

Figure 33: Restaurant website and mobile ordering use, September 2019

# Two thirds of consumers use more than one restaurant app

Figure 34: Repertoire of restaurant app use - Net: any app, September 2019

Figure 35: Repertoire of restaurant app use - Net: any app, September 2019

# **Third-party Delivery Company Use**

#### Grubhub remains the most used, but DoorDash is catching up fast

Figure 36: Third-party delivery company use, September 2019

Figure 37: Third-party delivery company use, September 2018 and September 2019

#### Third-party delivery company customers are not loyal to one app

Figure 38: Repertoire of third-party delivery company app use, September 2019

Figure 39: Third-party delivery company app use, by repertoire of apps used, September 2019

# **Third-party Delivery Company Use Frequency**

## Third-party delivery users are frequent, weekly customers

Figure 40: Third-party delivery company use frequency, September 2019

# Men are heavy third-party delivery company users

Figure 41: Third-party delivery company use frequency, by gender, September 2019

### More than half of Seamless customers are ordering twice or more a week

Figure 42: Third-party delivery company use frequency, by third-party delivery app usage, September 2019

# **Third-party Delivery Company Behavior**

# More than half of third-party delivery company customers use apps as a discovery tool

Figure 43: Third-party delivery company behavior, September 2019

#### Attract younger consumers with diverse options

Figure 44: Third-party delivery company behavior, by age, September 2019

Figure 45: Grubhub Facebook post

Investing in third-party delivery app user experience is key to increasing usage among older consumers

BUY THIS REPORT NOW VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 | **EMAIL:** reports@mintel.com



Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 46: Third-party delivery company behavior, by age, September 2019

#### **Important Third-party Delivery Company Features**

#### Affordability and speed are essential

Figure 47: Important third-party delivery company features, September 2019

#### DoorDash customers most likely to prioritize fast delivery

Figure 48: Important third-party delivery company features, by third-party delivery company usage, September 2019

## Grubhub customers care about cost

Figure 49: Important third-party delivery company features, by third-party delivery company, September 2019

Figure 50: Grubhub Facebook post

#### ChowNow customers most interested in subscription delivery programs

Figure 51: DoorDash: You're getting DashPass FREE for 30 days—here you go! 8/7/2019

Figure 52: Important third-party delivery company features, by third-party delivery company, September 2019

#### Seamless and Ritual customers most interested in loyalty programs

Figure 53: Important third-party delivery company features, by third-party delivery company, September 2019

#### **Price Sensitivity Analysis**

#### Consumers' delivery fee expectations are not dependent on menu item costs

Figure 54: Price sensitivity summary table, September 2019

# **Appendix - Data Sources and Abbreviations**

Data sources

Consumer survey data

Behavioral data

Direct marketing creative

Abbreviations and terms

Abbreviations

## **Appendix - The Consumer**

Figure 55: Price sensitivity - Large single-topping pizza from fast food pizza chain - Optimal price, September 2019

Figure 56: Price sensitivity – Large single-topping pizza from fast food pizza chain – Threshold prices, September 2019

Figure 57: Price sensitivity - Large single-topping pizza from fast food pizza chain - Price sensitivity aggregate table, September 2019

Figure 58: Price sensitivity – Large single-topping pizza from local sit-down Italian restaurant – Optimal price, September 2019

Figure 59: Price sensitivity - Large single-topping pizza from local sit-down Italian restaurant - Threshold prices, September 2019

Figure 60: Price sensitivity – Large single-topping pizza from local sit-down Italian restaurant – Price sensitivity aggregate table, September 2019

Repertoire Analysis Methodology



VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 | **EMAIL:** reports@mintel.com