Wisely



Transaction to Transformation

The Changing Restaurant Discovery Landscape Post-COVID-19

Post-COVID-19, Restaurant Discovery is Uncharted Territory



In the wake of COVID-19, customer purchasing behavior and business patterns shifted overnight. Restaurants have demonstrated incredible agility and ingenuity as the industry continues to grapple with the impact of the pandemic. Some have completely transformed their service model, some have fast-tracked new tools and systems to meet customer needs.

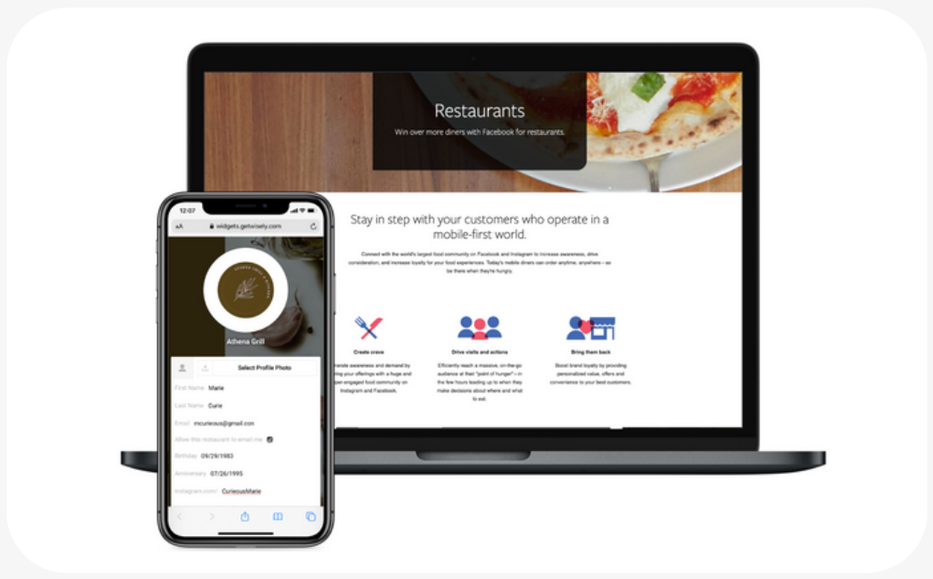
This industry wide evolution begs the question—**how should restaurants pivot to meet customers where they are in a new discovery landscape?** Conventional wisdom has said that dedicated discovery networks (like OpenTable or Yelp) are essential to driving brand discovery. But does this convention still hold true in a post-COVID world?

Wisely digs into analysis to see **what factors are impacting restaurant discovery post-COVID, tech pitfalls restaurant brands can't ignore as they develop their strategy, and how to avoid those pitfalls to come out of COVID-19 stronger.**

PHOTO CREDIT: MIIKKA LUOTIO

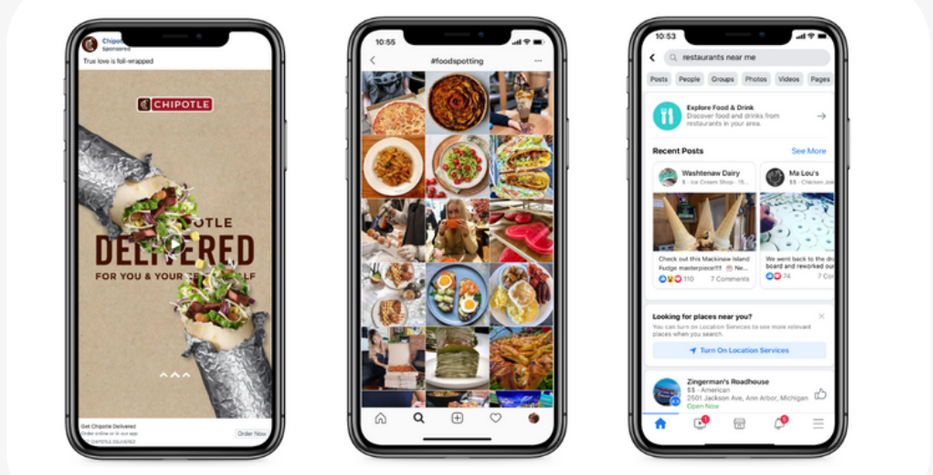
Factors Impacting Restaurant Discovery in a Post-COVID World

So, what are the trending observations industry research and Wisely's data shows that are impacting how customers discover restaurants post-pandemic? The common themes include:



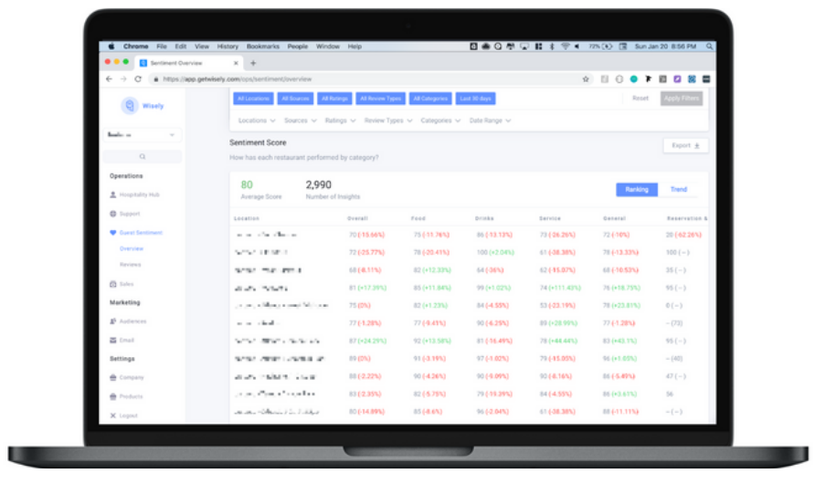
Accelerated Digital Demand Drives Discovery Online

Customers seek more digital connection, in all stages of the guest journey



Search and Social Power Shifts Discovery to Direct & Organic

Smartphones, voice search, and social distancing feed a familiar upward trend



The Rise of Off-Premise Sales Boosts Discovery via Online Orders

Capacity regulations and health & safety concerns accelerate demand for, and adoption of, off-premise restaurant experiences

SOURCE: WISELY DATA

Accelerated Digital Demand

McKinsey research says that "Customers are spending significantly more time online." Data usage has spiked and bandwidth is becoming a pain point as Google searches for "data plan upgrade" quadruple.

"Every possible activity—from meals and groceries, to finance and education, to fitness—now has a digital or online equivalent, most of which have seen soaring usership," as stated by McKinsey.



Meanwhile, between video conferencing, social media, and email—the appetite for digital connection is higher than ever. **Of US adults, 51% report that they have increased their social media use.**

Wisely's data shows that post-pandemic, the amount of **emails sent by restaurant brands spiked by 419%** while open rates remained steady at industry standard (19-21%).

In addition, **69% of Wisely users say they are focusing on digital channels** as the highest drivers of ROI during the pandemic (with the top three of those channels being social media, email, and streaming video).

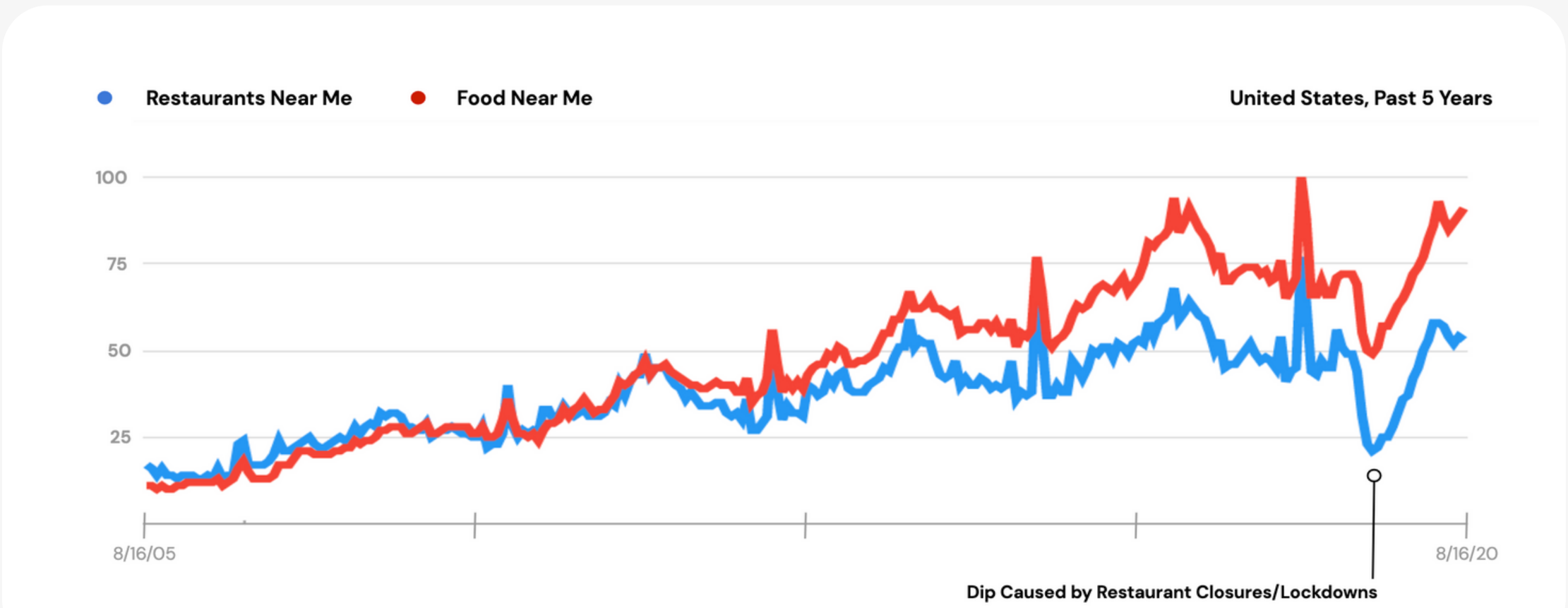
SOURCE: WISELY DATA - PHOTO CREDIT: THOUGHT CATALOGUE

Search and Social Power

With the ubiquity of the smartphone and the rise in voice search, consumer discovery behavior continues to shift to search and social media.

Pre-COVID, **“food near me," "restaurants near me," and other dining discovery terms drove 10.6+ million searches per month and were climbing**, and this stat is conservative. By tallying up the dozens of other food category specific popular search terms ("tacos near me," "delivery near me," "dine-in open near me" etc.) the number skyrockets—just in the top 20 search terms alone, there are 14.4 million searches+/month.

As seen in the graphic below, despite the dip during COVID-19 restaurant shutdowns, **this search behavior continues to trend upwards.**



Trend of Restaurants Near Me and Food Near Me Searches 2015-2020 (with 100 indicating peak popularity)

Wisely’s client data shows that consumer trust activity is also shifting, as **Google reviews are up 42% over Yelp reviews** (trailing 12 months).

Additionally, consumers were conditioned, even pre-pandemic, to restaurant discovery on social media platforms, with **83% of consumers saying they would try a new restaurant after seeing food related content online.**

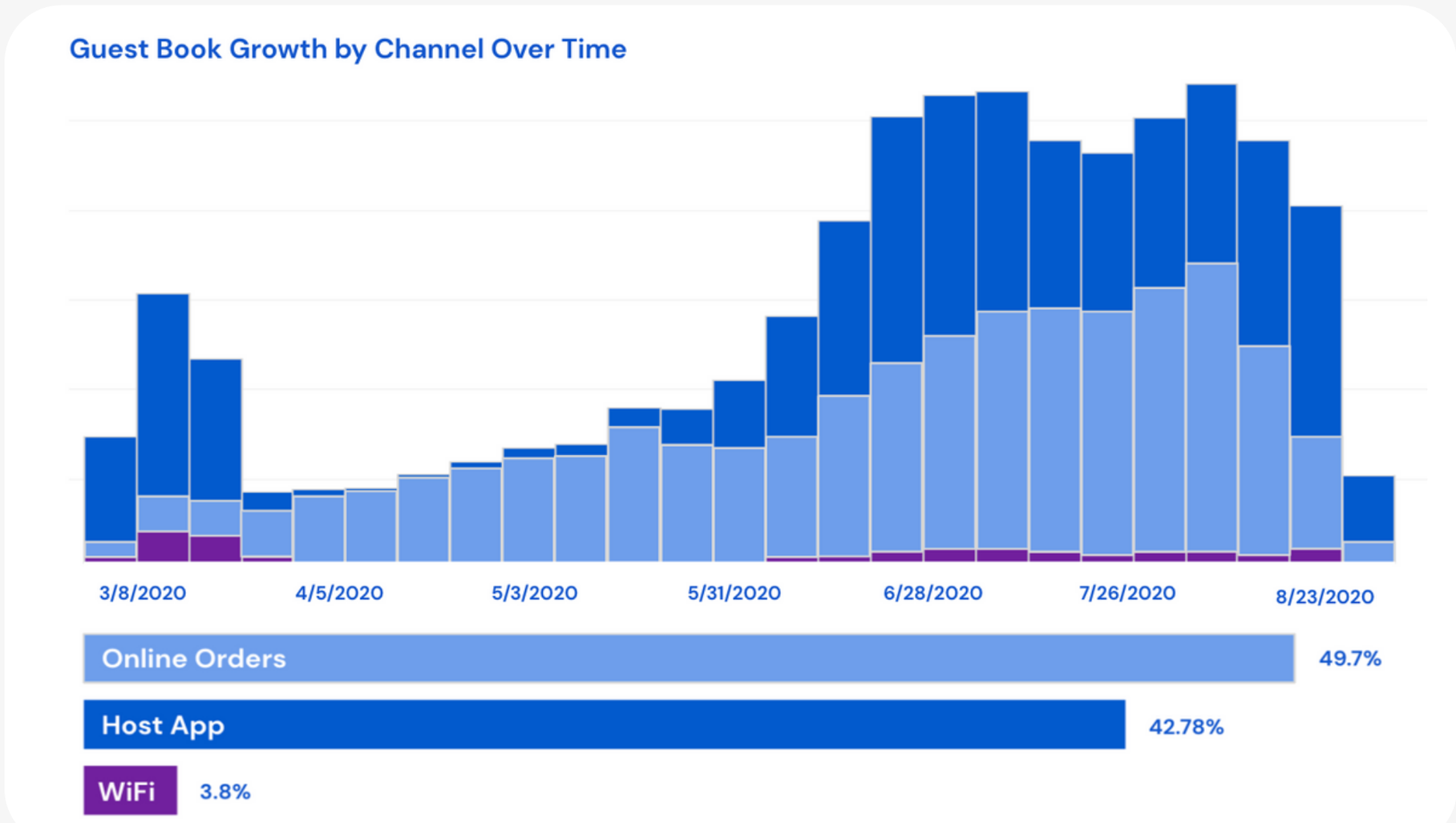
The effects of this shifting landscape on discovery can be seen by examining the linked domains of successful brands like P.F. Changs, Red Lobster, and Ruby Tuesday. **Research shows that 5 of the top 10 domains driving traffic are search and social channels (like Google Maps, Instagram, Twitter, and Facebook).**

SOURCE: GOOGLE TRENDS

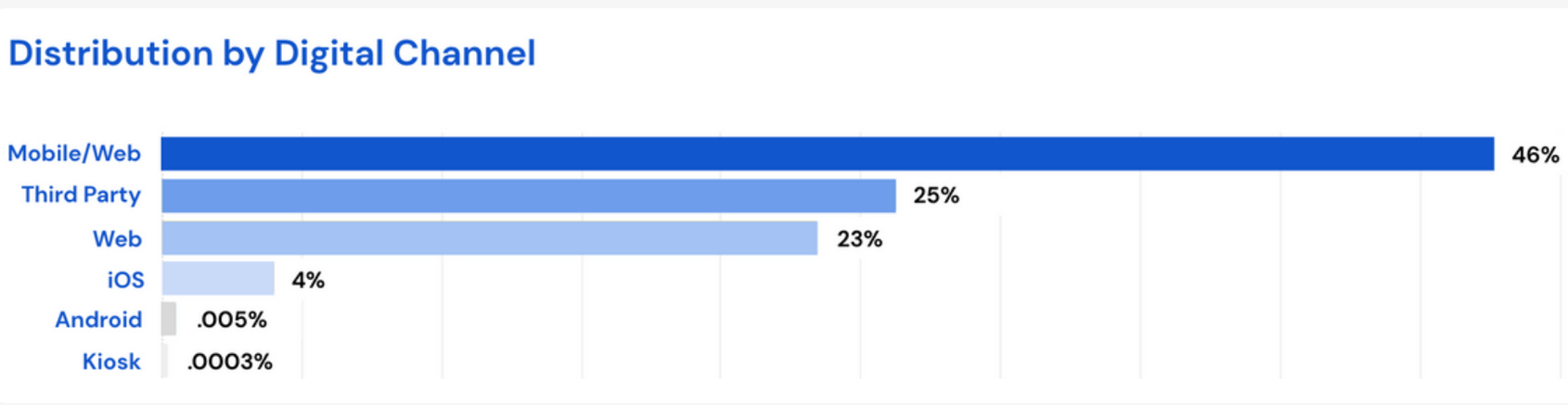
The Rise of Off-Premise

Where are the majority of new restaurant parties coming from? **Data shows off-premise sales and organic channels.**

Recent interviews with brand leaders from bartaco and First Watch confirm what the data shows to be true—**off-premise sales shifted from 5-7% pre-COVID and are now holding steady at 28-30%.**



Wisely's data also shows that post-COVID, the **majority of new guest acquisition is coming from off-premise sales** (see graphic above).



Of those off-premise sales, Wisely data shows that the majority of online orders are being placed via direct/organic channels with **mobile web/web** (see graphic above) **making up 69% of online orders as compared to the 25% driven by third parties.**

This trend is a continuation of what the industry was seeing pre-COVID-19. Industry research shows that **even pre-COVID, over 50% of third party delivery users were looking for a specific brand**.

SOURCE: WISELY DATA

Disruption Leads to Reinvention

With the rise in digital demand, the continuing upward trend in the power of search and social, and off-premise sales soaring post-COVID-19, the restaurant industry has displayed immense ingenuity and flexibility.

In a recent article for Fortune, Julie Sweet, CEO of Accenture, affirms that businesses need to "rethink transformation and follow a new set of rules." She adds, "Companies can't simply reduce costs and "freeze," but must **accelerate to new levels of digital performance to serve new customer expectations, adapt to the health challenges of COVID-19, and pivot to new growth opportunities**."



Takeaway

Restaurant digital adoption must rise to meet demand.

As brands reimagine how they are using their existing tech, or replace their tech stack to meet changing consumer needs, we'll address **three tech pitfalls that restaurants can't ignore as they transform: (1) tools that increase prime costs, (2) tools that increase friction, (3) tools that form barriers btw consumers and brands.**

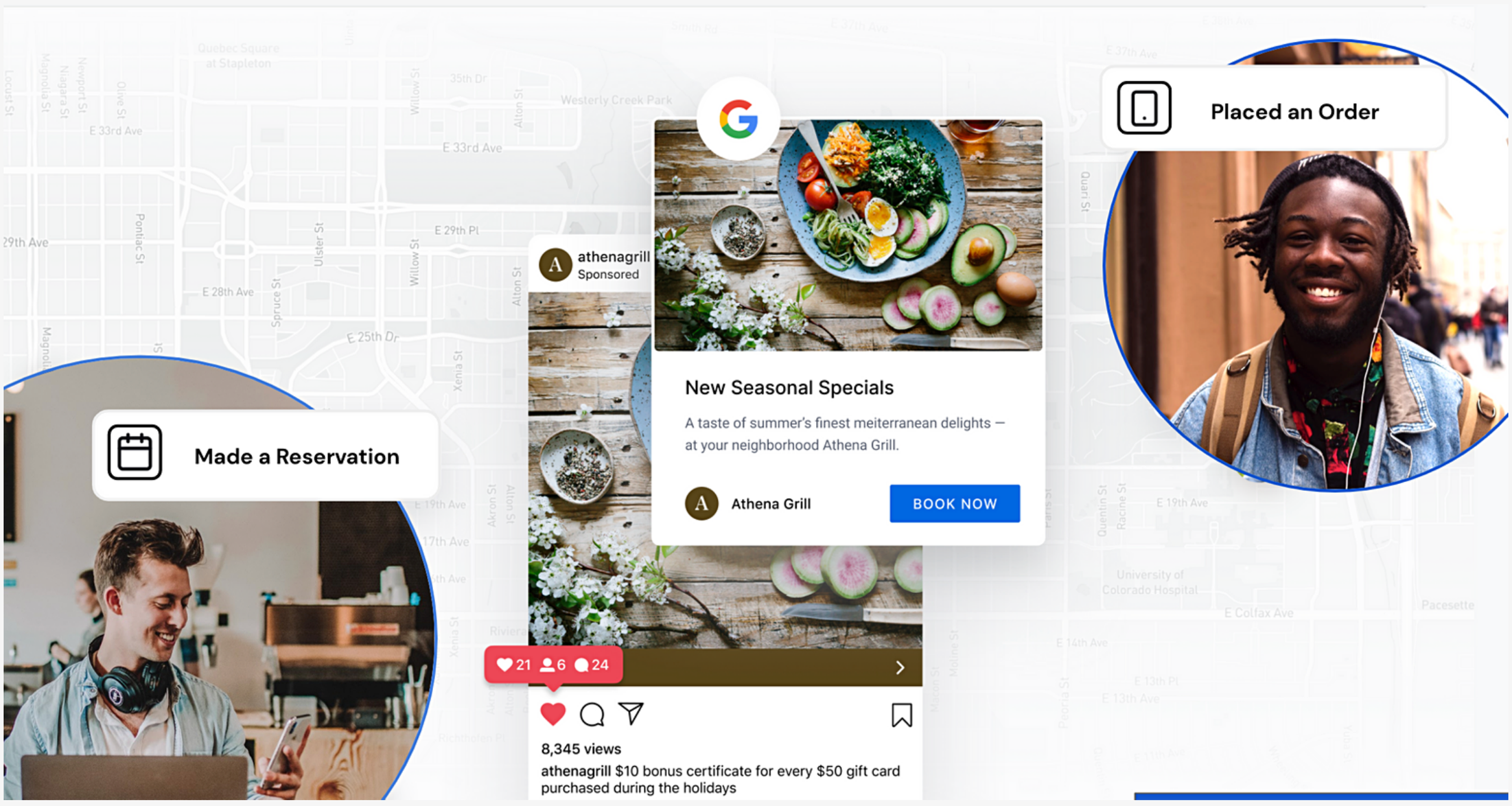
SOURCE: WISELY INTERVIEW W/ L CATTERTON - PHOTO CREDIT: SPENCER DAVIS

Pitfalls and Solutions

Pitfall #1: Tools that Increase Prime Costs

When new customer traffic is most often coming from direct and organic channels, and customers are making purchasing decisions directly in search platforms—it's necessary to reevaluate legacy tech tools.

Vendors that charge brands to acquire guests they would have won on their own (e.g. the per cover fees associated with traditional diner discovery network platforms like OpenTable) **become a barrier to returning to profitability.**



Solution: Invest in the tech and operational systems that can help reduce prime costs long-term

- White label online ordering platforms can help mitigate third party delivery fees
- Contactless ordering/payment can decrease turn times and enable brands to run a lower labor model
- Smart table management tools can drive throughput with accurate quote times and seat optimization
- Direct booking & waitlist solutions eliminate cover fees and unlock access to data

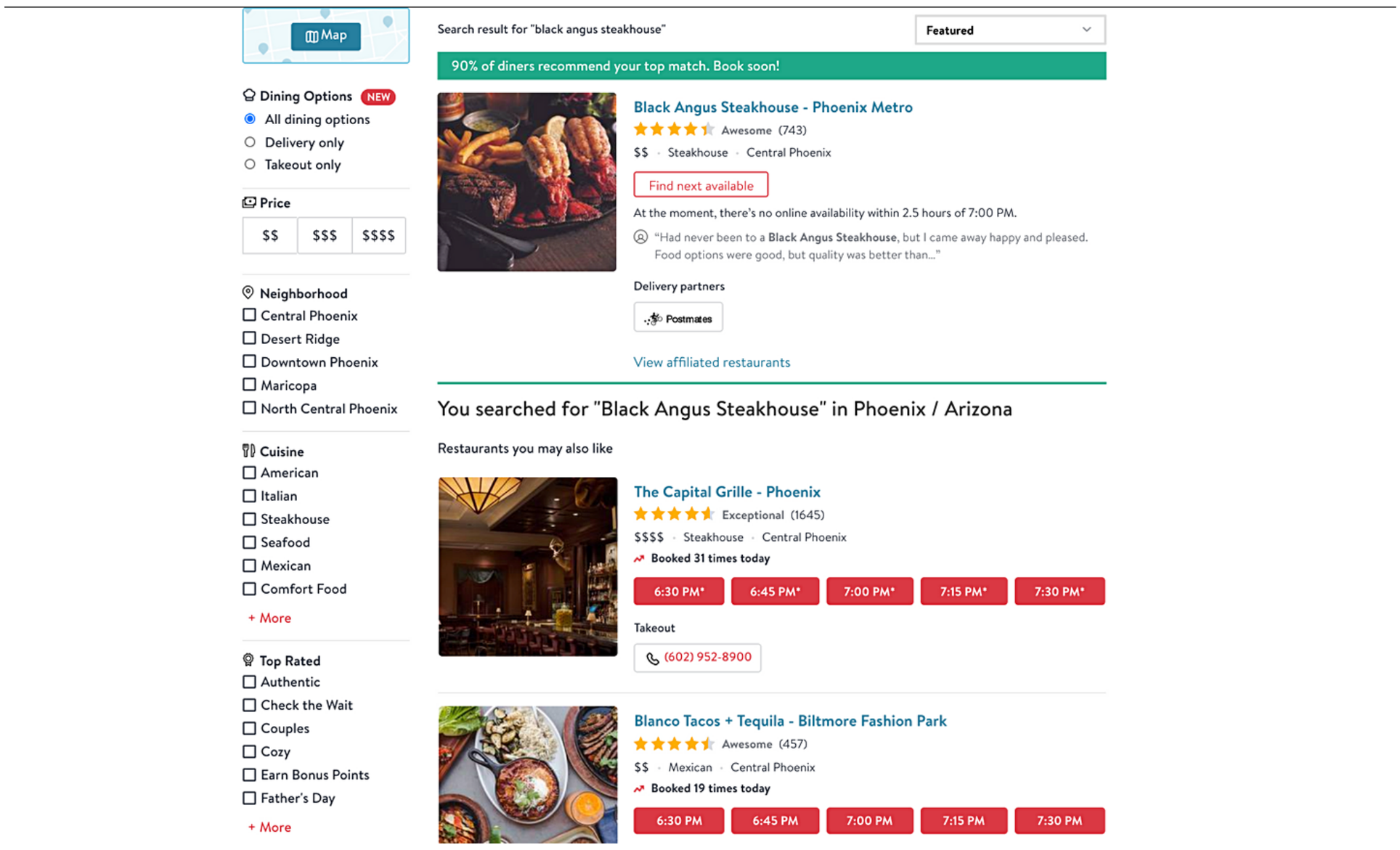
SOURCE: WISELY DATA

Pitfall #2: Tools that Increase Friction

One thing is true for all consumers during a pandemic—more than ever they are making their purchasing decisions based on the *experience* (vs just the product/service itself).

Third party reservation and waitlist tools (like Yelp) often create confusing flows from purchase trigger to actual purchase as they re-route a customer to multiple platforms (e.g. a guest wants to join the waitlist and are they are routed from search engine to website to third party platform.)

Additionally, on the path to purchase a customer is distracted by other brands that they "may also like."



Solution: Close the gap between purchase trigger and sale with streamlined tools

- Look for white label reservations & waitlist (and online ordering) tools with short, clear, distraction-free paths to "join the waitlist", "reserve a table", or "place an order" (especially those that easily integrate with Google and social media platforms)

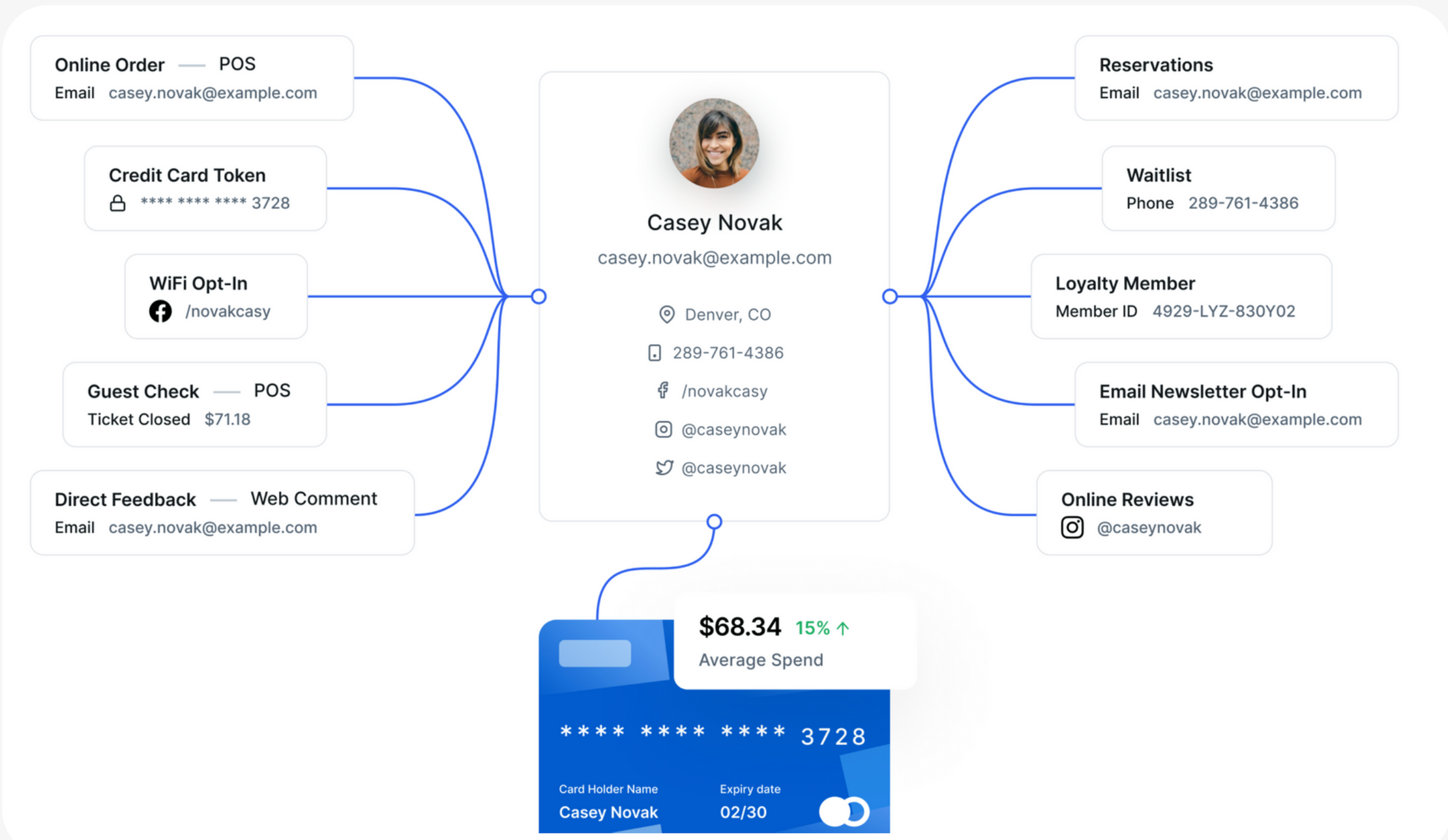
Research shows that a key factor impacting a purchase is the "power of now." Said simply, **the shorter and clearer the path to purchase, the more likely a customer will buy**.

SOURCE: WISELY DATA

Pitfall #3: Tools that Form Barriers Between Guests and Brands

Guest acquisition is hard, especially in a pandemic. Matt Eisenacher, SVP of Brand Strategy and Innovation for First Watch, put it this way — **"In an environment of fear, trying to convince someone to come to a new place can be a hard sell. Right now we're trying to get to know everything we can about people who have been coming in."**

Third party discovery platforms are also customer facing, with a drive to enable guests to explore their site and discover *many* restaurants they may like. The customer data made available to restaurant clients by these B2C (vs B2B) vendors often doesn't hold the same depth and use cases as customer data collected real-time for one brand.



Solution: Replace tools that make it hard to access and use customer data

- **Take a cue from e-commerce and employ a restaurant CRM to truly track and analyze customer behavior**
- Even better if that CRM integrates with other data sources (POS, Online Ordering, Waitlist & Reservations) and then enables restaurants to take action with targeted marketing and the ability to segment guests by behavior, daypart, and location

SOURCE: WISELY DATA

Conclusion

Crises like COVID-19 disrupt our normal, prompt reinvention, and often accelerate what was already set in motion. Experts say that three priorities will define customer experience in the post-pandemic era: **digital excellence, safe and contactless engagement, and dynamic customer insights.**

Taking careful stock of every tool and system, the restaurant industry has a rare opportunity to move past the transactional and create customer experiences that are transformational.

In the wake of COVID-19, **those who move beyond crisis management to smart and creative strategies rooted in insights are poised to move the needle in terms of both sales and loyalty**. And as the new normal of "doing more with less" becomes the reality for the slashed staff at each restaurant home office, the **tech that makes it possible to drive new unit-level economics will no longer be aspirational but rather a means of brand survival.**



Is access to collect, analyze, and act on your guest data an immediate priority in order to drive profitability?

We'd love to know.

www.getwisely.com
TalkToUs@getwisely.com