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How to Choose a Delivery Method Suitable for Your Restaurant?

Food delivery is a service in which restaurants deliver food to customers on demand. With COVID-19 speeding up the already evolving food delivery industry, you might be also considering expanding your business for delivery options. This guide will help you with finding appropriate delivery methods suitable for your business by going through the available options, factors restaurant owners should leverage, and requirements to implement the desired systems.



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Step

#1

Collect Information for Delivery.

Target audience,
transportation investment,
& profit margins.

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Part 1. Collect relevant information to set up a delivery service for your restaurant

1. **Target audience:** think about your current main groups of customers and the people you want to expand to.
2. **Transportation investment:** are you looking to host your own delivery drivers or are you willing to have a third party take care of the transportations?
3. **Profit margins:** what is your current profit margin? How much profit cut are you willing to take in exchange for increased order quantities?



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Step

#2

Choose a Platform.

In-house delivery,
third party delivery apps,
third party delivery hybrid.

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Part 2. Choose a platform

Decide from the three main types of delivery options for restaurants:

1. In-House Delivery

- a. You are responsible for delivering your food to customers.
- b. Example: Dominos Pizza

2. Third Party Delivery Apps

- a. The most popular delivery method today, where third parties are responsible for the handling of your food to the customers. You are in charge of only production and communication with the third party app representatives.
- b. Example: UberEats, Doordash

3. Third Party Delivery Hybrid

- a. Orders are received and managed through third party delivery apps but with own deliver drivers
- b. Example: UberEats is currently the known service provider

Comparative Chart

	In-house Delivery	Third Party Delivery Apps	Third Party Delivery Hybrid
Suitable Restaurants	Small restaurants with receptive consumers	Those who can remain profitable after ~30% cut	Those who can remain profitable after ~15% cut
Target Customers	Tight-knit customers who are loyal & used to the way you operate	Younger demographic & people who you've never reached before e.g., students, work-from-home employees	Younger demographic & people who you've never reached before e.g., students, work-from-home employees
Pros	• Complete control of operation • 100% Revenue • Set own delivery fees	• Opportunity for growth sales • Analytic tools for sales tracking & growth • No specific logistics of delivery • Minimal startup cost	• Control over operation • Opportunity for growth sales & market expansion • Flexibility to switch to third party delivery
Cons	• High initial cost • Difficult to develop & operate system • Need vehicles	• Steep cost in menu pricing • Potential to lose customers due to pricing	• Need vehicles & employees • Moderate difficulty to develop system



Step

#3

Consider Criterias to Narrow Options.

Vehicles, delivery areas, pricing, drivers, cut, feedback.

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Part 3. Consider these criterias to further narrow choices

After you've selected a delivery method, it's also important to consider the following factors for specific delivery methods to further narrow your choices.

- **In-House Delivery**
 - Decide **how many vehicles and employees** you will need
 - **The distance** the drivers responsible for your food can travel to ensure food quality and service efficiency.
- **Third Party Delivery Apps & Hybrid**
 - **Pricing** you place on the goods you sell to ensure profitability. This also has a direct impact on how your customers may react and perceive your business which might affect their behaviors.
 - **Drivers available** in your local area to ensure service
 - **How much cut** does the third party take

- **Feedback** from those who ordered your products and received the delivery successfully. However, reviews may often not reflect on the specific parts of the dining experience but a generalization of multiple parties.
- **Delivery Service Revenue Calculator** is a tool to help you choose third party delivery services through calculating the incremental revenue. The tool compares Doordash, Grubhub, and UberEats, three of the most popular delivery apps in North America.
 - [Link Here!](#)

In Closing

Expanding your restaurant to include delivery services is important because it allows you to connect with existing customers and expand to new ones. While third party delivery services such as UberEats and Doordash are dominating the food delivery scene, picking the suitable delivery method for your restaurant is more valuable in the long run.

Sources:

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