Delivery: The Last Mile

Food delivery is growing, for several reasons. Customers love the convenience. Restaurants can expand to reach new diners. Delivery companies see the opportunity for a new business model.

It's exciting and lucrative, but the reality is—food delivery is creating problems. It's time to pump the brakes and think about designing satisfying food delivery experiences for everyone at the table.

Restaurants are no longer the sole proprietors of their brand experiences.

And if you've ever ordered dinner and wondered why it arrived cold, or not at all, it's apparent that restaurants also have the most to lose from an experience that is less than perfect. As these outside services have taken on more of the restaurant delivery value proposition, they have raised expectations from restaurants and customers. With all these players contributing to the same goal of delivering food on time, it's wise to step back and look at the whole ecosystem to identify the biggest challenges and opportunities.

For restaurants, it's expensive. They have to pay to play. Delivery apps like UberEats and GrubHub charge for their services, eating into restaurant margins for each delivery, claiming up to 30% of revenue. Food delivery causes other complications for restaurants. For instance, many restaurant environments were never designed for takeout, and now online delivery is 5 to 10% of total restaurant business. It's difficult to maintain food quality during a drive. Delivery requires restaurants to manage multiple systems for employees, limits their knowledge around who's ordering what, and weakens the connection they have with their customers.

For customers, the food delivery experience isn't ideal. The bar has been set high: Amazon can deliver a complete order of groceries to their door the same day, so why shouldn't a restaurant one block away be able to get food to them in under an hour? Orders seem to take forever to arrive cold with soggy fries. And there's no one to blame when things go wrong (it can be difficult to tell who is at fault, the restaurant or the delivery app, when delivery goes awry).

Many delivery apps have yet to make a profit on these services, and they're taking big margins from restaurants. It seems as though they can't make money unless they monopolize the industry (an unlikely scenario). As for delivery drivers, the work is demanding and pays little.

What would a world look like where this partnership is beneficial for all parties involved? Restaurants would take advantage of the delivery network available without the risk to their hard-won reputations, customers could satisfy any food craving on demand and not risk cold or missing food, and delivery companies could find a balance where the service they provide is ultimately a sustainable business. More than that, restaurants could transcend their physical spaces and create meaningful dining experiences for diners, wherever they might be.

Why Now?

- **Desirability.** Customers love the convenience of food delivery—not just having food delivered to their desk when they are busy, but also the convenience of cashless apps and the variety of food that can be brought to them.

- **Feasibility**. Yelp paved the way for customers to get used to finding food online. Seamless and Grubhub added the infrastructure for customers to pay online soon after. UberEats then connected food delivery to the gig economy, allowing restaurants to have access to a new pool of drivers.

- **Viability.** The gig economy has made food delivery possible—it's easier than ever for people to become delivery drivers and make fast money on their own schedules.

HOW DO WE GET THERE?

We have matched the three main challenges facing the delivery dining ecosystem with provocations of a future that could solve for them.

In-Restaurant Experience	Food Quality	Customer Relationships

In-Restaurant Experience

How can restaurants preserve the in-restaurant customer & employee experience while also serving the online audience in spaces that were not designed for takeout?

Restaurants are built for in-person experiences. Many eateries have made patchwork changes to accommodate delivery as an ever-growing percentage of their business. These adjustments include hosts managing multiple systems, handling incoming orders on different tablets, passing off food to third-party drivers, and seating new customers. Kitchens have to prioritize and produce food for both their online and in-person diners. For customers dining in-person, it all happens in plain view, from delivery services disrupting meals to staff struggling with digital tools.

"I once saw a third-party delivery driver come into a restaurant, grab the orders he needed to pick up, and take them into the bathroom."—Customer
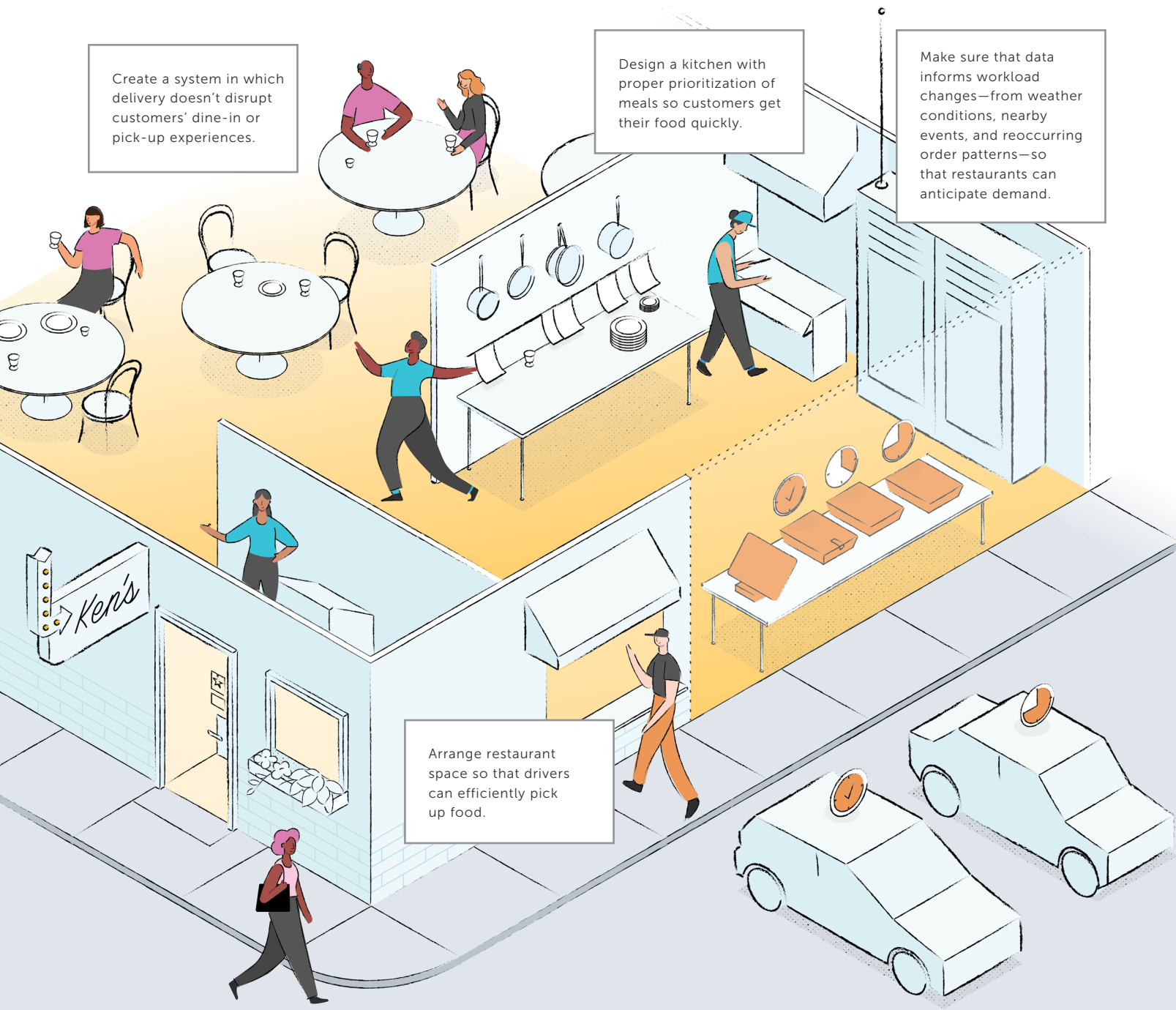
1. IN-RESTAURANT EXPERIENCE

To accommodate the growing delivery service world, physical space and workflows must be redesigned. Today's cobbled-together restaurant systems are ready to implode. Employees are reaching their limits and customers notice that the systems are not keeping up with the changing market.

The in-restaurant experience needs to be redesigned for the customers, staff, and drivers. Customers, whether they are picking up orders or dining in the restaurant, should feel like they are the focus of the staff's attention. Determining how much of the behind-the-scenes delivery activity customers see should be a design decision.

As for the kitchen, it might be reconfigured in a way that's similar to the Hema in-store fulfillment theater. The kitchen should be reorganized to handle both online and in-person

orders, prioritizing what should be cooked, when it should be cooked, and even optimizing the online menu to ease this burden.

Drivers should know where and how to pick up food in a coordinated workflow that harmonizes with dine-in and take-out workflows. The pickup experience should be obvious, controlled, and clean. Consider ways to alleviate stress on drivers, such as making restrooms available to them or providing them with extra food and drink. Well-designed pick-ups should provide a better experience for drivers and faster food arrival for customers.

Create a system in which delivery doesn't disrupt customers' dine-in or pick-up experiences.

Design a kitchen with proper prioritization of meals so customers get their food quickly.

Make sure that data informs workload changes—from weather conditions, nearby events, and reoccurring order patterns—so that restaurants can anticipate demand.

Arrange restaurant space so that drivers can efficiently pick up food.

Ken's

Food Quality

How can restaurants exceed customer expectations by delivering high-quality meals in a business where food is your reputation and you can't control how long it sits in a car?

Restaurants cook food to be eaten immediately. The delivery process creates a lag before food gets consumed. How can restaurants ensure that they aren't serving customers food that looks and tastes like leftovers? Restaurants often have no visibility into when or if the food has arrived. The fact is, time, temperature, and moisture affect the consistency of food as it travels. In addition, food safety is top of mind for consumers—85% of delivery customers would feel better if their meal came in tamper-evident packaging.

"Most places don't use containers that breathe properly, and most places don't think about what food is good for delivery. For instance, if you get something that is crunchy, it might get mushy; if you order something that is stacked up—a burger or sandwich—it might get all scrambled and messy."
—Customer

2. FOOD QUALITY

Car delivery creates a number of challenges for restaurants, such as degrading food quality and meeting high customer expectations. What restaurants can control is the food and its packaging. This might sound counterintuitive, but it's worth consideration. Imagine restaurants and delivery services working together to design the menu and delivery process so that time in the car actually improves the food!

For the food: Instead of preparing food to be eaten immediately, restaurants should prepare food that can happily sit in a car. This means thinking of how it can be finished in the last mile. Could food get its final steam, crisp, or mix in a car or in customers' homes?

For the packaging: How can packaging keep food safe and tamper-proof and maintain its quality, or continue to enhance it, en route.

For delivery services: How to redesign their system to work better with restaurants to encourage less driving and more delivery? How can drivers define their portion of the delivery service experience? Could drivers determine how they want to be tipped—with, say, money or tacos? Could smell-proof packaging be created to keep unwanted scents out of cars?

Design a service model so that food arrives in excellent condition.

Use Blue Apron as inspiration; give customers instructions for proper assembly or reheating.

Employ and share data so that customers and restaurants will know where the food is all the time.

Ensure that food is safe and tamper-proof.

Customer Relationships

How can restaurants maintain their brand experience in customers' homes without direct interaction?

Customers often establish relationships with third-party delivery services instead of the restaurants that prepare their food. Delivery apps have created service stickiness that keeps customers coming back by utilizing their data and known preferences. The apps remember customers' past orders and credit card information, making it easy to order again. According to our research, when customers order through a third-party app, they are more likely to continue to do so and establish loyalty with the app instead of the restaurant.

"I never thought to order from the restaurant itself after ordering from it through a third-party app. Is that better for the restaurant?"—Customer

3. CUSTOMER RELATIONSHIPS

Brand experiences need to extend their reach beyond the physical parameters of the restaurant. Designing for customers' homes, for instance, gives patrons the opportunity to reconnect with the restaurant's brand even if they ordered the food through a third party. To do so, restaurants have to think beyond food creation. They must also create amazing dining experiences—in customers' homes, at their desks, or in their cars.

For delivery services: Delivery can be used as a data point to provide valuable feedback to restaurants. Did the food arrive in good condition? What time did the food arrive? Providing more data to restaurants will strengthen the relationship between the various parties.

For customers' homes: These experiences can range from helping them set the table and unbox the food; to making it easier for them to have a movie night and coordinate with friends; to providing reusable, functional keepsakes that can become part of daily life and remind them of the restaurant.

MOVIE

Partner with entertainment companies or content producers to create movie-night rituals.

Give customers functional delivery keepsakes, like reusable chopsticks, to remind them of your brand and bring them back to your restaurant.

Use unboxing YouTube videos to show how packaging can enhance the dining experience.

Better Delivery for All

Successful food delivery will require designing for all stakeholders in the ecosystem.

For restaurants, food delivery presents opportunities to expand beyond their physical dining space. It's time to create a smoother experience for customers and employees, bringing in new customers and building loyalty with those who order through a third party.

For delivery apps, it's time to stop thinking of delivery as the be-all-and-end-all service provided to restaurants. Delivery apps charge high prices and, to continue to do so, they must provide more value to restaurants and customers. Creating better value for restaurants involves helping restaurants optimize their delivery services, improving their understanding of how to adjust menus and packaging for delivery.

For customers, it's about giving them the confidence that their meal is going to arrive when they want it and as they expected it, so they can truly enjoy the dining experience wherever they are.

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Content & Creative

Dustin Boutet

Director, Innovation Consulting
Travel & Hospitality Lead
dustin_boutet@epam.com

Willy DeConto

Envisioner
william_deconto@epam.com

Rebecca Salzman

Design Strategist
rebecca_salzman@epam.com

EPAM Continuum Contributers

Max Bischoff, Eric Bogner, Toby Bottorf, Sarah Callaway, Micah Epstein, Ken Gordon, Kristin Heist, Laura Kacir, Meredith Mendosa, Buck Sleeper, Megan Welker

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