Take me OUT

RESTAURANTS ARE GOING TOE-TO-TOE WITH ESTABLISHED FOOD-TO-GO AND TAKEAWAY SPECIALISTS TO BRING HOME A SLICE OF THE UK’S INCREASINGLY SOPHISTICATED TAKEOUT AND DELIVERY MARKET

It's 9am on Monday at London King's Cross station and the rush hour is in full swing. Once, commuters may have found time for a sit-down breakfast and home-brewed coffee, but the best they can manage now is to grab a latte and pot of porridge to eat at work. The days of leisurely breakfasts and lengthy lunches are long gone, and traditional eat-in restaurants such as Giraffe are upping their game to compete with the food-to-go specialists. The brand, which was bought by Tesco last year, has just opened its first grab-and-go only Giraffe Kiosk at the bustling train station to seize a slice of the healthy fast-food market. Selling Rude Health porridge for almost half the price it charges inside its restaurants, it is well-placed to compete with rivals Pret A Manger and Eat for the custom of increasingly time-poor workers.

A number of factors - not least longer working hours and the ease of online ordering - have brought about a boom in the grab-and-go and collection and delivery space. Takeaways are now rarely seen as a treat: office workers think nothing of popping out for an artisan Italian sandwich at lunchtime while families pass tablets round the living room and order deliveries online as a relatively cheap and extremely convenient means of feeding themselves mid-week.

This success has transformed the way in which restaurateurs and food professionals in general view the wider takeaway market. While a large chunk of it remains comparatively trashy, eat-in businesses are increasingly looking to get in on the off-premises sales action and are well-placed to compete with their takeaway-only competitors on quality, if not always on price.
Claw recruits: restaurants are entering the takeaway space

Words
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“We’re certainly seeing more dine-in restaurants moving in to the takeaway and delivery space to better sweat their assets,” says Graham Corfield, managing director at online ordering service Just Eat UK. “A restaurant’s business is limited by its number of covers. If you want to expand then collection and delivery is a natural extension. Consumers are also far more savvy - they’re seeking better and better products when eating at home so we’re seeing more and more mid-market operations entering our sector.”

A strong takeaway element is written into the DNA of some younger, London-centric restaurant brands, including burger chain Byron and Middle Eastern outfit Comptoir Libanais. In the capital especially, the normalisation of purchasing comparatively expensive, high-quality food to eat at desks and in staff rooms has resulted in the rise of a new kind of takeout-focused business.

The hugely successfully Pret A Manger arguably established the genre in the late 1980s but the sandwich giant now trades alongside an unprecedented number and variety of other working-lunch-focused concepts – from sushi-vending stable-mate Itsu and direct competitor Eat to fast-expanding Korean group Kimchee To Go, healthy salad chain Tossed, Giraffe’s Kiosk and even more niche propositions such as Roman-style bakery Spianata and the recently-opened Persian food specialist, Dindin kitchen.

With Allegra Foodservice estimating that the value of the food-to-go market will hit a colossal £21bn this year, it’s perhaps unsurprising that so many new players have entered the space. The analyst defines food-to-go as anything that can be taken away ready to eat, so that figure includes everything from supermarket grab-and-go offerings and counter-service sandwich chains to evening-focused delivery specialists and fish and chip shops.

**SHRINK SIZE ME**

In city and town-centre locations, restaurants and pubs that are after a slice of the lunchtime grab-and-go market are up against big, powerful brands such as Greggs and McDonald’s. Here spends are comparatively low, an average of £4.30 - less than half the average lunchtime restaurant spend. Most restaurants looking to compete effectively will need to tweak pricing structures.

With sites in London, Brighton and Leeds, Vietnamese noodle soup specialist Pho (see The lunch pho-cused chain) does a solid takeout trade at lunchtimes but decreases portion sizes and lowers prices accordingly. “Few people are going to pay restaurant prices for takeout orders,” says co-founder Juliette Wall. “We’ve also introduced a loyalty-card scheme because regular customers expect a little extra in return for habitual custom.”

With lunch breaks getting shorter, Allegra believes that introducing a grab-and-go offering is increasingly the only way restaurants can grow lunchtime business in the working week. Assado, a Portuguese-Indian restaurant in London’s Waterloo, conceived by high-profile Indian chef Cyrus Todiwala, offers grab-and-go items such as sandwiches, salads and charcuterie platters.

“It’s an obvious way of sweating our assets on weekdays in particular,” says Todiwala. “Our prices in the restaurant are approachable but the grab-and-go selection is even better value. We operate in a built-up area of London with a lot of offices so it makes sense to target that demographic at lunchtimes. If we can give them a good experience with takeaway food they’re likely to come back and eat in.”

The chef’s dabbling with the food-to-go market highlights the relative ease of introducing an off-premises sales element. At the entrance of Assado there are two display fridges stocked daily by the kitchen team: customers simply pick an item and take it to a counter where the same member of staff who manages bookings and processes bills registers the sale. With very limited investment, Todiwala is able to boost the restaurant’s turnover significantly and also has the opportunity to convert takeout buyers to restaurant diners.

Grab-and-go venues tend to be positioned within easy striking distance of workplaces, but in most cases evening-focused takeaways have to work a bit harder to attract customers. Marketing - whether by putting hard-copy menus through doors or advertising in local newspapers and magazines or online - is pretty much essential, particularly with many takeaway and delivery operators being located in less central, non-prime locations.
As such, a huge number of third parties have now sprung up to help restaurants market and streamline their takeaway and delivery offerings. Just Eat is one of a number of websites that offers a shop front and facilitates ordering and payment for food businesses.

Founded in Denmark but now headquartered in the UK, the group has serious marketing clout and is fast becoming a household name. Consumers simply enter their postcode to view both delivery and collection options that are available in their area and can also see menus, rate businesses and order and pay online.

“We believe there are two key benefits with online ordering,” says MD Graham Corfield. “First, our research shows that when consumers order online they spend 30% more than if they had ordered by phone as they’re more relaxed and can properly browse the menu. Second, taking orders on the phone is both time-consuming and costly. It takes two to four minutes of a member of staff’s time to take a telephone order.”

Just Eat makes its margin by charging businesses 10-12% per order and requiring an initial set-up fee that includes a device that transmits online orders to the kitchen and allows the user to make changes to the anticipated collection or delivery time on the fly. The business – which recently went public – has around 20,000 restaurants signed up and order numbers are in double-digit growth.

APP’S THE WAY TO DO IT

Any business considering takeaway and/or delivery needs to engage with mobile ordering. More than half of Domino’s orders come from smartphones and tablets, so a website that facilitates mobile ordering is key.

While large delivery specialists tend to have their own website, a growing number of independents are using the likes of Just Eat and rival Hungryhouse to display menus and enable online ordering and payment.

Larger groups should certainly consider an app that facilitates, or at least links to, an ordering service - the constant presence of Just Eat, Hungryhouse and Domino’s apps on Apple’s App Store food and drink top 10 certainly shows there’s a considerable appetite for online ordering via dedicated apps.

Restaurants are also getting in on the app business, with burger chain Five Guys allowing customers to order on their mobile phones before picking up from the branch. The app allows customers to select a location from the list before choosing from a straightforward menu, paying by card and then specifying a pick-up time. Diners can select toppings and make modifications such as no bun, extra patty or additional fries. The company, which is known for its hefty queues, benefits from the custom of those who would otherwise be unwilling to wait.

The interface is key: the quicker the customer can order and pay, the better. “Domino’s is the master of this: if your details are already stored, it takes about 30 seconds to place an order - and 30 minutes later there’s a guy at the door,” says André Blais, founder of London-based barbecue group Bodean’s, which is currently in the process of rolling out a new ordering app. “People like modern tech that can sort out cravings. We live in an age of instant gratification.”

Blais is one of a number of restaurateurs offering customers more foodie takeaway options. Indeed, restaurant operators are gentrifying the takeaway and delivery business to some extent. Brighton restaurant The Chilli Pickle (see Managing the rush panel), for example, launched a hugely successful delivery and collection service back in 2012, bringing its authentic, Michelin Bib Gourmand-rated food to a home audience.

And it’s not just city-dickers. Esther Prytherch and husband Rhodri Edwards run a low-key but highly-regarded takeaway service from their Welsh pub Y Ffarmers. “We only offer a few dishes,” says Prytherch. “We operate in a remote village about seven miles from Aberystwyth, so there aren’t really any options unless people want to drive into town.”

In a former kebab shop on Fulham Road, Chosen Bun is the UK’s first delivery-focused business to tackle premium patties. Founders Andy Shovel and Pete Sharman spotted a gap in the market, but soon realised why their chosen category occupies a tiny proportion of the wider food delivery space. Burgers don’t travel well - a hot patty surrounded by cold or barely warm ingredients loses temperature quickly, steaming other ingredients as it cools.

Undeterred, the pair created a burger that could withstand a short moped journey and eight months later Chosen Bun - named after their painstaking development - was born. “The three principal problems are temperature on arrival, hot ingredients ruining cold ingredients and the burger falling to bits in the box. The latter two are combated by a patented box that stops the burger moving and allows it to breathe. The order of placing ingredients in the bun is also critical,” says Shovel, who, with ambitious expansion plans, is understandably aloof when it comes to discussing the specifics.

Deliveries form 80% of sales, with the other 20% split between takeaway and eat-in customers, who perch on Chosen Bun’s five seats. There are 10 mopeds, with directly employed drivers, instead of more usual freelancers. Radius is only two miles, but this built-up London area has plenty of potential custom. “Our key weapon to get burgers arriving hot is a limited delivery radius - our burgers spend no more than 10 minutes in transit,” says Shovel. “It simplifies logistics - our fleet is always within seven minutes of base.”

With Chosen Bun selling 350 burgers on a Saturday night, technology is crucial: a bespoke website feeds into a standard EPoS system. On busy nights, a dispatcher assesses which orders can be grouped using Google maps, and busy nights, a dispatcher assesses which orders can be grouped using Google maps, and a GPS system is being installed.

Now tripling its estimated sales, Chosen Bun hopes to open a new store in the next month.
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Eat-in restaurants and pubs aren't the only businesses upping the general standard of takeaways. The past five years have seen the arrival and significant growth in high-quality takeout and delivery specialists including London's Chosen Bun (see The packaging pioneer), healthy Chinese group Hotcha, which operates nine branches in the south west, and London pizza delivery service Basilico.

Most of these businesses have the logistics element nailed down, but for restaurants getting the food from the kitchen to the home table is an altogether tougher nut to crack. While some groups that offer takeaway in busy, urban locations including Soho restaurant BGr.co and the Spitalfields branch of Pho circumnavigate this issue by delivering food to nearby offices on foot, this isn’t a viable option for most.

Setting up a full-blown delivery service requires a considerable investment. Restaurateurs need to consider specialised EPOS, marketing, delivery staff, transport, insurance, fuel... the list goes on.

Despite this, more and more restaurants are starting to give it a go. Two-strong fish restaurant Simply Fish, in London's Shoreditch and Camden, has just launched a home delivery service for customers within a three-mile radius and Indian restaurant La Porte Des Indes offers free delivery to customers within London's W1 postcode – there is a small charge for delivery outside this zone.

Modern Japanese restaurant K10, meanwhile, which has two central London sites, has recently introduced a delivery service.

There are other things to consider than mere logistics, such as the considerable culture clash between eat-in and delivered food operations. Pizza Hut Restaurants UK CEO Jens Hofma believes...

THE DIY-BARBECUE PACK SUPPLIER

SLOWLY AND STEADILY EXPANDING ITS TAKE-OUT OFFERING SO AS NOT TO OVERSTRAIN ITS SMALL KITCHENS, BODEAN’S OFFERS TAKEAWAY BARBECUE PACKS THAT CUSTOMERS CAN REHEAT AT HOME, AND IS ALSO LAUNCHING AN APP TO AID ORDERING

With three-hour queues for tables not uncommon at some of its busier branches, a takeaway offer was an obvious next step for London-based chain Bodean’s and now accounts for 10%-15% of food turnover. Customers who want to bring home its Kansas City-style barbecue are offered two options: cold barbecue packs to be regenerated at home or standard takeaway from a lightly edited menu.

Founder André Blais has dipped his toe into the delivery business, starting with one push-bike at his Fulham branch, now replaced by a Domino's-style scooter with a heated food-storage box. “The kitchen is small so extra orders can cripple us. I don't want to over-sweat my asset. But our new Balham branch has a much bigger kitchen and we'll have three scooters, adding more to meet demand,” says Blais.

With a high thermal mass, barbecue meats are well-suited to delivery. But French fries are more tricky. “People would be annoyed if we didn’t offer them but we have a disclaimer saying the fries won’t be as crisp as in the restaurant as they steam in the bag,” he says. “The core product is fine. Barbecue isn’t a high-end plated food, so it doesn’t matter too much if it looks a bit messy in the bag. And you get a fantastic smell on opening it.”

Bookings are taken by phone and a rather clunky interface on the group’s website, but a new app slated to launch this month is set to make the customer experience smoother. “I won’t brag about the system at the moment, but our app will make things easier. Creating a hassle-free ordering experience is critical in the delivery and takeaway space,” says Blais.

With a strong brand, good demand and branches across London, he seems in a strong position to introduce a more comprehensive delivery offering, but that’s not on the cards. “It is feasible but I don’t want to expand too fast or over-saturate the market,” he explains. “From a cost point of view, the takeaway and delivery does well – I use existing assets to make the food, and he only extra costs are packaging and getting it to people. The sort of dedicated hub I’d need to service large parts of London would change the equation. Offering delivery within the five-mile radius my London restaurants inhabit would be an extraordinary undertaking.”
a fundamental difference in priorities can cause organisational headaches as well as friction between departments.

“It's surprisingly difficult to run a delivery service from a restaurant because it's a clash of two cultures - hospitality versus logistics. We tried to combine the two businesses and work more closely, but it didn't really work,” he says.

The Pizza Hut delivery business is run from separate, franchised units, although it is possible to order takeaway from eat-in Pizza Hut branches.

The amount of investment required is also a barrier, as is the competitive and cost-sensitive nature of the market. The extraordinary success and market dominance of the Domino's pizza delivery franchise, for example, is one likely reason why the big five pizza chains have shied away from the pizza delivery service, despite having strong brands themselves. “Strong logistics is absolutely essential,” says Just Eat group CEO David Buttress.

“You need reliability: home-delivery customers are irrational about the timeline and should be viewed as grumpy, hungry bears. Make sure you've got a regular delivery guy and manage the consumer's expectations during busy times - if it's going to take an hour, it's essential to let them know.”

Forty-five minutes is the industry norm, with most customers taking a dim view of anyone that takes more than an hour to deliver the goods.

Because of this, few national restaurant groups have chosen to engage with delivery in a meaningful way. As well as being cost-sensitive, it's a highly competitive arena with some powerful, experienced players. Allegria's analysis reveals that only 10 of the leading 120 restaurant brands offer delivery, and even then not from all sites. Margins come into it too.

Typically the larger branded delivery specialists - and to some extent the independents - couple this with the fact that in general eat-in restaurants tend to occupy more expensive real estate than their delivery counterparts. Like most delivery-focused outfits, Domino's utilises cheaper staff and ingredients and sells food at higher margins than traditional restaurants, which makes it extremely tricky for restaurants to compete on price.

While few of the larger restaurant groups deliver, they are working harder to make the ordering and collection processes more streamlined. Nando's is an example. They recently overhauled its takeaway ordering service. Takeaway is part of Vietnamese group Pho's DNA and currently accounts for 10% of food sales. While the brand now has branches in Brighton and Leeds, most of its sites are in central London, and are well-placed to pick up business from workplaces. Its eponymous noodle soup dish pho is a hearty but comparatively healthy choice and accounts for most takeaway sales. Both prices and portion sizes are slightly lower on the Pho to Go menu than that of the restaurant to create a more approachable, office lunch price-point with most mains between £6 and £7. “Takeaway sales are much better at lunchtime at most branches but the evening business is improving,” says founder Juliette Wall.

“It's always been an important part of the mix but we need to be careful not to compromise the restaurant environment. At some of the smaller branches it can be tricky as there's nowhere for people to wait.”

A new app-based system being trialled in one branch seeks to address this by facilitating both ordering and payment online to drastically reduce the time takeaway customers are in the restaurant. A takeaway-only loyalty-card scheme is also popular and the number of transactions necessary to net regulars a free main has been reduced. “Office workers in particular are likely to use us week in, week out and I think they expect some sort of deal for habitual custom,” adds Wall.

A delivery service of sorts is offered at the group's Spitalfields branch via US firm Seamless. Pho selects buildings it can deliver larger orders to and sends staff on foot to drop off the food.

As each restaurateur is all too aware, the main logistical headache in running a successful business is that most customers want to order at around the same time. While restaurants can protect themselves from kitchen spikes to some extent with limited seating capacity and waiter-controlled orders, companies offering takeaway and delivery have no such safety net. Timing of popular TV programmes and major sporting events only exacerbates the problem.

“This business is all about how you handle your rush. We don’t turn away business; we just work through orders as quickly as possible and try to configure the shop and the staff to handle spikes,” says Andy Shovel, founder of Fulham-based burger delivery business Chosen Bun.

At modern Indian restaurant The Chilli Pickle in central Brighton the biggest issue faced since launching its delivery service is controlling the rush.

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"We have bottlenecks between 7pm and 8.30pm, particularly at the weekends. It's very hard to control," says owner Alun Sperring. The Chilli Pickle's current coping strategy is to depress a 'panic button' that effectively shuts down the service until the backlog is cleared. But this month the restaurant is due to launch a new website that will hopefully solve the problem. Customers will be able to book delivery slots up to two weeks in advance in a similar manner to reserving restaurant tables. Delivery windows will be 30 minutes long and Sperring anticipates offering nine slots per window to spread the rush more effectively through evenings and weekends.

"The big secondary benefit is that we can better plan the routes our cars take and save on time, fuel and the overall number of trips by clumping drivers to certain areas."
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