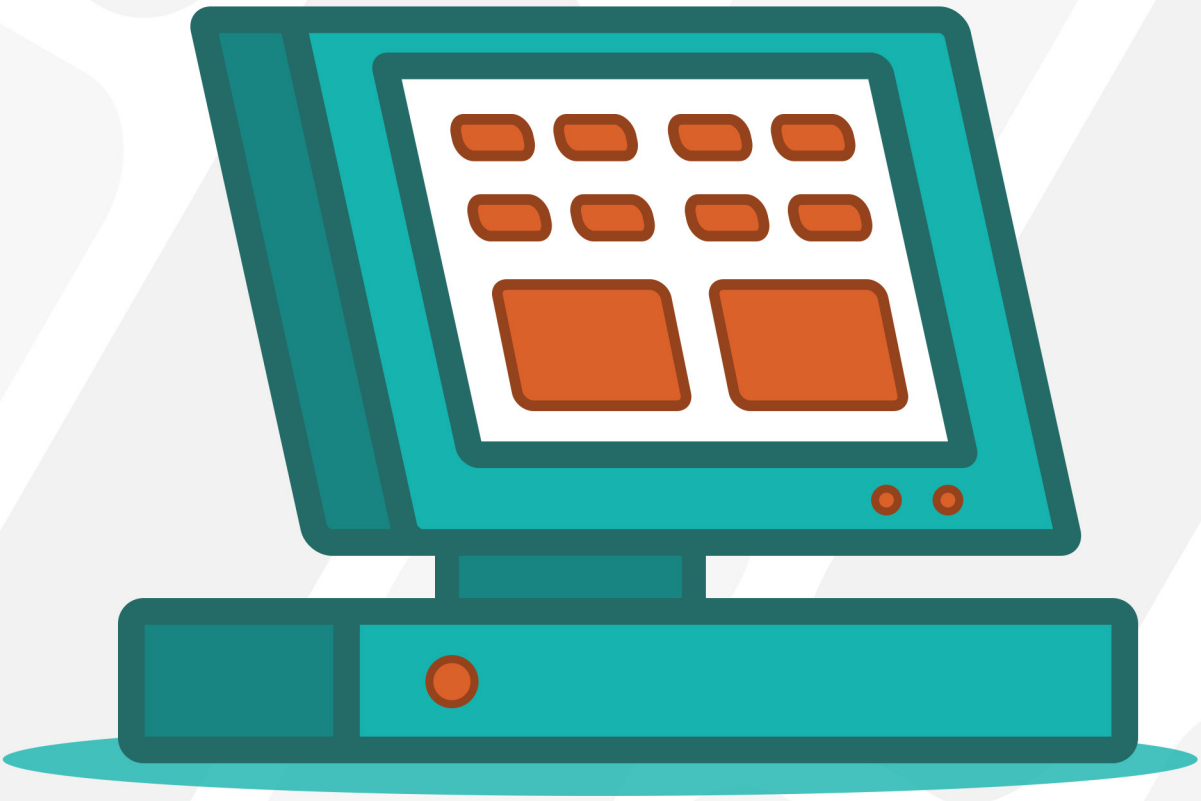
The Catering Institute™

How Your Online Ordering Solution Can Negatively Impact Your Restaurant's Catering Business

A Catering Institute Original Essay by Erle Dardick, *CEO, The Catering Institute™*



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We all know how important online and mobile ordering has become for the restaurant industry. It has for all industries, hasn't it? Think of hotels, airlines, books, flowers, and on and on it goes. Online ordering for every retail product and service on the planet is growing like gangbusters because for the first time in the history of the world, the act of ordering is being put into the hands of the consumers. It makes sense really because consumers are in control. They can order when they want and how they want without having to slow down and explain to somebody on the other side of the counter what it is they want. The digital world is moving so quickly that we have no option but to invest in new technology to keep up with modern times.

Sadly, like every fast moving technology, this creates a terrible adoption dynamic for our industry. The landscape is so confusing for restaurateurs, how is anybody supposed to know what the right decisions are for their organization?

You see, the data is being presented positively in the press. Restaurant brands, such as certain Pizza operators, have claimed that in some markets, 70% of their orders are coming in through their online ordering technology. And it is true. Online and digital ordering is here to stay and Millenials have spoken loud and clear. If you don't offer a digital ordering solution to your customers you will get left behind. No doubt about it.

But what you don't know is that these brands have their backend order fulfillment work logic locked down and well integrated with their online ordering solutions. So although it's true that their online ordering transactions are growing very rapidly, it's only happening because they are executing flawlessly, every single time. That is what is bringing customers back, over and over. It's not about online ordering. It's about flawless order execution. Getting a hot pizza to the door of a consumer is complex even without online ordering. It always has been. Pizza operators figured out how to execute delivery long before digital ordering was ever conceived. And so, the reason their digital ordering platforms are so powerful is because they have their operations locked and loaded.

Thing is, there is a caveat to online ordering that our industry just doesn't understand yet. A trap door if you will. And this trap door concerns me greatly. If the trap door were visible, it would have a BIG sign on it that says "CATERING". Don't open the door unless you have your business strategy and flawless execution locked down.

The problem is, everywhere we go, we see catering signs on the tables, in the windows and menus proudly displayed. Most of our industry thinks that just putting up a menu online and driving digital catering transactions will result in flawless order execution. I see it over and over. Time and time again. And so, this is where it all unravels. All the digital ordering technology providers will tell you that their systems can take catering orders.

> *"And while this is true, this is where the new technology will kill your catering operation."*

You see, due to our lack of understanding of how to execute catering out of our restaurants, if we allow

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online orders for catering to be extended through this relatively new technology, we are doomed to fail unless we understand how to operate this business on top of our existing restaurant operations. Why? Because catering is a different business. It always has been, and always will be. Catering out of restaurants is an operations based business challenge and one that our industry has done a terrible job at solving.

Today's online ordering providers are creating confusion in our industry with their messaging. We all know that the VC's and private equity markets have invested more than $1 billion in online and mobile ordering technology in the last 12 months alone. They are using these funds to market to restaurants and build sales teams that are promising everything under the sun to restaurants, including solving their catering operations. Beware!

As an industry, we are just beginning to understand the subtle differences between our dine-in and takeout business versus catering. We now understand that drive thru has its own execution dynamics. We finally understand it. And we have invested heavily into our operations to differentiate the manufacturing and distribution channels of drive thru versus our dine-in or takeout businesses for decades. We have become experts at it!

And so why is it that when it comes to catering out of our restaurants we simply pop up a menu on our online ordering application and believe that's all we have to do to succeed at catering? Before online ordering came along, we used our POS systems for order entry. We either keyed an order in at the counter or we handled a telephone call for our orders and then keyed it into our POS for order execution. That makes sense because all of our manufacturing is built on the workflow and business logic of our POS systems.

We have engineered our entire process around POS - but not when it comes to catering. Not at all. Catering continues to operate in an "operations silo" and until we look in the mirror and face the challenge, we are doomed to fail and be incredibly inefficient with our catering operations.

> *"Catering continues to operate in an "operations silo" and until we look in the mirror and face the challenge, we are doomed to fail and be incredibly inefficient with our catering operations."*

For the last 30 years or so, the POS companies have worked hard to solve our order channels. Dine in, takeout, curbside, drive thru and so on. Thing is, catering was the ugly stepchild: too complex to manage, not enough demand to fund the proper development of the workflow and business logic required to guarantee flawless order execution for catering.

Fast forward to 2015 and you have a real business problem. It's industry wide! If POS companies have not been able to solve for restaurants for the catering channel, then online ordering is going to destroy your catering business. Why? Because restaurants want POS technology integration for their online and digital ordering solutions. That's why. They want online orders to flow seamlessly into their POS systems for obvious reasons. That makes total sense for takeout and dine-in, but it's a mess for catering. It won't work.

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And so, if you simply put up a catering menu using your new fancy online and mobile ordering solution, and you direct your provider to inject those orders into your existing POS infrastructure, you are doomed to fail. Just like the last three decades of our predecessors, in order to do catering well out of restaurants, operators have had to work around the POS for order execution. The operational dynamics are completely different than our day-to-day restaurant operations.

Don't believe me? It doesn't take a lot of research to find the brands out there that aren't using POS when it comes to catering. I have personally seen dozens of brands using a catering software solution to run the backend of their business.

But, they do have online ordering for all channels! So how can it be? I just told you that online ordering for catering will destroy your catering operations. Are you confused? Don't be. Each of these brands has invested heavily in "catering software" that is behaving the same way for catering as their POS is for dine in and take-out. They have a "catering POS" system that they are running in the backend of their businesses.

Their online orders for takeout are being injected into POS, and their online orders for catering are being injected into a catering solution where they are running all of their order execution. It's all happening behind the scenes and it's why their catering business and entire off-premise business strategy is succeeding.

And so, as you go down the technology rabbit hole, be wary of your online ordering solution when it comes to catering. Ask your provider if they have a catering software solution. If they say yes, ask them to see it. If they say no, ask them to help you find one. Or better yet, go find one yourself and then focus on that solution and ensure that your catering solution also has online ordering.

By default, all web-based catering software will have online ordering for catering tools already built in. If you choose an online ordering vendor that does not have a backend catering solution, then make sure you ask your provider if they can integrate their data with a proper catering solution.

Everywhere I go, every online ordering company I run into says that they can "Take catering orders". While this is true, (anybody can take a catering order), online ordering is not going to solve the operational challenges associated with the manufacturing and distribution dynamics of flawless catering order execution.

I recognize that there is more to discuss on this topic; please stay in communication for follow-up information.

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About The Catering Institute

The Catering Institute is a leading educator in takeout, delivery and catering, providing training, certification and consulting to restaurant operators and their teams.

The Catering Institute is a private, independent academic institution. Led by founder and CEO Erle Dardick, the faculty at the Catering Institute is passionate about helping brands excel at feeding their customers where they Live, Work & Play™.

Learn more:
www.cateringinstitute.com

About Erle Dardick

Erle Dardick is a 17-year catering veteran, business turn-around expert and author, best known for helping multi-unit restaurant executives create successful catering revenue channels. Erle founded both MonkeyMedia Software and The Catering Institute. He is also the Author of "Get Catering and Grow Sales! A Strategic Perspective for The Multi-Unit Restaurant Executive."

Get Catering and Grow Sales!™

A Strategic Perspective for the Multi-Unit Restaurant Executive

By **Erle Dardick**

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As Partners in Education, MonkeyMedia Software, PepsiCo Foodservice, and Catering Insights work with the Catering Institute, to help restaurant operators grow sales and increase profits by educating them to become experts at feeding their customers where They Live, Work and Play™.

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