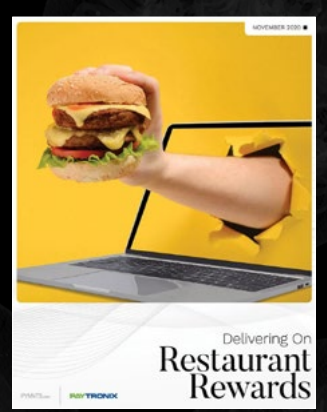**Delivering On Restaurant Rewards**, a PYMNTS and Paytronix collaboration, draws from a survey of a census-balanced panel of 2,079 U.S. consumers about the types of restaurants from which they order, whether they use those restaurants' loyalty and rewards programs and the types of rewards they would like to receive to understand how restaurants can customize their rewards offerings to enhance their businesses.

GET MORE INSIGHTS AND TRENDS:

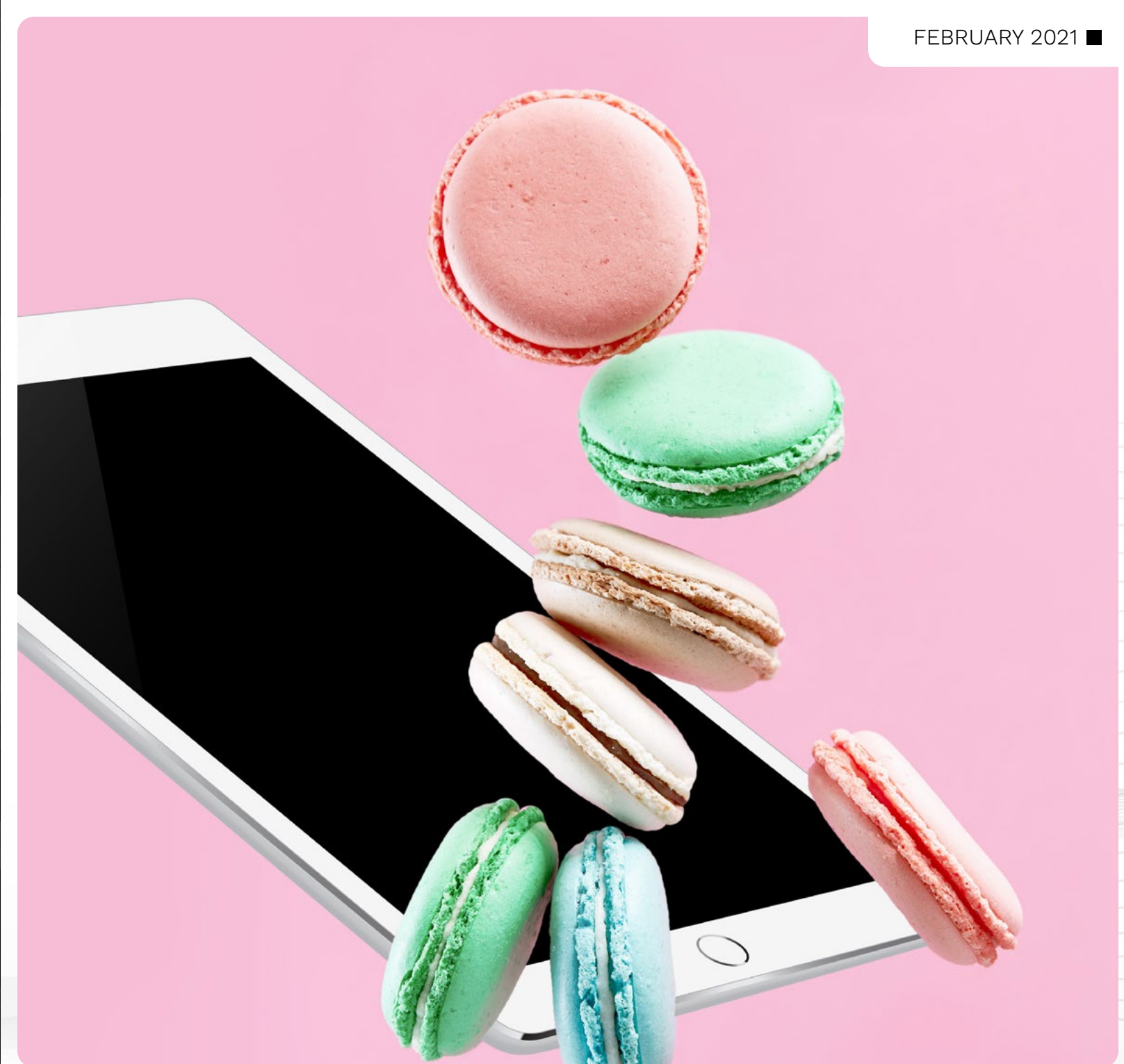Restaurant Readiness Index
DECEMBER 2020

Delivering On Restaurant Rewards
NOVEMBER 2020

Delivering On Restaurant Rewards
DECEMBER 2020

Delivering On Restaurant Rewards
JANUARY 2021

Delivering On
Restaurant Rewards

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Delivering On
Restaurant
Rewards

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Introduction

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Ghost kitchen Creative Culinary Communities (C3) recently partnered with Graduate Hotels, which caters to millennials and Generation Z, to bring new takeout options to younger restaurant customers. C3 will begin using "dormant" kitchen space in more than 30 Graduate Hotel boutiques across the United States, allowing the hotel chain to generate revenue from its unused real estate.

Graduate Hotels is one of countless hotel chains that have transformed into "digital kitchen" or "ghost kitchen" operations as they reel from the pandemic's impacts. Many of these establishments have restructured their business models, renting out their kitchens to takeout-centric food platforms and restaurant operators that cater to younger consumers, many of whom order online.

PYMNTS' latest survey suggests these generations order food — both for takeout and to eat on-site — more often than nearly all others, with 51 percent of millennial restaurant customers and 55 percent of restaurant customers in Generation Z ordering food from restaurants at least twice each week. Bridge millennials — those born between 1978 and 1988 who "bridge the gap" between Generation X and millennials — order even more often. Fifty-seven percent of bridge millennial restaurant customers order from their favorite restaurants twice each week.

Ghost kitchens like C3 are not the only players in the order-ahead business that can benefit from increasing engagement among bridge millennials, millennials and Generation Z, however. Traditional brick-and-mortar restaurants of all sizes also stand to gain from capturing these generations' food-order spend. The question

is: Which ordering and payment features can restaurants adopt to achieve a competitive edge among their most frequent customers, and how can they entice their infrequent customers to order more often?

PYMNTS, in collaboration with Paytronix, has been tracking restaurant customers' evolving ordering habits since September 2020, and findings are published in our monthly Delivering On Restaurant Rewards series. This latest edition explores how often consumers of different ages and incomes place food orders and how they go about doing so. We surveyed a census-balanced panel of 2,079 U.S. consumers to find out how restaurants can best serve the payment needs of consumers who order at least twice per week and enhance their user experiences so customers who order only occasionally feel encouraged to increase their restaurant spend.

Our study shows that restaurants can encourage each of these groups to spend more on food orders by tailoring services to their unique ordering and payment preferences.

This is what we learned.

OUR RESEARCH IDENTIFIES THREE DISTINCT PERSONA GROUPS, DEPENDING ON WHERE AND HOW FREQUENTLY CUSTOMERS PLACE THEIR ORDERS:

- **RESTAURANT ENTHUSIASTS:** Restaurant customers who order from sit-down restaurants or from both sit-down restaurants and QSRs twice a week or more

- **CONVENIENCE DINERS:** Restaurant customers who order from all types of restaurants but are more likely to place orders from QSRs twice a week or more

- **OCCASIONAL DINERS:** Restaurant customers who order from either sit-down restaurants or QSRs on an infrequent basis

Twenty-seven percent of U.S. consumers order food from restaurants at least twice a week.

——

Roughly 67 million people in the U.S. (27 percent of all U.S. consumers) now place food orders at least twice per week, whether for takeout, delivery or to eat on-site. This translates to 37 percent of the average restaurant's customer base ordering at least eight times each month.

A significant share of these frequent restaurant customers are bridge millennials, millennials and Gen Z consumers. Forty-five percent of bridge millennials — roughly 14 million U.S. consumers — are restaurant enthusiasts, ordering from sit-down restaurants or from both sit-down restaurants and quick-service restaurants (QSRs) at least twice per week. This makes them the most frequent restaurant customers of any age group. Millennials and Gen Z are not far behind, with 41 percent (22 million consumers) and 42 percent (9 million consumers) ordering just as often, respectively. Only 40 percent of Generation X and 18 percent of baby boomers and seniors order twice per week or more.

The majority of restaurant enthusiasts order their food online, over the phone or via food aggregators such as Grubhub, Uber Eats or DoorDash as opposed to ordering in person. Our research shows that 26 percent of restaurant customers who order online or via phone call are enthusiasts, in fact, as are 28 percent of restaurant customers who order using food aggregators. Enthusiasts make up only 16 percent of restaurant customers who order in person, by contrast. This underscores how critical it is for restaurants to provide digital ordering and payment options to win over their most frequent buyers.

28%

Twenty-eight percent of all restaurant customers who order via aggregator are restaurant enthusiasts.

WINNING OVER THE MILLENNIALS

Millennials and bridge millennials order more often than nearly any other age group.

Consumers of certain income levels also order food more often than others, with those in the highest income bracket ordering more than the rest. Thirty-eight percent of all restaurant customers who earn more than $100,000 per year are restaurant enthusiasts. High-income consumers, like bridge millennials, are also more likely to order online, over the phone or via aggregator than they are to order in person. Providing such ordering options will therefore be critical to winning their business going forward.

Delivering On
Restaurant
Rewards

TABLE 1:

Which consumers order from restaurants the most often
Share of consumers in different demographic groups who place food orders at least twice per week

	ALL RESTAURANT CUSTOMERS			ONLINE/PHONE CALL			AGGREGATORS			IN-STORE		
	Restaurant enthusiasts	Convenience diners	Occasional diners	Restaurant enthusiasts	Convenience diners	Occasional diners	Restaurant enthusiasts	Convenience diners	Occasional diners	Restaurant enthusiasts	Convenience diners	Occasional diners
TOTAL	**30.6%**	**6.5%**	**62.9%**	**25.9%**	**6.1%**	**68.0%**	**28.3%**	**7.8%**	**63.9%**	**16.1%**	**6.7%**	**77.2%**
GENERATION												
• Generation Z	42.4%	**13.0%**	44.7%	34.7%	6.6%	58.7%	32.4%	6.8%	60.9%	19.7%	**13.6%**	66.7%
• Millennials	41.2%	9.9%	49.0%	38.0%	9.1%	52.9%	29.8%	**11.2%**	59.0%	18.4%	9.0%	72.6%
• Bridge millennials	**45.4%**	11.8%	42.8%	**41.6%**	**12.3%**	46.1%	**39.0%**	**11.2%**	49.9%	**25.1%**	11.6%	63.3%
• Generation X	35.9%	3.8%	60.3%	25.7%	6.0%	68.3%	36.5%	4.8%	58.7%	20.8%	6.2%	73.0%
• Baby boomers and seniors	14.1%	3.5%	**82.4%**	10.7%	2.9%	**86.3%**	9.5%	5.2%	**85.2%**	9.0%	2.1%	**89.0%**
REVENUE												
• Less than $50K	21.4%	5.4%	**73.2%**	18.1%	5.6%	**76.3%**	18.9%	6.6%	**74.5%**	9.6%	4.3%	**86.2%**
• $50K - $100K	30.7%	**7.3%**	62.0%	25.0%	**7.0%**	68.0%	25.5%	7.7%	66.8%	16.5%	5.5%	78.0%
• More than $100K	**38.3%**	6.6%	55.1%	**33.1%**	5.7%	61.3%	**36.8%**	**8.5%**	54.7%	**20.6%**	**9.3%**	70.1%

Source: PYMNTS.com

DINING WITH
THE BRIDGE MILLENNIALS

Bridge millennials are a tech-savvy cohort of consumers between ages 33 and 43 who exhibit behaviors of both millennials and Gen X consumers. They have grown up with access to computers and smartphones and are old enough to be professionally established and earn higher annual incomes than the average millennial.

It follows that bridge millennials not only place food orders more often than average but also spend more per order. This makes them an important consumer segment whose business will be key for any restaurant hoping to gain a foothold in the new, digital-first and takeout-centric food economy.

Average ticket at restaurants

AVERAGE CUSTOMER

TABLE-SERVICE

Dine-in
$42.2

Online
$38.5

Phone call
$36.0

QSRs

Dine-in
$35.6

Online
$36.6

Phone call
$35.6

BRIDGE MILLENNIALS

TABLE-SERVICE

Dine-in
$49.2

Online
$46.7

Phone call
$46.7

QSRs

Dine-in
$43.6

Online
$44.9

Phone call
$43.5

Average monthly spending

AVERAGE CUSTOMER

TABLE-SERVICE

Dine-in
$127

Online
$201

Phone call
$133

QSRs

Dine-in
$124

Online
$189

Phone call
$137

BRIDGE MILLENNIALS

TABLE-SERVICE

Dine-in
$205

Online
$279

Phone call
$204

QSRs

Dine-in
$201

Online
$252

Phone call
$204

Nearly half of all restaurant customers now use their restaurants' loyalty and rewards programs.

Usage is highest among restaurant enthusiasts ordering via aggregator.

Consumers are engaging with restaurants' loyalty and rewards programs more often than they have since we began tracking their ordering habits. This is the third consecutive month in which PYMNTS has seen restaurant customers' loyalty and rewards usage increase, with 47 percent of restaurant customers now saying they use their restaurants' loyalty and rewards programs — up from 43 percent in September 2020.

Our latest research shows that consumers' newfound affinity for takeout ordering is also leading to an uptick in their engagement with loyalty and rewards programs. Sixty-one percent of enthusiasts who place restaurant orders online or over the phone now use loyalty programs, for example. Sixty-three percent of enthusiasts ordering via aggregator also use such programs — significantly more than the 55 percent who order in person.

How usage of loyalty and rewards programs has changed over time
Share of different types of restaurant customers using restaurants' loyalty and rewards programs, by date

At least one type of restaurant
43.0%
43.8%
45.0%
47.0%

QSRs
N/A
36.2%
37.5%
39.2%

Table-service
N/A
41.1%
39.0%
41.8%

Source: PYMNTS.com

- September 15
- October 1
- November 16
- December 7

47%
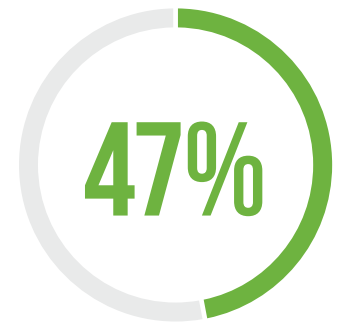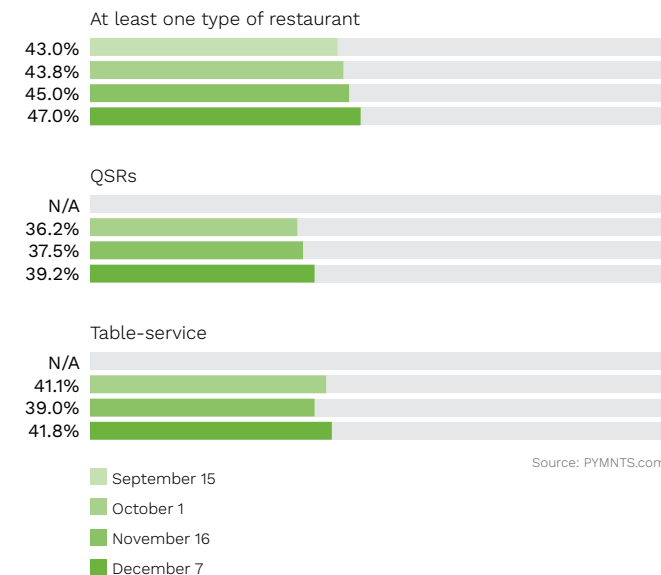
Forty-seven percent of all restaurant customers use restaurants' loyalty and rewards programs.
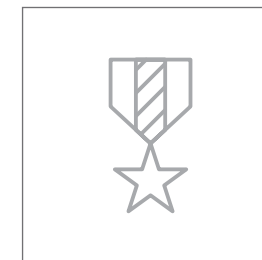
DEMANDING LOYALTY

Restaurant customers' demands for loyalty and rewards programs continues to grow as the pandemic continues.

Restaurant enthusiasts are not the only ones who use loyalty programs when they order remotely, either. Most convenience diners (those who may order from all sorts of restaurants but order from QSRs at least twice per week) also use restaurants' loyalty programs more when ordering remotely. Fifty-five percent of convenience diners who order food via aggregator and 59 percent who order online or over the phone use their restaurants' loyalty programs. Only 44 percent of convenience diners ordering on-site use restaurants' loyalty programs, by contrast.

How different types of restaurant customers use loyalty programs
Share of consumers from different persona groups who use loyalty and rewards programs, by ordering method

Online/Phone call
60.9%
59.1%
35.7%

Aggregators
62.6%
54.6%
45.7%

In-store
54.5%
43.8%
40.9%

Source: PYMNTS.com

- Restaurant enthusiasts
- Convenience diners
- Occasional diners
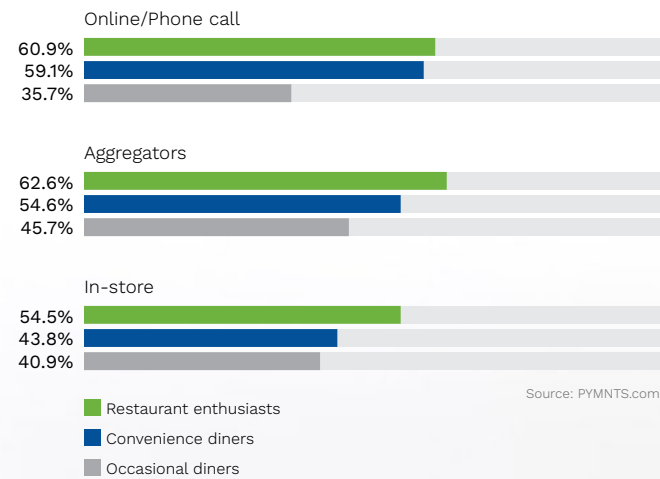
This is not to say that restaurant customers who order in person do not use loyalty programs, however. They simply use them less than those who order online or over the phone. The only exception is occasional diners, who place food orders less than twice per week. Forty-one percent of occasional diners who order in person use restaurant loyalty and rewards programs compared to only 36 percent who order via website or over the phone.

Occasional diners are the persona group with the lowest usage of loyalty and rewards programs — but not, it appears, by choice. Our research suggests such programs may also be key to convincing occasional diners to order more often.

LOYALTY AND REWARDS PROGRAMS:
Who uses them and how often they are used

Restaurant customers' usage of loyalty and rewards programs is as diverse as their ordering habits. Each persona group we identified in our study uses restaurants' loyalty programs to a different extent, with restaurant enthusiasts using them most of all. Fifty-six percent of all restaurant enthusiasts report using such programs compared to 50 percent of convenience diners and 34 percent of occasional diners.

Shares of different persona groups that use loyalty and rewards programs

56%
RESTAURANT ENTHUSIASTS

50%
CONVENIENCE DINERS

34%
OCCASIONAL DINERS
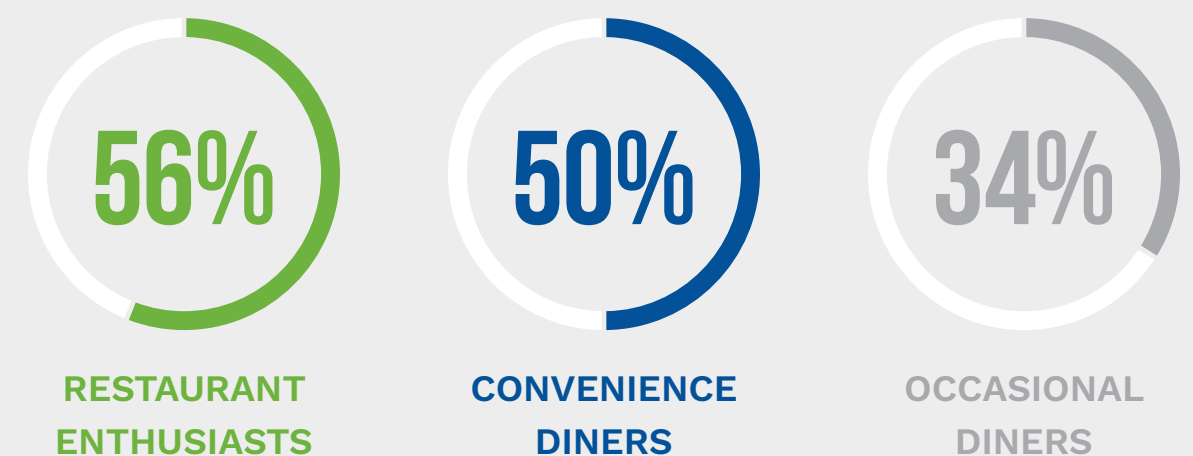
Loyalty and rewards programs can turn occasional diners into restaurant enthusiasts.

One in five occasional diners say they would be most likely to spend more on food orders if they had access to loyalty and rewards programs.

——

Occasional diners use loyalty and rewards programs less than other persona groups, but our research suggests that this may simply be because they are not offered such programs or are unaware that they are available. Many of them say that they would be willing to spend more on their food orders if they had the chance to earn restaurant rewards.

A larger share of occasional diners than any other persona group cite restaurant loyalty programs as the top feature that would entice them to spend more on food orders, with 21 percent saying they would be most encouraged to spend more if their restaurants offered them. Restaurant enthusiasts and occasional diners are more likely to already use loyalty and rewards programs, and this may explain why they are less likely to cite them as the top feature that would increase their spending. Eleven percent of restaurant enthusiasts and 13 percent of convenience diners say that their restaurants' loyalty programs would encourage them more than any other feature to spend more on food orders.

53%
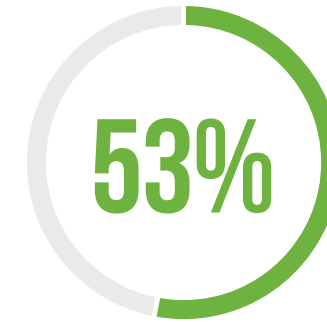
Fifty-three percent of all occasional diners do not use loyalty and rewards programs simply because they do not belive that such programs are available.
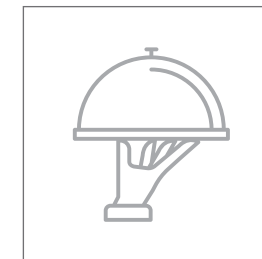
DRIVING ENTHUSIASM

Restaurant loyalty and rewards programs may be the key to increasing restaurant spend.

Occasional diners are also the group that is most likely to not be using loyalty and rewards programs already because they believe that such programs are not available. This is the reason why 53 percent of all occasional diners say they do not use such programs, in fact. Only 39 percent of enthusiasts and 21 percent of casual diners say the same.

It is difficult to ascertain whether occasional diners either order from restaurants that have not yet adopted loyalty programs or are simply unaware that their restaurants have them. This highlights a potential pitfall for restaurants: Their loyalty and rewards programs can help drive customer spend only if customers know where to find them and how to use them. Restaurants must therefore make customer awareness a key part of their loyalty and rewards rollouts.

There are also other ways to encourage restaurant customers to spend more on food. Digital ordering options that offer the ability to order online, the ability to pick up food ordered remotely via drive-thru and the ability to order on restaurants' or aggregators' apps are all features that diners say would encourage them to spend more when placing orders.

TABLE 2:

**Which features would encourage restaurant customers to increase restaurant spend the most**
Share of different persona groups who say that select features would encourage them to spend more on food orders than all others

	ALL RESTAURANT CUSTOMERS			ONLINE/PHONE CALL			AGGREGATORS			IN-STORE		
	Restaurant enthusiasts	Convenience diners	Occasional diners	Restaurant enthusiasts	Convenience diners	Occasional diners	Restaurant enthusiasts	Convenience diners	Occasional diners	Restaurant enthusiasts	Convenience diners	Occasional diners
• Loyalty/reward programs	10.8%	12.9%	**20.9%**	9.7%	**19.0%**	18.3%	5.4%	9.8%	16.1%	7.4%	5.6%	**20.8%**
• Online ordering	11.2%	13.0%	14.5%	11.5%	14.9%	14.6%	11.3%	**18.9%**	15.2%	7.6%	15.2%	12.7%
• Pickup via drive-thru	6.1%	7.9%	8.7%	5.3%	9.3%	7.9%	3.9%	7.2%	6.2%	7.1%	6.8%	7.1%
• Online payments	7.6%	7.8%	7.6%	8.5%	7.1%	7.8%	8.3%	8.9%	9.4%	4.8%	3.9%	9.1%
• Mobile app ordering	6.5%	9.0%	8.2%	6.6%	10.0%	8.5%	7.3%	7.9%	7.6%	4.2%	6.2%	8.5%
• Fast-lane pickup	6.2%	2.8%	8.9%	5.5%	4.5%	8.5%	5.5%	7.0%	6.2%	3.1%	4.7%	7.9%

Source: PYMNTS.com

Restaurant customers are more likely to spend more

if they have access to loyalty and rewards programs over any other feature.

21%
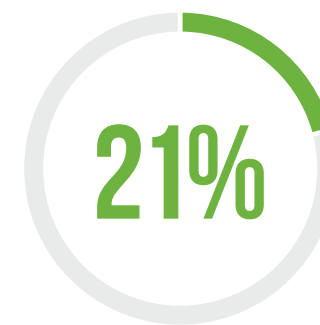
Twenty-one percent of occasional diners say offering loyalty and rewards programs is the biggest thing they can do to encourage them to spend more on food orders.

19%

Nineteen percent of convenience diners ordering via aggregator say online ordering options are the best way that restaurants can encourage them to spend more on food orders.

Conclusion

A ll restaurants serve a diverse array of customers, but bridge millennials, millennials and Generation Z customers not only order the most frequently but they are also most likely to use digital purchasing channels. Offering these customers access to loyalty and rewards programs online or via restaurant or aggregator apps will be key to earning their business, and making these programs available across all channels can also increase spend — even among the most occasional diners. A holistic, multichannel approach such as this can go a long way toward helping restaurants achieve their best performance.

Methodology

Delivering On Restaurant Rewards, a PYMNTS and Paytronix collaboration, draws from a survey of a census-balanced panel of 2,079 U.S. consumers to gain insights into the types of rewards programs they use and would like to use while placing food orders. Respondents were 47 years of age on average, 33 percent had college degrees and 35 percent earned more than $100,000 in annual income.

ABOUT

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at **feedback@pymnts.com**.