



Return on Investment

One of the most critical decision tools available to a business is the ability to calculate 'Return on Investment'. Simply put, Return on Investment (ROI) is the expected monetary return on an investment. It is clear that the addition of online ordering requires an investment, albeit very modest. Once any business decides to make an investment, it is then very important to ascertain what financial benefit will be derived in return.

ROI expectations are generally fractions. A ROI of .83, for instance, would indicate a return of \$0.83 for every \$1.00 expended. As one may guess, most corporate infrastructure investments are expected to return something less than the original investment. However, online ordering is one of the few examples of an investment where the ROI is greater than one. In practice, this means that your business will profit from the addition of online ordering. It is important to state this fact very plainly; online ordering produces ROI's that are greater than 1, which means that the financial return is greater than the amount invested!

There are several reasons for greater-than-one ROI's. First, the average ticket size is higher when ordering online. If the average telephonic ticket is \$20.00, then the online average will be approximately \$23.60. This is due to an 18% increase in across-the-board sales with the addition of online ordering. Secondly, customers order 11% more often online than by telephone, due to ease of ordering online and several other factors. Therefore, if a customer orders every 21 days on average, then that average will drop to every 18 days, which, again, increases your revenue. Lastly, orders to a store are always accurate, practically eliminating the need to remake and/or redeliver an order. In actuality, there are several additional excellent, revenue-producing reasons why online ordering would make an impressive addition to your business, but these are the three that customers tend to report immediately.

Conclusion: online ordering makes money. Online ordering is an incredible way to add value to any business in an economic downturn. It is well known that there are very few additions one can add to a restaurant-based business which can demonstrate a quick return on investment. Without question, online ordering will add a positive net revenue boost to any bottom line.

Consider the following factors, which clearly demonstrate the tremendous value of online ordering:

Typical cost of the online ordering service:

Approximately \$1.00 to \$2.00 per day

Profits/Savings/Benefits:

1. The average amount a customer spends online is 18% higher than by telephone, because the customer is prompted for add-ons and other incentives.
2. Customers, because of the convenience, order online an average of 11% more often than by telephone.

3. Online ordering totally eliminates the need to remake orders. The online order is always accurate. No matter who is at fault, a percentage of telephone orders will be incorrect. Online ordering assures order accuracy every time.

4. If it takes 3 minutes to take a phone order, even at minimum wage, with Workman's Comp, FICA, and other expenses, 30 personnel minutes are eliminated saving over \$4.00 per day.

5. No orders are lost because the customer cannot get through by phone due to busy signals, or is frustrated by long hold times, or noisy environments. In short, you receive more orders.

6. You save money on advertising because you can send instantaneous messages to your customer base at no charge. The messages are targeted and not a simple 'shotgun' approach such as print, TV or radio. You can promote specials or promotions absolutely free.

There are certain intangibles that are hard to quantify, but are extremely important, such as:

7. Customer satisfaction increases

8. Customer convenience is elevated

9. Enhanced restaurant image

10. The restaurant saves time

11. The customer saves time

12. Industry advantages are maintained

The addition of online ordering will increase any restaurant's revenue. Not only is this revenue increase immediate and measurable, but results will be noticeable the very first day of operations. Online ordering makes money!