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OPERATIONS

TOP TEN MYTHS OF ONLINE ORDERING

BY MANI SIDHU • WWW.COOLORDER.COM

Gradually, the Internet has become an integral part of the daily lives of Americans. Although the Big Three pizza chains, Dominos, Pizza Hut and Papa Johns, are racing to give their customers the ability to order their pizza online, the vast majority of pizzerias still do not. This is mainly due to many misconceptions about online food ordering. Online ordering can be much more affordable and easier than you think, so let's explore some of the myths.

Myth #1 "I don't know enough about computers and the Internet."

That's why you should focus on making great pizza and leave this to the experts. Online ordering companies can have you online and running in a few very painless days. Most online food ordering companies only require information, such as your menu and thirty minutes or so of your time to answer some questions. And while some companies charge fees to update your menu prices and specials, most online ordering companies will do these types of changes for free as long as your menu doesn't change daily. One thing to ask about is if you are required to make menu changes and additions yourself. This often leads to the owner having to deal with the stressful and time consuming process of dealing with technology. It is easier to deal with a company that will commit to doing these updates on a timely basis.

**Myth #2 "I have to first get a POS, computer, or high-speed Internet connection in my pizzeria."**

Congratulations if you're one of the few high tech pizzerias with a POS, computer and high-speed Internet access! But, you don't need any of those to give your customers the ability to order your food online. All you need is a fax machine and an existing phone line. Most pizzerias already have fax machines, the most you may need to do is move the fax machine to the front of the house or somewhere where it will be heard. If you don't have a fax machine, there are laser fax machines available for about $160.

The second thing you need is a phone line to connect with your fax machine. For pizzerias with rollover lines or pizzerias accepting credit cards, you may not need a dedicated fax line because you may be able to use your credit card processing line or one of the rollover lines for the fax.

Myth #3 "It costs too much"

Online ordering has a vast range of prices. For example, to get your own website address with full online ordering abilities, charges can range from $20 to $30 per month with no set

up fee to upwards of $300 for setup fees and $100 per month. Some companies also offer valuable email marketing services to their customers at no additional costs.

INTERNET USERS BY AGE

🟥 18-24*	🟧 45-54	🟦 55-64
🟦 25-34	🟨 35-44	🟩 65+
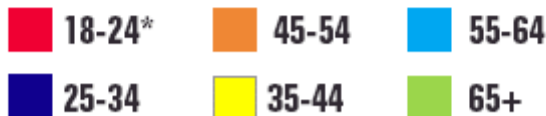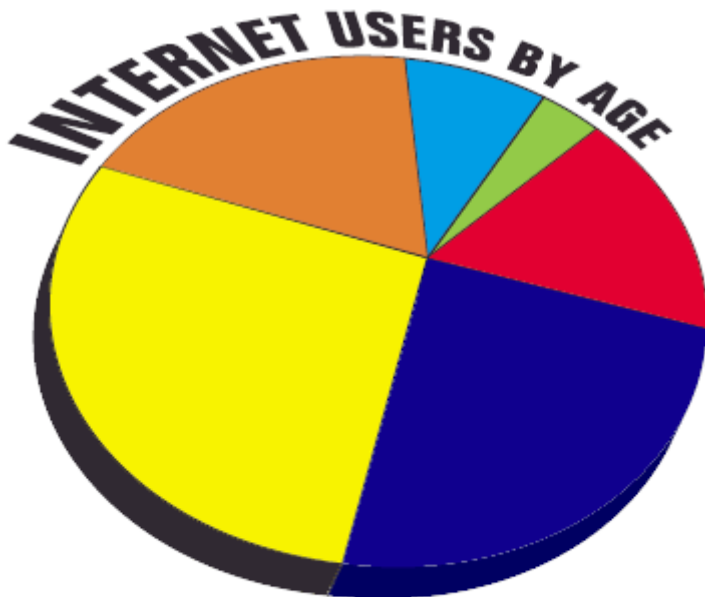
SOURCE: PEW INTERNET & AMERICAN LIFE PROJECT
*NOTE: TYPICAL COLLEGE AGE

US Retail E-Commerce Revenues*, 2003-2008 (in billions and as a % increase vs. prior year

Year	Revenue
2003	$94.0
2004	$117.7 (25.2%)
2005	$142.5 (21.1%)
2006	$169.5 (19.0%)
2007	$199.3 (17.6%)
2008	$232.1 (16.5%)

*Note: eMarketer benchmarks its retail e-commerce revenues against US Department of Commerce data, for which the last period measured was Q4 2004; *includes online travel*
Source: eMarketer, April 2005

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Now let's talk customizations. Customizations are any services that you want for your pizzeria's website that most pizzerias don't use. For example, you may want a section where kids come to your website and play games, or a section where employees can fill out job

applications. These features would have to be designed specifically for your website. The cost would depend on how many hours a web design company will have to put in. Customizations generally run from a minimum of $600 to over $5,000. That can be pretty expensive.

The main thing to look at is return on investment. For the majority of pizzerias, giving customers the ability to order pizza online is the most important and profit-maximizing feature. Questions to ask online ordering companies to avoid hidden charges are:

- How often can I change my menu prices and items without incurring a charge?
- Is there a charge per order?
- Is there a penalty if we decide terminate our contract, and what is the length of the contract?
- Is there an extra fee for updating our coupons and specials?
- Always get the first few months free in order to let you begin to market the website.

Myth #4 "The Internet is just a fad."

If the Internet was just a fad, then it would be running out of steam. In fact, just the opposite is happening. According to Nielsen NetRatings, the number of Americans with Internet access from their home increased 9 percent from 2003 to 2004. The most impressive statistics were those published January 2005 by Stanford - the average Internet user spends three hours per day online, almost double the 1.7 hours the average respondent spends watching television. In relation to pizzerias, Internet users are already using the Internet as a resource to find phone numbers, directions, menus, special offers and coupons.

The next logical step is to give these customers the ability to complete their transaction through online ordering. The Big Three and a host of smaller pizza chains and independents are racing to give their customer this ability to order online. It is obvious that online food ordering has a place in the future of the pizza industry.

Myth #5 "My customers don't want to send their credit card information over the Internet."

In 2004, 55 billion dollars were spent online buying everything from books to shoes to cars to pizza! A majority of these purchases were made using credit cards. Although there are concerns about using credit cards online, here are some reassurances.

As more people buy online, security is also advancing. Today online ordering companies should be using advanced Internet security measures to protect customers' sensitive information. The most common is called Secure Sockets Layer or SSL technology. But an advantage that online ordering has is that the customer associates their pizza order with the actual local restaurant. It is very assuring for a customer to know that the website they are ordering from is connected to a living breathing pizzeria around the corner. Another difference between online-only businesses, such as Amazon.com and eBay, is that customers can use cash!

Whatever payment methods you currently accepted over the phone should also be accepted online. A majority of online ordering companies not only allow for credit card transactions, but also allow for cash or check payments. The same customers that are uneasy about using their credit cards online are also uneasy about using their credit card over the phone.

Therefore, your current cash customers have the ability to remain cash customers and don't have to worry about the looming mysterious dangers of using their credit cards on the Internet.

Myth #6 "My menu and coupons are too complex for the Internet."

Most online ordering companies have employees that have owned and worked in the restaurant business and therefore understand the complexities of the restaurant business. Online, your customer will be able to order from your entire menu, all your specials, and even be able to use coupons.

Myth #7 "Only College Students use the Internet"

First - Of the roughly 220 million Internet users in the United States, only about 14 million, or 6 percent, are college students. Second, who eats pizza? Teens, mothers, families, single people. Not just college students. And finally, if only college students used the Internet then Pizza Hut, Domino's, and Papa John's would only put their locations that are close to college campuses online. With the Big Three racing to put all of their locations online here's an opportunity:

- Go online to www.pizzahut.com, www.dominos.com, or www.papajohns.com.
- Enter in your pizzeria's address.

If there are already Big Three locations online near your pizzeria, then it's time for you to go online and compete! If there are no locations near your pizzeria, then it's time to get a head start!

Myth #8 "Giving my current telephone customers the ability to order my pizza online will not increase my bottom line."

Sending current telephone customers to the Internet is not a waste of time and has one major benefit; higher check averages. The average online check order is six to nine dollars higher than the average telephone check order. The reason for this is that customers can see the whole menu and all the specials without being rushed to make a decision.

For example, Big Guys Pizza and Pasta in Southern California received 66 orders in the first months of offering online ordering. The average check of the online orders was $23.21 compared with $14.75 for telephone orders. There is a huge opportunity for pizzerias to increase revenues by offering online ordering to their current telephone customer base.

Myth #9 "I already have a website, so I don't need to offer online ordering"

Online ordering companies can accommodate pizzerias, regardless if they have a website or not. A good pizzeria website will allow customers to view information about your pizzeria, menu, and coupons. What's the next step? Online ordering.

Advantages to offering online ordering compared to a simply owning website are monumental. What good is having a car with no engine? It looks great but doesn't get you where you need to go. Online ordering will actually allow your customers to create and transmit an order completely without error. The goal of any website should be not just to show customers what's available, but to complete the transaction.

Once you've set up your online ordering system, the next — and most important — step is to promote the bejeezus out of it. This can be done on menus (left), boxes, boxtoppers, websites and anything else you can possibly think of.

Myth #10 "I'll have a huge amount of online orders right after my site goes live!"

Many pizzeria operators will get their website ready and sit behind their fax machines and wait for the orders to fly in magically off the Internet. Remember one thing - you only get what you give. Just because you have a website doesn't mean it's time to plan for retirement in Tahiti.

After setting up your online ordering you have to tell your customers about it:

- Put the website address right next to your phone number wherever it appears - menus, coupons, flyers, radio ads, television commercials etc.
- Put coupon codes in your coupons - these can be four to five digit numbers that appear on each coupon that the customer can enter in when placing an online order.
- Call your online ordering company and tell them about the specials that you running - carry-out specials, delivery specials, Super Bowl specials etc.
- If the online ordering company offers email marketing, start collecting customer emails immediately - let customers know that they will receive coupons and specials in their email.
- The most successful online food ordering rollouts include great added incentives for customers to order food online, such as a two dollar discount for each online order over $15 dollars.

To learn more about online ordering, attend Mani Sihdu's seminar at the New York Pizza Show.

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