

Takeout Goes Dot Com

Tech-savvy consumers open the door to takeout via the Internet.

By Martha O'Connell

NYCTOGO.COM



Imagine a time in the not-so-distant future when phones rarely ring to take a takeout order. Thanks to the Internet, that day may be arriving sooner than expected as conventional takeout protocol enters Cyberspace. Today's new generation of Internet-savvy consumers has created opportunity for restaurateurs to increase takeout sales. However, it remains to be seen whether restaurateurs will connect to the Web and toss out their old-school ways of doing business.

The Net may still be in its infancy, but many operators are realizing the advantages of hooking up. According to the National Restaurant Association,

roughly four out of 10 table-service restaurants have a website. Larry Himelfarb, the NRA's vice-president of technology development and applications, adds that almost 90 percent of members are online in some way—whether it's their own website or just simple e-mail.

After technology advances made Internet transactions secure, consumers' use of the Internet for food ordering began to increase. "I think the growth is going to continue and probably even at a greater rate," Himelfarb says. "It is just so fast, so easy, and so convenient that if you are an operator, you have just got to be there." The phone will never be obsolete when it

comes to carryout, but a Web presence opens establishments to a whole new marketing niche. Operators take note, Simmons Marketing Research Bureau estimates 83 percent of adult Internet users are takeout and delivery-food customers.

DOT COM MADE SIMPLE

What's even more tantalizing is that operators don't have to create or maintain their own sites. Dot com companies set up specifically for restaurant carryout have made it easy to reap Web orders, if restaurants have little more than a fax machine. That allows restaurant operators to concentrate on what

they do best, while tech-wizards man the Web. A few of the Internet food ordering portals that have come on the scene are Waiter.com, Food.com, NYCTOGO.COM and Cyberchefs.com.

Set-ups vary by portals, but the sites usually allow consumers to search for a restaurant by name, type of food or geographic area. Consumers can call up the eatery's menu and order on-line for pick-up or delivery. Fees are frequently handled as a percentage of the order amount; some are negotiable. Portal services relay orders back to the restaurants by phone or fax, eliminating the need for restaurant staff to continuously check the Internet to see what's been ordered.

Michael Adelberg, co-founder of California-based Waiter.com, says customers' ability to order online translates into increased restaurant sales because the convenience of Web ordering generates repeat visits. However, despite great strides made in recent years to make Internet transactions safer, some consumers still fear online ordering. A food order is a good place to start. "We have been the first thing some people have ordered online. A five dollar sandwich is not real risky," Adelberg says.

Adelberg adds that Waiter.com's users break into two groups: takeout junkies who place small orders very often, and people in offices responsible for coordinating employee meals. "It is very clear in my mind that there is a big trend for takeout from both parties. Both these groups of people are growing very quickly and restaurants know this," he says.

WHO'S ORDERING ONLINE

Waiter.com, with 1,500 member restaurants in North America, also offers a "shared shopping cart" for the office market—an e-mail that can be sent around an office for everyone to add their order. It also awards "Waiter-Points" earned with every order that can

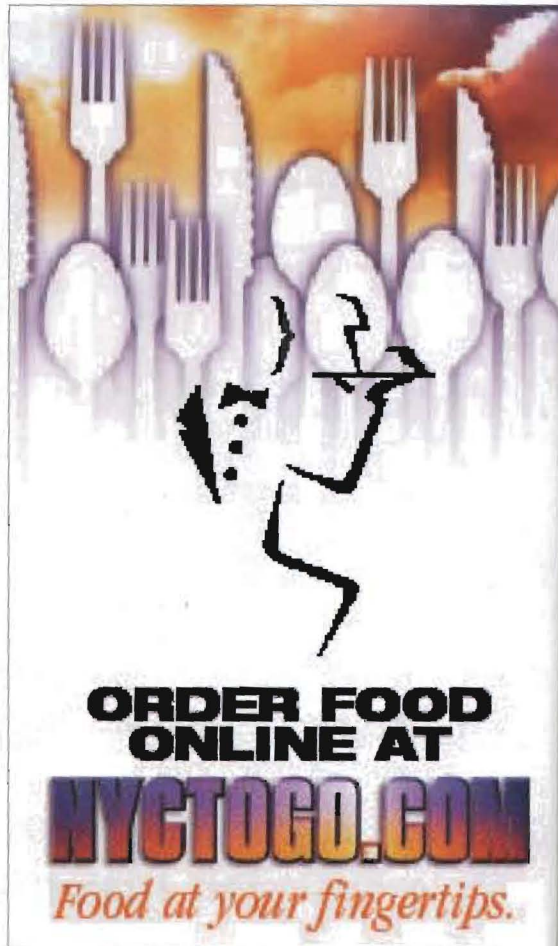
be used to redeem prizes.

In New York, Brian Smith and Barry Herman co-founded NYCTOGO.COM two years ago. Concentrated in Manhattan, it has 215 eateries currently signed up, and expects another 1,000 by year's end as restaurateurs become more receptive to the Net. Basically, users enter an order online, and the system gives them a running price total. Once an order is placed, a confirmation that the order was received is e-mailed back. The system in turn is set up to fax the order directly to the restaurant with someone following up with a phone call to verify that the order was received.

The company recently partnered with another dot com that runs errands. So, it will pick up orders from high-end establishments that don't deliver. "Our service has definitely increased sales," Smith says. "We have a very high return rate with customers. A much higher return rate than anticipated, which shows that people do like to order this way."

Another California-grown online ordering and delivery service, Food.com, began in December 1996 and now includes more than 14,000 member restaurants in the continental U.S. Formerly called cybermeals, Food.com allows hungry Web surfers to browse menus, find restaurants in their neighborhood and order meals hours, days or even weeks in advance. Like its competitors, Food.com is targeting the office catering market with a new program that focuses on large corporate headquarters and office buildings.

Furthermore, takeout opportunities abound with college students. Food.com responded last year with a



**ORDER FOOD
ONLINE AT
NYCTOGO.COM**
Food at your fingertips.

"University Program" that enlists restaurants in university markets to further reach on-campus students. NYCTOGO.COM has a similar program in the works called CAMPUSTOGO.COM.

THE FUTURE OF DOT COM

The NRA's Himelfarb points out that the Web can now be accessed from many types of equipment other than a desktop computer. Devices such as hand-held computers, web-enabled televisions, cell phones and pagers now have the capability to tap into Cyberspace. This will only enhance customers' opportunities to order when it is convenient for them.

Smith and competitors believe that online carryout orders will one day overtake walk-ins and phone orders. As society becomes more technology based, people will become more comfortable with the Internet and understand its capabilities. Ordering takeout online is just the tip of the iceberg.