



Rakuten Ready

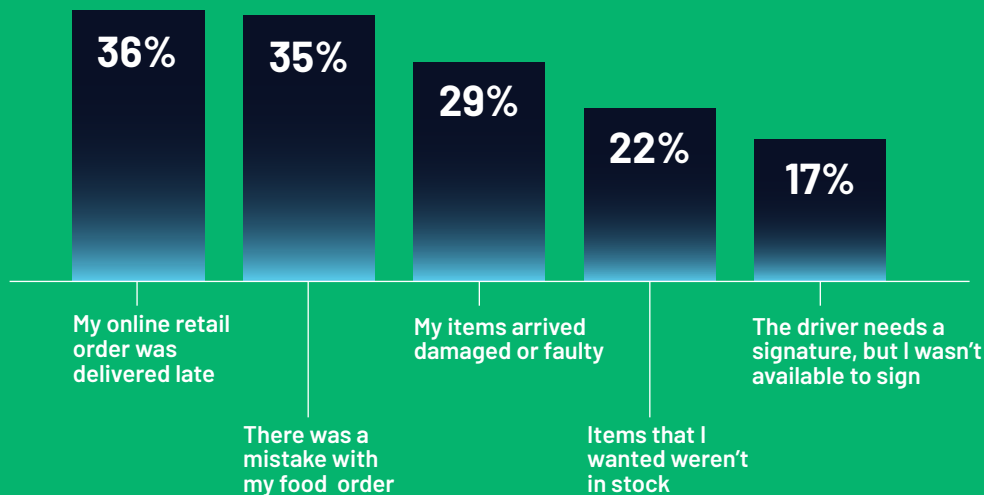
Rakuten Ready 2019 Time Study

A benchmark analysis of Order for Pickup experiences
across top QSR, Retail and Grocery brands

Executive Summary

We are living in the NOW economy, one where mobile-first consumers can summon almost anything on-demand. As they experience the convenience, flexibility, and personalization of getting what they want, instantly, on-demand services are becoming a new standard in how they consume.

It is imperative brands focus on the mobile-first customer experience as they try to meet the incredible rise in demand of Delivery and Order for Pickup. However, according to consumers, delivery is falling short:



The Rakuten Ready 2019 Time Study was launched to better understand the impact of real-time consumer experiences on the growth of Order for Pickup for top brands across QSR, Retail and Grocery.

The Rakuten Ready study sets out to capture:

- A detailed understanding of Order for Pickup wait time experiences of the top brands
- How those brand experiences measure up to industry benchmarks and consumer expectations

The study found that brands are already moving too slowly in this NOW economy. With over 20% customers waiting at least 6 minutes for their orders, the study highlights that Retail, QSR and Grocery brands, of all sizes, must invest now in infrastructure, marketing, training processes and technology to meet the incredible rise in demand and popularity of Order for Pickup programs or risk losing to their competition.

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Methodology

A total of 755 drive tests were executed in July and August 2019 to gather this data. In order to collect this information, Rakuten Ready commissioned a group of test shoppers (aka "secret shoppers") who placed online orders (via mobile or web), and then visited 25 top grocers, retailers, and QSRs to pick up their orders, all while capturing 16 data points to assess the order pickup experience.

The market data collected focused on the Order for Pickup experience at the following brands:



QSR (10 companies):

- Burger King
- Chick-fil-A
- Chipotle
- Dunkin'
- Five Guys
- McDonald's
- Panera
- Pizza Hut
- Starbucks
- Taco Bell



Retail (7 companies):

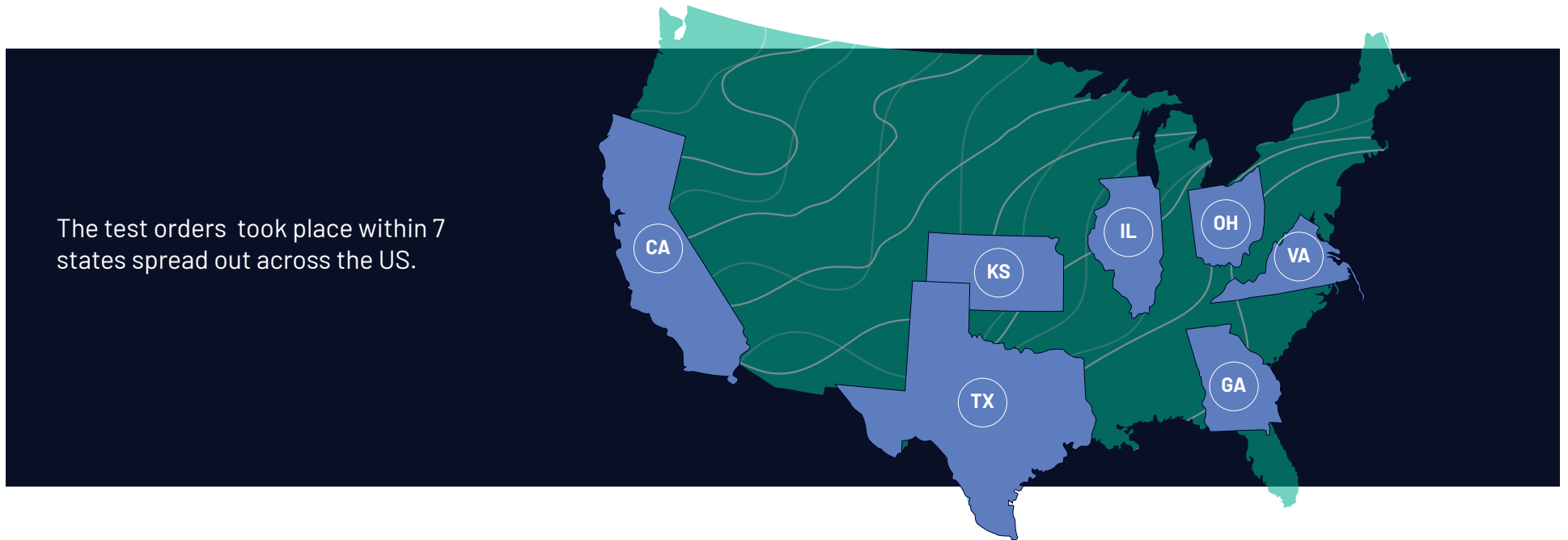
- Walmart
- Home Depot
- Lowe's
- Ulta
- Target
- Best Buy
- Nordstrom



Grocery (8 companies):

- Walmart Grocery
- Kroger
- Whole Foods
- Meijer
- HEB
- Raley's
- Albertsons
- Hy-Vee

Methodology



Data was gathered on 3 pickup methods:



Attended In-Store Pickup

Pickup is done in the store, and requires the customer to interact with an employee to retrieve their online order.



Unattended In-Store Pickup

Pickup is done inside the store at a dedicated online order pickup area, allowing customers to retrieve their own orders without the help of an employee (i.e. pickup shelves, lockers).



Curbside Pickup

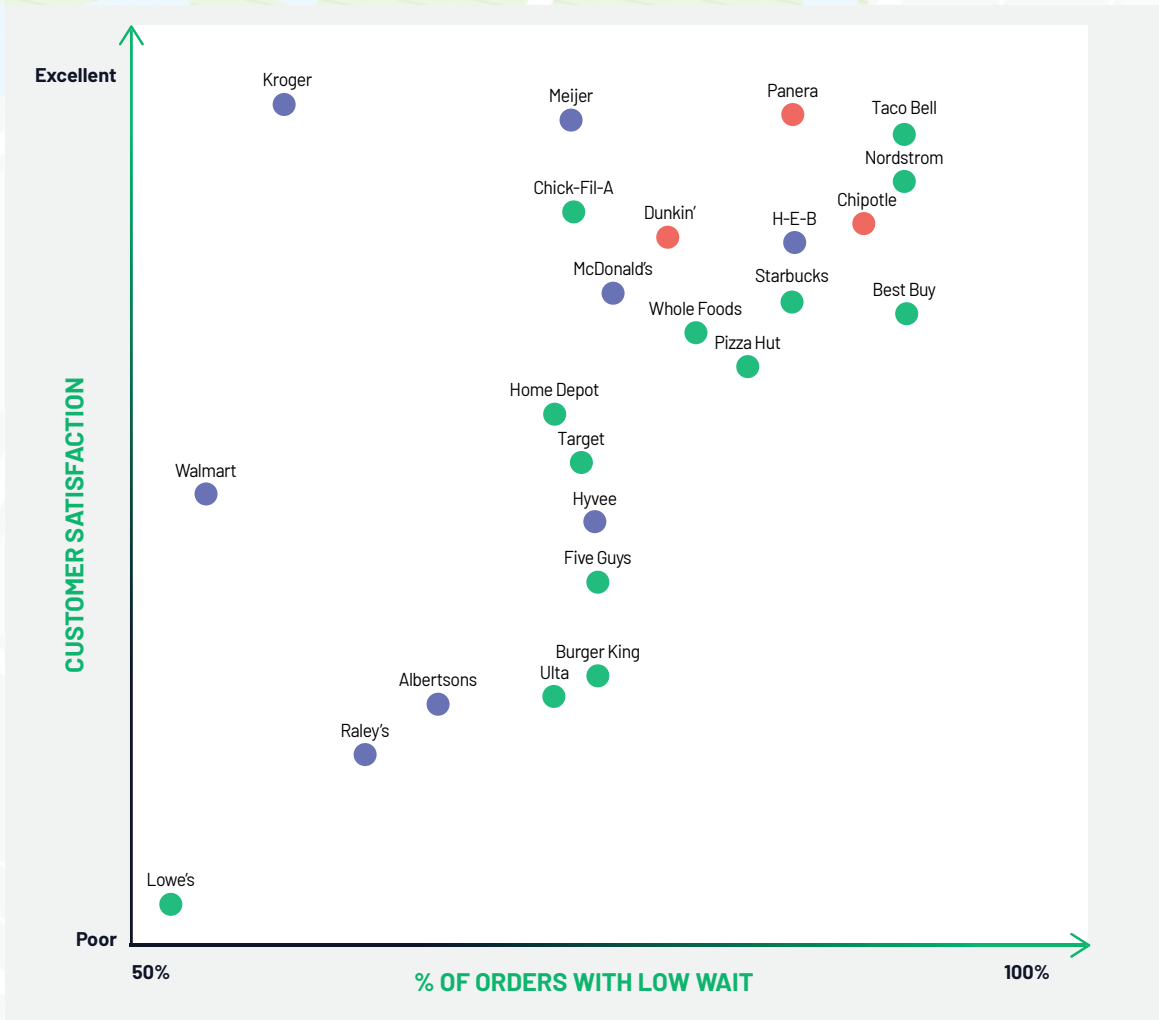
Pickup is done outside the store. Employees bring the online orders to the customer in their car, generally parked within reserved curbside pickup spots.

Across tens of millions of orders captured by Rakuten Ready, the data very clearly shows that customers who wait less than 2 minutes to receive their order are 4 times more likely to reorder in the future than customers who wait 10 minutes.

The critical 2 minute threshold serves as the benchmark brands should strive for. For this study the chosen benchmarks are 2 minutes, 4 minutes and 6 minutes across Unattended, Attended and Curbside pickup, respectively.

Understanding The Big Picture

In order to capture a holistic view of the Order for Pickup experience, the study examined the data to highlight how the experience translates across brands using two different dimensions.



Customer Satisfaction: Captures the overall satisfaction rating for the customer experience beyond wait times (i.e. parking, signage, employee knowledge, etc).

% of Orders with Low Wait: Measures the % of wait times less than the chosen benchmark for each specific fulfillment type.

- Unattended In-Store = % of wait times less than 2 minutes
- Attended In-Store = % of wait times less than 4 minutes
- Curbside = % of wait times less than 6 minutes

Attended In-Store Pickup Experience

Order Ahead for pickup is growing because customers believe that it is more convenient and that it can save them time over delivery. Attended in-store pickup is not only beneficial for customers, it can also drive incremental sales for brands.


Attended In-Store Pickup highlights:

ONLY 54% of orders across QSR, Retail and Grocery below the 2 minute wait time benchmark.

OVER 21% of orders across QSR, Retail and Grocery took longer than 4 minutes.



Percentage of orders ready in less than 4 minutes

 **QSR**
Average wait time **2:29**


58% of all orders ready in less than 2 minutes

78% of all orders ready in less than 4 minutes

 **Retail**
Average wait time **3:34**

38% of all orders ready in less than 2 minutes

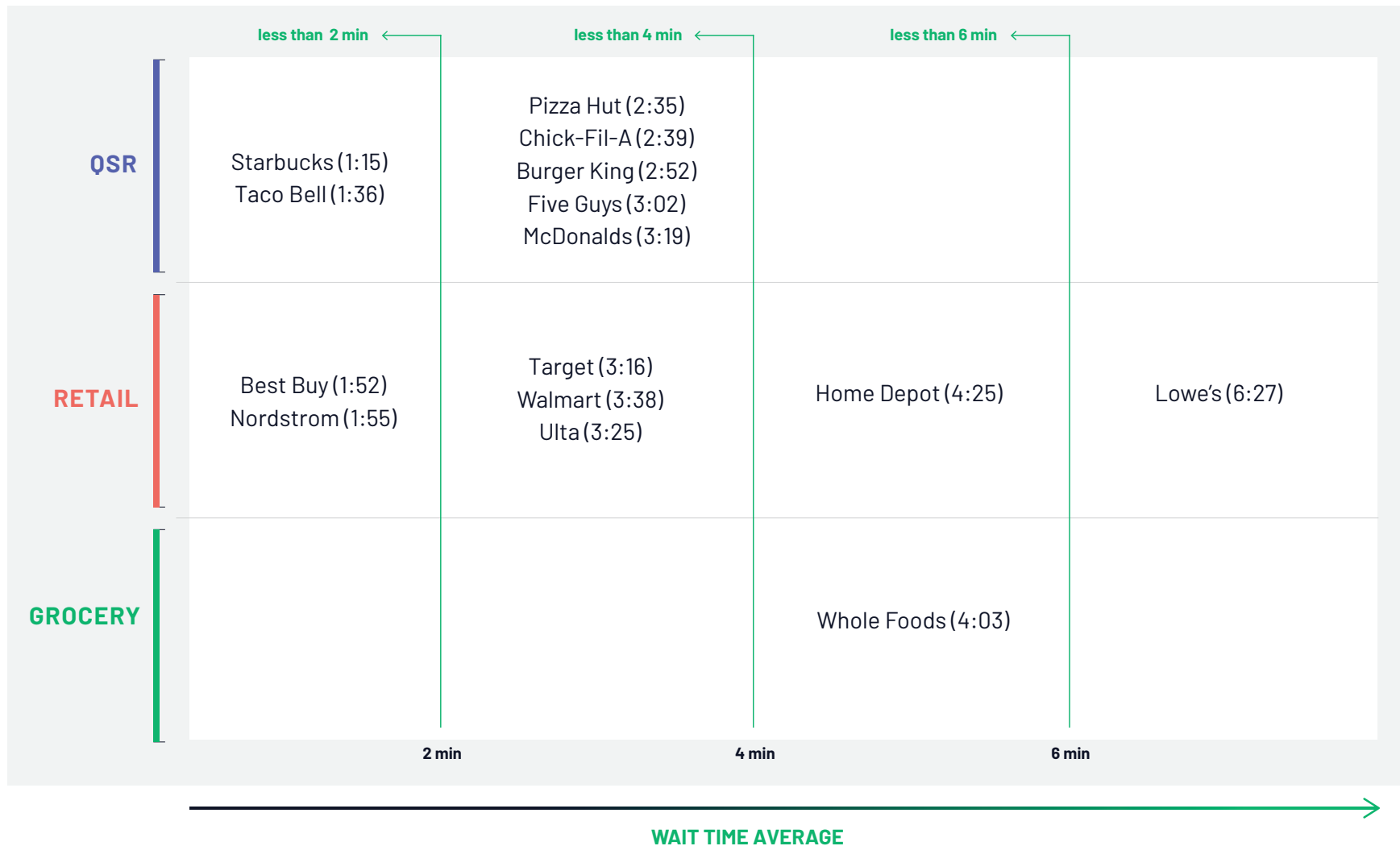
73% of all orders ready in less than 4 minutes

 **Grocery**
Average wait time **4:03**

29% of all orders ready in less than 2 minutes

79% of all orders ready in less than 4 minutes

Attended In-Store Wait Time Averages



Taco Bell led the QSR industry in wait times under 2 minutes

Taco Bell was the top performer in efficiency across attended in-store pickup. They had **80%** of orders ready in less than 2 minutes and over **92%** of orders completed within 4 minutes. The average wait time at Taco Bell was 1:36.



"I arrived on-time at Taco Bell and when I walked in my order was ready. The line was short so they were able to hand it to me and I went on my way."

"Best Buy had a designated line for "online pickup" and an employee was there to help me when I arrived. My order was ready, so I was able to quickly sign for it and walk out."

Best Buy topped retailers in wait time efficiency

At Best Buy, shoppers received their orders in less than 2 minutes almost **64%** of the time while **92%** of shoppers got their orders in less than 4 minutes. The average wait time at Best Buy was 1:52.



Lowe's wait times are still a work in-progress

Lowe's ranked lowest for attended in-store pickup wait time. They were only able to deliver **16%** of orders in less than 2 minutes and only **52%** of orders were ready within 4 minutes. Lowe's also had low qualitative scores with secret shoppers finding some of the worst practices consistent with previous research.



“I arrived when it said my order would be ready and they had trouble even finding my order in the system. It took 2 employees to figure it out.”

Understanding More about the Unattended In-Store Pickup Experience

The unattended pickup experience offers customers the convenience and time savings of not having to interact directly with employees to pickup their orders. However, it can also be a black box for brands since this type of pickup does not allow them to fully gauge the freshness of the orders and quality of the customer experience. For example, if orders are placed on the order pickup shelf early, food can be cold or stale by the time the customer arrives.

Note: The Unattended Pickup option was available with only 3 brands, and all were from the QSR industry.



Chipotle leads in orders ready under 2 minutes

Chipotle topped the study by having customer orders ready in less than 2 minutes over 88% of the time. Their unattended model meant that secret shoppers didn't need to interact with employees and headed directly to mobile order pickup racks. While a dedicated station was very effective at lowering wait times, shoppers noted that food was sometimes cold and quality had suffered.



“I arrived 4 minutes early at Chipotle and when I walked in my order was already there on the mobile order pickup rack. I was able to get it without talking to anyone.”

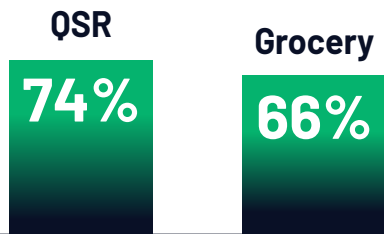
Deep Dive into the Curbside Pickup Experience

Curbside pickup brings additional factors into play that add operational complexity for store operations teams. Designated parking areas or fly-through lanes are needed for Curbside Pickup. Staff must be alerted to customer arrivals to find and greet them, where they are waiting, while delivering their order quickly and efficiently.

Curbside Pickup highlights:

ONLY 7% of orders across QSR and Grocery were below the 2 minute wait time benchmark.

OVER 32% of orders across QSR and Grocery took longer than 6 minutes.




Percentage of orders ready in less than 6 minutes

 QSR
Average wait time **4:39**

9% of all orders ready in less than 2 minutes

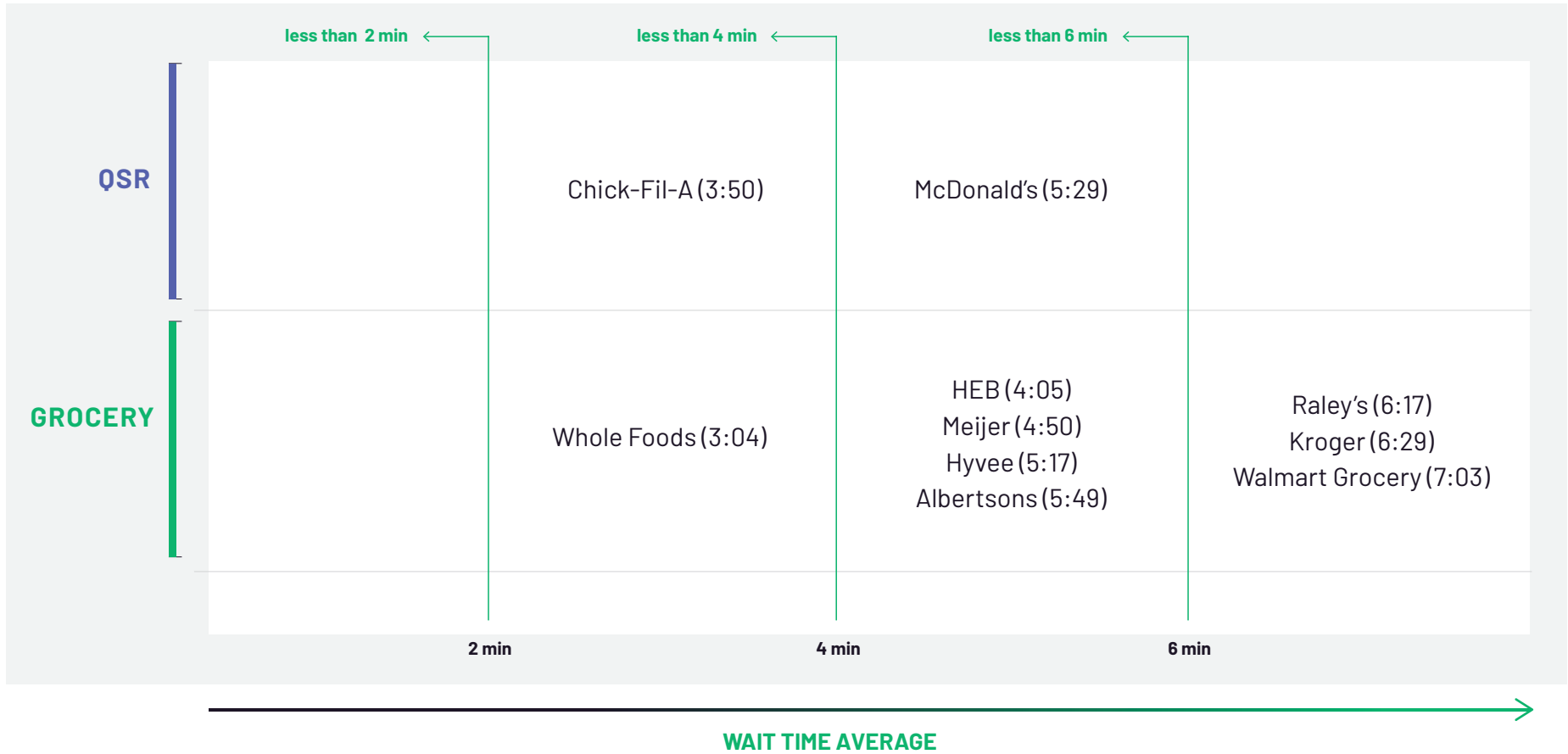
74% of all orders ready in less than 6 minutes

 Grocery
Average wait time **5:21**

7% of all orders ready in less than 2 minutes

66% of all orders ready in less than 6 minutes

Curbside Wait Time Averages



H-E-B performed well across grocery brands

H-E-B delivered **16%** of Curbside orders to customers in less than 2 minutes but fulfilled an impressive **84%** of orders within 6 minutes. H-E-B offered a solid end-to-end experience with in-app communication, priority parking spots, prominent signage and well-trained employees.



“I enjoyed the experience at H-E-B, they were busy but I found a parking spot and then waited for the employee to find my car. It went pretty smooth.”



Curbside dynamics impact the **Albertsons** experience

No Albertsons customer received their order in less than 2 minutes and only 65% received orders in under 6 minutes. While they performed at the bottom of the study, the issues experienced were not unique to just them.



“The overall Albertsons experience was bad. The app was hard to use and when I arrived at the store, the pickup parking spots were in the back of the store... It was dark and isolated. Not sure how they think this is a reasonable customer experience.”



The following issues were identified by the study as consistent across many brands.

1



Limited
dedicated
parking or
signage

2



Long
customer
service
lines to get
orders

3



Unable to
locate
order or
wasn't ready

4



Lack of
employee
training

Wait Time is Not the Only Metric

The Time Study data clearly reveals that brands today have a lot of work to do to optimize Order for Pickup programs, especially wait times. In general, there's a lack of understanding and sense of urgency about:

- How long their customers are waiting to pick up an order and,
- The long-term impact the customer perception has on their brand

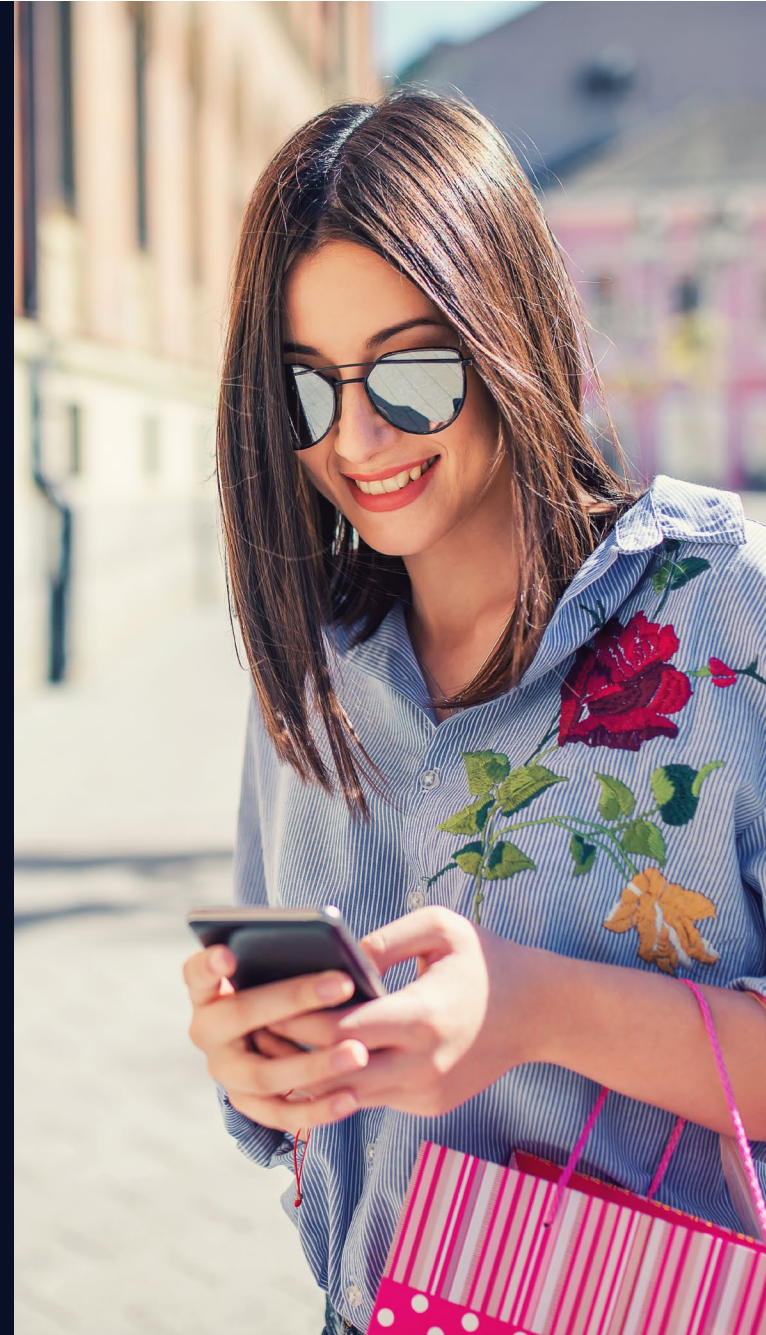
Previous research from Rakuten Ready uncovered that

95% of customers rated "my order is ready on-time" as the most important when rating in-store pickup experiences.

Again, customers who waited less than the "magic mark" of 2 minutes to pick up their order were

4X more likely to order again as loyal customers.

If you're not measuring and understanding wait times, how can you adapt to the expectations of today's customers? The time to focus on the efficiency of your Order for Pickup program, is **NOW**.



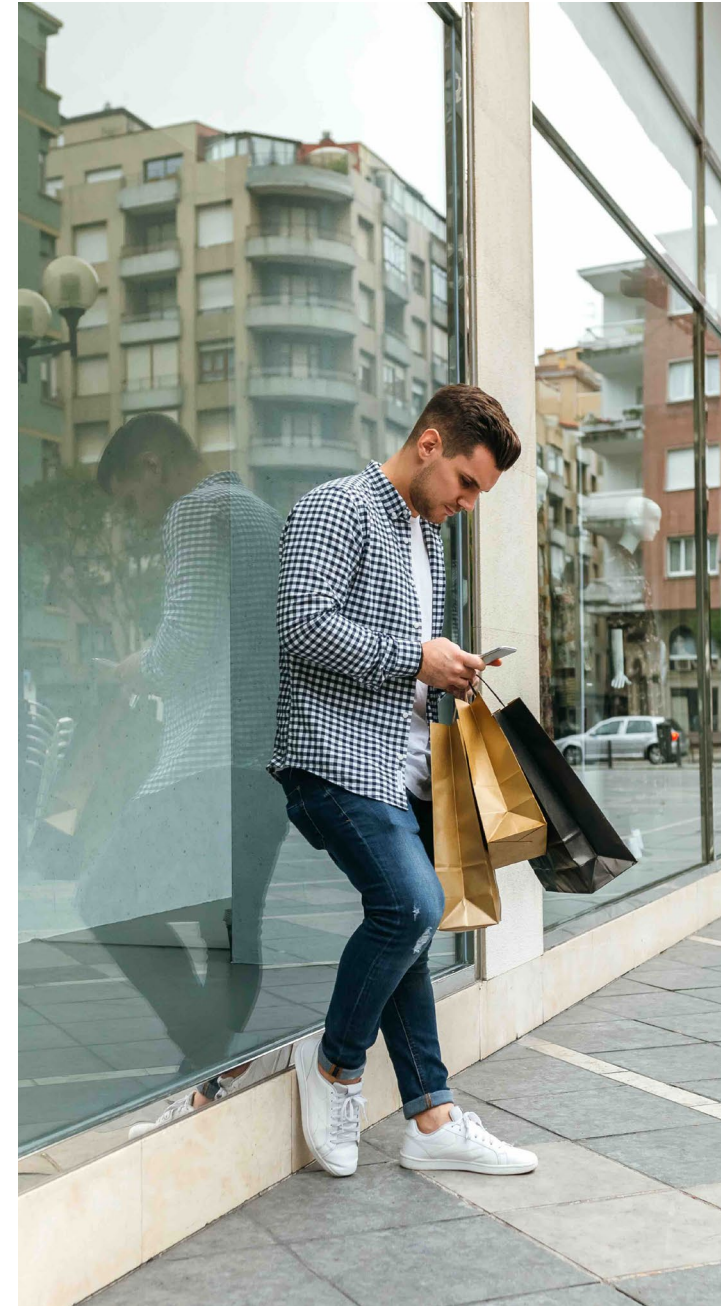
The Expectations Gap is Widening

In 2019, 73% of customers point to experience as a critical factor in their purchasing decisions, behind value and product quality. Nearly 80% of American consumers point to speed, convenience, knowledgeable help and friendly service as the most important elements of a positive customer experience.

(source: PwC Future of Customer Experience Survey 2018).

It is clear from the study that the speed at which the customer's expectations are evolving is outpacing the evolution of brand infrastructure to support them. Logistics, training methods and standard processes are being stressed to the breaking point, with many obviously cracking in the attempt to keep up.

Many brands would benefit from taking the time to step back, assess and re-imagine the end-to-end customer experience, especially with Order for Pickup.



Wait Times Alone Don't Define Success

But the Order for Pickup experience does also require thinking beyond just wait times.

The mobile-first customer journey definitely requires an innovative, convenient and flexible pickup strategy that stretches beyond traditional infrastructure and includes the ingredients that define a successful end-to-end experience that NOW customers expect.

Based on our study results, we propose the following pillars as best practices brands attempting to build and nurture a world-class Order for Pickup program.

The Secrets to a Winning Order for Pickup Program

Prioritize Short Customer Wait Time

Winning retailers are prioritizing wait time as a service and a quantifiable metric in the customer experience. But, low wait times are already table stakes in today's Order for Pickup programs.

As we noted, even among the highest performing brands in our study, wait times and experiences varied at different locations and even in the same location, at different times of the day. Brands need to follow a blueprint that evolves traditional models for an on-demand, mobile-first world that performs consistently, regardless of location, staff or time of day.

You must make wait time analytics a priority as you embark on building your customer journey.

“I don't like waiting, especially if I'm already hungry. I'll go and get it. I can get it quicker if i go, but they better have my order ready.”



Evolve your Infrastructure

Something as simple as the location of customer pick-up, signage or the absence of a dedicated parking spot can have a serious impact on customers' impression of your brand. Ensuring exclusive parking spots or a designated parking area for mobile order customers will not only lower wait times, but will have a positive impact on customer perception.

“The curbside pickup area was behind the store, it was dark and in the alley. It felt dangerous and not well thought out. I’m hesitant to shop here again”

The customer's expectations don't stop once they park. If a customer enters the premises and is unclear on where to go, they're likely to feel confused or anxious.

The bottom line is that the better the overall experience, the more time you save customers and the more likely they are to order from you again.

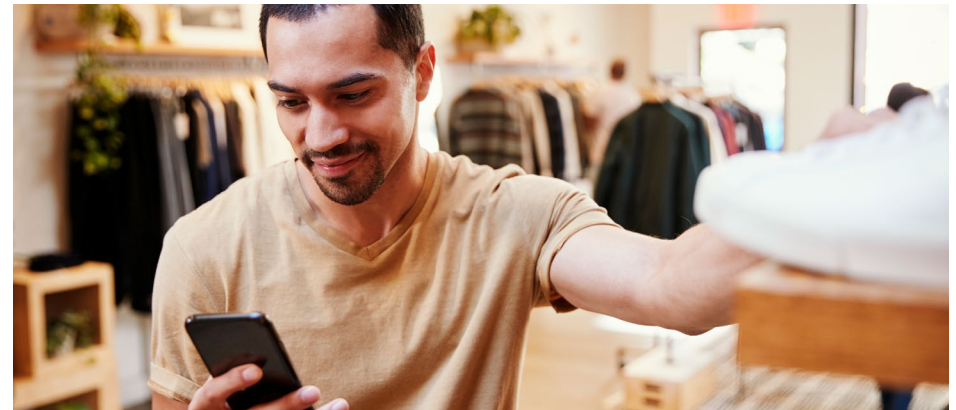


Empower your Employees

Human-to-human interaction has a direct impact on the customer's experience. Proper staffing and training is critical to the success of any order for pickup program. No brand is perfect, but training and empowering a capable frontline staff is paramount.

“I had to ask for help as the cashier did not acknowledge me the first few minutes, she had to ask a manager for help as she's not trained to handle online orders. I was confused why she couldn't help me”

An engaged and knowledgeable employee who can fulfill the order right away or fix any issues with a smile goes a long way towards the overall perception of the experience. Those brands who employ trained customer-facing staff in the last mile, those who truly understand how to manage and process online orders, will make all the difference.



Don't Forget to Promote

Just building an Order for Pickup program and releasing it into the market isn't enough.

To win, brands must launch dedicated marketing campaigns focused on capturing the growth opportunity while ensuring the program is communicated to both customers and employees.

"I had a great experience when I picked up my groceries but they seemed confused. My order was ready and they were friendly, but even some of the employees told me the program was new and they didn't even know it existed."



Improve your Technology

It is important to understand that leading technology is critical to your Order for Pickup future, but technology alone will not be enough. As the growth in adoption skyrockets, Order for Pickup will quickly strain your infrastructure, drive costs higher and cause serious inefficiencies without modernization at every level.

To thrive and survive, evaluating the right technology is much more than simply adding-on to your existing POS systems, it must be part of your overall brand strategy.

“Because of the evolution of technology, a few years ago i had to do was call to place an order versus the luxury of ordering on my phone. With technology, it has changed how I now make any purchase.”



Conclusion

The NOW economy is upon us and bringing new opportunities for brands to compete and grow. At the same time, it's also exposing critical areas where brands are missing opportunities to compete.

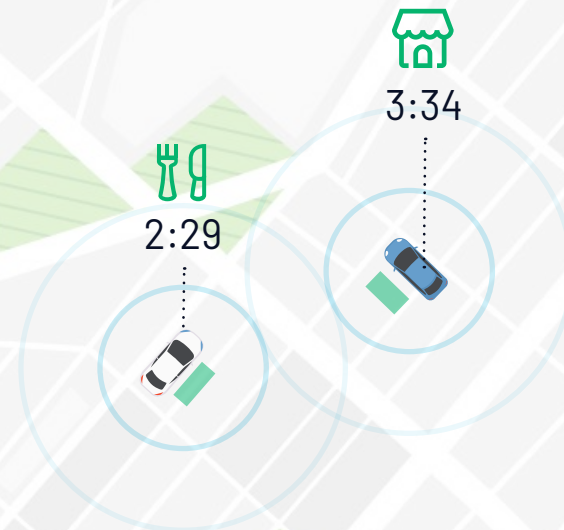
With less than 50% of all orders available in under 2 minutes and many brands struggling with the customer experience, clearly there is room for improvement. The study has made it obvious that brands must immediately close the gaps that shape the customer journey or risk a customer revolt.

Brands must continually evaluate the end-to-end experience at every step of the customer journey.

1. **How is my experience performing against customer expectations?**
2. **Do I understand the future of the industry and am I prepared?**

The Rakuten Ready 2019 Time Study is meant to inspire brands to continually improve. It's recipe to succeed in the NOW economy and a call to action to help you deliver end-to-end experiences your customers will cherish.

You must act now.



The Rakuten Ready Solution

Rakuten Ready is the leader in Order for Pickup technology. We are defining the future with a suite of powerful end-to-end solutions that make it easy to deliver a superior Order for Pickup customer experience. Our proprietary technology lowers wait times, drives incremental sales and builds customer loyalty.

No more waiting customers. No more late orders.

Decrease wait times and increase operational efficiency around Order for Pickup with ARRIVE, from Rakuten Ready, using our predictive arrival technology that marries time with distance. Using real-time data, sophisticated algorithms, and machine learning, ARRIVE accurately predicts when your customers are approaching – eliminating the guesswork, so orders are ready on time.

Know your data. Improve efficiency.

ARRIVE includes real-time, customizable alerts to manage your arrival queue to assist with streamlining your operations, reducing backlog, and increasing personalization. An analytics dashboard is provided to understand the order for pickup experience at peak times and across all your locations. It's easy to dig into key metrics including dwell time and length of time at the site to make data-backed decisions on how to improve your customer experience.

Grow revenue. Wow customers.

Best of all it's easy to get started using our robust SDK that can be added to your existing mobile application with a few lines of code – no hardware or beacon needed. Increase customer loyalty with lower wait times and grow revenue by delivering the best brand experience today.

Learn more at RakutenReady.com

About the co-author

Brian Solis (www.briansolis.com) is a world-renowned digital analyst, anthropologist and futurist. Brian is also a world-class keynote speaker and an 8x best-selling author.

Based in Silicon Valley, Brian studies disruptive technologies and their impact on business as well as innovation, customer experience design, culture dynamics and digital behaviors. Through his research and published work, he humanizes disruptive trends to help leaders understand how technology, markets and people are evolving and how to drive innovation and growth.

