

Rakuten Ready 2020 Time Study

A compelling look at how top Restaurants, Retailers, and Grocers are delivering on the Order for Pickup experience.



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Executive Summary

Early 2020... a point in history where our world was upended by a global pandemic, forcing much of the world to be sheltered in place. And while consumers were stuck at home, out of necessity they began using online Order for Pickup more than ever, leading to historical growth for this channel.

It was against that backdrop that Rakuten Ready had begun gathering data for our 2020 Time Study. We too laughed at the idea of conducting our annual study...UNTIL we realized:

>200%

increase in Order for Pickup volume since the pandemic really hit in March 2020

>85%

of Order for Pickup customers plan to continue using the service post-COVID-19

There has never been a better time to measure customer satisfaction in pickup experiences, than when more people than

ever were ordering. So we marched forward with our second annual Rakuten Ready Time Study, which serves as a real-time look at how top Restaurants, Retailers, and Grocers are delivering on the online Order for Pickup experience across wait times and customer satisfaction (or CSAT).

The field research conducted for this study had secret shoppers taking shopping trips, while collecting all data points, from May - August 2020. The result was nearly 500 trips with shoppers across 11 major metropolitan areas, from 6 different states (see page 28 for more detailed methodology).

The Rakuten Ready 2020 Time Study Reveals:

- The brands that shined with Order for Pickup and those with opportunities to improve
- The experience variance between in-store pickup vs. curbside vs. drive thru
- The most important Order for Pickup attributes driving customer satisfaction
- What the future of online Order for Pickup should look like

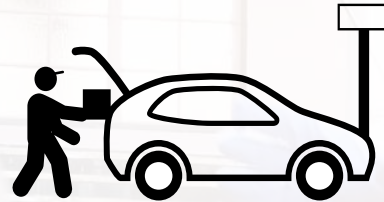
Types of Pickup Services Measured in this Study

All orders were placed online or in the app, then shoppers selected one of the following fulfillment methods:



IN-STORE PICKUP

Customers pickup the order inside the store



CURBSIDE

Customers park and the order is brought to them in their car



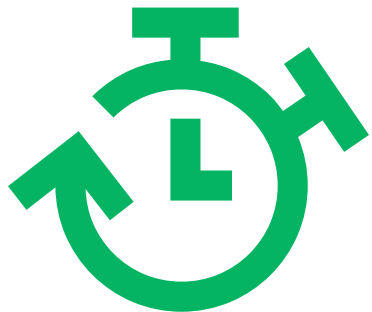
DRIVE-THRU

Customers stay in their vehicle while driving through a line to get their order

Order for Pickup Benchmark

Our 2019 Time Study showed that customers who wait under 2 minutes for their order are 4X more likely to repeat purchase.

In this 2020 report, we will compare secret shopper experiences this year vs last year. COVID-19, surprisingly, did not impact the 2-minute benchmark against CSAT; in 2020, like last year, CSAT decreased as wait times spanned greater than 2 minutes.



UNDER
2 MINUTES

=



4X MORE LIKELY
TO BE REPEAT
CUSTOMER

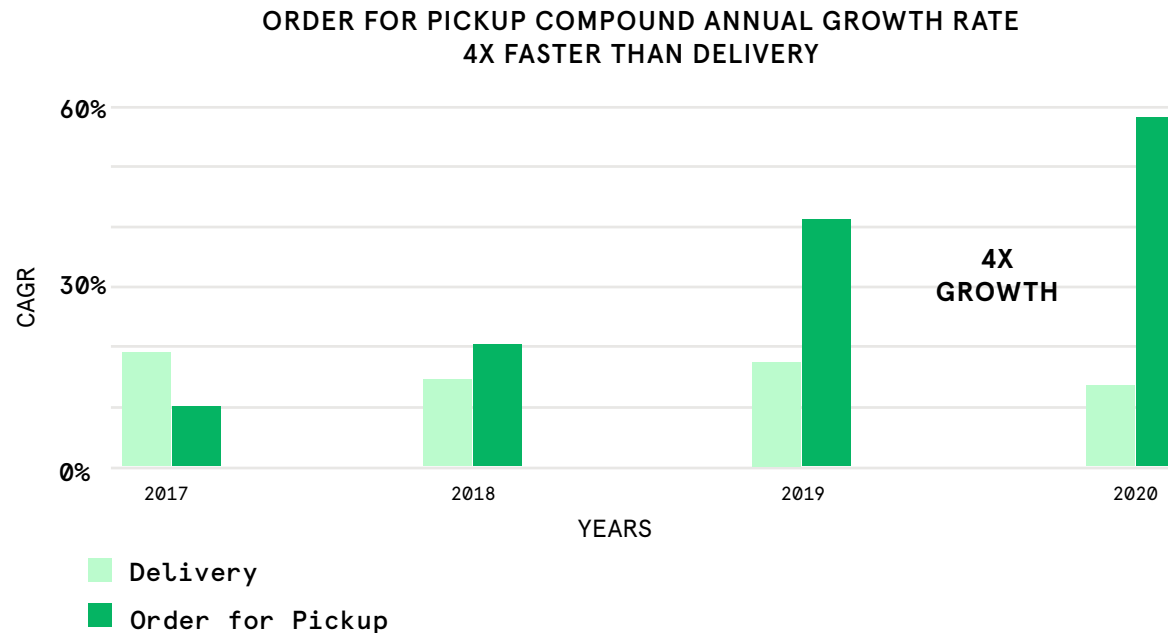
"A great user experience is about simplicity, ease of use and removing friction for the customer. It's important to stay true to the experience that you want to deliver and don't overcomplicate things. Really define who your customer is and stay focused on that."

- Nicole West, Vice President of Digital and Product, Chipotle

COVID-19 Ignited a Tidal Wave of Demand for Pickup Orders

Before the pandemic hit, online Order for Pickup had already begun growing in popularity and growing at a much more rapid pace than delivery (given delivery has already hit significant adoption).

But starting in March 2020, when most retailers and restaurants were shut down and access to essential goods at grocery stores were getting more challenging, necessity accelerated growth of Order for Pickup by over 200%, across the three industries.



Source: BI Intelligence / Statista 'Platform to Consumer Delivery'

Grocers saw a surge of order volume as customers were not only forced to cook at home exponentially more, but they were also hoarding. Grocers excelled at pivoting to the needs of consumers by prioritizing resources for in-store or curbside pickup.

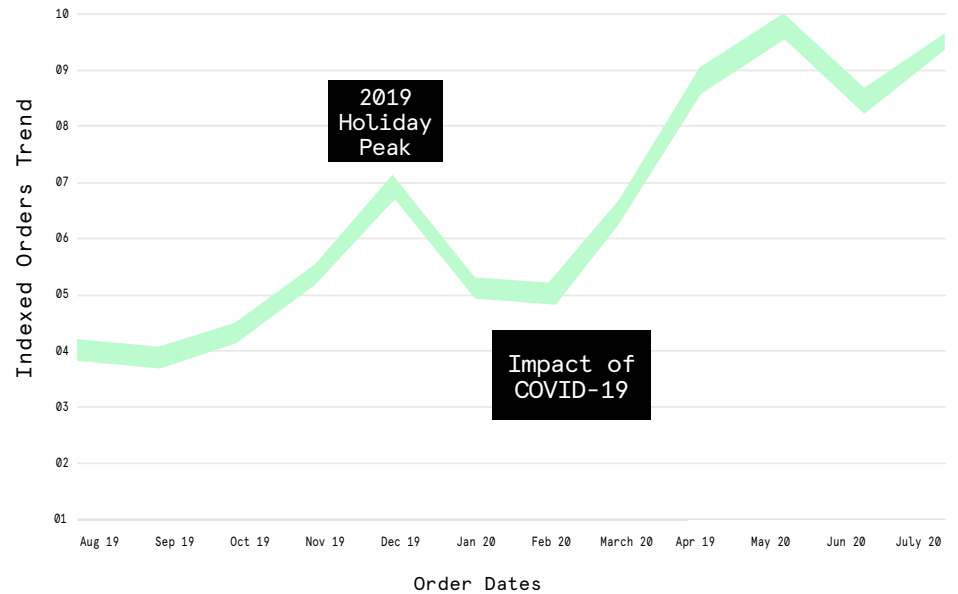
As restaurants were slowly able to open for takeout only, they too were met with the challenge of having to rethink how they engage their customers, while also refining their operations.

A major lesson learned for businesses of all sizes:

Digital-First is the first step to future-proofing your business.

Bridging the gap between online and offline with a customer experience that meets their needs, is the path to long-term growth.


ORDER FOR PICKUP GROWTH TREND ACROSS TOP RETAIL, GROCERY AND RESTAURANT MERCHANTS



Source: Rakuten Intelligence
(Monthly Order Volume, Click and Collect, Aug 19 - Jul 20)

The Value of Time

Order for Pickup is where offline meets online with an experience that comes with huge customer expectations.



“The value of every minute is at an all-time high, as school has restarted for the most part across the country, from home. Parents often with full-time jobs have the additional pressure to find time to help their children excel in an ever growing competitive global market. Time is now one’s most valuable asset and spending it shopping is not an option.”

- Dr. Kirthi Kalyanam, L.J. Skaggs Distinguished Professor and Executive Director of the Retail Management Institute, Santa Clara University

Gone are the early pandemic days of making sourdough and organizing every inch of the house; today, every minute is maxed out by work, school and downtime – and consumers are more sensitive than ever about their safety and how any minute outside of their home is spent.

Consumers are most comfortable ordering from merchants that make them feel safe by prioritizing contactless experiences, which is why, last quarter, Rakuten Ready released our Contactless Playbook – to arm merchants with the protocols and experience attributes that mattered most to their customers.

The theme you will see throughout this study is that wait time and safety are, due to COVID-19, intrinsically intertwined.



**MOBILE
ORDER
PICKUP
AHEAD**

The 2020 Experiment Experience

Being in the middle of a pandemic, we hypothesized that brands with spikes in volume would not perform well, that curbside pickup experiences were going to be a mess, and that more brands would move toward an unattended in-store pickup model to create throughput to deliver more contactless experiences. We also worried the data would deliver unreliable results, so our field testing started more like an experiment, with our team expecting we might need to pause research and pick-up again in 2021. Boy, were we wrong on many fronts!

We were surprised to see consistent experiences and customer satisfaction scores across the nation. We were doubly surprised that grocers were amongst the top performers in curbside pickup, unattended in-store pickup seemed to drop in availability, and contactless fulfillment was not a consistent experience across brands.

What we thought was going to be an experiment that would require pausing, turned into hundreds of shopping and takeout experiences that delivered clear learnings and insights, resulting in the...

Rakuten Ready Time Study 2020.

Slow → Loss of Customers

First, let's set a little context around why we are focusing on Order for Pickup. For brands that can execute a superior Order for Pickup experience, it is an opportunity to accelerate growth at a pace not thought possible prior to early 2020, as it:

1. Is the most cost effective channel
2. Increases operational efficiency, allowing higher throughput
3. Lowers wait times leading to more frequent, loyal customers
4. Improves margins by decreasing delivery costs

The insights from our study support the case for prioritizing Order for Pickup, as quickly as possible and as a focus channel for future growth.

So let's dig in...

"The demand for pickup will only continue to increase even in a post-pandemic world. The opportunity for growth is tremendous. Yes, some businesses struggled in the beginning of the pandemic, but those who redefine their Order for Pickup operations will reap the benefits in the long run."

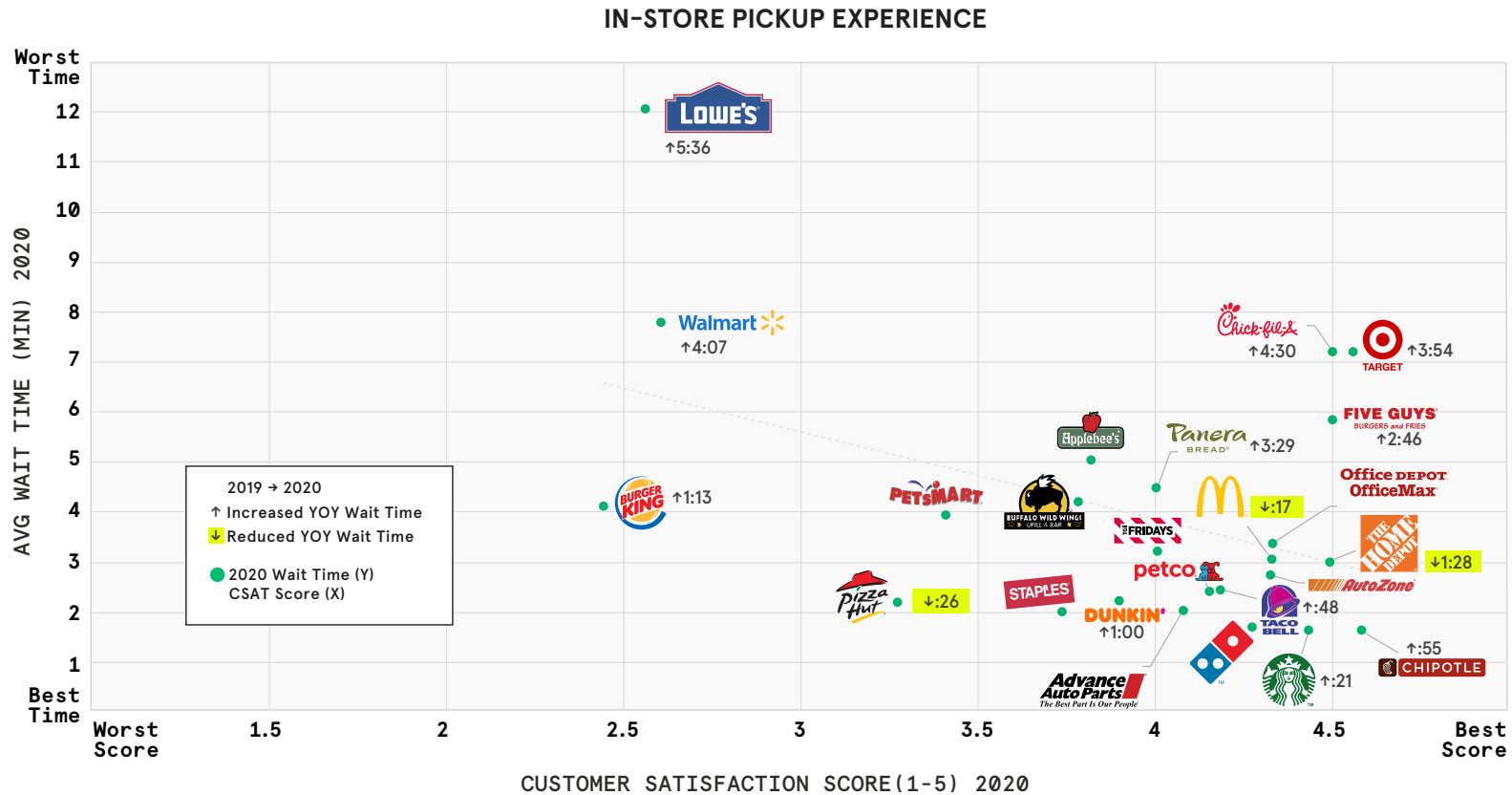
– Jaron Waldman, Co-Founder and CEO, Rakuten Ready



The In-Store Pickup Experience

Ordering ahead for in-store pickup delivered the fastest and most efficient experiences. In 2020, QSRs were the only “brands that successfully beat the 2-minute wait time benchmark in this category.

Among big box retailers, Target and Walmart Retail (who performed quite well last year at less than 4 minutes) were quite impacted by demand and were, unfortunately, not able to deliver the experience that their customers expected, with wait times over 7 minutes.



Quick-Serve Restaurants (QSRs)

QSRs, operating with a business model built around tight order fulfillment standards - thrived in their shift to being exclusively takeout, and generally excelled in timing their orders to customer arrivals with an average wait time of 3:10.

Chipotle dominated in wait time both in 2020 (1:34) and last year (:39). They rely on cooking orders right away and placing orders on shelves, for unattended in-restaurant pickup and this experience (while occasionally resulting in colder food) was consistently fast with some of our highest CSAT scores.

"At Chipotle, my order was already ready when I got there, on a dedicated shelf, so I didn't have to interact with, or get close to anybody."

The biggest surprise? Chick-Fil-A, coming in nearly 3x slower than 2019 (2:39 vs 7:10 this year). For Chick-Fil-A, the challenge was higher demand than ever but surprisingly, their CSAT scores were not impacted by their long wait times as, like last year, the appeal of the brand appears to have made customers overlook the long wait times.

"While I waited a really long time, Chick-Fil-A's staff was very nice and their safety protocols made me feel comfortable, even with the long wait."



Casual Dining

We added a new category this year with casual dining restaurants - TGIF, Applebees, Buffalo Wild Wings, and Panera - had an average wait time of 4:11. TGIF (3:09) delivered the best experience across the category, yet Panera received the best customer satisfaction score.

Interviews indicate that our secret shoppers most appreciated Panera due to the unattended, contactless fulfillment experience, similar to Chipotle's.

"The experience at Panera was great because it was so fast and easy. Their Rapid Pickup option had my order ready when I arrived, sitting unattended, so I was able to quickly grab and go - didn't have to go near anyone."



Retail

Retailers had an average wait time of 4:39 – however, the longest wait times and lowest CSAT scores also fell under the retail category. **Petco and Advanced Auto Parts performed well, while Lowes and Walmart Retail delivered the longest wait times and worst CSAT scores.**

In 2019, Walmart Retail and Target had average wait times in the 3:00 range, with relatively strong CSAT scores. In 2020, both more than doubled their wait times and had much lower satisfaction scores. This is surprising given the process, marketing, and technology investments the two brands have made in recent years in their Order for Pickup programs.

“My wait at Target was unnecessarily long. I went to one where the online pickup line was the same line for returns which made the wait so long.”

“Walmart took so long. It was an awful experience. There was only one person helping to manage it. Next time, I will not order for pickup again. I told them I was on my way 20 minutes prior, but I still stood in line for 15 minutes.”

With spikes in home improvement projects during shelters-in-place, Lowes and Home Depot also faced dramatic increases in demand – but **Home Depot shined and was able to deliver year over year improvements in wait time by almost 40%, with clear increases in CSAT, as well.**



“The Home Depot pickup lockers were great and made the process very fast. It was also clear when I got my confirmation how to use the locker. I really liked it.”

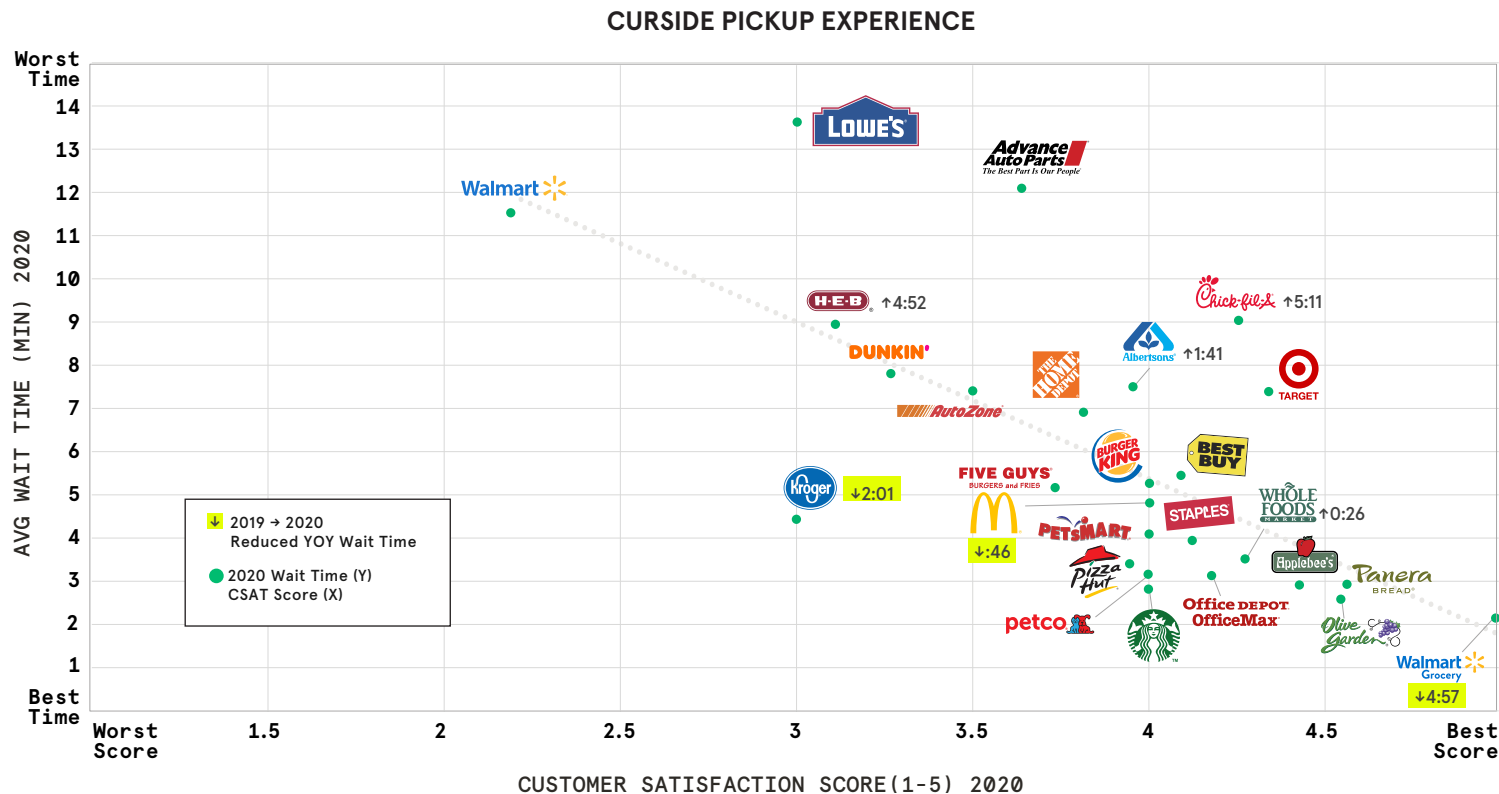
Unfortunately, Lowe’s is still struggling, as it had the longest wait times in 2019 and again in 2020, while also receiving the lowest CSAT scores and some of the most ‘aggressive’ feedback.

“Lowe’s was the worst – I just got a bug killer! I had to wait in the same line as the return line and it seemed like every return took 10 minutes. My order wasn’t even in the front or ready to go – it was in the back of the store and it took awhile for them to locate it.”

The Curbside Pickup Experience

The Curbside Pickup experience is more popular than ever. Many brands had to implement a Curbside program very quickly in response to COVID-19 demand. However, the Curbside Pickup channel adds operational complexity and requires technology to execute well.

This year, none of the brands – except for Walmart Grocery, who averaged a wait time of 2:06 (not below 2 minutes, but close enough) – were able to deliver consistent curbside order fulfillment near the 2 minute benchmark.



Quick-Serve Restaurants (QSRs)

While speed is the nucleus of operations for QSRs, that was not demonstrated in curbside pickups this year. The big surprise was Quick-Serve Restaurants were slower in delivering curbside handoffs than Casual Dining.

New operations and safety protocols were needed to immediately expand – which required training, technology and operations solutions when designated parking spots were hard to create or volume increased significantly, to name just a couple challenges.

Amidst the challenges, Starbucks (2:51) and Pizza Hut (3:21) performed the best in wait times while also receiving good CSAT scores. Starbucks had a consistently easy and positive experience across all trips.

“My Starbucks curbside pickup was great! They had plenty of parking spots and my order was ready when I arrived.”

Pizza Hut – while performing well with wait times – had a process that was sometimes confusing and/or not what was promised, which may have created a bit of a lower CSAT rating.

“Pizza Hut’s contactless curbside pickup was none of that; I had to go inside and touch their payment pad amongst another customer who was not masked.”



McDonalds was 14% faster year over year; while Chick-Fil-A, unfortunately, more than doubled their wait times since last year, resulting in a curbside average wait time of 9:01. But again, Chick-Fil-A’s pickup wait times and customer experience did not significantly impact their CSAT score, likely due to the strength of their brand.

Casual Dining

Casual Dining, as mentioned previously, delivered faster times on average vs QSR. This was a surprise, as they were shifting completely away from the majority of their dine-in business. Given that, they still delivered consistent, highly-rated curbside experiences.

While Olive Garden had the fastest wait time (2:39), their high CSAT score was beaten by Panera. Ultimately, all three casual dining restaurants - Olive Garden, Panera, and Applebees - delivered strong experiences that made their customers wait, on average, less than 3 minutes.



Retail

Retail represented the lowest-rated curbside pickup experiences amongst our shoppers. **Office Depot, Staples, and Best Buy came out with the best retail CSAT ratings**, while Walmart Retail and Lowe's well exceeded wait time benchmarks across most shopping experiences.

Petco (3:07), Office Depot (3:10) and Staples (3:57) performed best with average wait times below 4 minutes.

"At Petco, they picked up the phone right away, came out quickly and were very friendly."

Lowe's, Advance Auto Parts, and Walmart Retail had the longest curbside wait times, and the experiences left our shoppers frustrated.

"I will never ever shop online for pickup with Lowe's again. In fact, I'm pretty soured on Lowe's as a brand after this experience... might be worth driving a bit further to their competition"

"I arrived at Walmart and called the number - a few times - but no one answered. So I went into the store, spoke to multiple workers, but no one could help me. I went outside and tried again - a few times, when they finally brought out my order. Defeated the whole purpose of ordering online for curbside pickup"

Grocery

Grocers were challenged by a large volume of curbside pickup never experienced before. Given the complexity in preparing grocery orders, we would have expected curbside fulfillment to take drastically longer this year; our data proved otherwise, the average wait time this year for curbside pickup was 5:07 compared to 5:21 in 2019.

Walmart Grocery and Whole Foods were the fastest and both had strong CSAT ratings. Whole Foods was solid both last year (3:04) and this year (3:30), while Walmart Grocery improved significantly in 2020, with a wait time of 2:06 vs. 7:03 in 2019.

One of the biggest surprises was that Walmart Grocery executed their curbside service so well, while Walmart Retail delivered one of the longest wait times and lowest CSAT scores. It appears that there is an opportunity for Walmart Retail to optimize their operations by taking some of their standard procedures from grocery fulfillment and extend them to their retail pickup program.

H-E-B and Albertsons were the slowest. H-E-B (8:57) had the highest wait time which was 120% higher than 2019, but Albertsons (though their CSAT score doesn't reflect this) received harsher feedback from all shoppers.



"Albertsons curbside parking spots were very hard to find. When I called the store to let them know I had arrived, it took many calls until they picked up. And when they did, it took a long time for them to give me an ETA. I had selected a pickup window, so not sure why there was so much confusion. The delays caused me to get my order outside of my pickup window - never doing this again."

The Drive-Thru Experience

Ordering online for pickup through the drive-thru lane is the next great opportunity for restaurants. Online orders picked up in designated drive-thru lanes exponentially increases throughput, decreases congestion in standard drive-thru lanes, while providing a faster, safer, and more seamless alternative.

Chipotle was the most unique - with their 'Chipotlanes' - designated drive-thru lanes for picking up online orders. This new channel performed the fastest by far, in comparison to other QSRs who merged traditional and online order pickups through the same drive-thru lanes.

"I tried the Chipotle lane for the first time and it was awesome. Since everyone in line had ordered and paid online already, pickup was really fast and easy. Why don't more places offer this?"

McDonalds also delivered relatively fast wait times and top CSAT scores, while leveraging their existing drive-thru infrastructure. Unfortunately, Chick-Fil-A and Dunkin' had people waiting a long time for what customers expected would be a fast in-and-out experience.

"I don't understand... I ordered and paid through the Chick-Fil-A app, then picked up the order through drive-thru (not even requiring them to run it out to me) but I still had to wait in the drive-thru line a very long time for my order and saved zero time."



The opportunity is huge for online ordering for designated drive-thru pickup lanes. By offering online pickup through designated drive-thru lanes, brands can capture revenue that may have been lost due to the perception that the wait time will take too long in the typical drive-thru lane.

Why This All Matters

Before the pandemic hit, some industries were already asking themselves existential questions.

Restaurants upended by aggregators and then by the pandemic are realizing new models are going to be required in order to survive.

Retailers have been forced to rethink their models in order to compete and drive greater demand and loyalty among future generations.

Grocery brands are investing real-time more than ever into customer data and revolutionizing shopping experiences, and new channels to help them maintain market share and grow longer term.

None of the answers to these questions are easy. We know one solution that addresses most of these questions lies in the investment of Order for Pickup.

RESTAURANTS:

“Do I really need this large of a footprint? How do I compete and increase demand or throughput? Should I lean more into off-premise, ghost kitchens?”

GROCERS:

“How do I learn more about my customers and create a smarter digital experience? How do I compete with Amazon and delivery services?”

RETAILERS:

“What is the future of brick and mortar? How do I revolutionize the experience for the digital generation? How do I compete online?”

“The best experiences came from the brands that knew I was coming before I got there. It was faster and easier and made me feel like a VIP and it’s like the future of all shopping experiences. I cannot wait until it is the universal experience.”


– Secret Shopper

Best Practices

The hundreds of trips made by our secret shoppers clearly demonstrates that the attribute with the strongest correlation to CSAT was the speed of the pickup experience. However, as the report revealed, it isn't just wait time, other attributes are also important:

1. Wait Time
2. Easy Process
3. Customer Service
4. Quality/Accuracy of Order

When brands fall short in one area, it is possible to make up for it in other areas. For instance, Chick-Fil-A and Target did not deliver fast experiences, but interviews reveal that they have such strong brand loyalty that it would likely take many more awful experiences to impact overall CSAT.



"There are multiple attributes that determine customer satisfaction and loyalty; it is a nuanced challenge that every brand must balance. Orders for Pickup will become a prominent channel for brands who lean in to their strongest attributes (quality of product, for instance) but continue to work to improve the others (process, wait time, customer service...)."

- Dr. Kirthi Kalyanam

Keeping that in mind, the following are best practices that will add value to brands over the long-term...

1

Prioritize Order for Pickup Resources

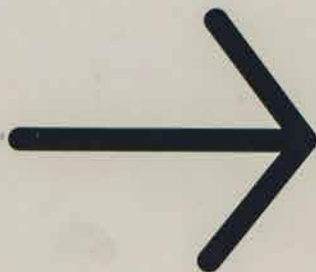
Ensure that pickup instructions are clear, on-site signage is easy to follow with dedicated pickup parking spots or check-in areas. Brands must also reinforce employee training so experiences are consistent across locations, build customer loyalty and drive more of your business through Online Order for Pickup.



**CURBSIDE
PICK-UP
HERE**

3

**Contactless
curbside
pickup.**



Focus on Channel-Specific Best Practices

In-Store

Having orders timed perfectly to customer arrival so that, for example, food isn't sitting there getting cold waiting to be picked up. This is important for customer satisfaction. Customers were also clear that they want the pickup zone separated from returns or other customer service lines to keep wait times low.

Curbside + Drive-Thru

Prioritize parking in front of the store (also make sure it is well lit) and focus on capacity planning to make sure you don't have more cars competing for spaces than you do capacity. Customers also are starting to look for brands that provide online pickup lanes in the drive-thru, since our study showed this greatly shortens wait times.

4

**WE ARE
OPEN!** TAKE OUT
DELIVERY
CURBSIDE
ORDER ON MOES.COM OR THROUGH OUR APP

Tell the World About Your Program!

Refining the customer journey is not always easy and does take investment, but once you are ready, market the channel and its benefits, heavily. Brands who did the best in this year's study, not only prioritized pickup, but ran major ad campaigns to drive demand into the channel.



5

Plan for Contactless, Long-Term.

Speed and a safe contactless experience, even in the future, will be valued by customers. Enforcing social distancing and requiring masks will increase your customers' loyalty to your brand. Consumer behavior has changed, so brands must continue to innovate around contactless - it's not just a short-term trend, it is here to stay.

Key Takeaways

WAIT TIME
+ SAFETY



SUPERIOR CUSTOMER
EXPERIENCES +
REPEAT EXPERIENCE



LONG-TERM
BRAND LOYALTY

BEST IN CLASS



Chipotle delivered the fastest wait times and highest CSATs in 2 of 3 categories (they don't offer curbside) - standing out as a top brand 2 years in a row.

MOST IMPROVED



Home Depot was challenged in 2019, but in 2020, improved their wait time the most, while receiving some of the best qualitative feedback.

THE 'CHARMERS'



Each brand fell short of wait time expectations, but still received strong CSAT scores by leaning into other core strengths.

PARTICIPATION TROPHY



Unfortunately, for 2 years in a row, Lowe's has kept customers waiting and were the recipient of some of the most aggressive feedback.



Rakuten Ready ARRIVE, a Solution for Brands of All Sizes

Rakuten Ready, the leader in predictive arrival technology, has been focusing on online Order for Pickup since our beginning in 2013, and has years of proven excellence in delivering superior customer experiences, with brands of all sizes.

We enable brands to deliver seamless, efficient, and safe contactless Order for Pickup experiences with our Rakuten Ready ARRIVE platform:

- Improve customer satisfaction
- Optimize operations with real-time store-by-store analytics
- Get started quickly and easily
- Leverage our expertise

Learn more about [ARRIVE HERE](#)
and let's [TALK](#) about how
Rakuten Ready can best
help you today.

Methodology

The study collected data points from May - August 2020. This resulted in 500+ site visits from 11 major metropolitan areas, in 6 different states.

Each visit measured a variety of points including:

- Time it took to place the order and enter payment
- Notifications around order processing
- Wait times related to order pickup
- Documenting safety and COVID-19 protocols
- Customer Satisfaction and NPS

Process

Participants were asked to place an order using the brand's mobile application, if this was not possible the order was placed on the brand's website. They were then instructed to share location with the brand as they headed to pick up their order. Participants were assigned one of three pickup types: curbside pickup, in-store pickup, and drive-thru pickup.

Participants were instructed to detail their time during ordering as well as pickup as well as document their order experience.

Order Information

The participants were instructed to have a very similar basket size as follows:

- QSR: Meal defined as main menu item, side item, and drink
- Restaurant: One meal entree
- Grocer: One item from 4 different zones (freezer, fridge, product, non-perishable)
- Retail: One item of choice

Participants

The participants represented a cross section of the United States with ages ranging from 20-60, spanning different socioeconomic status'. All participants were required to own a mobile device and have access to a car to pick up orders. Their orders were reimbursed in the amount that was allocated for that particular brand. They were instructed to follow local regulations. While none cancelled an order due to COVID-19, it was shared they were not to complete an order if they felt uncomfortable going to that merchant due to COVID-19.

Data Commentary

Training: Participants were trained on how to measure time as well as rate their experience. This was done to ensure consistency across participants.

Completed Trips Only: The data analyzed is from completed trips. An immaterial number of orders were deemed incomplete due to the brands inability to fulfill the orders.

COVID-19 Impact: Participants were asked to adhere to local regulations when completing the order. When their assigned pickup method was not available, they were allowed to switch to the one that was available to them. That data was counted as the method they used rather than what was assigned.

Special thank you to Dr. Kirthi Kalyanam, L.J. Skaggs Distinguished Professor and Executive Director of the Retail Management Institute at Santa Clara University for all his insights, guidance and time.