



How Restaurants Can Optimize Direct Ordering

The business and brand implications of direct vs third-party ordering for restaurants and guests, and how to shift guest behavior.



What's inside

This ebook is not going to recommend that you ditch your third-party platform.

Instead, in this 13-minute read, discover how to optimize your ordering channel profitability while leveraging marketplaces as part of a balanced restaurant strategy.

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Not all orders are created equal.

Restaurants need to generate a high volume of orders (which marketplaces can help with), plus drive up profits and create lasting relationships that scale your business over time (which direct orders help with).

But.

When guests order via third-party services, restaurants don't own the guest relationship. You're surrendering that knowledge to the third-party platform and can't use it to build your business. Furthermore, guests encounter high fees and may be steered towards a competitor by them.

That's why [52%](#) of restaurants are prioritizing migrating business to direct channels.

Restaurant brands have to be purposeful about where they invest time and resources, and prioritizing direct ordering channels will help maximize profit, unlock essential guest data, and differentiate yourself from your competitors. Ignoring direct ordering means third parties will continue to cannibalize your business.

Even though [guest satisfaction rates are roughly equal for direct and third-party orders](#), most guests ([58%](#)) still prefer ordering directly from the restaurant and spend 35% more when they do. With direct ordering, you control the guest relationship (including opportunities to delight guests and market to them in the future) and enjoy the highest margins.

58%

of guests prefer
direct ordering



01

The Pros and Cons of Direct and Third-Party Ordering for Restaurants

Third-party marketplaces are undeniably helpful for boosting brand awareness, but there’s a high hidden cost. As guests become used to ordering on a marketplace, the third party inserts itself into the guest experience and takes control of the guest data and relationship.

Third parties will use this data to drive more orders to their platform, and away from direct orders. Without data from direct orders, brands will know their guests less well and have a harder time driving business.

Third-party marketplaces don’t care which restaurant gets the order—they may even steer your guests to competitors with promotions.

Costly fees from a third party—for commission, delivery, service, sales tax, and more—eat away at a restaurant’s profit margin. As a result, restaurants

raise their prices on third-party services, and guests see an average [68.6% price markup on orders](#). (This is often offset with promotions from third-party services.)

When guests order directly from a restaurant’s website or mobile app, restaurants can control fees and leverage all of the guest data associated with direct orders.

That said, there are clear benefits to using a third-party marketplace. You get access to a large pool of guests motivated to make an order, which can be invaluable for brand-building. There’s also a convenience factor—many brands rely on third-party services to avoid managing a delivery fleet (though there are other convenient options like [Olo Dispatch](#), which provides a fleet for direct ordering). It might feel easy in the short-term, but remember—neglecting direct orders has serious consequences.

PROS + CONS FOR RESTAURANTS

Direct Ordering

PROS

Better profit margin for restaurants

Own guest relationship and data

Opportunity to surprise and delight or manage issues

More control over platform and processes

Higher spend

More accurate orders

CONS

Requires management and upkeep

Third-Party

PROS

Exposure to large audience

Minimal platform upkeep

CONS

Higher prices for guests

Co-ownership of guest data

Repeat visits may not be as high as expected

Lose control of guest experience

Tip loss for restaurant staff

May send your guests to competitors

Is your storefront direct or third-party?

Ask yourself: “When this third-party has access to my data, will they be more equipped to steer guests towards their marketplace over time?”

02

The Guest's Perspective of Direct Ordering

From a guest's perspective, direct ordering has several distinct advantages:

Direct line of communication. Ordering directly with the restaurant provides more options for customizations or special requests.

If there are issues with the order, the restaurant has the opportunity to provide a high level of hospitality and make it right directly with the guest.

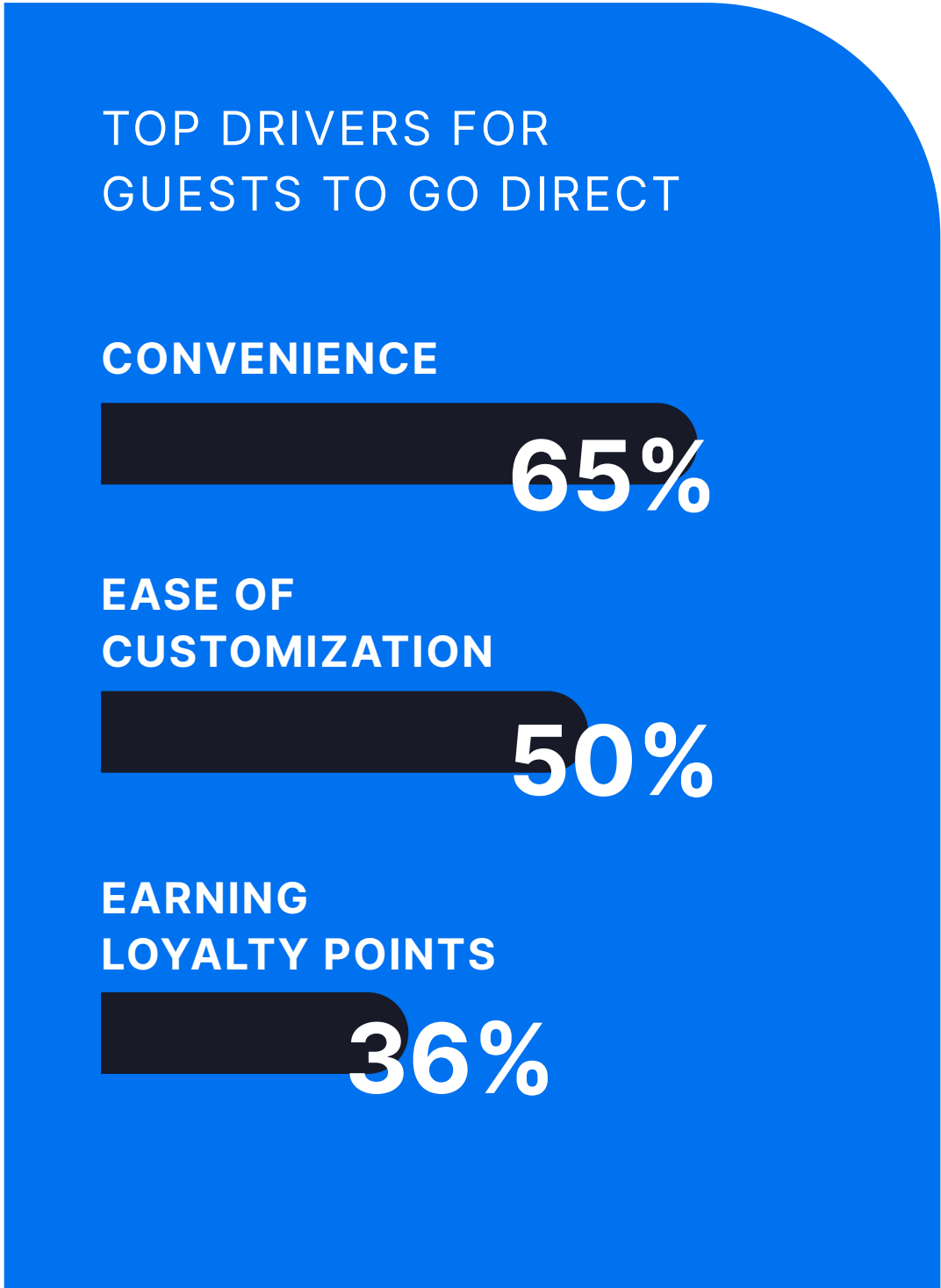
Direct orders mean lower menu prices due to no fees, and guests can accumulate loyalty points and redeem offers with the order.

With third-party providers, guests often accrue points to spend on the marketplace instead of the restaurant.

Finally, direct orders allow the restaurant to add small gestures that create loyal guests, like handwritten notes or extra sauces.



PROS + CONS FOR GUESTS	
Direct Ordering	Third-Party
PROS <div>More customization options</div> <div>Earn loyalty points with brand</div> <div>Often faster delivery</div> <div>Less expensive</div>	PROS <div>Easy to browse multiple restaurants</div>
CONS <div>Must decide in advance which restaurant to order from</div>	CONS <div>Not dealing with restaurant directly - unclear chain of command for issues</div> <div>Higher cost</div>



03

Why Direct Ordering is Critical to Restaurant Growth

To make strategic business decisions and effectively scale, restaurant brands need direct access to guest data. [Direct ordering channels](#) provide a critical avenue to own your data.

Here are just a few benefits of driving direct digital orders:

Own Your Guest Relationship

A single transaction isn't the desired end state of the guest relationship. Brands need to keep guests coming back to maximize profit over time—and owning the guest relationship is critical for retention.

First-Party Ownership

With direct ordering, restaurant brands can collect, analyze, and act on first-party guest data. These valuable insights give brands a deeper understanding of who their guests are, how frequently they return, what they like to order, and how much they spend, so they can better serve them. With this information, brands can create more accurate forecasts and even decide where to build new stores.

Additionally, when direct ordering channels are integrated with other restaurant systems, like a CRM or CDP with robust analytics and conversion tracking, brands can make data-driven business decisions like cutting underperforming campaigns and doubling down on channels that drive profits.

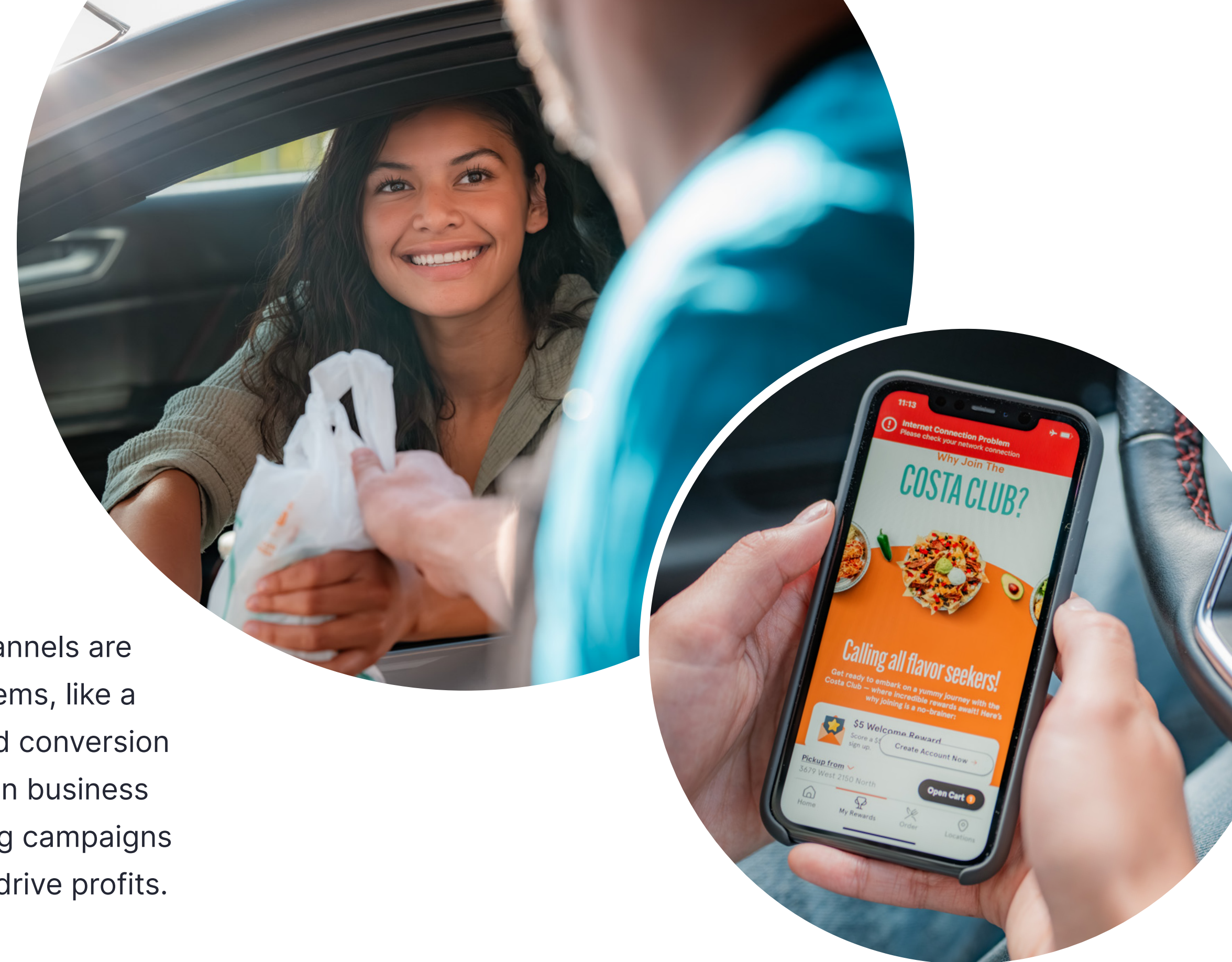
For example:

Marketing: Easily create segments. Send SMS messages to guests at the time/day they typically order, with an offer tailored to their preferences (e.g. \$5 off their favorite pizza).

Culinary: Make menu decisions based on reorder rates (e.g. high volume, high repeat: put these everywhere in your acquisition campaigns).

Real Estate: Identify new restaurant locations with high-ROI potential based on where your high-value guests live, work, and play.

The first-party data resulting from direct orders also makes it possible for brands to maximize guest lifetime value (GLV) by tailoring the dining experience to each individual and making every guest feel like a regular.





GLV Explained

Guest lifetime value is the estimated profit generated from each guest from the first visit through the last. In other words, it's how valuable a guest is to your business, not just on a transaction basis, but with regard to their recency, frequency, and monetary spend across the entire relationship.

Given [returning guests make up most of your revenue](#) and [acquiring new guests costs time and money](#), increasing the value of your existing guests—with the support of comprehensive guest data—is a critical way to drive growth.

[LEARN MORE ABOUT GLV >>](#)



How third-party fees affect your bottom line

The most common challenge restaurants face for off-premise growth is third-party fees.

DIRECT	THIRD-PARTY
TICKET: \$7.56	TICKET: \$7.56
.....	Typical commission (-15%) -\$1.13
TOTAL: \$7.56
X avg. annual transactions	TOTAL: \$6.43
<hr/>	<hr/>
=\$\$\$\$\$	X avg. annual transactions
	<hr/>
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04

Mixing Direct and Third-Party Business **to Maximize Profit**

Third-party marketplaces are a high-cost but wide-reach acquisition channel that, if managed correctly, can feed your more profitable direct channels.

The goal is not elimination, but strategic optimization.

Think of the relationship like this:

THIRD-PARTY MARKETPLACES

The Acquisition Engine:

They cast a wide net, capturing guests who are platform-loyal, new to your brand, or simply prioritizing convenience. This is an expensive form of marketing, but it drives initial volume.

DIRECT ORDERING

The Profit Engine & Retention Hub:

This is where you serve repeat customers to maximize profits and guest relationships.

The Strategic Mix

Because direct traffic is more profitable traffic, most brands (69%) prefer to keep at least 50% of their business on direct channels.

Here are some other ways to maximize online ordering revenue:

- Remove low-margin items + items that wouldn't travel well from your marketplace menu.
- Promote combos that hide necessary marketplace markups.
- Diversify use of third-party providers to maximize coverage and outage protection and keep costs competitive.
- Consider a hybrid fee for first-party delivery to increase AOV (i.e. free delivery over \$30, \$5.99 under that threshold).
- Make use of ads and offers on third-party apps to get in front of people who will be future brand loyalists. But be sure you can track the effects of these promotions.

When executed with precision, this dual strategy turns the third-party ecosystem from a cannibalizing competitor into a structured component of your overall growth strategy, ensuring every order—regardless of where it originates—contributes to maximizing your GLV.

Encouraging Guests to Order Directly

It may take time to retrain guests to order directly with a restaurant when they are accustomed to using third-party marketplaces. Some may never convert—third-party platforms are big because they know how to drive guest acquisition, retention, and frequency. But your best chance at modifying their behavior is to regularly remind them of the benefits, such as lower fees and higher quality of service.

So what would convince guests to order directly from a restaurant instead of through a third-party marketplace?

Here's how restaurants can win:

- 1 Leave a coupon in a third-party order with a discount that can only be used on a direct order.
- 2 Add a personalized touch to the order, whether online with a smart cross-sell, or accompanying the delivery, like adding extra sauces or a fun decoration on the bag.
- 3 Promote that direct ordering allows for more customizations, so guests can get exactly the dish they want.
- 4 Ensure prices/fees are lower when ordering directly.
- 5 Remind guests that they only receive loyalty points with direct orders.

Here's how to educate guests about their direct ordering options:



IN-RESTAURANT

Prominent signage, staff T-shirts, door decals, receipts, to-go bag stuffers, and stickers can help spread the word.



ONLINE

Use your website, social media channels, advertisements, email marketing, push notifications, etc. to boost awareness.



INCENTIVES

Motivate guests to via special promotions or discounts, such as a free delivery campaign or \$5 off their first website or app order.



TEAM TRAINING

Make sure to train team members so they can help reinforce the value of direct ordering when they interact with guests.

Order with Google – Another Direct Order Option

83% of hungry consumers use search engines or Google Maps to find a restaurant. By leveraging [Order with Google](#), you can ensure guests who are using Google Search or Maps to locate similar restaurants or dishes in their area can easily find and order directly from your brand.

By enhancing and optimizing your Order with Google profile, you can encourage more direct orders and open the door to new guests, while retaining ownership of guest data.

[LEARN HOW TO DRIVE INCREMENTAL REVENUE ON ORDER WITH GOOGLE >>](#)

4 Ways to Optimize Direct Ordering

Once you’ve decided to embrace direct ordering for your brand, there are a few simple steps to consider to double down on what works.

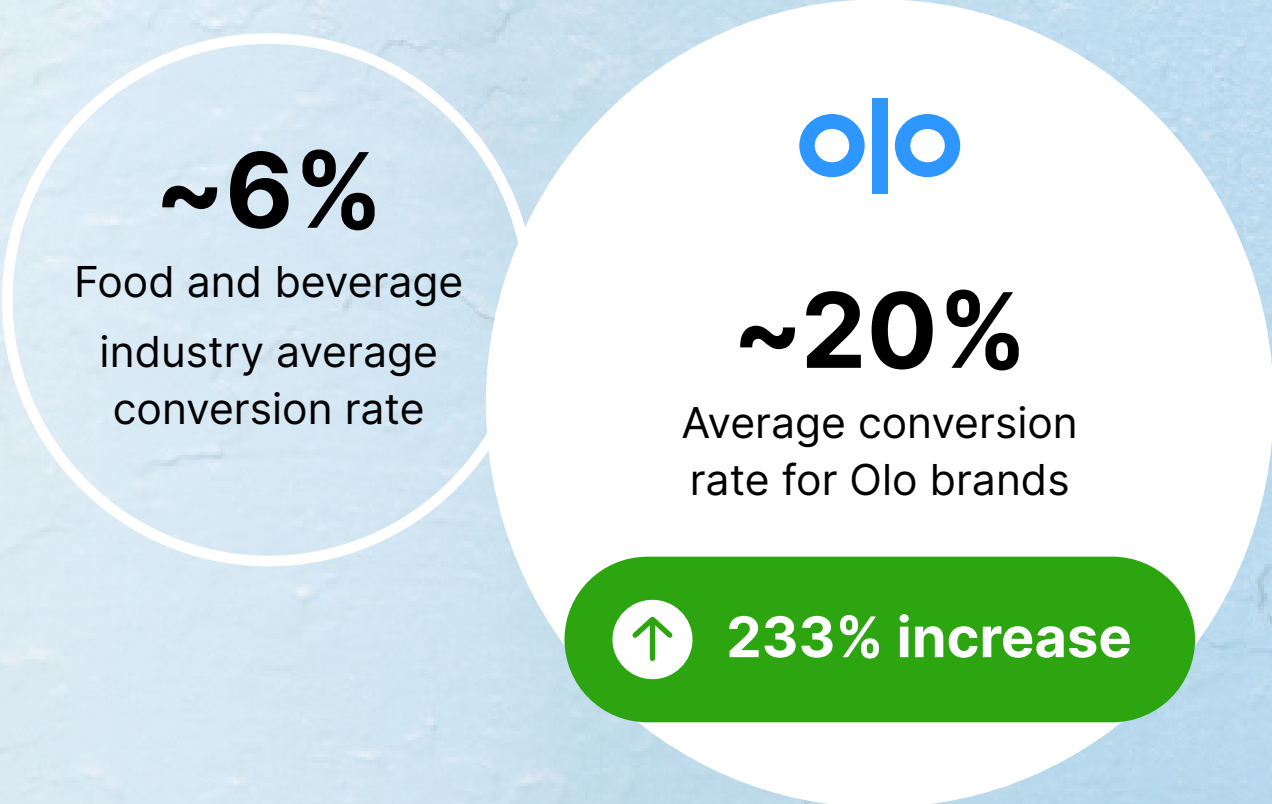
1 Fine-Tune Your Website and Mobile App for Direct Ordering

You’ll see higher conversions.

Ensure your restaurant website is mobile-friendly, loads quickly, and enables guests to place an online order from the top of the homepage. There should be a clear “Order Now” call to action throughout the site, including in the navigation bar, header, splash image, footer, etc.
Hint: Fewer clicks = higher conversion rate.

If you have a mobile app, it should be prominently featured on the website so guests can easily download it and order however they choose. Provide a detailed, easy-to-navigate restaurant menu on your website and mobile app, featuring mouthwatering imagery and descriptions.

Simplify and streamline the ordering and checkout flow on your website and mobile app so it’s intuitive, convenient, frictionless, and fast. Here are eight ways to optimize for conversion, including offering multiple options for login, handoff mode, and payment.



Portillo's®

HOT DOGS • BEEF • BURGERS • SALADS

Portillo's Guests Get the High-Speed Service They Crave With Frictionless Direct Ordering

BACKGROUND

Portillo's wanted to provide a more seamless guest experience, better order sequence, and, most importantly, a faster path to checkout.

SOLUTION

Since Portillo's transitioned to Olo Serve (Olo's white-label online ordering solution) and optimized its menu—including setting default menu item sizes to offer more value to guests—the cart conversion rate has doubled.

By leveraging Serve's menu management capabilities, Portillo's has made placing an order intuitive and frictionless for guests, increasing the average basket and ticket size. Portillo's guests now spend less time ordering, with fewer clicks needed to add items to their cart and add a payment method.

RESULT

2x

cart conversion rate

20%+

sales are now digital

“ Launching Olo Serve and optimizing our menu has helped create a frictionless online ordering experience at Portillo's. Our guests want to get in and get out as fast as possible. In that sense, we nailed it. ”

Dino Northway

Sr. Director of Off-Premise Dining



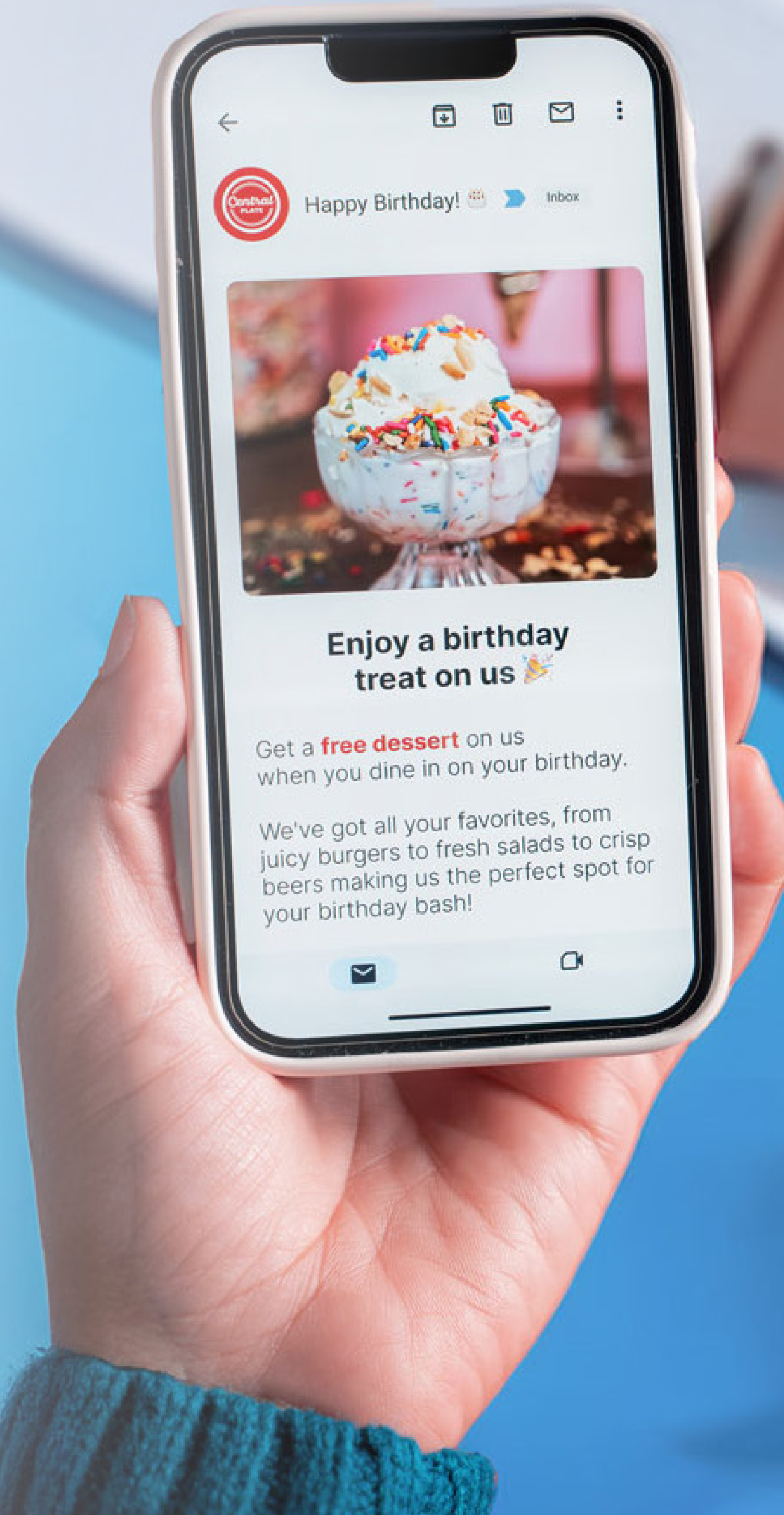
2 Personalize the Ordering Process

You'll see an increase in revenue when ordering is easier, and guests feel known.

Just because an order is placed online doesn't mean there's no opportunity for hospitality.

When a returning guest lands on your ordering page and sees "Welcome back, Alex!" alongside their go-to Tuesday night order ready to reorder in one click, you've just made their hectic evening a little easier. When someone new gets smart recommendations based on what's popular or what pairs well together, you're guiding them like a great server would.

These moments of recognition matter: they turn first-timers into regulars, help decision-fatigued guests order faster, and create the kind of experience that earns loyalty.





Waffle House Increases Revenue + Repeat Guests With Personalized Order Recommendations

BACKGROUND

Waffle House decided to add online ordering for the first time, but wanted the experience to include the hospitality the brand was known for.

SOLUTION

[Waffle House](#) rolled out Olo for online ordering and turned on personalized recommendations, including Smart Cross-Sells, Local Favorites, For You, and Recent Items.

With Smart Cross-Sells, when a guest selected an item, Olo's ordering platform would suggest a complementary item they could add on. Local Favorites showcased the most popular items at a particular location, and For You offered personalized recommendations driven by AI and guests' previous behavior. Recent Items provided an easy way for guests to reorder their favorite items.

After full rollout, 36% of Waffle House's online revenue comes from these personalized recommendations. Personalized recommendations give guests a better experience, making it easier to order their favorites, providing guidance to new visitors, and delivering a brand-aligned, guest-centric experience—even online.

RESULT

1.6%

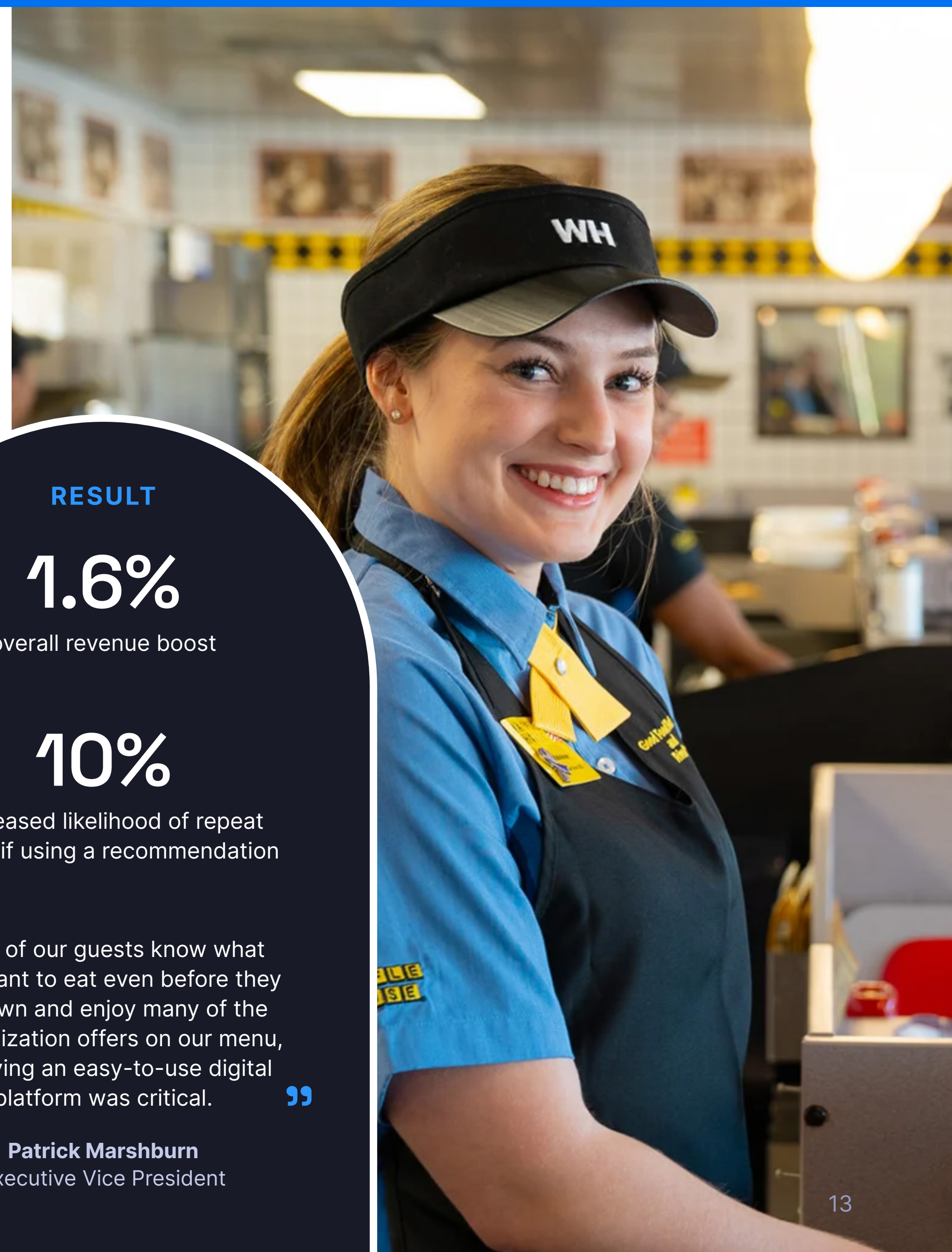
overall revenue boost

10%

increased likelihood of repeat order if using a recommendation

“ Many of our guests know what they want to eat even before they sit down and enjoy many of the customization offers on our menu, so having an easy-to-use digital platform was critical. ”

Patrick Marshburn
Executive Vice President



3 Offer Catering

Tap into a [\\$77B](#) market.

Catering has become a crucial engine for restaurant growth, with orders 10x higher than the average individual order.

Avoid costly fees by enabling guests to order catering directly from your restaurant.

AVERAGE
INDIVIDUAL ORDER:

\$

vs

CATERING ORDER

\$ \$ \$ \$ \$
\$ \$ \$ \$ \$





Cracker Barrel Takes Catering From Holiday Tradition To Year-Round Revenue Generator

BACKGROUND

Before working with Olo, [Cracker Barrel](#) only offered catering during holidays. However, the brand determined catering was the channel with the highest revenue potential, and it invested in smooth operations powered by Olo.

SOLUTION

With Olo, Cracker Barrel can provide a consistent direct ordering experience for catering guests, streamline operations, and reliably manage high order volume.

Catering orders are placed just like mealtime orders for ultimate convenience. Since 99% of catering guests order through the restaurant's website or app, the brand has avoided most commission fees and retained nearly all catering profit.

By owning the catering guest relationship, Cracker Barrel can leverage first-party data—favorite menu items, average order value, frequency, and more—to drive retention and inform business decisions.

RESULT

99.68%

of catering orders are placed via Cracker Barrel's website or app

7x

higher average order value for catering vs. mealtime orders

\$100M+

annual catering sales

“ With Olo, we can meet our catering guests where they are, be the most convenient ordering option, and own the guest relationship. ”

Diana Lawson

IT Product Owner Online Ordering Systems



4 Offer Delivery

Increase average AOV by 35% compared with pickup orders.

Empower guests to order from your restaurant website or mobile app by offering direct delivery. A convenient, branded delivery experience builds trust with guests and gives them the peace of mind that they'll receive the best-in-class service they expect.

Brands that don't have the desire or bandwidth to manage their own drivers can use a [direct delivery solution](#) that automatically pairs third-party couriers with direct orders. This provides a consistent guest experience that boosts loyalty and revenue for the restaurant.

[GET TIPS FOR INCREASING YOUR DELIVERY SALES >>](#)



Maximize Your Profits With Direct Ordering

Third-party marketplaces play an important role in driving discovery and incremental revenue for many restaurants. But brands can no longer afford to neglect their direct ordering channels.

To effectively scale, you need to own your guest relationships. With the insights gleaned from direct orders, you can better understand guest behavior and make data-driven business decisions that boost revenue, long-term loyalty, and operational efficiency, all while bringing acquisition costs down.

Remember, the restaurant brands that know their guests best—and act on that intel—will come out on top.

**Find out how Olo can help
your brand drive more
direct digital orders and
increase profitability.**

Get Started →

About Olo | Hospitality at Scale™

Olo is a leading restaurant technology provider with ordering, payment, and guest engagement solutions that help brands increase orders, streamline operations, and improve the guest experience. Each day, Olo processes millions of orders on its open SaaS platform, gathering the right data from each touchpoint into a single source—so restaurants can better understand and better serve every guest on every channel, every time. Over 750 restaurant brands trust Olo and its network of more than 400 integration partners to innovate on behalf of the restaurant community, accelerating technology's positive impact and creating a world where every restaurant guest feels like a regular. Learn more at olo.com.

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