



Revly

Menu 40%

Menu 30%

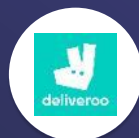
Offer 2

Offer 1

Delivery App Offers. The Playbook for Growth.

How to harness the most powerful
marketing strategy in food delivery and
drive more profit for your brands.

For restaurants and cloud kitchens
operating on:



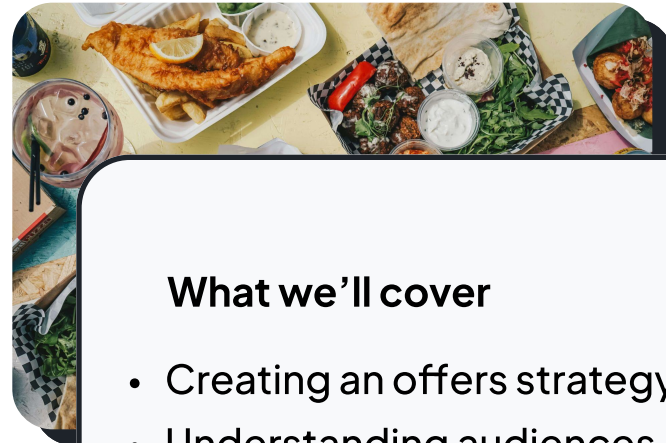
Why understanding discounting is crucial

Restaurants operating on food delivery apps know offer campaigns and discounting has a huge impact on revenue and customer acquisition.

But with razor thin margins, investing in offer campaigns can lead to questions about effectiveness and impact on the bottom line. If you've run discount campaigns and ended up with a loss - you are not alone.

Restaurants, chains and cloud kitchens need a more efficient, impactful and repeatable strategy for running offers.

In this guide we'll show you how understanding your brand is the the key to success, as well as reveal the the most effective optimization strategies you can start using today to run better offers on delivery apps.



What we'll cover

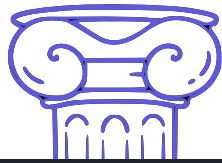
- Creating an offers strategy
- Understanding audiences
- Optimization strategies
- Discounting for profit

3 pillars of delivery app discounting



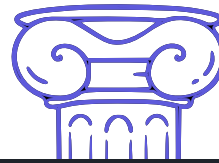
Discounting campaigns are the most effective marketing strategy on delivery apps. But how do you sidestep the downsides? Discounting can negatively impact brand equity, cannibalize customers who would have bought anyway and in the worse cases end up in a loss.

With a clear brand strategy, audience insights and a testing mindset, discounting can be a powerful marketing channel without damaging brand equity or putting profits at risk. **These are the 3 pillars of delivery app discounting.**



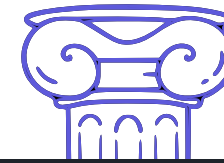
Brand strategy

Assessment of the current brand equity, position in the market and aspirations for the brand and growth rate in the future.



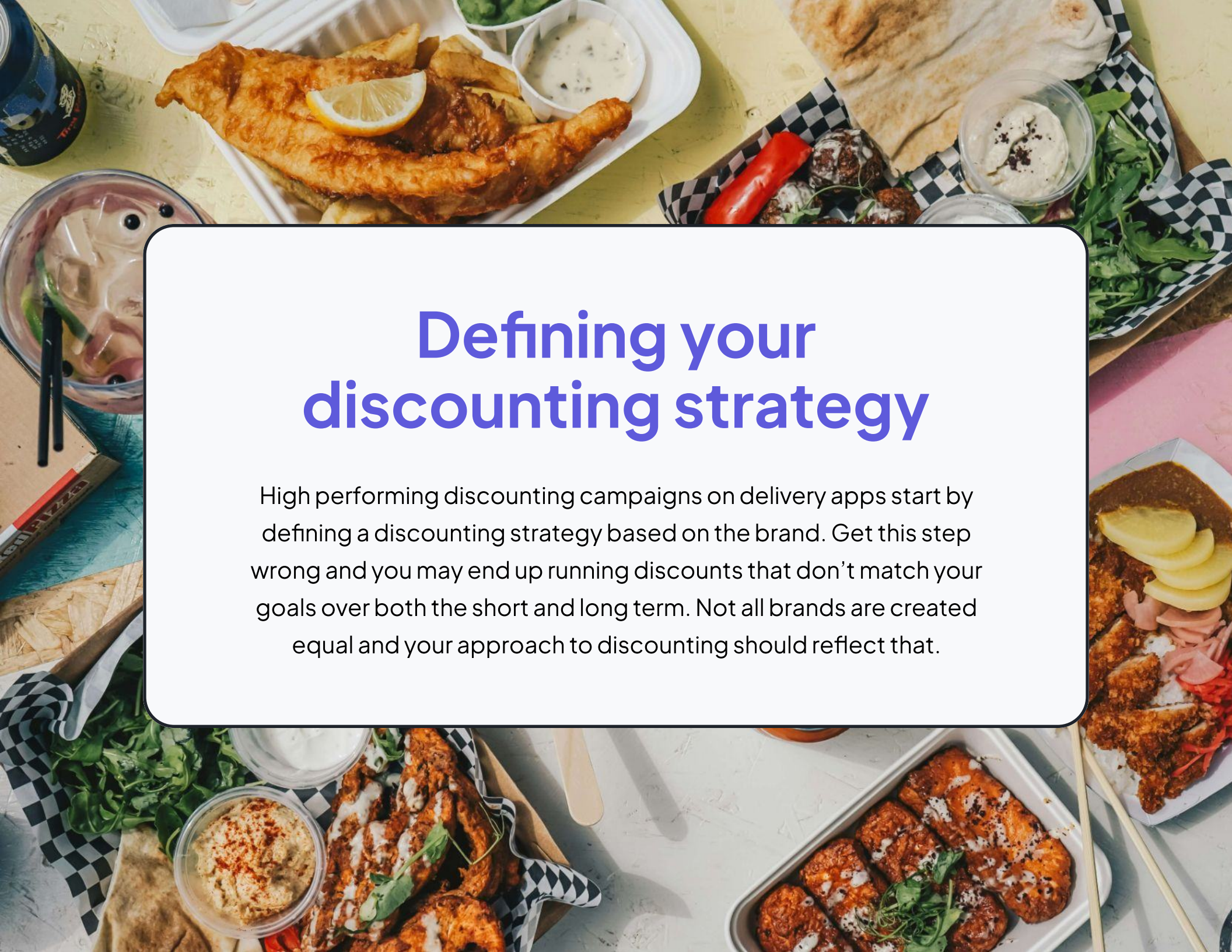
Audience Targeting

Each delivery app has it's own audience. How you allocate budget depends on who you are trying to reach, and your goals.



Testing & Optimization

Testing is the name of the game with discounting. Take a data driven approach to consistently drive the most new customers and profit.



Defining your discounting strategy

High performing discounting campaigns on delivery apps start by defining a discounting strategy based on the brand. Get this step wrong and you may end up running discounts that don't match your goals over both the short and long term. Not all brands are created equal and your approach to discounting should reflect that.

Since discounting can have a big impact on a brand's impression in customers minds, always start with a brand assessment before launching any offer campaigns on delivery apps.

The position of the brand in the market, as well as the brand values, should dictate the overall discounting strategy.

Brands who've invested heavily in design and a more expensive product may opt to never run offers in order to grow slower but protect their brand equity over the long term.

if your starting with an existing brand, assess the current brand position in the market. Brands that have a history of heavy discounting will likely need to continue running offers to maintain revenue goals in the short term.

It's useful to ask the following questions to create a coherent discounting strategy that matches your brand goals.

What's the maximum discount you are willing to accept?

Are you willing to run 50% offers and accept the brand impact?

Do you only want to acquire new customers or drive overall revenue?

Do you have menu items that you would like to push?

Do you need to push specific "dead" hours to improve performance or kitchen utilization?

Set your goals up front for offer campaigns and measure success with the metrics associated with those goals.

4 most common marketing goals for offer campaigns

1 Lower customer acquisition cost



Offer campaigns are one the best ways to lower CAC. On delivery apps offers can acquire new customers for 10–30 dhs. With Meta ads it's often closer 80dhs - 100dhs.

2 Increase top line revenue



When your goal is to drive as much top revenue as possible without focusing on profitability, offer campaigns regularly drive 5X - 10X more revenue than base line.

3 Raise Brand Awareness



Brand Awareness is a critical part of the lifecycle of any brand that you can increase with offers. Measure with (impressions), and how many people clicked on your menu .

4 Acquire more new customers



With specialized campaigns types targeting new customers offers are a great way to get customers to try your brand for the first time without the risk of cannibalising existing sales.



Used strategically, offer campaigns can be used for almost any campaign goals such as brand awareness, improving conversion rate and increasing overall profit

Discounting strategies - what you need to know



Discounts are highly effective but in order to use them for maximum impact you must understand how they impact your brand, operations and budget overall.

Before you launch your campaigns consider these key points about this type of marketing strategy.



Test your way to success

Always approach offers with a testing mindset to find campaign winners.



50% offers negatively impact brand equity

50% discounting drives most revenue but customers will expect discounts in the future.



Customer acquisition cost is very low

Offers provide restaurants with the lowest CAC of all marketing channels.



Expect some cannibalization

Cannibalization is normal with offers and isn't a negative. Expect an impact of upto 10%.



Offers also increase basket size

An added benefit not to missed - offers also increase average basket size.



Customers have a lower retention rate

Customer who order from offers have a lower retention rate than ads or organic.



Only the top 1% of brands have no offers

Almost all brands use some form of discounting on delivery apps.



Item discounts protect brand equity more

Item discounts are less like to make users wait for discounts in the future.



Understanding Delivery App Audiences

Users on delivery apps have different audience profiles. This gives restaurants targeting options when it comes to discounting and it's always beneficial to build an individual strategy around each app depending on your menu, goals and budget.

Targeting and delivery app audiences in UAE



Many restaurants think they don't have control over targeting on delivery apps, but this is far from the case. In fact, each delivery app has its own audience that responds differently to discounting.

Blanket discounting across all delivery apps will always lead to sub-optimal results and discounting should be done on how you are trying to reach and how that audience behaves on the app.



- Leading Player in the market
- Demographics: Mainly Locals and Arabs from the region
- Weekly Campaigns - Innovate regularly.
- **Broad Offers** & Ads Products



- Demographics: Broader
- Audience - Super App
- Weekly Campaigns - Innovate regularly
- **Limited Offers** & Ads Products



- Demographics: Western Expats
- Least Discount Sensitive Customers
- **Broad Offers** & Ads Customization



- Demographics: South East Asian
- Discount Sensitive Customers
- **Aggressive Quarterly Campaigns**

How to run optimized offer campaigns



Most delivery platforms give you basic tools for running different ad strategies, but you'll need more than just the basics to truly run profitable goal based strategies.

Specialized **delivery marketing software** is the best solution for running, tracking and optimizing goal based food delivery marketing strategies.

Benefits of all-in-one delivery marketing software



Manage all offers in one place

Combine marketing for all outlets, locations and channels in one place.



Automate campaigns across channels

Time slot and location targeting, as well as automated discounting.



Easily compare offer performance

Dashboards and analytics tailored for delivery marketing to monitor performance.



Optimize towards your goals

Make confident optimization decisions with flexible tools and dashboards.

The screenshot shows a software interface for managing offers. At the top, it displays the brand name 'PokeHub, Adam's Kitchen'. Below this, there are filters for 'Select all', 'Show from' (with social media icons), and 'Status'. The main section is titled 'Offers : 27 selected branches, Current Week' and includes a sub-header: 'Create and manage all your offers in one place, with personalized rules to automatically trigger your offers'. A table lists the offers with columns for 'Brand name', 'Offer name', 'Start-End date', 'Days', and 'Slot'. The table contains 10 rows of data, all for 'Craft Burger +3' by 'Jacob Jones', with a start date of '21/02' and a duration of '∞'. The days of the week are indicated by letters (M, T, W, T, F, S, S). The slot is '00h00 - 23h59'. A sidebar on the left contains various icons for navigation and actions. At the bottom right, there are page navigation controls showing '01', '02' (selected), '03', and '...'.

Offer Strategies

Offer campaigns have a dramatic impact on revenue and profit metrics. Default offer strategies on delivery platforms have the least targeting and broadest possible reach. **But is this always the best strategy?** Here we outline the playbook for running the most effective offer campaign for your business.

1. Increase sales in low peak hours



Discounting is a powerful tool to drive orders and revenue outside of non-peak hours. Most restaurants have a menu that caters more to a particular meal of the day.

Discounting **only** during non-peak hours is a way to drive more revenue without dropping the profitability of times of the day when customers are ordering the most.

How to discount in low peak hours

Step 1 - View your order data by hour and day of the week.

Step 2 - Observe trends. In most cases you will find most orders come from certain times of the day.

Step 3 - Decide on a strategy for offers. You want to find times when people are still ordering but are also outside of peak hours.

Step 4 - Launch custom campaigns that target the desired time period.

Step 5 - Track performance with revenue, new customers and contribution margin (profitability)

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
00 am	311	189	78	262	409	334	106
01 am	357	186	84	327	90	100	236
02 am	143	88	279	125		242	174
03 am	250	54	378	70	302	122	328
04 am	148		149	121		87	444
05 am	38	185	235		188	802	432
06 am	373	868	489	514	399	134	289
07 am	1260	1396	1946	1461	2035	1860	3121
08 am	3145	3722	4172	4788	4369	4082	4193
09 am	4687	4900	6980	5081	4054	6486	5792
10 am	3961	5844	5326	4348	6384	5366	6098
11 am	3354	3847	4025	2759	4129	6510	5546
12 pm	2795	2542	2588	2163	3030	3727	4486
01 pm	1673	1678	1149	1543	1788	1783	2153
02 pm	891	904	1501	1447	1116	1316	742
03 pm	1331	557	883	449	544	291	880
04 pm	665	706	603	455	372	234	395
05 pm	710	161	754	291	161	590	98
06 pm	349	377	306	117	168	104	537
07 pm	449	612	561	245	308	150	367
08 pm	684	456	796	405	293	251	280
09 pm	714	353	643	375	297	283	186
10 pm	638	451	298	339		157	59
11 pm	203	562	481	579	323	356	70
00 am d+1							

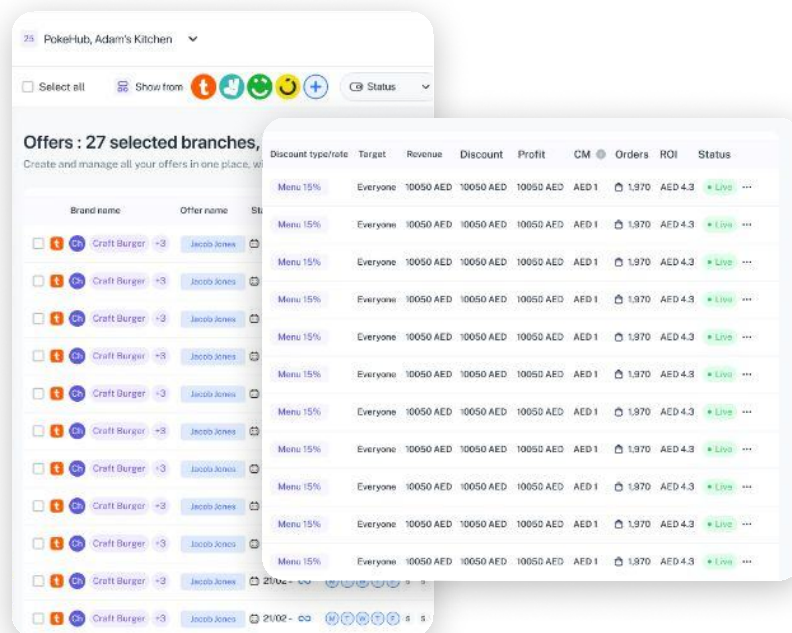
Targeting discounts at non-peak hours in Revly

2. Optimize offers per location



With offers, not all delivery areas are created equal. It's very important to understand the price sensitivity of your customer base in every delivery area - particularly if you are running many locations.

Equally, in every area there will be more or less competition for offers and it's often easy to leave money on the table by giving too high a discount in a low competition delivery area.



Best practices for optimizing offers by location

Higher discounts are often required for price sensitive areas like Diera.

Avoid over discounting in lower competition areas like Abu Dhabi.

Test different offers per location to see which offer resonates best with that particular customer type.

Use Revly to find which offers are more effective per location

Using data to optimize new customer acquisition

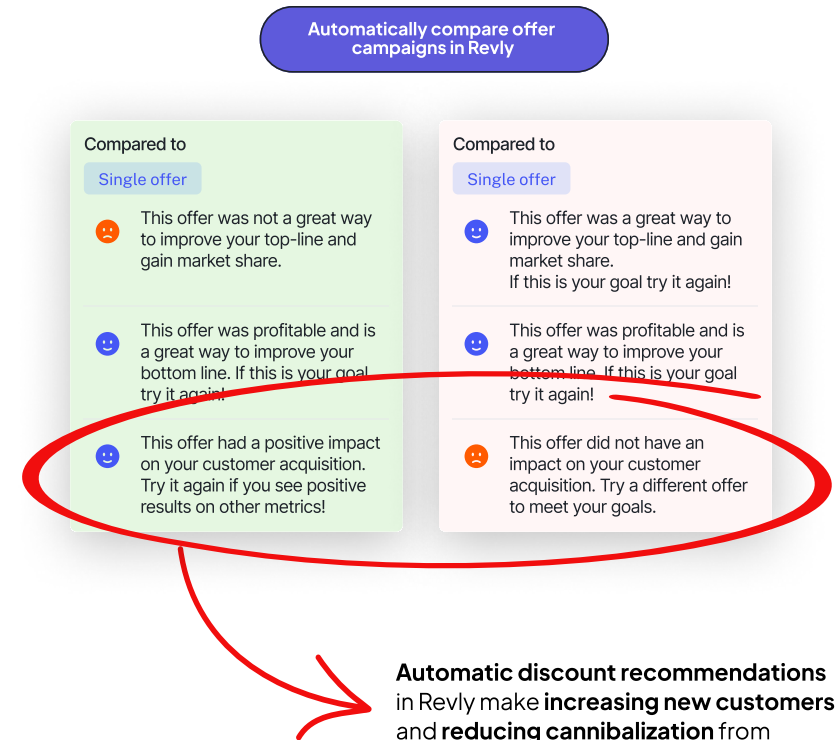


Using location level data is a great way to boost your new customer acquisition goals by focusing on prioritizing campaigns that drive the most new customers.

Optimizing on a location-by-location level will generate more new customers whilst also combating cannibalization. See below for an example of using new vs returning per location to optimize campaigns.



Overall the campaign got more new customers but one location generated more returning customers than new ones. For location D this discount was not effective at increasing new customer acquisition.



Automatic discount recommendations in Revly make **increasing new customers** and **reducing cannibalization** from discounts **easy**.

Discounting for Profit

The biggest challenge restaurants often face with discounting is the prospect the campaigns end up at a loss. For this reason many opt to avoid offer campaigns. However by **tracking contribution margin** not just revenue, restaurants can **easily optimize their campaigns** to ensure they are running offers that are **consistently profitable**.

Contribution margin is defined as **total revenue minus variable costs**. It's a simple, but powerful formula that tells you: after you take into account all the costs associated with running the offer campaign, how much profit is left over?

Contribution margin helps you answer questions like, which campaign generates the most profits, and which campaign is the most profitable on each aggregator? Or, when is it best to run free delivery, a 20% full menu discount or just an item discount?

$$\text{Campaign contribution margin} = \text{total revenue} - (\text{discount spend} + \text{commission} + \text{food cost})$$



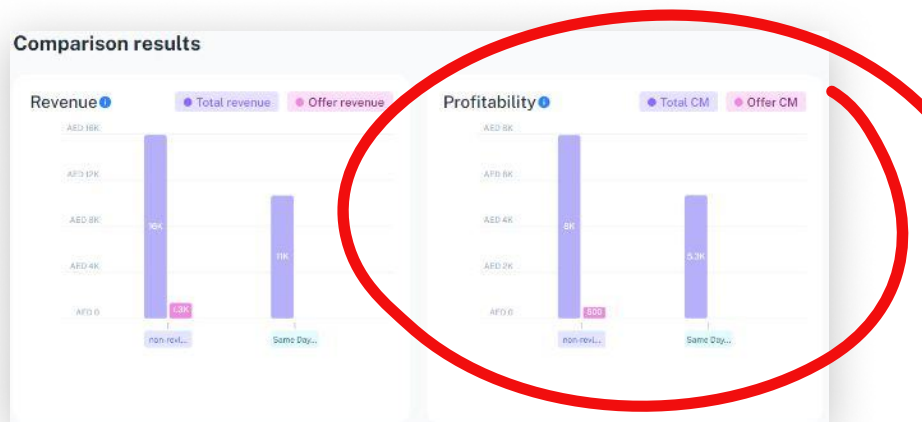
Compare contribution margins to find most profitable campaigns.

Automatically compare offer profit



Manually maintaining contribution margin calculations in spreadsheets is one of the most time consuming parts of modern day delivery app marketing - and sometimes it's not even possible at all.

Delivery app marketing software helps operators automatically track profitability in one place - making optimization easier, and saving hours of time per week managing campaigns.



Easily compare the profitability of offers

Contribution Margin

AED **219,386** 49 % of revenue

↗ 16% +30K AED

than Aug 19 - Aug 25, 2024

Automatic profit tracking in Revly

Delivery app marketing software helps operators automatically track profitability in one place - making optimization easier, and saving hours of time per week managing campaigns.

A man with a beard is shown from the chest up, stretching a piece of dough. He is wearing a black tank top and a silver watch. The background consists of a wooden ceiling with horizontal planks. The scene is brightly lit, suggesting an outdoor or well-lit indoor setting.

Setting Budgets

There is no rule book for setting delivery app marketing spend, however by following the process outlined here, you can easily build a framework for setting budgets on delivery apps, and use it as the basis for solid decision making. When determining your marketing budget, **consider your brand's equity, market presence, and what % of revenue you are willing to invest.**

To decide how much to spend on food delivery app marketing assess the position of the brand in the market, as well as the overall brand equity. Use a percentage of total revenue to decide on the best budget.

Best practice is to spend between 0–30% of total revenue for offers, and 0–15% of total revenue on ads depending on the lifecycle of the brand.

Brands with Strong Equity

Established brands with strong equity can afford to spend less.

0–3% on Offers
3–8% on Ads
of monthly revenue

Brands New to Market

New brands that want to gain market share quickly.

5–15% on Offers
5–10% on Ads
of monthly revenue

Brands with Weak Equity

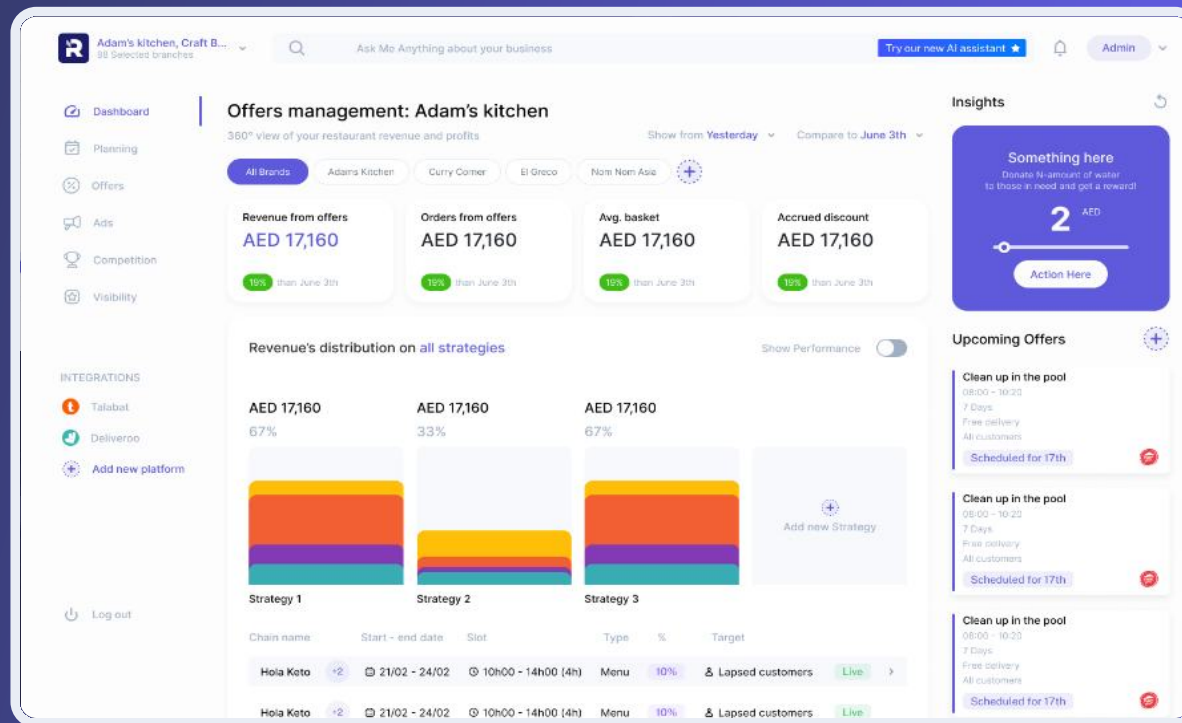
Brands with low equity often need to spend heavily on marketing.

10–20% on Offers
5–15% on Ads
of monthly revenue

Recommended guidelines for setting budgets based on brand equity.

About Revly

Revly is a delivery app marketing and analytics platform focused on helping restaurants unlock the power of data at their businesses. We build tools and services that help restaurants increase their revenue and optimize their customer flow.



Want to know more about how we help restaurants get more orders on delivery apps?

VISIT
gorevly.com