

Case Study

Eliminating third-party delivery services boost profits, strengthens loyal customer base

JB Alberto's, on Chicago's north side has been serving customers in the Roger's Park community and nearby Loyola University area for over 50 years. Owner Tony Troiano began working in the family-owned business at the age of 16, around the time his father purchased JB's Pizzeria and combined it with Alberto's Restaurant to form JB Alberto's.

Since the beginning, JB Alberto's has offered carry out and delivery services only. In the densely populated area of Chicago, this business model has worked well and produced a profitable restaurant.

Always looking to gain an advantage using technology, Tony began researching modern point-of-sale (POS) systems in mid 2000s. Combing through over 20 POS vendors at the International Pizza Expo, Tony narrowed his decision to two: HungerRush and Speedline. For Tony, reliable and competent customer support was key, which HungerRush was promising. A test call to HungerRush's customer support line on Christmas Day did the trick, as a live person answered immediately.

As a restaurant focused solely on delivery and carry out, JB Alberto's was quick to get on board when third party delivery services became popular. Beginning with GrubHub, Tony added third party services to help expand the business and grow his customer base.

Challenge

By 2019, JB Alberto's was using five different third party delivery services. This was providing good customer reach for the restaurant but was becoming increasingly difficult to manage. Orders placed through third-party services were also taking a toll on profit margins through add-on commissions and fees which seemed to escalate at every contract renewal. "Even though I negotiated hard with the third-party



Customer

JB Alberto's

Challenge

Improve restaurant profitability and better manage the customer experience from ordering to delivery

Solution

Eliminate dependence on third-party delivery services by implementing HungerRush Restaurant Management System (RMS) with online ordering



providers, I was still giving away 15% or more on every order placed,” says Tony.

Recognizing that the rising cost of commissions was not sustainable, Tony quietly started building a third party exit strategy. “None of the third party platforms were helping us promote our restaurant,” says Tony. “When an order came through, we didn’t even receive the full name of the person placing it. All we would get would be the first name and last initial. It was a very one-sided, unfriendly process that we wanted to fix.”

First, he rebuilt the JB Alberto’s website. Employing a group of students majoring in Information Technology at Northwestern University, Tony was able to build an inexpensive website while reaping innovative design ideas from a group of young entrepreneurs. “I figured that if I asked for help from the demographic that is most likely to order from our website, then I would have a better chance of getting it right by making the site intuitive and easy to use,” according to Tony.

Working with HungerRush’s internal development team, Tony also designed a mobile app that emulated the design and functionality of the JB Alberto’s website. “We studied how successful third party mobile apps worked and compiled the best features into ours including order configuration, colors, button placement and checkout process. We treated the online ordering app as a tool – it didn’t have to be flashy. We wanted a good experience for the customer where

they could get begin the ordering process easily and get through checkout very quickly.”

“At one time, we were using five third party providers, but eliminated them all in favor of the HungerRush RMS,” says Tony Troiano, owner of JB Alberto’s. “This helped immensely when the Covid-19 pandemic hit, as we were collecting our own customer data instead of giving it to third parties. We were able to communicate with our customers very quickly as we adjusted store hours, provided them with special offers, and encouraged them to order online.”

When it came time to launch, Tony had the benefit of a large database of clients that he had built over the years. “Early on, we made it mandatory to capture a customer’s email address when taking an order. We confirmed orders by email, so our customers were happy to provide theirs to make sure each order had been placed correctly. This paid off as we had almost 85,000 email addresses stored in our HungerRush database along with 48,000 Facebook followers that we could use to promote our new website and mobile app.” For marketing outreach, Tony narrowed the number down to about 35,000 key users that best fit the demographic of people who would order online. This was based on their distance from the restaurant, frequency of order, and type of food they typically selected.

As JB Alberto's eliminated third party services, Grub Hub was the last to go. "They were the first service we started using, and we had a large group of customers that preferred to order from us through Grub Hub", added Tony. "When we launched our own website, we made it a priority to get Grub Hub users to switch over so they could order online and bypass third parties. We expected a drop in sales during the transition and were surprised when the drop was negligible. We found that offering a \$3 coupon was a good incentive to get people to order directly from the website and bypass third parties." That coupon alone brought in between 50 and 80 orders per day. JB Alberto's average order size is between \$22 and \$25, and while Tony didn't like the deep discounting, he was happy to have an order come through the restaurant's own online ordering platform instead of through GrubHub.

Adjusting to Covid-19

When the Covid-19 pandemic hit JB Alberto's was well positioned to make rapid changes to the business to keep going. Because JB Alberto's was a delivery and carry out only establishment, there wasn't a dining room to shut down. "Having eliminated all third-party providers in favor of the HungerRush RMS helped immensely as we were collecting our own customer data instead of giving it to third parties. We were able to communicate with our customers very quickly as we adjusted store hours, provided them with special offers, and encouraged them to order online," says Tony.

As the pandemic worsened, JB Alberto's reduced store hours primarily because late night business driven through local bars dried up. Open until 1 or 2 AM each night, Tony reduced closing time to 10 PM. "Surprisingly, our daily sales increased even though

we were open three fewer hours per day. We increased our profitability by shaving three hours of labor costs and by eliminating the commissions that previously was going to third party services."

Addressing food safety concerns was also a priority. "We rented a party tent as a holding area for our drivers to keep them out of the restaurant. We also added a hand washing sink for everyone that entered the store." The restaurant also moved to contact-less delivery and curbside pick-up when requested. "Another benefit to having our own drivers is that we can better ensure we have a healthy staff. We can mandate regular hand washing, enforce mask wearing and administer regular temperature checks when our drivers work for us. With third parties we can only hope they are following similar protocols," adds Tony.

The Results

Within a year of introducing the new website, online sales increased by 52%. According to Tony, "We were successful in transitioning customers from third parties to our own ordering platform and made headway in reducing incoming orders by telephone. Not only have we improved sales, we have improved profit margins as well. Average ticket sizes have improved, and our internal efficiency metrics are better as online orders are easier to process and track than ones placed over the phone".



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