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# Online ordering and delivery jumped from 20% to 39% of total franchisee sales during the COVID-19 pandemic, according to TD Bank

*TD Bank's franchisee survey also found that 72% of franchisees enhanced delivery and digital-ordering capabilities in response to consumer demand during the pandemic*

Joanna Fantozzi | Oct 22, 2020

Data from TD Bank's Restaurant Franchise Finance Group found that most franchisees quickly pivoted to expand digital and off-premise capabilities during the COVID-19 pandemic. Although most franchisee respondents (86%) already had digital ordering and delivery before 2020, digital offerings now accounted for a much larger percentage of sales than they had in the past. According to the survey, in 2019, delivery and online ordering jumped from 20% of total sales in 2019 to 39% in 2020.

In total, 72% of franchisees surveyed said that they enhanced delivery and mobile ordering capabilities in response to customer demand throughout the pandemic.

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“Franchises have invested a tremendous amount of time, money and creativity in delivery and mobile ordering, but not all restaurants have adapted to off-premise sales to the same degree as the QSR space,” said Mark Wasilefsky, the head of the Restaurant Franchise Finance Group at TD Bank said in a statement. “We expect the shift to off-premise sales to be long lasting, and due to broad consumer acceptance of its added convenience, we believe it will likely become a permanent aspect of many franchises' business models.”

Franchisees have had to move nimbly within the digital and off-premise space to keep up with the changes throughout the pandemic, learning to be flexible with their operations strategy. For example, 42% of franchisees surveyed pivoted to non-traditional payment methods, and 28% of franchisees stated that digital payments have become their primary payment method.

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“COVID-19 transformed payment offerings such as contactless, mobile and online payments from ‘nice to haves’ to ‘must haves’,” Doug Mearkle, head of U.S.

Merchant Services Sales for TD Bank said. “[...] This may be the catalyst the U.S. needed to bring heightened awareness of the benefits of these products.”

Sometimes, the franchisees’ flexibility extended to limiting their scope of operations: half of survey respondents said that they changed or limited their operations hours and 38% trimmed their menus.

“Providing off-premise sales, which is critical to cash flow, requires having a menu that is amendable to delivery and takeout, which may be more difficult for restaurants that are not QSRs,” Wasilefsky said. “Fast-casual and fine dining establishments need to modify their menus to tasty food that travels well.”

Drive-thru options have also been in demand for limited-service restaurants. According to the data, 38% of franchisees added drive-thru capabilities since the pandemic began.

But while smaller store footprints to make room for pick-up space and drive-thru lanes may be an upcoming trend for quick-service chains, TD Bank researchers thinks it will take a while for that trend to trickle down to the franchisee level. Slightly less than half of survey respondents said that they were planning to reduce the size or number of their locations in response to COVID-19, while 51% said that they had no plans to make changes.

“The consumer demand is clear as restaurants reopen nationwide – people still want to go out, be social and are tired of cooking at home,” Wasilefsky said. “However, franchisees’ survival will depend on their creativity.”

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