## Introduction

FoodieZoom is an app for foodies based in Austin, Texas. Similar to Seamless or delivery.com, FoodieZoom connects local chefs with local customers. Accordingly, the team behind FoodieZoom require some industry data to identify key target areas, obtain useful financial resources to help with financial forecasting and identify consumer insights to help plan their launch strategy.

All of the information collected is secondary information, accessed online and publicly available. Where local (Austin, Texas) information isn't available, the data is national.

## Food Delivery Market Insights and Drivers

As consumers are increasingly leading busy lives due to work and family commitments, they are increasingly requiring convenience for their meal options. As a result, industry platforms have benefited substantially as they have filled the gap in the food delivery market.

The companies that are included in this report facilitate deliveries of meals and food items through bookings made on their platforms. These platforms connect users of their applications with food-service providers and delivery drivers. This includes restaurants and not online grocery delivery platforms, farm-to-table services, and meal kit ordering and delivery services even though they are indirect competitors.

The following sets out the characteristics of the industry:

The online food ordering and delivery platforms industry exhibits high competition, which has increased over the past five years. The industry's major players have strong brand recognition and extensive networks of partner restaurants.

**Internal competition**

Industry operators compete for consumer orders and restaurant partnerships. Consumers seek convenience, diverse choice and low prices, which operators must offer to build traffic and generate orders. Industry operators compete for restaurant partnerships on the basis of consumer traffic, online security and platform efficiency. Restaurants are generally reluctant to join online food takeaway platforms that do not have strong customer demand or involve high commissions for orders. Industry firms also compete on the basis of delivery times, as consumers want orders delivered fresh, and restaurants want to accommodate the maximum number of orders in a given timeframe.

**External competition**

Industry operators face external competition from supermarkets, which stock ingredients and convenient, ready-made meals at low prices. Convenience stores also offer meals that are ready to eat or require little preparation, with many increasingly stocking healthy options to meet consumer demand. To a lesser extent, industry operators also face competition from firms that deliver frozen meals, or ingredients and recipes to consumers, such as Hello Fresh.

**Restaurant pushback**

Over the next five years, food ordering and delivery platforms will become increasingly normalised. As a result, many food-service providers will likely incorporate these platforms into their operations to supplement and boost revenue. However, a growing number of restaurants are expected to counter the online food ordering and delivery trend by providing a unique restaurant experience that home-delivered food cannot provide. Some restaurants, particularly mid-range and fine dining restaurants, will focus on distinguishing itself from the food provided on these platforms. Others will differentiate themselves from industry platforms by enhancing their ambiance through lighting, emphasising excellent customer service, and increasing interaction between customers and chefs. This factor will represent a threat to food ordering and delivery platform operators over the next five years and will likely limit revenue growth. In response, industry operators are anticipated to focus on establishing partnerships with more premium and mid-tier restaurants to ensure that they can continue to provide an expanding range of quality food.

**Restaurant acceptance**

On the other side of pushback is the air of inevitability and acceptance. As a growing number of restaurants use food delivery platforms to boost their revenue, any changes in demand for these businesses directly affect the industry. As demand for restaurants rises, industry operators are expected to benefit. Furthermore, as more restaurants become aware of the potential financial benefits of using food ordering and delivery platforms, demand from this market should rise further.

**Widening profit margins**

Industry profit margins are anticipated to grow over the five years through 2023-24. As food delivery platform operators continue to exert their power over food-service establishments, the commission percentage taken from restaurants and fast-food chains will likely rise, boosting margins. Furthermore, profit will like rise further as industry platforms become more normalised and the number of users on these platforms expands. However, wages costs are projected to increase as a share of revenue over the next five years, limiting growth in profit margins (e.g. highly capable and expensive developers).

**Competitor Analysis**

*Questions in this section*

- *Who are the competitors in this space who are competing for the same pool of revenue or customers? How do we compare in terms of business model to them?*

  **Seamless**

Seamless currently supports thousands of delivery and take-out restaurants located within 900+ cities in the United States and London. Each year, millions of consumers purchase food delivery through Seamless, making them a force to be reckoned with in the realm of food delivery services.

| **Strengths** | **Weaknesses** |
|---|---|
| | |
| **Opportunities** | **Threats** |
| | |

**Delivery.com**

| **Strengths** | **Weaknesses** |
|---|---|
| | |
| **Opportunities** | **Threats** |
| | |

**Uber Eats**

Uber Eats itself is currently valued at $20 billion, registers revenues of $1.4 billion annually, has a presence in more than 670 cities on six continents, and delivers almost a billion meals every year.

| Strengths | Weaknesses |
| --- | --- |
| | |
| **Opportunities** | **Threats** |
| | |

**Industry Data**

**National Food Delivery Industry Data**

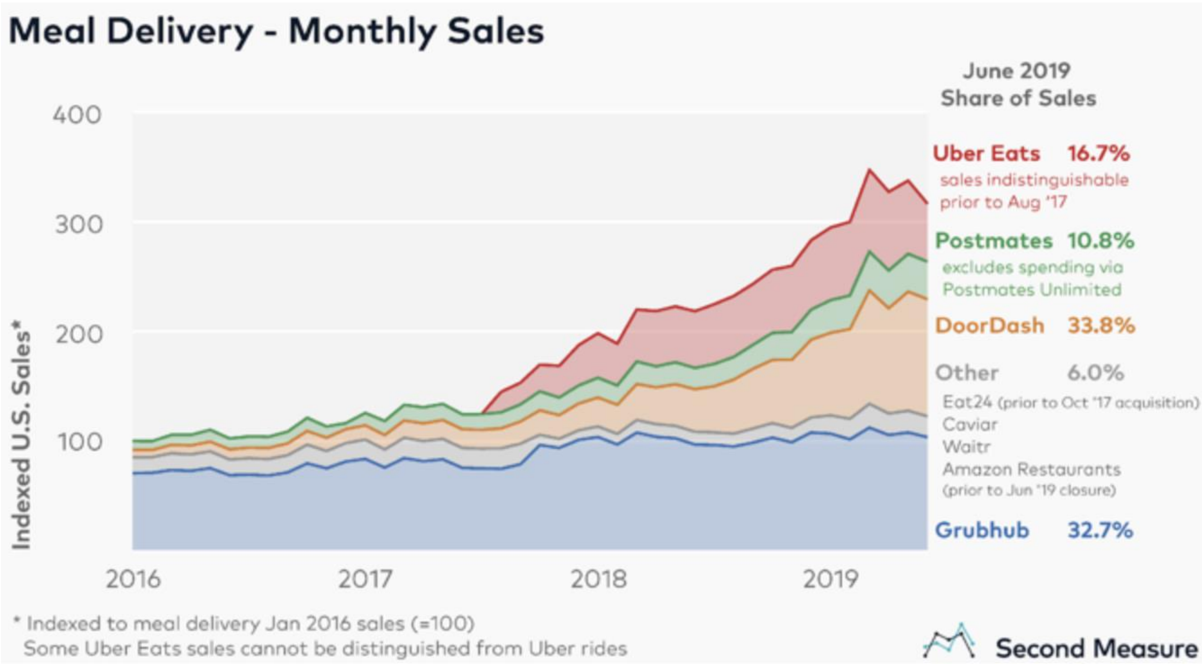
- In 2018, Frost & Sullivan estimated the industry at $82 billion in terms of gross revenue bookings and is set to more than double by 2025, backed by a cumulative growth rate of 14%.[1]

- Online delivery, which now accounts for 5 to 10 percent of total restaurant business, according to industry reports.[2]

[1] https://www.forbes.com/sites/sarwantsingh/2019/09/09/the-soon-to-be-200b-online-food-delivery-is-rapidly-changing-the-global-food-industry/#5d6685f1b1bc
[2] Ibid.

- The share of Americans who have ordered food over the internet grew from 17 to 24 percent in the past year. According to the analytics company Second Measure, meal-delivery sales to the four largest apps—DoorDash, Grubhub (which owns Seamless), Uber Eats, and Postmates—have tripled since 2016.[3]

- There are 1,500 ghost or virtual restaurants in the US.[4]




Source: Second Measure. (2019). https://secondmeasure.com/datapoints/food-delivery-services-grubhub-uber-eats-doordash-postmates/

**National Fast Food and Restaurant Industry Data**

[3] Ibid.
[4] https://www.restaurantdive.com/news/why-ghost-restaurants-are-changing-the-delivery-game/546624/

- In 2015, for the first time on record, Americans spent more money at restaurants than at grocery stores. In dense urban areas, restaurants are literally eating the urban retail budget.[5]

- In 2020, more than half of restaurant spending is projected to be “off premise”—not inside a restaurant. In other words, spending on deliveries, drive-throughs, and takeaway meals will soon overtake dining inside restaurants, for the first time on record.

- The average American family spends $1,200 on fast food annually (Ohio Medical Group).

- Collectively, Americans spend $200billion on fast food every year (Statista).

- 58% of American adults dine out once a week. 80% dine out once a month (Ohio Medical Group).

- $863 billion: Restaurant industry's projected sales in 2019.

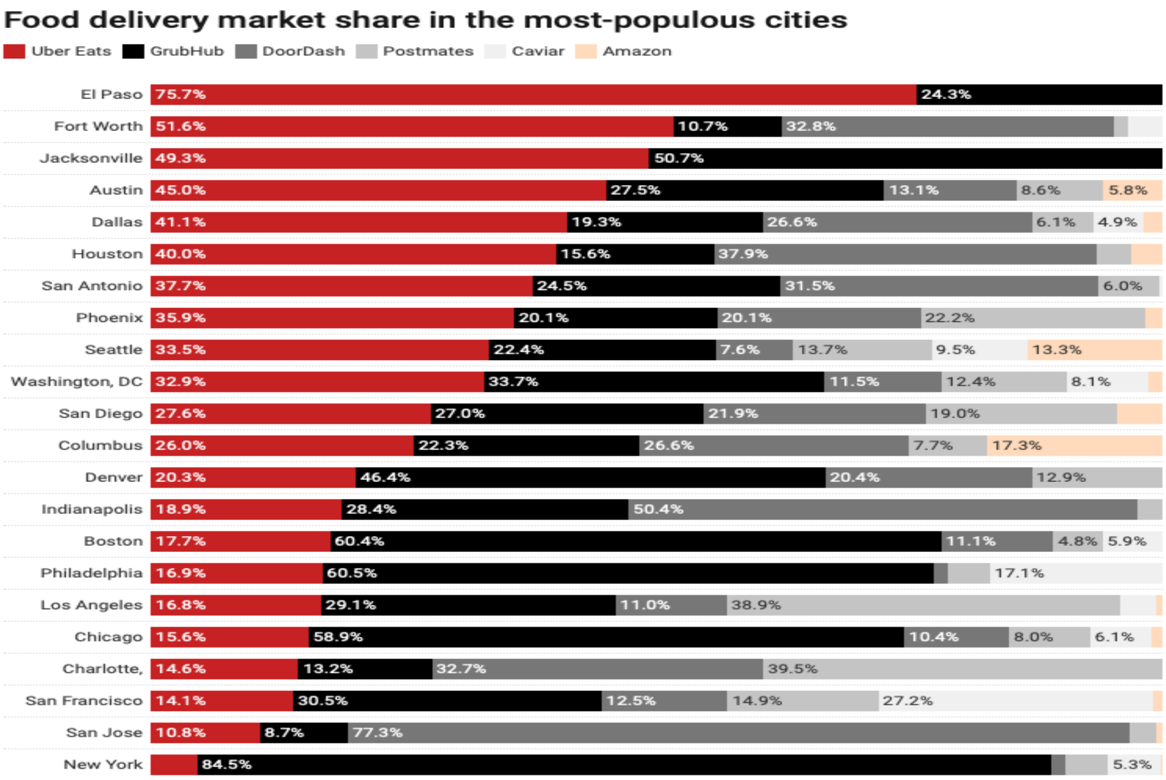
- 1 million+: Restaurant locations in the United States.

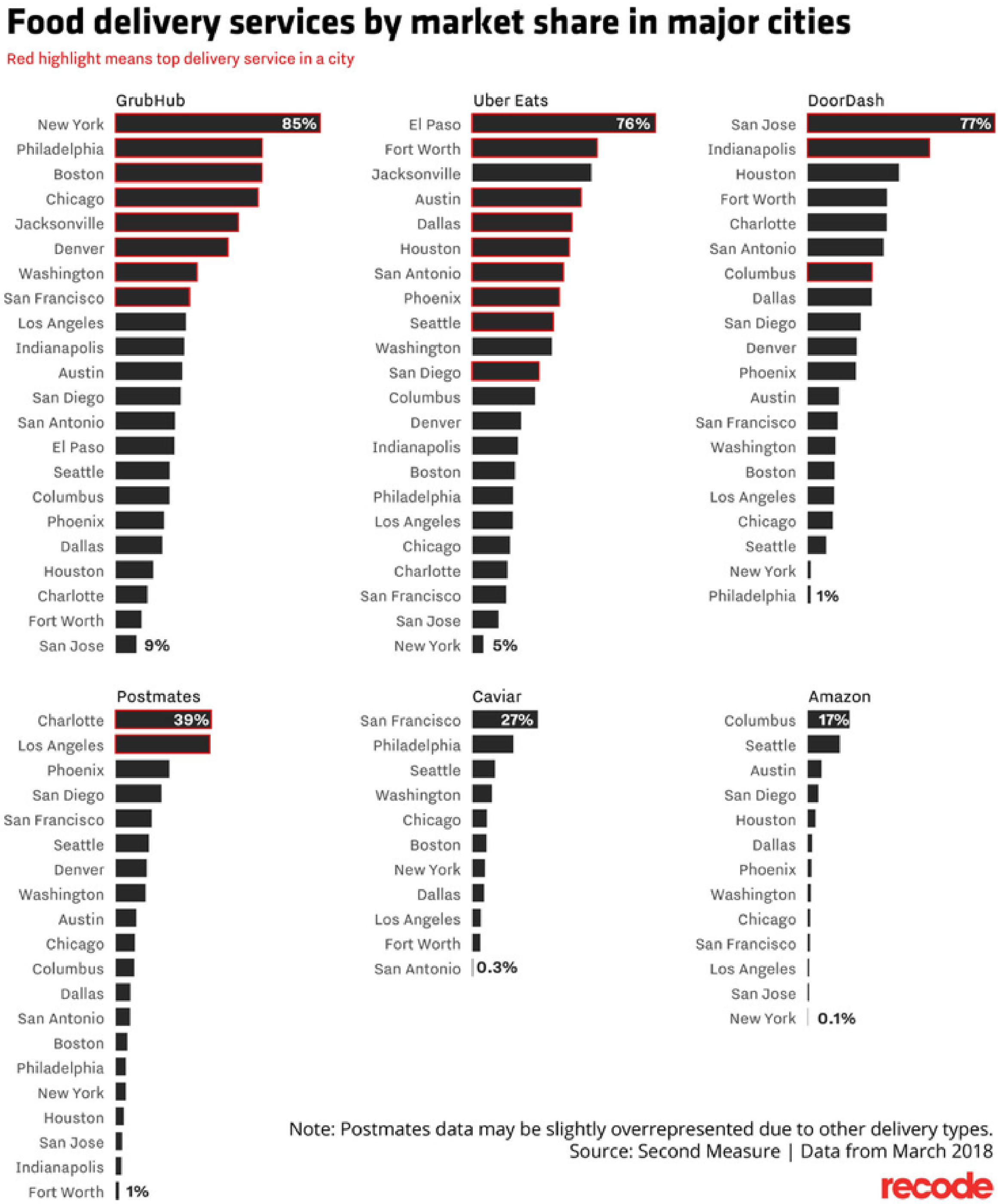
[5] https://www.theatlantic.com/ideas/archive/2019/08/all-food-will-be-delivered/595222/

- 15.3 million: Restaurant industry employees.
- 1.6 million: New restaurant jobs created by 2029.
- 10%: Restaurant workforce as part of the overall U.S. workforce.
- 9 in 10: Restaurant managers who started at entry level.
- 8 in 10: Restaurant owners who started their industry careers in entry-level positions.
- 9 in 10: Restaurants with fewer than 50 employees.
- 7 in 10: Restaurants that are single-unit operations.

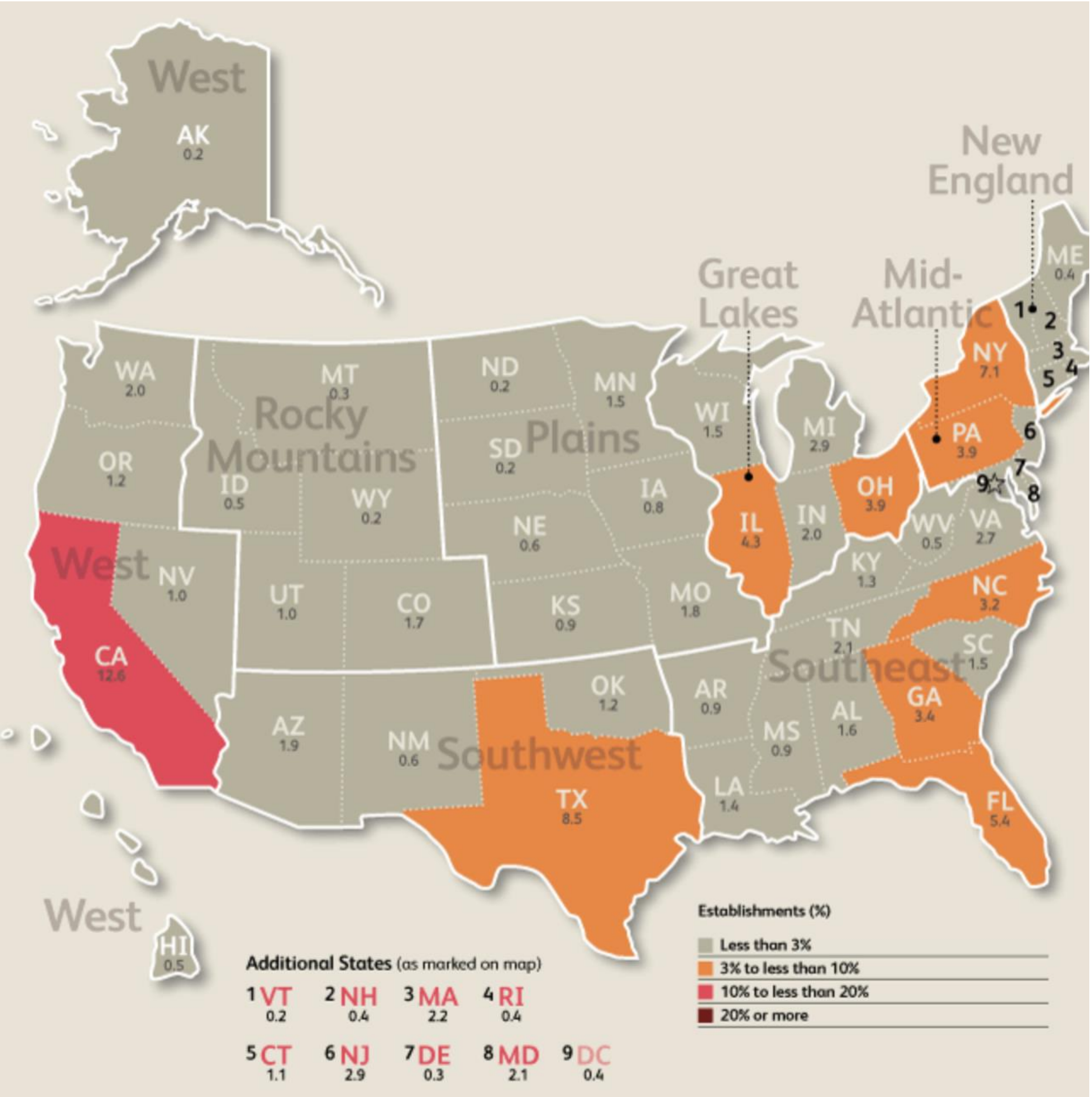
**Austin Delivery Food Industry Data**

Source: Second Measure (2018).






Source: Second Measure (2018).



States with the highest concentration of fast food establishments. IbisWorld (2019).

**Austin Food Industry Data**

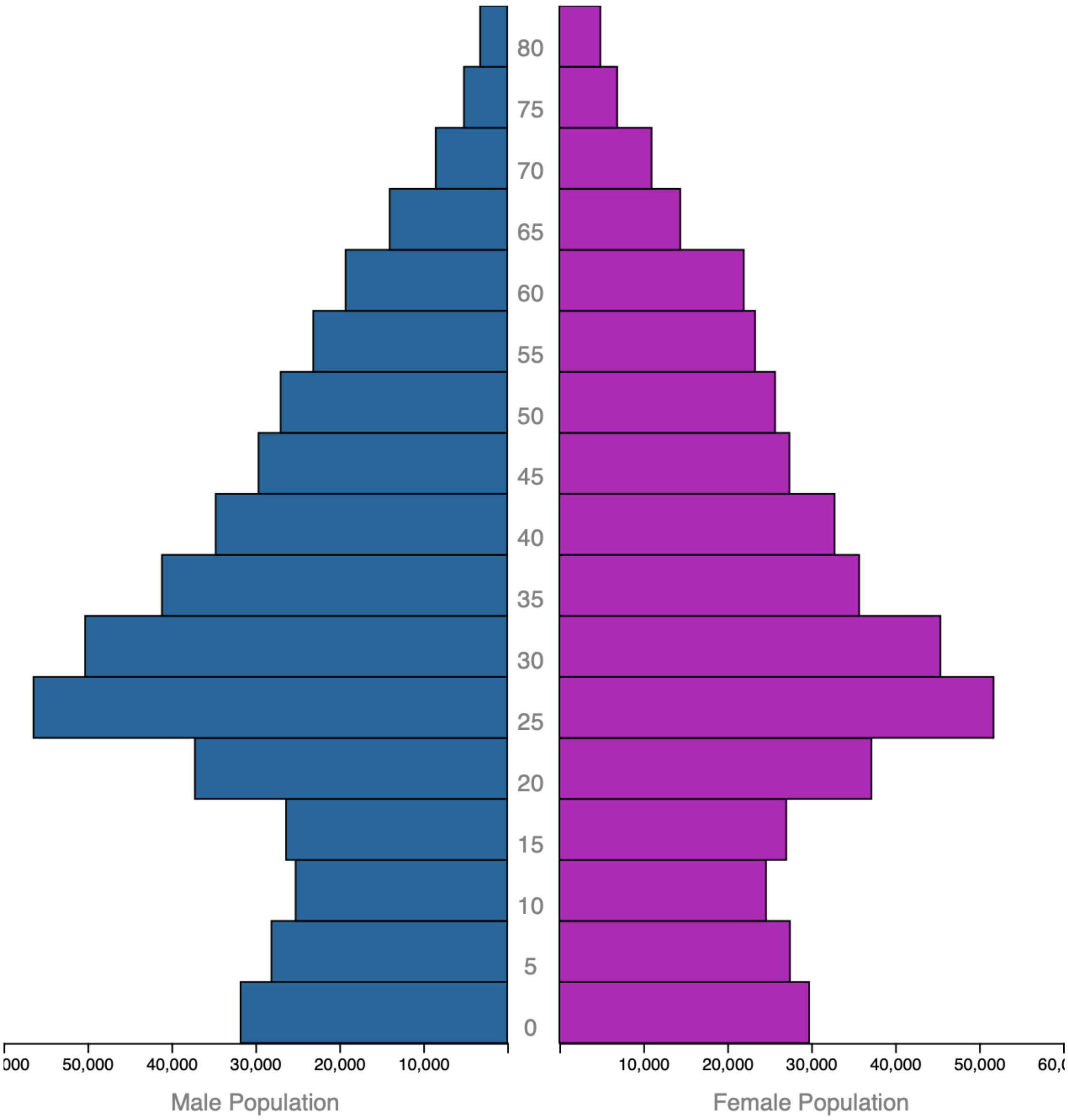
*Questions in this section*

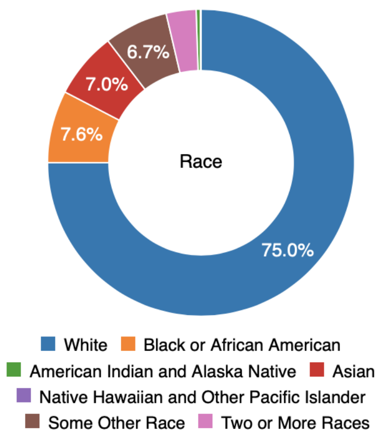
- *How many chefs are there already?*
- *How many people apply for commercial cooking licenses with the state/local authorities?*
- *What is the demographic of Austin – age, income level etc.?*
- *What is the spending potential of Austin?*
- *How many commercial kitchens are there in Austin?*

- The average household in Austin spends $7,117 on food every year (US Bureau of Labor Statistics.)

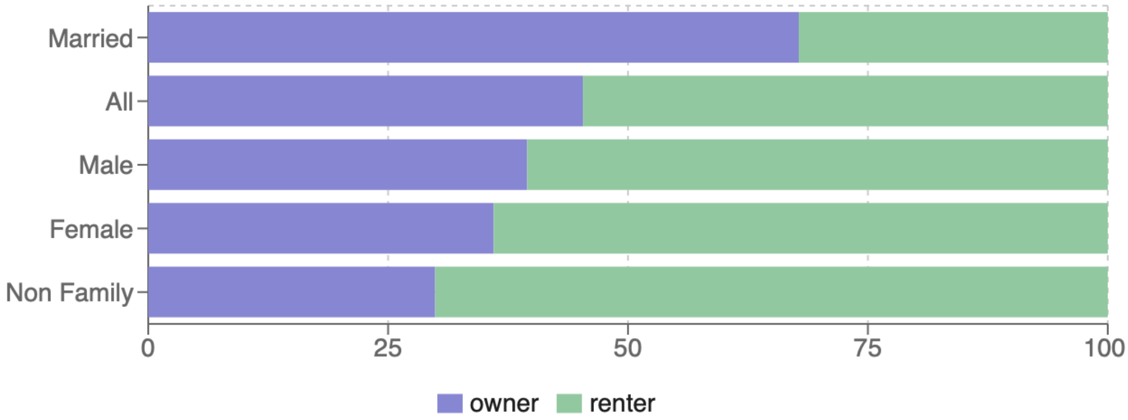
**Austin Population Demographics**

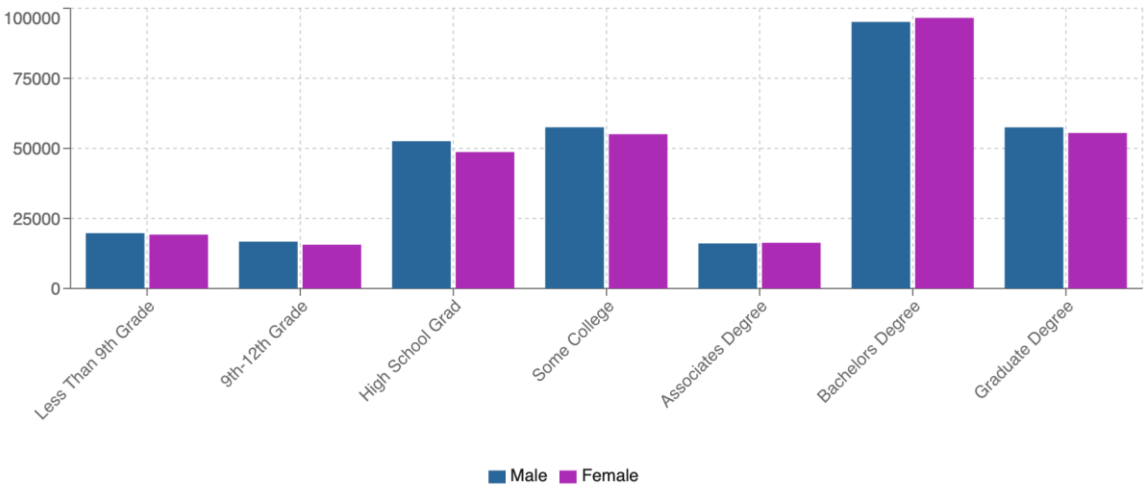
## Austin Population Pyramid 2019



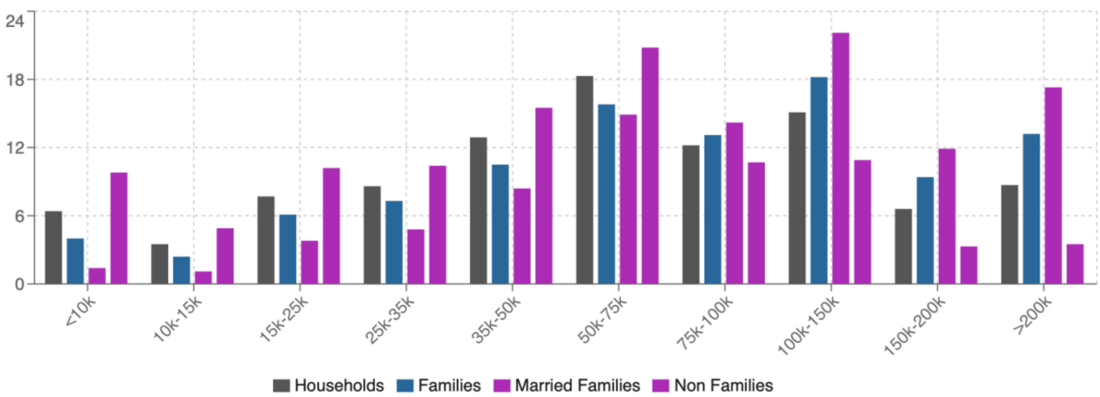



## Austin Renter vs Owner Occupied by Household Type

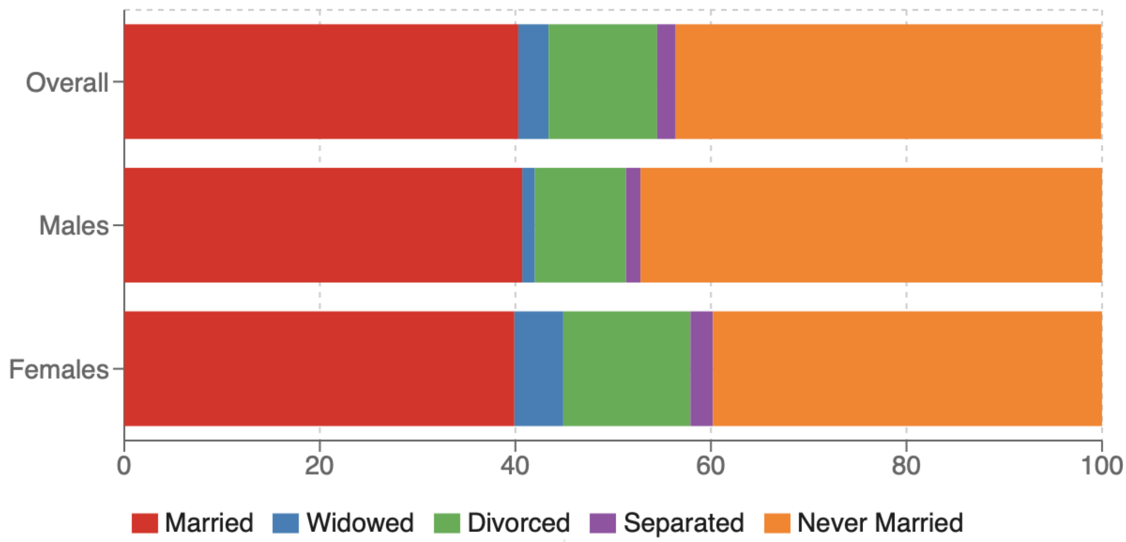



**Austin Income by Household Type**



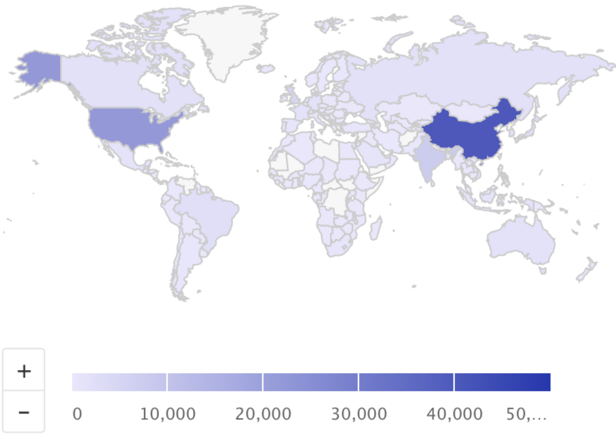
**Austin Marital Status**




- [Austin, Texas Census data and demographics]

**Global Food Delivery Industry Data**

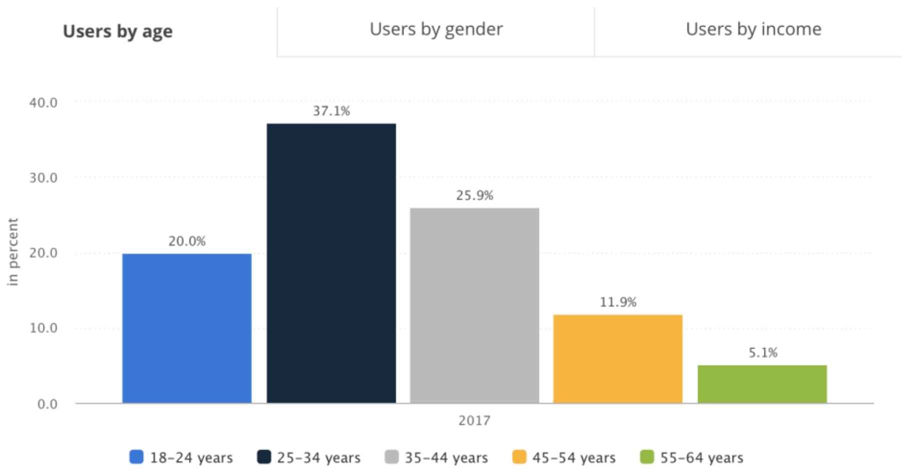
**Global Comparison - Revenue** | Global Comparison - User Penetration

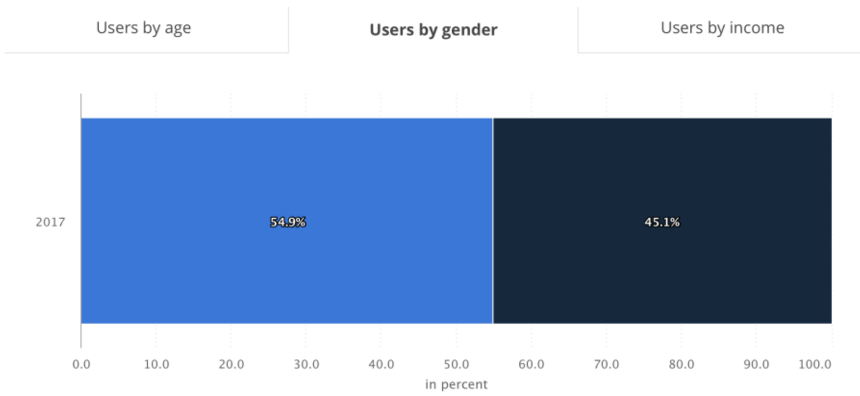


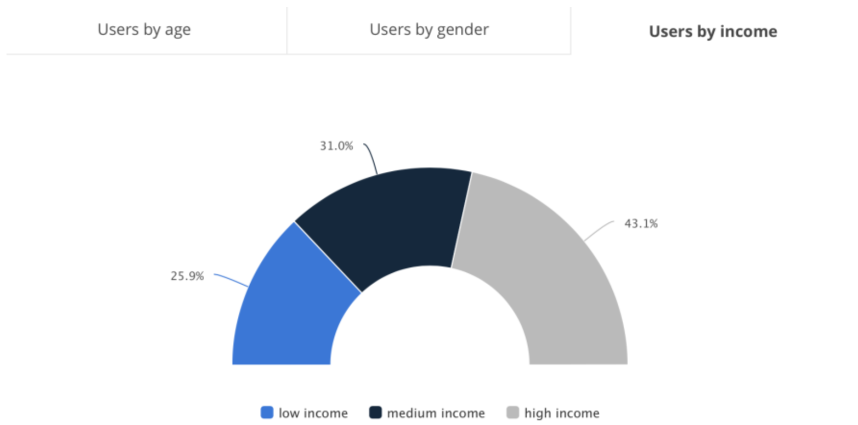

| Top 5 | |
|---|---|
| China | US$40,239m |
| **United States** | **US$22,073m** |
| India | US$7,730m |
| United Kingdom | US$4,869m |
| Japan | US$2,518m |

Source: Statistia. (2019).

## Customer Profile






Source: Statistia. (2019).

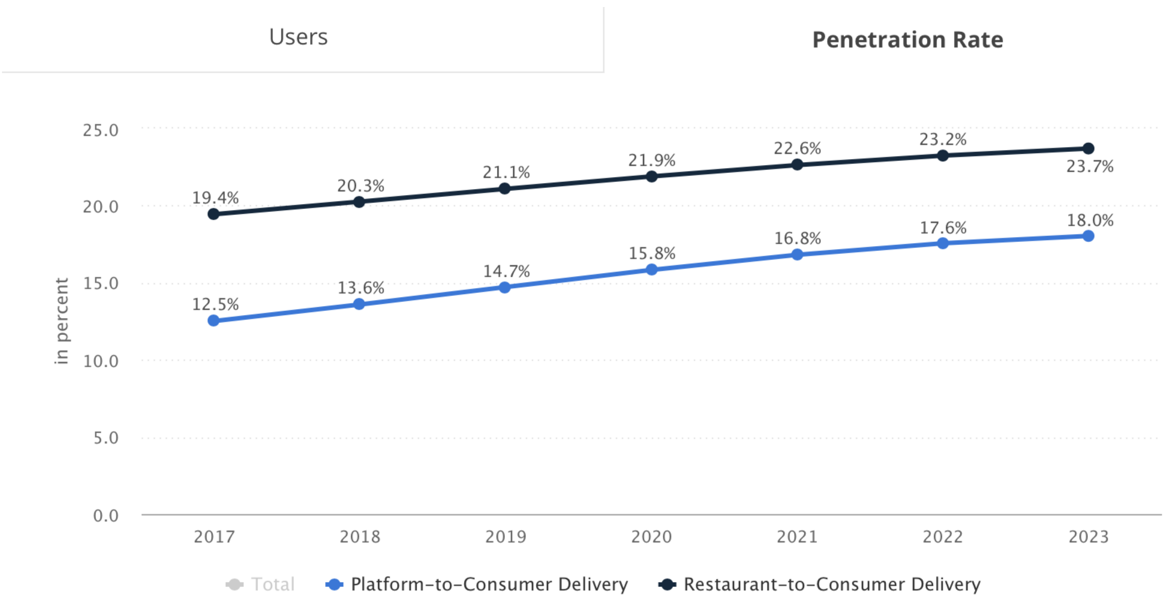
## Total Addressable Market

*Questions in this section*

- *What is the market potential in the US alone for the next 24 months for a product like FoodieZoom? (Try to project for whole of US based on Austin data – consumer spend, trends in food industry etc.)*

- *What are some of the other cities for the 2nd and 3rd launch based on similar stats? (Columbus? Tampa? Minneapolis? NYC? Chicago? SFO?)*

- Today, only 11% of the world's population has access to food delivery platforms.




Global Market Penetration Rates. Source: Statistia. (2019).