

DELIVERING AGAINST ALL ODDS

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DUBAI — The UAE's white-hot food delivery sector is proving to be a hard nut to crack — even for the more established players.

For not only have the numerous delivery services got to serve hot meals in far less time than they used to — they've got to edge out an ever-increasing number of competitors, making profit margins a lot more challenging.

An older company like Talabat, which started its operations in 2004 in Kuwait and then foodon-click.com to appeal to the non-Arab population, have recorded as much almost 100,000 orders per day, with about 1.5 million users registered with them. Eateasily.com, on the other hand, gets 10,000 daily.

Some of the leading players in the UAE market include foodon-click.com, zomato.com, talabat.com, 24h.ae, eateasily, deliveroo and UberEats.

Among the prominent players, there are seven million-plus registered customers across the GCC. While companies battle to bring down delivery time from one hour to below 30 minutes, consumers are only loaded with multiple cuisine choices and ordering at a tap of their mobiles with absolutely no human interaction, helping both companies and consumers to make the entire process faster and quicker from placing the order to actually receiving it.

"When we entered the market, delivery times were upwards of

HOW WE PAY FOR OUR FOOD



10% CREDIT CARD ON DELIVERY
30% ONLINE CREDIT CARD PAYMENT
60% CASH ON DELIVERY

Dh322b
 SIZE OF GLOBAL FOOD DELIVERY MARKET

3.5% ↑
 WORLDWIDE GROWTH FORECAST UNTIL 2020

WHO DELIVERS AND TO HOW MANY



6 Earlier, order delivery times, were upwards of 1 hour; we have managed to reduce that time to 32 minutes or less



Anis Harb, GM of Deliveroo GCC

6 Phone ordering dominated 5-10 years ago. Now, anyone can order food online with ease



Safarath S.K., CEO of Eateasily



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KT GRAPHIC - SOURCES: AL NASAH CAPITAL, EATEASILY, THOMSON ONE BANKER AND MCKINSEY AND COMPANY

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one hour; we have reduced that time to 32 minutes or less. As restaurants become more familiar with our platform and our model improves, we will soon see our delivery times hit the under-30-minute mark," said Anis Harb, general manager of Deliveroo GCC.

"Since launching in the UAE in November 2015, we have experienced an average of 30 per cent month-on-month growth. Emiratis and expats alike rely on our platform to save time and ensure that they are getting high-quality and nutritious food both at work and at home."

A research by McKinsey and Co shows that, worldwide, the market for food delivery stands at Dh322 billion, or one per cent of the total food market and four per cent of food sold through restaurants and fast-food chains. It has already matured in most countries, with an overall annual growth rate estimated at just 3.5 per cent for the next five years.

In the GCC, though, the potential of converting customers from traditional phone ordering to online ordering stands at an estimated 60 per cent.

The digital way of ordering food has formed the foundation of the long-term growth opportunities in global food service and it is rising rapidly in the UAE due to increasing internet and smartphone penetration. The local on-demand food delivery market is a lucrative and highly-competitive one, with



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Damien Drap,

General manager, UberEats UAE

big money being spent on acquisitions and restaurant partnerships to own the space, according to a recent food report released by Al Masah Capital.

Damien Drap, general manager of UberEats UAE, said Dubai is a very interesting market, and that is due to it being a very diverse metropolitan city, with people that come from many different cultures and backgrounds.

"Similar to other cities where UberEats is present, we continue to see strong demand for the classics as we call them [burgers, pizza or sushi], which are complemented by the regional Mid-

dle Eastern cuisine favourites. Additionally, Dubai gives us the opportunity to add more high-end restaurants on the app, which are most in-demand during dinner time, and for business lunches as well, and those include the likes of Seraphina, Ceviche, Panifico, or Kanpai."

Safarath S.K., chief executive of Eateasily, said his food delivery firm has made the people's lives easier. "Phone ordering dominated five to 10 years ago. Now, anyone can order food online with ease, place accurate order at your convenient time with no human interaction at all," he said.

He said his firm, for instance, has over 1,200 restaurants listed, and their app remembers a customer's previous orders in case they want to repeat the same. "And one can pay either via cash on delivery, credit card machine on delivery or even online payment." The new trend has benefited restaurant owners as they can receive multiple orders simultaneously on their system without the need for a phone attendant taking multiple orders. Online ordering drives more revenue and can increase sales up to 30 per cent.

Traditionally, restaurants depend on dine-in customers, but with online ordering catching up, their food is being tried by new customers, which would not have been possible if they weren't partnered with online ordering websites.

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