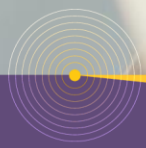


# UK Foodservice Delivery Market Report 2023

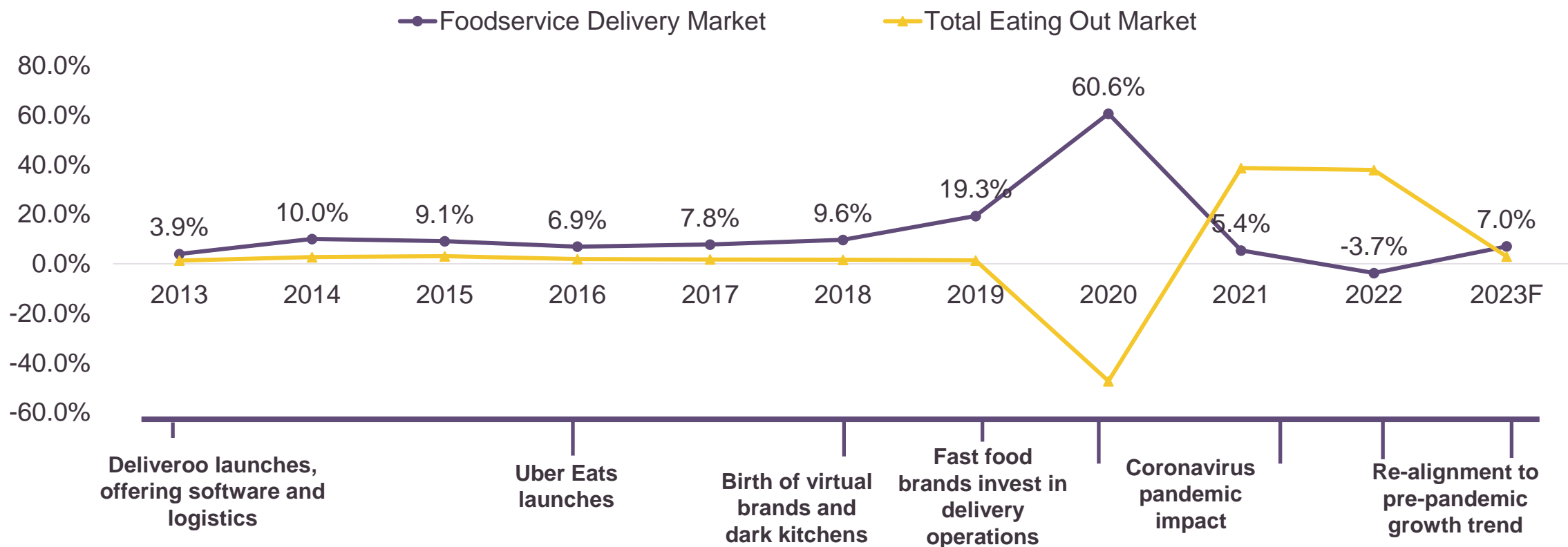
March 2023



# FOODSERVICE DELIVERY HAS OUTPACED EATING OUT FOR A DECADE

Second generation vertically integrated company launches including Deliveroo and Uber Eats fostered robust growth, exacerbated by the pandemic impact in 2020.

Foodservice delivery and total eating out percentage turnover growth year-on-year, excluding VAT & delivery fees

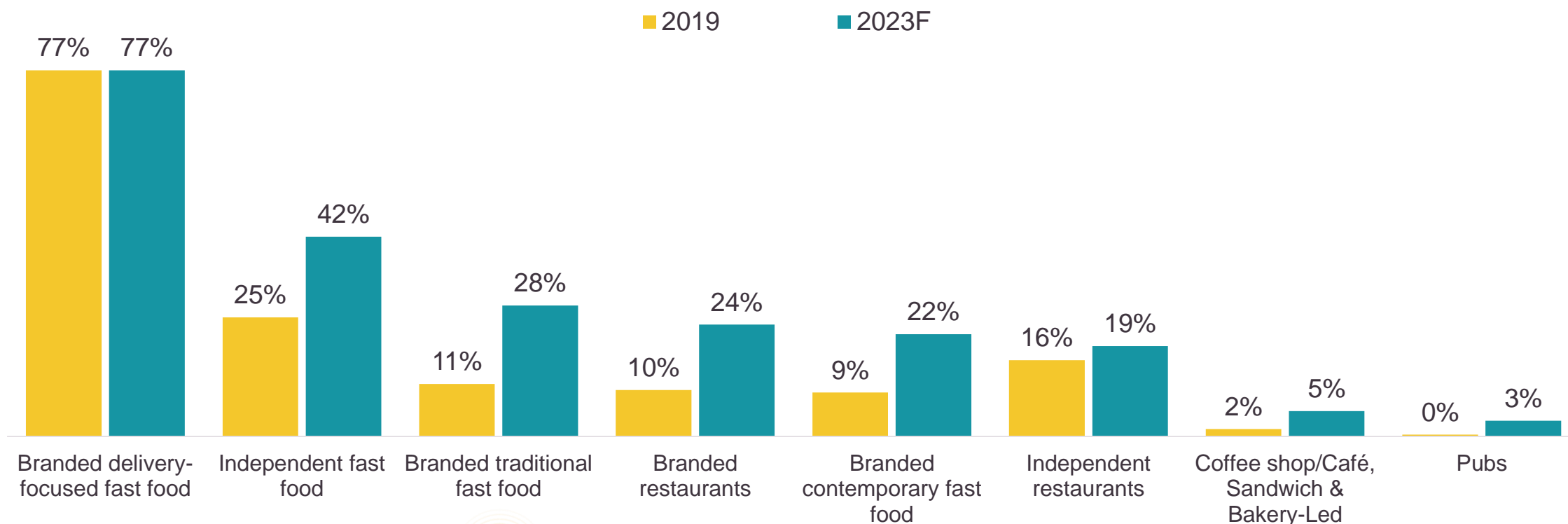


Source: Lumina Intelligence, March 2023

# GREATER UPTAKE LEADS TO GROWTH IN SHARE OF TURNOVER

Delivery share of channel turnover is forecast to have increased by an average of +9ppts across the eight leading foodservice delivery market channels, from 2019-2023F. Fast food channels including branded traditional and contemporary are among the channels that have seen the highest growth, with these typical propositions of these channels well suited to transit.

## Foodservice delivery channels ranked by estimated delivery turnover share of total channel turnover 2019-2023F



Source: Lumina Intelligence, March 2023

# AGGREGATORS INNOVATE TO DRIVE PROFITABILITY

Aggregator companies including Just Eat and Deliveroo are improving profitability through increasing fees, stacking, optimising GPS and streamlining head office operations.

**Just Eat** noted that it had **boosted profitability** in 2022 through optimising consumer fees and increasing commission rates in Europe.

Other contributing factors:

- Higher average order values
- Reduction in delivery costs per order
- Operational efficiencies
- Hiring freeze and head office cost reductions

**Deliveroo** noted that it is **making progress on profitability**, growing gross transaction value per order driven by inflation and consumer fee optimisation

Other contributing factors:

- Increased average order value through upselling
- High quality advertising model
- Reducing the rider experience time
- Increased network density and stacking
- Increasing automation

Source: Lumina Intelligence, March 2023

## How fees work



### Delivery fee

The delivery fee is based on different factors including distance.



### Service fee

This fee is 10% of your basket and allows us to power your experience with Deliveroo, including adding new features and providing great customer service. It has a minimum of £0.99 and is capped at £2.49.



### Small order fee

When you want to order less than the restaurant's minimum, you'll see this fee. To remove it, add more to your basket.

[Read more](#)

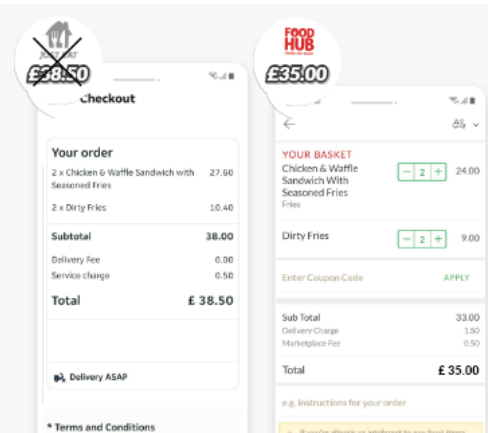
OK

*Deliveroo fees explanation*

# FOODHUB LOOKS TO DIRECTLY RIVAL JUST EAT

Foodhub was founded in 2008 with the vision to bring software to help restaurants run delivery services more efficiently. The business is competing with Just Eat, offering cheaper orders as well as promoting its support of local businesses. Lower commission fees will be attractive to operators as well as consumers who can enjoy cheaper delivery costs.

#CheaperOnFoodhub  
 Always find the best deals on Foodhub



Share of total delivery occasions

3.6%



+0.4ppts  
 Year-on-year

Share of London delivery occasions

4.4%



+2.2ppts  
 Year-on-year

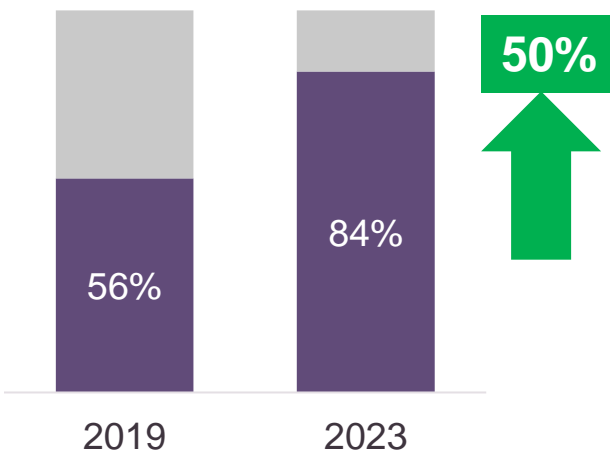
Lowest commission fees. Save with every order.  
 Helping support your local takeaways

Source: Eating and Drinking Out Panel, 12 WE February 2022 VS 12 WE February 2023, Foodhub website

# CAFÉ, BAKERY AND SANDWICH CHANNEL EXPANDS DELIVERY

Over four in five of the leading 50 café, bakery and sandwich brands by outlets now offer a delivery service, driving the growth in availability of coffee delivery. Operators including Coffee #1 offer no minimum order allowing for low ticket transactions. Delivery aggregators have increased delivery fees and 'stacking' - where a driver will pick up and deliver multiple orders at once - to manage the impact of smaller purchases on profitability.

## Proportion of café, bakery and sandwich brands which offer delivery, 2019 vs 2023



Note: Analysis includes top 50 café, bakery & sandwich brands by outlets

Source: Lumina Intelligence, March 2023

**Coffee #1** launched with **Just Eat** in 2022. The proposition includes food items across **breakfast and lunch day-parts** as well as an extensive **coffee** offer. Customers can also customise milk options, with a surcharge for Oat and Coconut milks.

# DARK KITCHEN EXPANSION FOR WELL-KNOWN FOOD BRANDS

Dark or Ghost kitchens allow food to be prepared, and ordered online for delivery directly to consumers without managing a full restaurant operation, profiting from lower rent and expenses.



Larger brands, as well as a number of start-ups and businesses are capitalising on the global popularity of **ghost kitchens** by figuring out how to help both smaller and larger firms that are trying to diversify their business strategies.

**McDonald's** has opened a **delivery-only 'dark kitchen'** in Plymouth industrial unit, after launching test dark kitchens in West London, they now plan to roll more out nationwide.

**Jamie Oliver's** first UK location outside of London for his new brand Pasta Dreams, is located in Redland. His new **delivery-only business** - already launched in the city - is offering an Italian-inspired menu via click-and-collect and delivery apps.



**Tim Hortons** is to open first **dark kitchen** in Kentish Town, North London. The opening is part of Tim Hortons' growth plan in the UK, where it currently operates 59 restaurants.



Both the **price of grocery shopping** and the **energy required for cooking** are anticipated to have an impact on customer behaviour. The demand from consumers for food that uses less energy will continue to rise in 2023.

Source: Lumina Intelligence, Big Hospitality, March 2023

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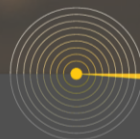
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Every measure of consumer and shopper behaviour, from planning a shop to choosing where to eat or drink

Part of William Reed, providing inspiration, insight and connections to power the global food & drink industry



# Get in touch

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