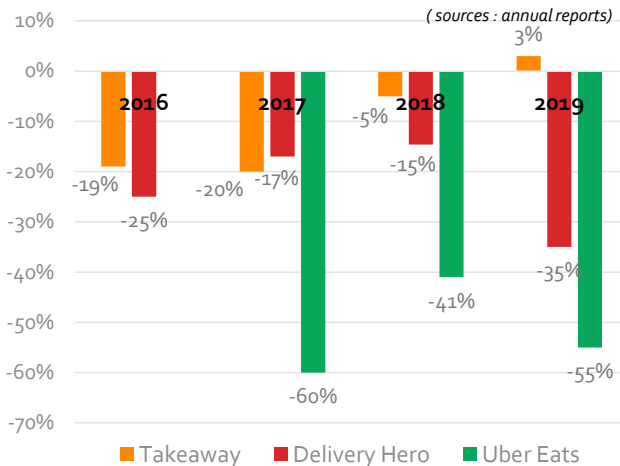




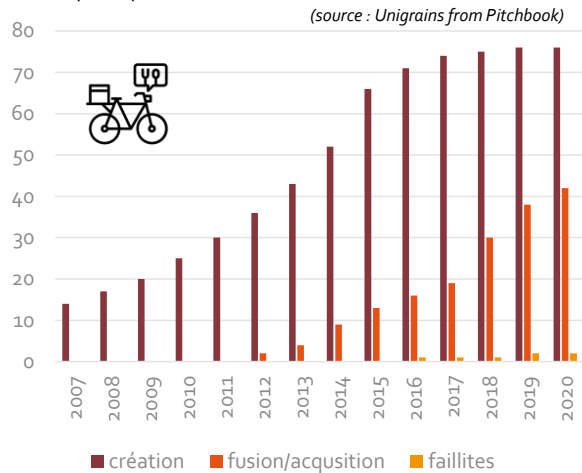
Unigrains – In Brief

Delivery is concentrating and seeking profitability

Graph 1: evolution of profitability of 3 leading delivery actors (EBITDA margin expressed in % of revenue)



Graph 2: trends in creation, merger and bankruptcies of delivery companies worldwide



The home meal delivery business was already growing strongly, at an average rate of **+20% per annum**, but the lockdown has given it a real boost. In France, according to IRI 360, delivery recorded a peak of **+60% in May 2020** compared with May 2019. This trend is confirmed by announcements from industry leaders, with a doubling of activity in the first half of 2020 for *Uber Eats* or *Delivery Hero* on a global scale. Although business has been boosted by consumers being forced to stay at home during the lockdown, delivery players are struggling to meet the structural challenge of profitability (see chart 1) and still have **negative margins** over the period.

2020 is also a year of accelerating consolidation for the sector. In recent years, players have been using the lever of concentration to achieve profitability. In this way, they aim to amortise their fixed IT development or marketing costs over a larger number of orders. While the number of business creations in the sector has stagnated since 2017, mergers and acquisitions are on the rise (see chart 2), leading to the emergence of regional or even global players. A number of landmark transactions that took place in 2020 are evidence of the ongoing concentration:

- **Takeaway** acquired *Grubhub* in June (#1 in the US)
- **Delivery Hero** acquired *Glovo's* business in Latin America in September, *Woowa Brothers* (South Korea) in April, entered the Japanese market and exited the Canadian market.
- **Uber Eats** withdrew from the Indian market and acquired *Postmates* (#3 in the US) in July.

Against the backdrop of a looming economic crisis and **constrained consumer purchasing power**, the additional cost of delivering meals will hinder the development of delivery. This situation makes the resolution of the profitability problem even more urgent for sector players.

This Brief is an excerpt from a study by Etienne Jobard, presented at the Unigrains Meetings on October 8th, 2020. The full study is available with restricted access on our website.

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* Note: This subject was addressed at the Unigrains Meetings on 8 October 2020

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