

Amazon to invest \$515 mn in food retail

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India's online food delivery market, comprising aggregators and internet kitchens, grew at 150 per cent in 2016 with an estimated GMV of USD 300 million, despite low investor sentiment and players scaling down operations or shutting shop, research firm RedSeer said.

"The Indian online food delivery industry experienced many roadblocks in its growth story in 2016 with multiple players scaling down their operations or shutting shop. This was also visible in low investor sentiment wherein the industry saw a total funding of less than USD 80 million in 2016 against USD 500 million same period year before," RedSeer said in a report.

Despite this, the industry grew at 150 per cent year-on-year last year with an estimated GMV of USD 300 million in 2016, it added. For restaurants, the online platforms have helped increase their reach and this additional business source has improved their resource utilisation, it said.

Besides, customers have also started to opt for multiple choices offered by online platforms in place of ordering food by calling individual restaurants.

"Share of online food delivery for partner restaurants (restaurants associated with online delivery platforms) covered in study has reached 30-35 per cent of their total business and these numbers seem to be growing rapidly by the day," it added.

With over 80 per cent of orders coming in from top five cities (out of more than 20 cities where online food delivery is active), the established players are now focusing on achieving operational efficiencies and profitability in these cities and have limited their expansion to newer markets.