

# [Uber launches global assault on food delivery market](https://assignbuster.com/uber-launches-global-assault-on-food-delivery-market/)

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Uber is making an aggressive drive into meal delivery, backed by a wave of staff recruitment, with the U. S. tech heavyweight gearing up to enter at least 22 new countries and take on local rivals.

In a measure of rising ambition beyond its taxi business, Uber will begin delivering meals in Amsterdam on Thursday just as Dutch market leader Takeaway. com, begins trading on the city's stock market.

And according to current job listings on Uber and other recruiting sites -- for about 150 roles ranging from general managers and sales staff to bike couriers -- UberEats is planning to enter at least 22 new countries across the world in the near future. That is on top of the six countries where it already operates.

As recently as May, Uber executives were signaling that UberEats' international ambitions were a modest extension of its core business of transporting people. But its job hiring efforts over the last three months suggest something more ambitious is taking shape.

" UberEats is one (business) we feel incredibly confident is resonating across the world and resonating across the footprint of the cities in which Uber operates the transport business," Jambu Palaniappan, recently named head of UberEats for Europe, Middle East and Africa, told Reuters in aninterviewon Tuesday.

He named eight cities including Dubai and Johannesburg that UberEats plans to enter by the end of the year, but declined to spell out later targets.

Europe is home base to many of the most active international players in the onlinefoodtakeaway business. They are counting on their local ties, established customer bases and sprawling restaurant networks to insulate them from U. S. tech giants.

The biggest international players -- Britain's Just Eat, Germany's Delivery Hero and Takeaway. com -- focus on advertising local takeaways and booking orders for nearby users, while leaving deliveries to the restaurants themselves.

They have been raising fresh capital or swapping assets to bulk up in the expectation that Uber would ratchet up its challenge.

Meanwhile, smaller players -- Belgium's Take Eat Easy, delivering in 20 European cities, and London-based Pronto, which cooked meals as well as delivered them -- have shut down in recent months, as the rush of funding that created dozens of start-ups modeled on Uber in recent years has dwindled.

## Sub-scale

Investors have poured nearly $10 billion into 421 food delivery deals since the start of 2014, but funding dropped by more than half in the first six months of 2016, according to research from CBInsights.

Overall, the global restaurant takeaway market is projected to grow by 10 percent between 2015 and 2020 to reach $93. 4 billion, according to market research firm Euromonitor.

Adding to pressures on existing food delivery players, Amazon launched its international expansion of Amazon Restaurants by entering the London market earlier this month, building on its existing 11-city base in the United States.

" The problem for many of the remaining players is that they are sub-scale: They can't compete without superior logistics," said Neil Campling, head of global research for the tech industry at fund manager Northern Trust Capital Markets.

To date, UberEats has launched in 33 cities in six countries, 27 of which are in the United States, where it first began testing food delivery two years ago.

Since launching in London in June, Uber has promised to cut delivery times to within a 30-minute window, with no minimum order size or extra delivery fees. You can order a cupcake made in Kensington and have it driven across town to Whitechapel for the price of the cupcake in the shop.

" When we launch in a city, one of the things we try to do very quickly is to get customer wait times down as low as possible," said Palaniappan, a Silicon Valley native who had run Uber's core business in the EMEA region and oversaw its move into India.

By contrast, many rivals promise orders will take anywhere from 30 minutes to an hour, while requiring minimum orders and charging customer delivery fees. UberEats also benefits by being promoted through Uber's existing, very popular car hire app.

## Stronghold

Later this week, Takeaway plans to raise 350 million euros ($390 million) in an initial public offering that would give it a market value around 1 billion euros.

Some newer entrants like Deliveroo of Britain and Foodora, a unit of Delivery Hero, have their own drivers -- but few can rival Uber or Amazon's deep pockets and vast customer bases around the globe.

To bolster their respective local and regional positions, Takeaway and Just Eat traded assets in August, with Takeaway exiting Just Eat's British stronghold in exchange for Just Eat's Benelux properties.

London-listed Just Eat expects its revenue to rise around 50 percent this year and says its 66, 000 restaurant partnerships can ensure its growth for years to come.

Delivery Hero co-founder and CEO Niklas Oestberg says his firm has built a market-leading position in 28 countries around the world, signing up close to 300, 000 restaurants -- from Asia to Europe to Latin America -- by acquiring local rivals, swapping assets and exiting tougher markets such as China and Russia.

Dominance is not assured for Amazon and Uber, for whom meal delivery -- a highly localized business that must be won city by city from local players -- is but one of several big initiatives.

A swing factor could prove to be how willing restaurants, such as pizza chains, are willing to allow big digital players to come between them and their customers -- an issue Amazon has faced with brand-name retailers and Uber with taxi associations.

Alexander Frolov, a London-based partner in venture capital firm Target Global, an investor in Delivery Hero and other food-themed start-ups, says Uber is a formidable challenger but local food delivery is far from a winner-take-all market.

" It's not like Facebook. If all my friends are on UberEats, I don't really care; there will be other options," Frolov said in an interview. " That makes it more difficult for Uber to displace strong local players."

(By Eric Auchard; additional reporting by Toby Sterling in Amsterdam and Byron Kaye in Sydney; editing by Greg Mahlich and Pravin Char)