

Five Charts: The State of Food Delivery

Not everyone orders food online, but the competition for customers is still fierce

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Krista Garcia

Food delivery, common in urban areas where population is dense and car ownership is low, is expanding to the suburbs and beyond thanks to the rise of digital services connecting users to restaurants.

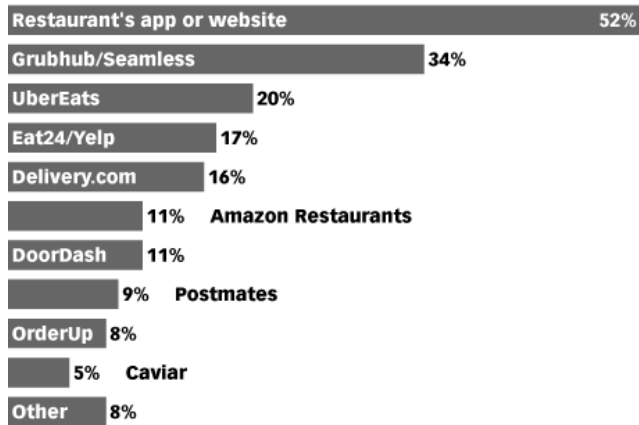
Diners used to have just pizza and Chinese to choose from, but **now their options include fast food**, higher-end fare, food carts and even virtual restaurants that serve as commissaries to fuel delivery orders rather than sit-down customers.

Popular **restaurants for delivery are even starting to reallocate space** to accommodate staging areas and to make up for fewer in-store diners. This follows a **similar square footage repurposing trend** that is happening in the grocery industry.

A year and a half ago, a majority of US internet users (52%) looked to a restaurant's own app or website to order food delivery. Grubhub was favored by around one-third, according to **Cowen and Company**.

Restaurant Delivery Services Used by US Internet Users, May 2017

% of respondents



Note: ages 18+; in the past year; among those who have ordered restaurant delivery online during the past year
Source: Cowen and Company, "Survey says 'Dining In' Is the New 'Dining Out,'" July 12, 2017

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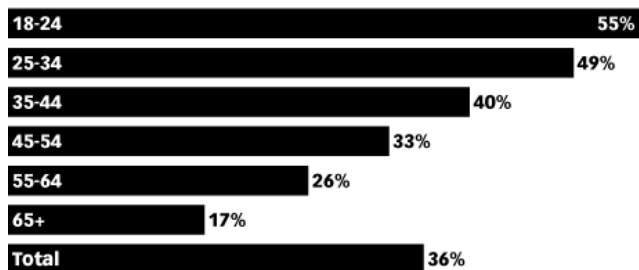
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Since then, Grubhub has gained market share due to its 2017 acquisition of Eat24 from Yelp. The company phased out the separate Eat24 ordering platform in August 2018.

Food delivery adoption is very much tied to age. Overall, 36% of US internet users ordered restaurant delivery in the past year per [Market Force Information](#), but it was the under-35 group driving this. Not only do younger users have higher adoption rates, but [they also use delivery services more frequently](#). In a move to capture active Gen Z users, Grubhub bought Tapingo, an on-demand food service for college campuses, in September 2018.

US Internet Users Who Have Used a Food Delivery Service to Deliver a Restaurant Meal, by Age, Feb 2018

% of respondents in each group

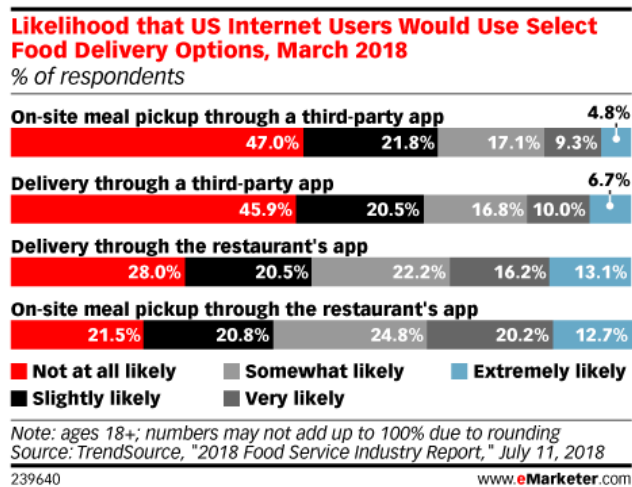


Note: over the past 12 months
Source: Market Force Information, "US QSR Benchmark Study," April 17, 2018

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By some measures, though, the average US internet user **isn't all that interested in having food delivered**. According to a March 2018 **TrendSource** survey, ordering online for pickup is more popular than delivery, and consumers seem to trust a restaurant's app more than a third-party offering.



Click-and-collect also has greater usage than online grocery delivery, since consumers don't mind sacrificing some convenience in order to save on fees. This logic could also be at play concerning food delivery.

That said, a July 2018 **Gallup poll** showed that 84% of US adults order food for either delivery or takeout at least a few times per month. This is far more frequent than other initiatives retailers are rushing to roll out, like online grocery ordering (15%) or having meal kits delivered (10%).



In September 2018, of the top food delivery services, Grubhub had the most users as well as commanded the highest loyalty, according to [Verto Analytics](#). DoorDash was the closest competitor, while UberEATS and Postmates had far fewer users but more active ones.

Leading US Food Delivery Service Metrics, Sep 2018

	Users (millions)	Sessions per user	Exclusive users (%)
GrubHub	17.2	3	57%
DoorDash	15.5	4	54%
UberEats	8.1	6	47%
Postmates	2.8	7	55%

Note: adults ages 18+; based on monthly unique users
 Source: Verto Analytics, "Verto Watch" as cited in company blog, Oct 31, 2018

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The US food delivery market isn't saturated yet. UberEATS is attempting to expand from its urban base to the suburbs and announced last month that it **would serve 70% of the US population by the end of the year**. Postmates also is growing and added 134 new cities to its roster in October, increasing its coverage to 60% of the US.