

Food delivery orders in Canada increased substantially amid the pandemic

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eMarketer Editors

Food delivery apps like Uber Eats, DoorDash, and SkipTheDishes—a Winnipeg-based homegrown competitor to the US-based services—had already established a foothold before the pandemic. The greater need for delivery last year elevated their influence in food service, even though the fees they charge have raised concerns in the restaurant industry and for regulators.

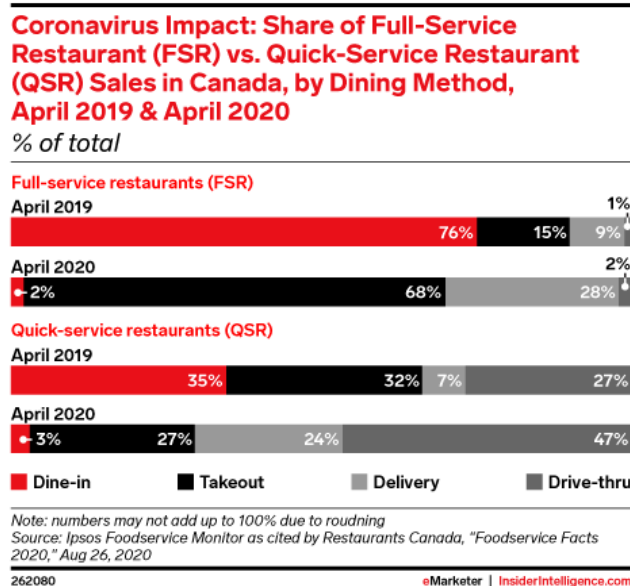
Food service revenues in Canada were decimated by the pandemic, and early on: Monthly food service sales countrywide dropped to CA\$2.4 billion (\$1.81 billion) in April, the first full month of lockdowns, per [Statistics Canada](#). In February, they had peaked at CA\$6.3 billion (\$4.75 billion).

According to [Restaurants Canada's](#) "Foodservice Facts 2020" report, "In the span of a few months, the industry was shattered, seeing a devastating drop in sales in March and April. Food service sales won't likely return to 2019 levels until late 2021, or possibly even 2022."

“The carnage in the industry overall was a boon to an emerging food service channel: delivery apps, or third-party aggregators as dubbed by the industry,” said Paul Briggs, eMarketer senior analyst at Insider Intelligence and author of our new report, “[Canada Digital Outlook 2021](#).”

"Pre-pandemic, these services had become an emerging channel for food service customers," he said.

In April 2020, 28% of full-service restaurant (FSR) sales were via delivery, according to Ipsos tracking data. At quick-service restaurants (QSRs), a 24% share of dollars spent went to delivery. Those figures were substantially up from April 2019, when delivery accounted for 9% and 7% of sales, respectively.



“Pre-pandemic, the delivery channel was around 4% of the entire food service market,” said Asad Amin, vice president of market strategy and understanding at Ipsos, which conducts the ongoing Ipsos Foodservice Monitor. “Through the pandemic it doubled, growing to 8%, because all the focus was on off-premise with dine-in closed. We saw a massive spike, especially early in the pandemic. That was also true for drive-thru and takeout.”

Delivery apps are “a very sensitive topic in the food service industry,” he said. “Full-service restaurant margins are thin to begin with, and for independents especially. But it's a new revenue channel that wasn't necessarily available before, so it's a very slippery slope.”

At the heart of the delivery app debate is fees, which can be as much as 30% of the order value. During the pandemic, the companies that run these apps have been under pressure to lower fees—from not only restaurant partners, but also government officials.

"I have a message for the big third-party food delivery services like Uber Eats," said Ontario Premier Doug Ford when announcing a return to stricter rules for food service during the second wave in October. "It's time for you to do your part. Please consider reducing the commission rates you charge the restaurants impacted by these new health measures."

In response to this plea and a general backlash from restaurants, delivery apps announced a reduction in fees, albeit temporarily. But the voluntary actions of these companies weren't enough, and Ford in December capped fees at 20% of the order value, and 15% commission for delivery. The new rules applied to jurisdictions where indoor dining was prohibited in Canada's biggest province. Ontario followed a long line of cities in the US that have capped such commissions during the pandemic.

This public scrutiny has so far done little to curb the massive growth of these services. SkipTheDishes, which was acquired by Just Eat in 2016, doubled its business in Canada in Q3 2020 compared with the previous year, with 23.5 million orders. Comparing the first three quarters year to date, order volumes were up 72% over 2019.

The ascension of the delivery app channel for home delivery of QSR and FSR orders is having a direct impact on how food service marketers reach their audiences: The ability to run in-app promotions exists today for restaurants and results in an uptick in orders, according to the companies that run these apps. In the future, delivery on nonrestaurant items like alcohol and immediate household needs will likely expand the menu of what's offered by such services, a potential disruptive force across many sectors.

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Report by Paul Briggs Jan 21, 2021

Canada Digital Outlook 2021



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