HOTREC Restaurant Booking Study
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Summary: Context

- In order to map and assess the current market situation concerning restaurant bookings and deliveries in Europe, HOTREC, the umbrella association of Hotels, Restaurants and Cafés in Europe, has decided to conduct a study in 2018. As these markets are more and more on the growth, the industry associations would like to have an updated picture about how restaurant reservations are being made by the guests, who are the key players, and what are the main trends.

- Secondary desk research, an online survey among 790 European restaurants and an inspection of 1200 restaurants websites in France and Germany allowed to draw an actual picture on the importance of booking and delivery services in the European restaurants sector.

Summary: Market Trends

- "The restaurant industry faces a variety of challenges to keep pace with the rapid changes driven by consumer trends and demographic change such as growing preferences for healthier foods, concerns about environmental sustainability, increasing competition from grocery stores, increased consumer expectations as well as rapidly evolving technologies that are reinventing the traditional food experience and forcing a change in the way the industry works" (KPMG 2016).

- Today consumers are constantly connected and have high expectations of quality, sustainability and convenience (KPMG 2016):

  ➢ Their way of thinking values "experience" and " convenience".

  ➢ These empowered consumers shop anytime, anywhere, which means that restaurants must bring food to consumers where and when they want it to remain relevant.

  ➢ Restaurants and food delivery companies are responding with improved business models to create tailored, technology-driven experiences.

Source: KPMG (2016): An appetite for change. Key trends driving innovation in the restaurant industry.

Summary: Food Delivery Market Trends

- Online food delivery platforms expand choice and convenience, allowing customers to order from a variety of restaurants with a single click on their mobile phone.

- The business of delivering restaurant meals to the home is changing rapidly as various new online portals develop in Europe and internationally. These platforms are attracting significant investment and high valuations (estimated market caps of players between 2 and 20 billion Euros). After the rise and demise of several local startups, many takeovers and international expansions, it becomes clearer that the food delivery market in Europe will be dominated by the following players: Uber Eats, Deliveroo, Delivery Hero, TakeAway and JustEat. Yet overall, the competitive landscape is still complex and no dominant player has emerged.

- The number of online food delivery users in Europe is expected to be around 200 million in 2023 and revenues of the food delivery sector are expected to show an annual growth rate of roughly 10% in the following years and reach probably nearly 20 billion Euro in 2023.

Summary: Importance of Food Delivery

- Less than 10% of restaurants in our restaurant survey worked with food delivery services for a median turnover of 2% (compared to overall revenue). Main motivations for restaurants to work with food delivery are to get additional revenues, future seated customers and market visibility (marketing tool).

Summary: Restaurant Booking

- Our survey indicates that nearly half of guest (43%) book a table in advance in European restaurants. Nine out of ten of theses advanced bookings are still direct (main channels phone 64% and e-mail 12%) whereas third-party platforms generate roughly 6% of advanced bookings.

- An analysis of 1200 restaurants in Germany and France shows that nearly 20% of restaurants offer third-party booking options on their own website and only 11% have an own online reservation system. The individual third-party booking platforms are generally used by less than 10% of the analyzed restaurants.

- Major online restaurant reservation platforms in Europe are in the hand of established global players. Five main players can be identified in Europe connecting diners with 20'000 to 51'000 restaurants: OpenTable (Booking Holding), ResDiary (Accor Hotels), lafourchette/thefork (TripAdvsior), Quandoo (Recruit) and Bookatable (Michelin).

Summary: Conclusions

- Restaurant **booking portals** and **online delivery services** are still in an **early stage** in Europe.

- But given **changes in consumer behavior** (millennials, generation Z, etc.), **technology evolutions** (penetration of mobile technology, development of automated delivery), the **slow digital transformation** of the restaurant sector, the **growth potential for these new players** seems to be **significant**.

- Yet, these new services may also represent **growth opportunities** for the enterprises in the hospitality sector if cost issues (commissions) and strategic aspects (e.g. dependency on international/global players, evolution of business models) are managed properly.

An Overview on Trends in the Food and Restaurant Sector based on Industry Reports and Own Research

7 Restaurant industry trends

Preferences for healthier food options
"Consumers prefer to eat at home and, if dining out, are inclined to consume healthier and less processed foods."

Modification of menu items driven by regulatory norms
"With nutrition labeling requirements being enforced by the Affordable Care Act, restaurant operators are obligated to make changes to menus to show the calorie counts of their products."

Environment sustainability
"Restaurants have been focusing on reducing food waste to manage rising costs and to "go green"."

Inclination towards global cuisines
"Increase in preferences for global/ethnic cuisines is prompting restaurants to diversify their businesses."

Increase in food service options
"Restaurants have been losing market share to supermarkets, which have started stocking wide ranges of ready-to-eat meals; further, an increasing number of them have added eat-in areas.

Technological advancements
"Restaurant chains are adopting new technologies for ordering, payment, and loyalty programs to offer convenient and intuitive applications for customers."

Focus on Generation Z
"Restaurants are currently trying to appeal to millennials and are competing for the attention of this social media savvy generation. They also need to be mindful of Generation Z as younger teens are beginning to make their own decisions about where to eat and what to eat.
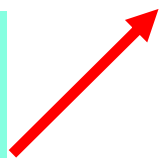
Impact on Restaurant Booking and Food Delivery

Customer Behavior in Food Delivery Market

- Customers attracted to the new online food delivery platforms have different needs and expectations than traditional pizzeria customers. A McKinsey study in 2016 uncovered the following important traits:
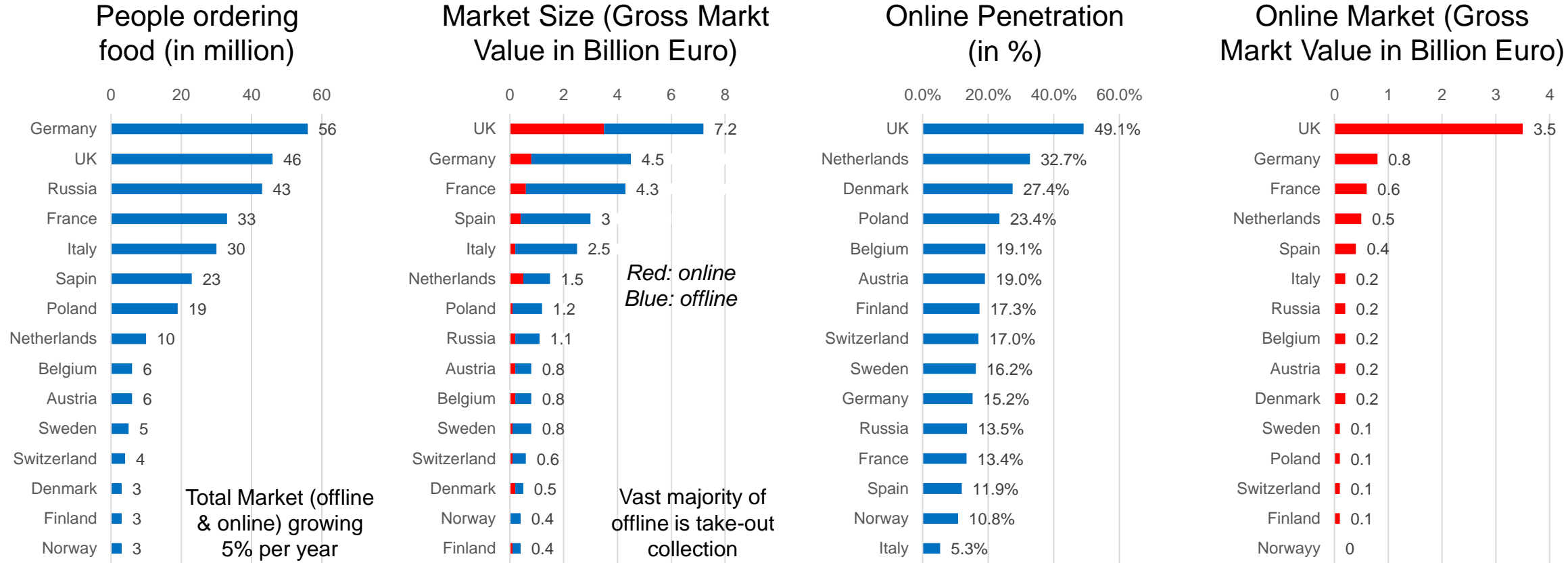
  - "**Platforms are sticky**. *New-delivery platforms, which personalize the ordering experience by storing relevant customer data, are sticky.* **Once customers sign up, 80 percent never or rarely leave for another platform,** *creating a strong winner-take-all dynamic, in which the reward goes to the player who can sign up the most customers in the shortest amount of time.*

  - **Time is critical**. *Speed of delivery is the biggest variable in customer satisfaction, with an average 60 percent of consumers across markets citing it as a key factor. The optimal wait time is no more than 60 minutes.*

  - **Meals are for home**. *Most orders—82 percent—were placed from home, while only 16 percent were placed from the workplace.*

  - **Orders spike on weekends**. *The highest-volume days for the online platforms were Friday, Saturday, and Sunday, when 74 percent of orders were placed.*"

Food Delivery Market Sizes: UK Dominant Market in Europe

UK is by far the largest market, thanks to high order frequency and online penetration in food delivery

People ordering food (in million)

Country	Value
Germany	56
UK	46
Russia	43
France	33
Italy	30
Sapin	23
Poland	19
Netherlands	10
Belgium	6
Austria	6
Sweden	5
Switzerland	4
Denmark	3
Finland	3
Norway	3

Total Market (offline & online) growing 5% per year

Market Size (Gross Markt Value in Billion Euro)

Country	Value
UK	7.2
Germany	4.5
France	4.3
Spain	3
Italy	2.5
Netherlands	1.5
Poland	1.2
Russia	1.1
Austria	0.8
Belgium	0.8
Sweden	0.8
Switzerland	0.6
Denmark	0.5
Norway	0.4
Finland	0.4

Red: online
Blue: offline

Vast majority of offline is take-out collection

Online Penetration (in %)

Country	Value
UK	49.1%
Netherlands	32.7%
Denmark	27.4%
Poland	23.4%
Belgium	19.1%
Austria	19.0%
Finland	17.3%
Switzerland	17.0%
Sweden	16.2%
Germany	15.2%
Russia	13.5%
France	13.4%
Spain	11.9%
Norway	10.8%
Italy	5.3%

Online Market (Gross Markt Value in Billion Euro)

Country	Value
UK	3.5
Germany	0.8
France	0.6
Netherlands	0.5
Spain	0.4
Italy	0.2
Russia	0.2
Belgium	0.2
Austria	0.2
Denmark	0.2
Sweden	0.1
Poland	0.1
Switzerland	0.1
Finland	0.1
Norwayy	0

Source: Dealroom and Priori Data (2017): Food Delivery Tech – Battle for the Europen Consumer

European Food Delivery Landscape (pro forma Takeaway.com deal)

#1 in UK, Italy, Spain, France, Portugal

#1 in Germany and Sweden
#2 in Poland
Present across Eastern Europe post
FoodPanda acquisition in December 2016

Present across Eastern Europe (and Asia and LatAm)

Focus on emerging markets
#1 in Netherlands and Poland

Leader in premium segment
Strong **#2** in France

Leader in Barcelona and Madrid with «order anything» concept
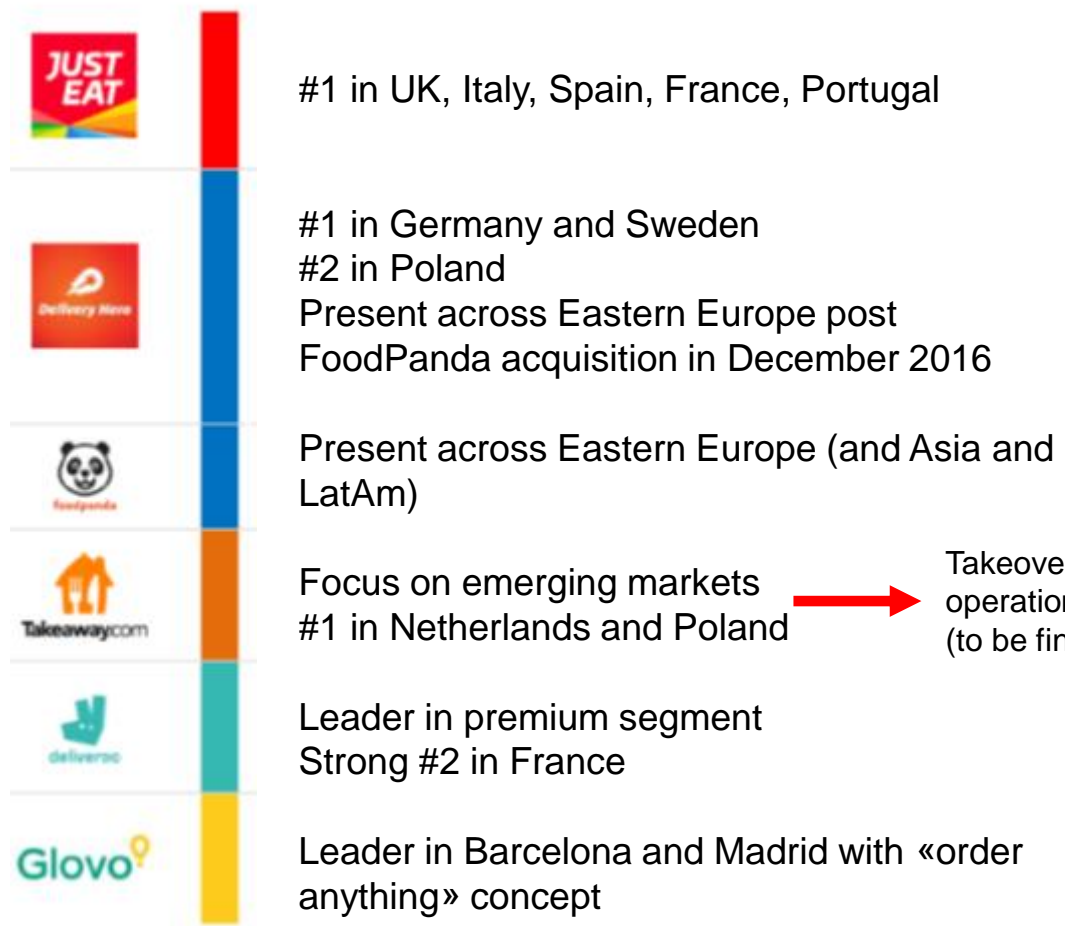
Takeover of German operations of Delivery Hero (to be finalised in 2019)

Uber EATS
Amsterdam, Bordeaux, Brussels, London, Lyon, Madrid, Manchester, Milan, Moscow, Paris, Stockholm, Vienna, Warsaw
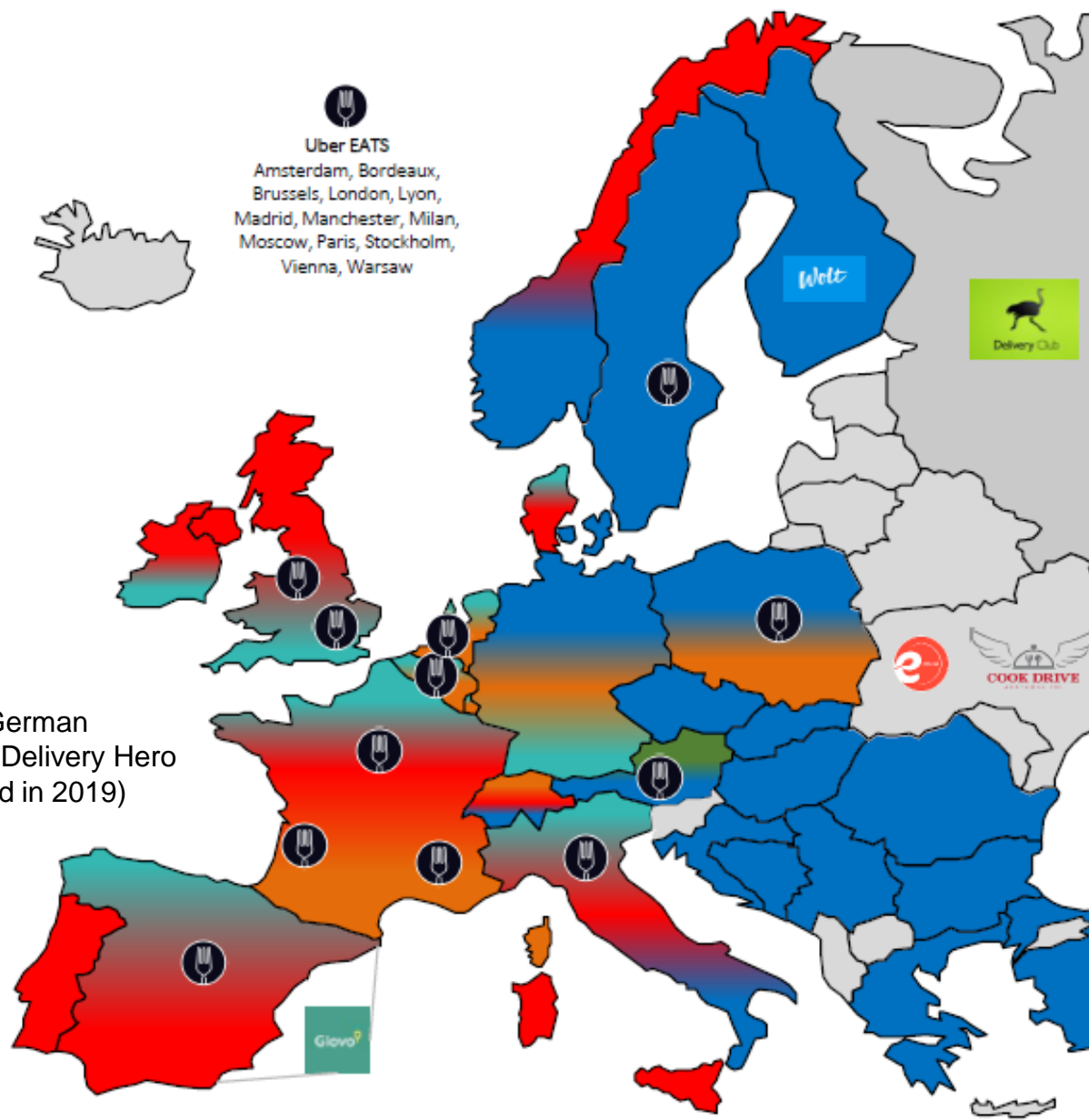
European Food & Restaurant Market: 1000 Billion Euro Market with Low Online Penetration

2% -> online penetration

Legend: ■ Total ■ Online

Adapted from: Dealroom.com (2018). Food Tech & Delivery Marketplaces in Europe.

AECOC Madrid, 31 May 2018
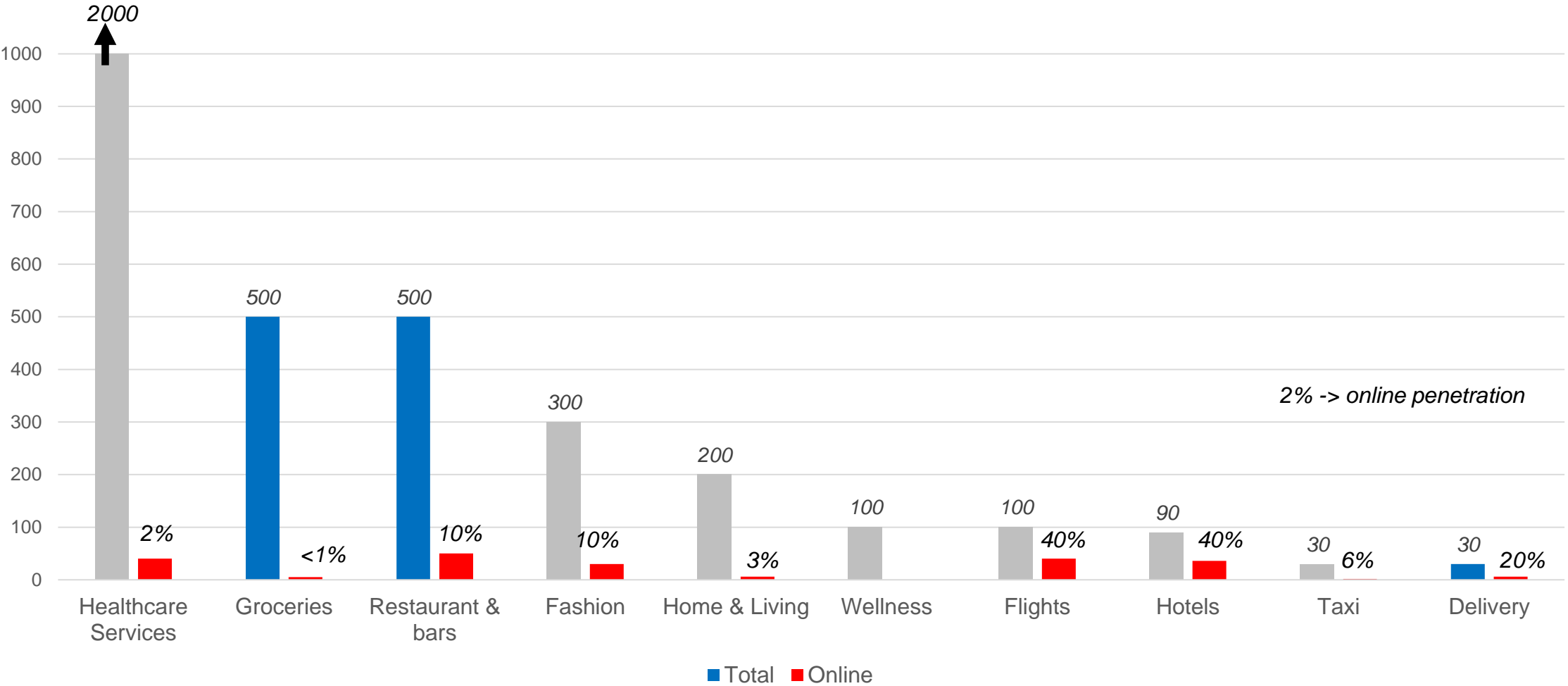
Market Power of Platforms and Commissions Higher when Supply is Abundant

Commission (y-axis)
- 15-30%
- 10-15%
- 5-10%
- 0-5%

Market Power (x-axis)

Hotels
Taxis
Food Delivery
Table Bookings
Fashion
Super Markets
Flights

Adpated from Dealroom.com (2018). Food Tech & Delivery Marketplaces in Europe. AECOC

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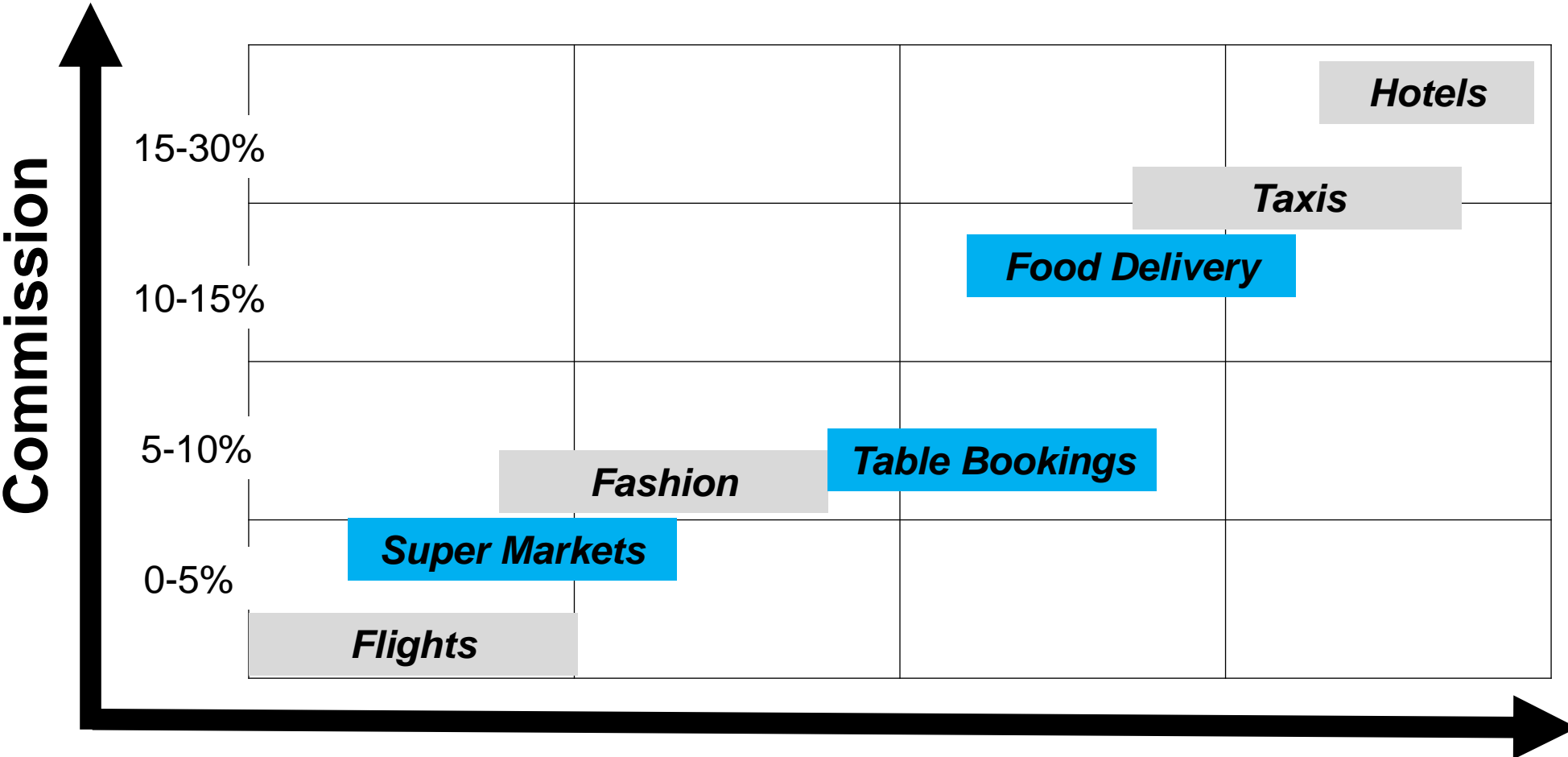
Restaurant Booking Market Player Comparison

Player	Stats	Parent	Market Cap
OpenTable	51'000 restaurants / 20 countries / 1'452 million diners/year	BOOKING HOLDINGS	83'000 Mio $
ResDiary	59'300 restaurants / 62 countries / 178 million diners/year	ACCOR HOTELS	11'000 Mio $
lafourchette (a TripAdvisor company)	56'000 restaurants / 11 countries / ?? million diners/year	tripadvisor	7'000 Mio $
Quandoo	15'000 restaurants / 16 countries / 100 million diners/year	RECRUIT リクルート スタッフィング	48'000 Mio $
Bookatable by Michelin	20'000 restaurants / 40 countries / 39 million diners/year	MICHELIN	23'000 Mio $