

THE ULTIMATE GUIDE

# Understanding the various **food** **delivery options**





**Foreword by  
John Gillan,  
UK General Manager**

The last few years have been challenging for many businesses. Plenty of companies have had to pivot their strategies to stay afloat—including food businesses. We saw a **massive boom in remote food ordering and restaurant delivery across Europe**. Since restaurants were forced to temporarily close their doors to indoor dining in 2020, they've had to find new ways to get their food to customers. Of course, restaurant delivery became a key player—among other things.

**Here are a few key restaurant trends and insights we've seen at Stuart:**

**Online ordering & delivery**

As more consumers turn to online ordering and delivery, businesses need to prioritise an online presence and integrate technology solutions to streamline the ordering and delivery process.

**Dark kitchens**

The rise of dark kitchens, or virtual kitchens, has allowed SMBs to launch delivery-only brands and enter new markets without physical locations.

**Digital marketing & social media**

Digital marketing and social media have become crucial for smaller businesses to reach new customers and build their brands.

**Contactless payment options**

Restaurants should focus on offering contactless and mobile payment options to meet the growing demand for convenience and safety. During the lockdowns, **56%** of global consumers somewhat or strongly agreed that they'd be paying with their cards or smartphones moving forward, making it necessary for restaurants to refresh their banking tech.

**AI & machine learning**

These technologies can help SMBs optimise their operations, personalise customer experiences, and enhance their marketing efforts. They can also collect and analyse data to help with business promotion, volume prediction, etc. Additions like chatbots can quickly answer customer questions, ranging from menu items to delivery issues.

Running a restaurant takes a village—one piece of technology isn't enough to help food businesses provide a memorable experience. Restaurants can stay ahead of the competition by **embracing these emerging technologies** and **adapting to the changing needs of their customers**.

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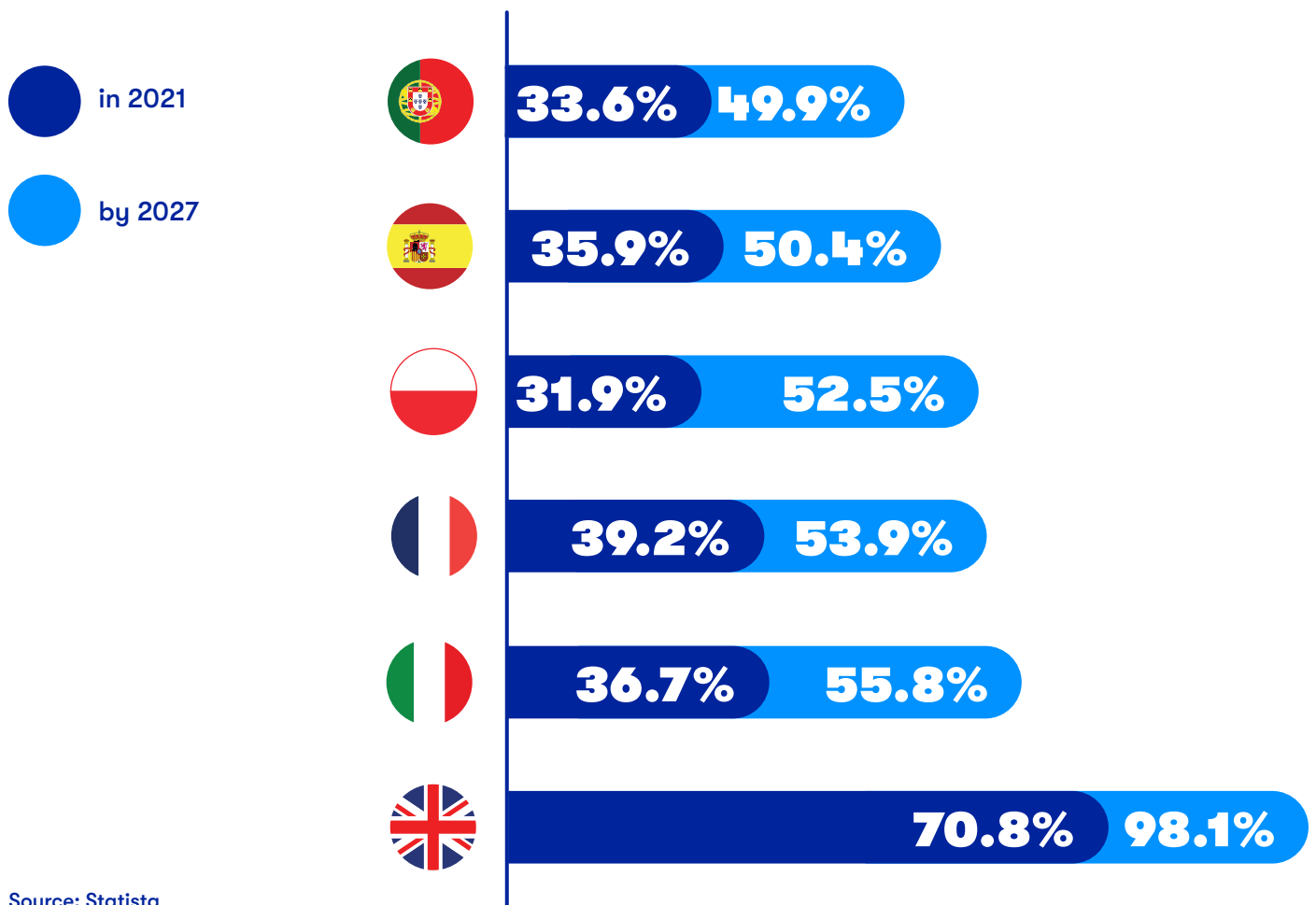
# Introduction

**D**uring the pandemic, many new users jumped on the food delivery bandwagon with significant spikes across several European countries. Many of these users were convinced that they'd continue to use restaurant delivery services even after the lockdowns were lifted.

Restaurants found a new income stream during the lockdowns, enjoying added profits even after both restrictions eased and businesses returned to regular in-house dining. But even with full dining rooms, restaurants have had to continue pushing strong delivery offers to remain

competitive—and this has only increased with the emergence of the cost-of-living crisis across Europe. Despite lower purchasing power, delivery has remained a constant for users, showing its resilience in times of crisis.

**From 2019 to 2021, the number of active online food delivery users increased by nearly 14% across Europe with a total market penetration of nearly 40%. This is forecast to grow steadily to 53.7% by 2027.**



Source: Statista



## There's an app for that

Food delivery partners harnessed the power of websites and apps long before the pandemic hit, but these became essential tools for restaurant customers to access during the first lockdowns. In March 2020, restaurant delivery apps like Deliveroo and Just Eat exploded, with major global platforms experiencing up to 512% growth. Since in-store grocery shopping became difficult for many, apps

that combined meal service with grocery delivery were on the higher side of the growth percentage scale.

The rapid growth of apps like Glovo was due partly to their wide range of product options. For example, they could connect a customer with restaurants and groceries as well as a variety of local retailers. Clothes, cosmetics, and other essentials easily

made their way to users. When it comes to finding delivery success, convenience is key, proven by the massive growth these app-based companies experienced during the pandemic lockdowns.





## Changes & challenges for restaurants

All this new technology has brought numerous changes to the restaurant industry over the past couple of years. Dark kitchens—food service locations that serve customers only via delivery—have become prominent fixtures in many communities. Because dark kitchens have very low operating costs, they can better afford food delivery partner fees and commissions than traditional restaurants competing in the delivery space. The proof is in the numbers: **European dark kitchen start-ups like Curb and Taster managed to secure €20m and \$37m, respectively, in 2021.** Some restaurants are decreasing their physical

location space to focus more on delivery-friendly innovations. These “tiny restaurants” will be appearing more and more frequently. In September 2020, Burger King announced their redesigned location layouts in Miami, Latin America, and the Caribbean, which amplify technology and space dedicated to pick-up and delivery services.

Another challenge restaurants face is selecting the right food delivery partners. Restaurant owners must ask themselves these questions:

- ✔ Which partners best suit my restaurant’s needs?
- ✔ Do we have enough staff to manage additional delivery requests?

- ✔ Should we abandon our in-house delivery service and partner with a food delivery service?
- ✔ What are the hidden costs of partnering with new food delivery apps or platforms, and can we afford the associated fees?

Food delivery can be worth it in many cases, but it can sometimes be overwhelming for much smaller locations. There’s a lot to know before you make a decision.



PART 1

# What is a **food aggregator platform?**





Of all the **food delivery technologies**, this will be the one you're most familiar with. A "food aggregator platform" may not be a term you've heard of, but you've definitely used one before. Think Deliveroo, Uber Eats, or Just Eat—three of Europe's biggest food delivery platforms.

Simply put, aggregator platforms bring together as many different restaurants as possible to **create an online marketplace** that's accessible through an app or website.

The more variety available, the more appeal they have to a wider audience. Customers can then browse and order from a variety of cuisines for either delivery or pick-up. Think of them as the middleman between a restaurant and a customer.

While online food ordering has been around since the mid-1990s, it was only **around 2015-2016 when online food delivery began to pick up steam across Europe.**





## How do they work?

While all online food delivery platforms are aggregators, in reality, they're not all equipped to provide delivery.

Many platforms originally started as software-only, focusing solely on the marketplace. Restaurants would need to have their own drivers or couriers to perform the delivery for any online orders that would come through. As the online food delivery industry grew, these same platforms began to part-

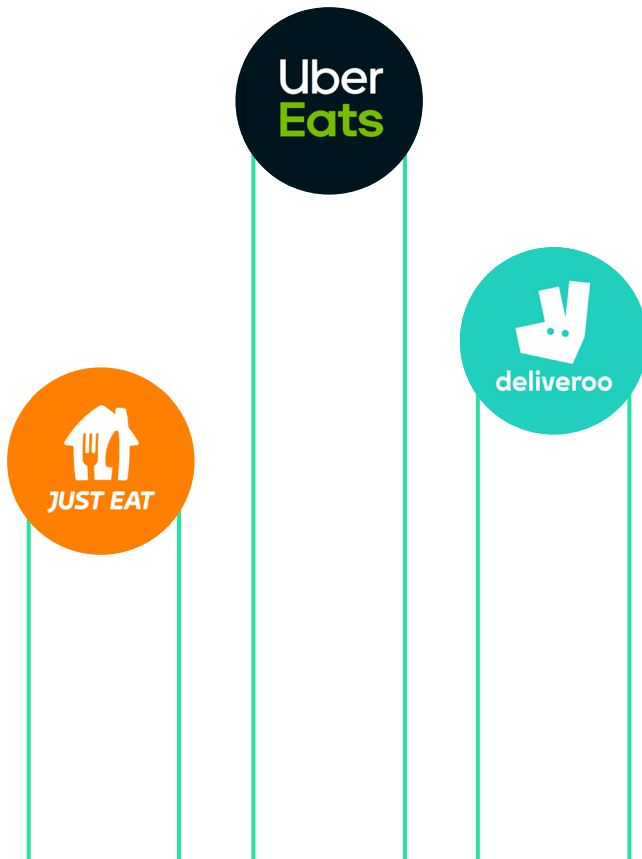
ner with third-party delivery services, like Stuart, and also build their own fleet to capture a bigger slice of the market.

However, a new business model also emerged. New tech platforms in the market became a one-stop-shop for all things food delivery: a bustling online marketplace that takes care of payment processing, customer support, marketing, and most importantly—delivery using their own fleet.

This business model can be a more enticing option for restaurants that have just opened, little visibility, minimal staff, or low volumes and are looking to kick-start their delivery offering and gain access to a broader section of their local areas. According to Deliveroo's 2021 Annual Report, **over 90% of the restaurants on the platform didn't offer delivery until they started using their marketplace.**



Just Eat, Deliveroo, and Uber Eats were the **top 3 downloaded food delivery apps** in Europe from 2019-2021.



In 2021, **Uber Eats** was the most downloaded food delivery app in Europe, with

**13.5 million**

downloads in the first three quarters.

Source: Sensor Tower

Online food delivery in Europe is expected to grow by an annual rate of **8%** (2021-27)

**Total market value of online food delivery**

**€54.7 billion**

by **2027**

Source: Statista

Uber Eats and Just Eat account for



Source: Sensor Tower

# The pros & cons of signing up to a food aggregator

 **PROS**

 **CONS**

**Delivery is made easy**

You sign up, receive your tablets, add your photos and menu items, and you're ready to go. It's the definition of plug-and-play.

**Worry less about marketing**

You're visible to a broader audience by being on a marketplace platform or app, and you can even run ads to gain more visibility.

**Onboarding is both simple & quick**

It only takes about a week to get set up, and you're ready to start accepting online orders.

**High commission fees**

This is a big one and goes right to the top of our list. With commission fees at 20-30% (and sometimes up to 35%), this can be a major factor on your bottom line.

**Lack of transparency from service providers**

You have no idea of the platform's algorithm that determines where your restaurant gets placed on the homepage. Are you the first thing a user sees—or do you barely show up?

**No access to customer data**

This may not seem too important on the surface. However, without it, you're blind as to who your customers are, where they are, and what they order the most from you.



## ✓ PROS

**Focus more on your in-person diners**

By outsourcing your delivery, you have more time and energy to focus on your core business and create a more memorable experience.

**No extra hiring necessary**

When you partner with marketplaces that have a dedicated fleet, that means no extra hiring for you—or managing couriers.

## ✗ CONS

**No control over the customer experience**

The order and delivery process may be fairly hands-off, but that also means there's no way to guarantee the delivery process or troubleshoot issues, should any arise. You also can't expect customer loyalty since you have no real interaction with these customers.

**Bad deliveries reflect badly on you**

Despite customers knowing you aren't in charge of delivery, when a delivery goes bad—damaged or stolen food, for example—your reputation takes a hit.

**When a bad delivery occurs,**

**80%**  
of customers

will blame the restaurant, not the delivery service.

Source: Deliverect

PART 2

# What is an “own channel”?



An “own channel” or branded food delivery channel may seem like an avenue for multinational businesses like McDonald’s or Burger King. But with new, user-friendly technology, there’s greater possibility for small-to-medium-sized businesses to tap into this market.

A direct-to-consumer (D2C) delivery channel means cutting out the middleman—aka food aggregators—and providing online orders and delivery directly through your website or branded app. There are several ways to build a D2C channel: building it in-house, contracting website and app developers, or partnering with platforms like [Flipdish](#), which specialise in online ordering and management. These tech solutions differ from website and app developers due to their restaurant expertise and the extra niche bonuses they offer, such as marketing or delivery partner and POS (point-of-sale) API integrations.



### What is an API integration?

An API allows two different types of software to talk to each other using a specific set of instructions on how they can communicate.

For example, picture your TV remote control and a TV—two separate objects that work together. The remote control has buttons on it that allow you to do different things with the TV, like turn it on and off, change the channel, adjust the volume, etc. However, to make the remote control work with the TV, the two things must be able to communicate with each other.

That’s where the API comes in. The API is like a set of rules that explains how the remote control and the TV should talk to each other. It tells the remote control which buttons to press and in what order to turn the TV on, and it tells the TV what to do when it receives those button presses. The API is what makes it possible for the remote control and the TV to work together, even though they are two different things.



# The Pros & Cons of owning your delivery channel

 **PROS**

 **CONS**

**Reduce or eliminate commission fees**

You can reduce the commission fee from 20-30% down to 5-10% —or get rid of them altogether, depending on the model you choose.

**Gain access to customer data**

By understanding your customer base—what they like, how often they order, etc.—you can cater directly to them and foster better long-term relationships.

**Build smarter marketing campaigns**

With that same data, you can tailor your campaigns to highlight relevant promotions and offers.

**Setting up takes more time**

Whether you’re using an existing website or building a new website or app from the ground up, implementing new technology will take more time than signing up for a plug-and-play service.

**Needs more investment upfront**

It takes more than time to build a website or app that can easily integrate into your POS system and dispatch delivery—it takes capital, too. More capital than you’d need to sign up to a food aggregator.

**Potential loss of visibility**

Customers enjoy ordering directly from a restaurant, but you may lose a wider audience if you’re not signed up to any aggregator platforms.

## Control the customer experience

## Update everything in real-time

### ✓ PROS

By owning the full experience, from ordering to delivery, you can ensure a more seamless journey and remain in touch with customers at all times, allowing you to keep them updated.

Run out of a menu item in the middle of service? When you own your online ordering and delivery system, you can make changes any time, as often as you need.

### ✗ CONS

**You're accountable when things go wrong**

With food aggregator platforms, customers can wrongly blame you for a bad delivery experience. With your own channel—you're on the front line. Even if you partner with a third-party delivery company, a bad delivery falls on you.

**Requires technical expertise**

If you've never built a website or app, you'll need to find—and pay—for someone with that knowledge.





## How solutions like Flipdish can minimise the cons of owning a D2C channel

Websites are a modern essential for any business—including restaurants. But building and maintaining one is time-consuming work, especially if you lack the knowledge and experience to create them. This rings doubly true for apps—and that’s where companies like Flipdish come in.

Flipdish is an “end-to-end ordering, marketing and management” system that partners with food businesses to power their brand and business and increase revenue. They accomplish this by taking care of all the technical aspects of:

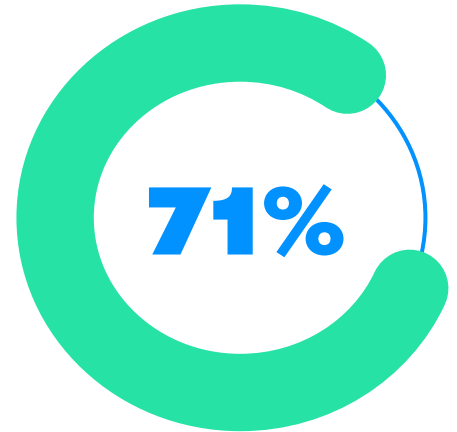
- ✓ Building a branded website or integrating an online ordering system directly into your existing one,
- ✓ Creating easy-to-use

branded mobile apps for iOS and Android,

- ✓ Integrating “Order Online” buttons directly into Google and Instagram,
- ✓ Building your customer database,
- ✓ Designing targeted marketing campaigns to increase orders and reach, and
- ✓ Implementing a delivery solution—either together with your own delivery team or with food delivery service partners, such as Stuart.

It’s a full-service digital ordering platform that restaurants with little digital infrastructure or technical expertise can use to take their business to the next level. By partnering with them, you can limit the risk of several cons we listed: the set-up time, a lesser initial investment, and the technical expertise.

When ordering online,



**71%**  
prefer ordering delivery directly from the restaurant. Only 8% like to order through third-party providers.

Source: Bringg



On average, customers spend

**up to 2x more**

using a website than an app, yet app users are more loyal, ordering more consistently over time.

Source: Lunchbox



What is an  
online order  
aggregator?



Food aggregators and branded delivery channels have opened up additional profit avenues for restaurants that previously couldn't enter the delivery market. Yet many sign up for these services without a second thought—falling into the trap of “tablet hell.”

Seeing this gap in the market, new technology players have emerged with the aim of streamlining your online orders. Imagine one tablet, instead of multiple, that takes all your online orders from every food delivery platform you have (food aggregators and your own channel) and funnels them into one easy-to-manage place.

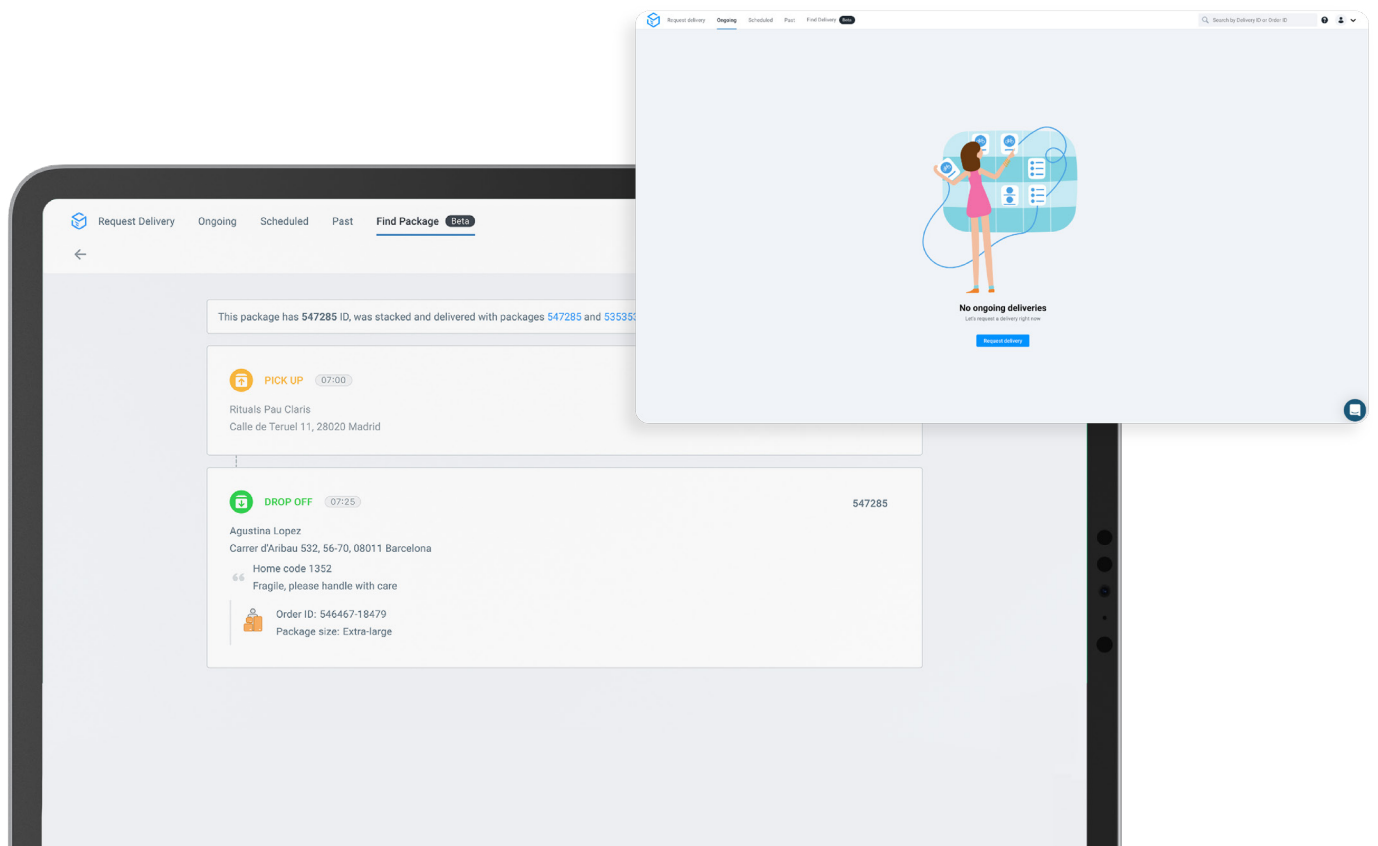


## What is tablet hell?

**Tablet hell is when you're out of your depth with multiple online AND in-house orders coming into the kitchen at once on several different devices.**

If you've signed up for one food marketplace, you've likely signed up for several. If the aim is to maximise your profits, it makes sense to gain access to as

many platforms as possible for the widest reach. Each platform comes with a new tablet, though. Add in a branded delivery website or app, and you could easily be looking at four separate tablets in your kitchen, which, at any given time, could all be pinging simultaneously.

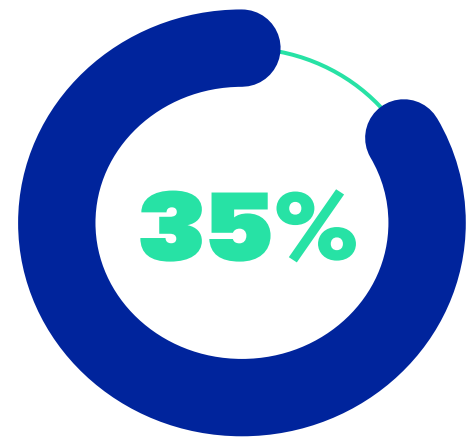


# Why add another piece of technology to your kitchen?

It may seem contradictory, but adding another system to your kitchen can streamline the whole delivery process. If you've ever experienced tablet hell, you understand the possibility and probability of order errors in the kitchen—something that will negatively

affect your reputation and bottom line.

These two online order aggregators are proven SaaS platforms that can make your restaurant run smoother:



**35%** of customers who used a third-party food delivery service reported experiencing a problem, and almost half of them faulted the restaurant.

Source: Service Management Group

## otter

Otter defines itself as **“a delivery management & optimisation platform that helps your restaurant increase sales and efficiency.”** They centralise your incoming orders onto one tablet that can connect directly to your POS. Declutter your space, manage your order workflow, access order insights, and update menus across all platforms from one place.

## deliverect

Deliverect is a similar solution. As an online order management software, your inventory can be synced with your online sales platform, and your online orders can be integrated into your POS system. They have a **simplified menu builder and built-in Pickup Manager for delivery drivers, reducing the chaos you experience in-house.**

This means that you're spending less time managing apps in your back of house and more time front of house with your customers.



# What is a third-party logistics partner?

The last and lesser known of the food delivery options is the third-party logistics (3PL) partner. While it's been briefly mentioned in other sections, restaurateurs may not know the role an outsourced delivery partner can play.

Generally, food logistics partners are associated with supply chain management, but there's another area that 3PL partners can help restaurants: On-demand delivery of hot and packaged meals. This can be done for

your in-house orders (from your website, app, or even phone-ins) as well as the deliveries you receive from food aggregator platforms.

## The cost-saving model

You already know two things:

- ✓ Managing an in-house delivery fleet is time and energy consuming.
- ✓ Using food marketplaces has a significant commission attached to it.

3PLs cover this cross section, taking fleet management off your

plate while reducing your marketplace commissions from 30% down to roughly 12%. As logistics experts, they also have the ability to batch your incoming in-house and marketplace orders, which is a **more profitable, productive, and efficient way to deliver to your customers.**

How? **Pooling orders means that you pay for delivery once on several orders.** This win-win situation is a quick way to boost your bottom line with a long-lasting impact on your restaurant delivery. This business model also provides you with more control over how much delivery fee you charge to your end customer, either taking it all on yourself, splitting it between you and the end customer, or passing the fee on entirely to them.



# How can food businesses use these different technologies?





## How can food businesses use these different technologies?

When done right, meaning in the smartest way possible, all three systems can work together seamlessly for a hybrid approach to food delivery.

Delivery can often be considered a complex offering—and it is—but with the right partners, you can take advantage of a simpler solution. You can still optimise your reach without

paying too much to partners and providers, and with multiple channels providing you with customer data, there's ample opportunity to boost your growth.



Use the reach that food aggregator platforms have to **boost your visibility and generate more reach and growth.**



Build a branded D2C delivery channel to begin delivering directly to customers at a lower cost while you **build brand loyalty.**



Streamline all your deliveries from different sales channels through a simple order and **delivery management solution** to reduce headaches and, more importantly, errors in the kitchen.



Hand over the delivery process from your own channel and marketplaces to **on-demand delivery experts** like us, while still owning your data, controlling the customer journey, and only paying a flat rate for delivery—something you can pay yourself, pass on to your customers, or share the burden.





## **About Stuart**

Stuart is Europe's leading last-mile B2B delivery platform. Since 2015, we've been empowering businesses across all industries with fast and reliable on-demand delivery solutions. Our platform instantaneously connects businesses of all sizes to a sustainable fleet of high-quality independent couriers. Retailers, e-merchants, grocers and restaurants can easily launch their deliveries through an easy-to-use dashboard or automate them entirely by integrating Stuart's powerful technology into their checkout. We offer a range of services that includes instant, scheduled same-day and next-day delivery. Stuart is the ideal solution for businesses that want to delight their customers with flexible and express delivery options.

We've grown to operate in 150 cities in France, Spain, Poland, Portugal, Italy and the UK. Stuart is part of Geopost, and we are on a mission to revolutionise last-mile delivery and bring smart delivery solutions to businesses across Europe.