



Asia’s food delivery potential is set to unlock post-COVID-19. Here's why

Not all players in the region have succeeded in tapping into the food delivery market. Some are still ghting for a greater share of the pie while a few others have exited the race altogether

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It’s no secret – the food delivery industry is rapidly expanding across the world, exponentially accelerated in recent months due to external shocks faced by the broader F&B industry during COVID-19.

Asia accounts for 55 per cent of the online food delivery (<https://e27.co/setting-new-rules-for-the-food-delivery-industry-in-a-post-pandemic-world-20200615/>) market globally, with much more potential for growth. Asia’s online food delivery penetration rate in 2020 is approximately 11.5 per cent (<https://www.statista.com/outlook/376/101/platform-to-consumer-delivery/asia>) and is expected to exceed 15 per cent by 2024 – a mouth-watering potential of more than 200 million new users.

But not all players in the region have succeeded in tapping into this growing market. Only a handful have been successful thus far; some are still ghting for a greater share of the pie while a few others some have exited the race altogether.

Asian markets are complex and diverse. This diversity can prove to be the greatest challenge for sustainable growth. The mix of highly fragmented geographies and under-developed ecosystems add to market complexities; making it di cult for global brands to succeed in the region.

I believe there are two critical components to a successful recipe – “glocalisation” and a focus on value creation to innovate smartly for sustainable long-term growth.

Glocalisation done right

Firstly, to fully embrace Asia's diversity, international companies need to adopt a 'glocalisation' strategy supported by global insights, but closely in touch with local nuances. There is one key success factor for leading players in the food delivery industry – pivoting towards a localised approach to serve market needs.

Also read: [Setting new rules for the food delivery industry in a post-pandemic world \(https://e27.co/setting-new-rules-for-the-food-delivery-industry-in-a-post-pandemic-world-20200615/\)](https://e27.co/setting-new-rules-for-the-food-delivery-industry-in-a-post-pandemic-world-20200615/)

Across major cities in Asia, each market has its unique characteristics that requires thorough understanding of the local communities' appetite. [Cashless payments \(https://e27.co/cashless-payments-come-security-privacy-challenges-viewpoint-consumers-businesses-20180410/\)](https://e27.co/cashless-payments-come-security-privacy-challenges-viewpoint-consumers-businesses-20180410/), for instance, see greater adoption in mature markets like Singapore and Hong Kong, whereas cash is still king in younger markets.

On the flip side, key players born out of a younger Southeast Asian economy may have a strong hyperlocal approach, but struggle to replicate their success uniformly across the APAC region.

What we realised very early on in our expansion was the importance of making food delivery available to everyone, including suburban and smaller provinces, and not just in capital cities.

For example in Thailand, competition in Bangkok is rife, but country-wide presence and extension into smaller provinces was a key strategy we took. Today, we're present in almost 70 provinces in the country.

Value creation for sustainable growth

The COVID-19 crisis has had a profound impact on the F&B industry. Within a short span of time, businesses all across Asia were forced to temporarily suspend dining-in. Restaurants have had to look beyond their traditional businesses and view food delivery now as an essential service.

In times of COVID-19, platform providers are expected to offer a variety of food choices, at a price they accept and preferably deliver it quickly.

From street food favourites, desserts and bubble tea to newer dining options, consumers needed speed, variety and convenience. For merchants and restaurant partners, food delivery platforms helped digitise (and save) their businesses while tapping into a [new generation of consumers \(https://e27.co/how-gen-z-is-redefining-the-boundaries-of-commerce-20200420/\)](https://e27.co/how-gen-z-is-redefining-the-boundaries-of-commerce-20200420/).

The new mission for food delivery platforms in times of COVID-19 is to help traditional F&B businesses with immediate digitisation to survive the new normal.

Also read: [Understanding the economics of food delivery platforms \(https://e27.co/understanding-the-economics-of-food-delivery-platforms-20200424/\)](https://e27.co/understanding-the-economics-of-food-delivery-platforms-20200424/)

But this is just the beginning and innovation cannot stop, because that is the lifeline to sustainable growth.

Beyond food deliveries, COVID-19 sparked demand for quick, convenient and safe ways to obtain groceries and other daily necessities when people can't leave their homes. Quick commerce or q-commerce was born – small quantities of necessities via on-demand, ultra fast deliveries.

Delivery Hero, the world's largest food delivery company outside of China, has estimated that the quick-commerce economy will reach [€448 billion globally by 2030 \(https://www.deliveryhero.com/blog/quick-commerce/\)](https://www.deliveryhero.com/blog/quick-commerce/). A Mastercard survey found that,

across APAC, between March and April 2020, there was a 40 per cent uplift in consumers’ reliance on home delivery services; which means the trend is here to stay.

Soon, the expansion to adjacent verticals such as groceries and pharmaceuticals will bring a new wave of online consumer behavior.

The race to unlock Asia’s food delivery industry’s potential has experienced a seismic shift, and competition for survival will heat up. The pandemic pushed the F&B industry (<https://e27.co/3-trends-to-help-you-prepare-for-the-new-normal-20200619/>) to look at their businesses and the need for digital transformation.

After we’ve ridden this wave, the industry will look back on the events of 2020 as the most significant factor that shaped the future of on-demand delivery.

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