

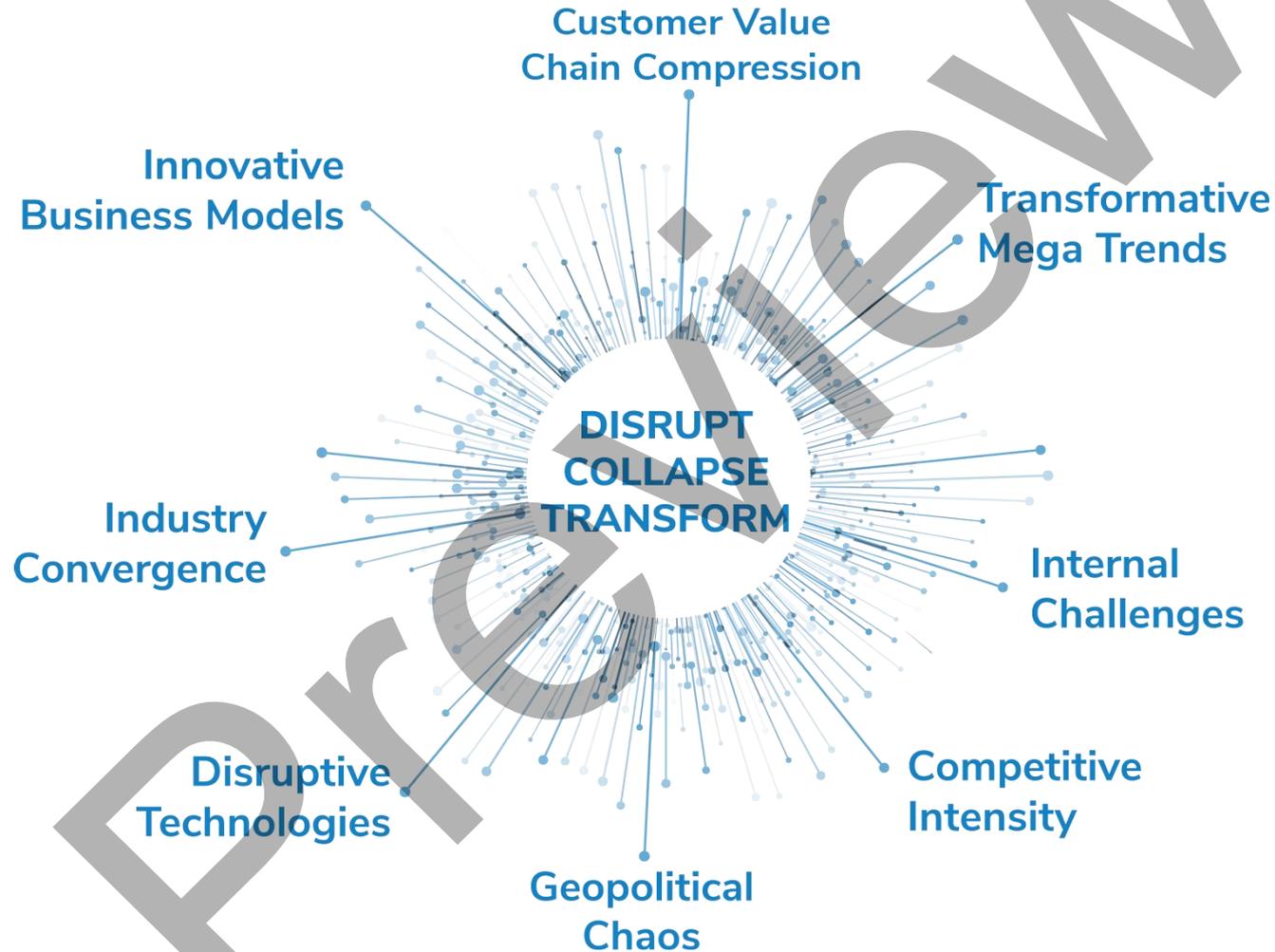
Southeast Asian On-demand Food Delivery Growth Opportunities

Competitive Intensity
Accelerates GrabFood's,
Foodpanda's, and GoFood's
Bid at Market Concentration

Global Automotive & Transportation
Research Team at Frost & Sullivan

Why is it Increasingly Difficult to Grow?

The Strategic Imperative 8™: Factors Creating Pressure on Growth



Source: Frost & Sullivan

The Strategic Imperative 8™

Innovative Business Models

A new revenue model that defines how a company creates and capitalizes economic value, typically impacting its value proposition, product offering, operational strategies, and brand positioning.

Customer Value Chain Compression

Customer value chain compression as a result of advanced technologies, internet platforms, and other direct-to-consumer models that enables reduction in friction and the number of steps in customer journeys.

Transformative Mega Trends

Global forces that define the future world with their far-reaching impact on business, societies, economies, cultures, and personal lives.

Internal Challenges

The internal organizational behaviors that prevent a company from making required changes.

Competitive Intensity

A new wave of competition from start-ups and digital business models that challenge the standing conventions of the past, compelling established industries to re-think their competitive stance.

Geopolitical Chaos

Chaos and disorder arising from political discord, natural calamities, pandemics, and social unrest that impact global trade, collaboration, and business security.

Disruptive Technologies

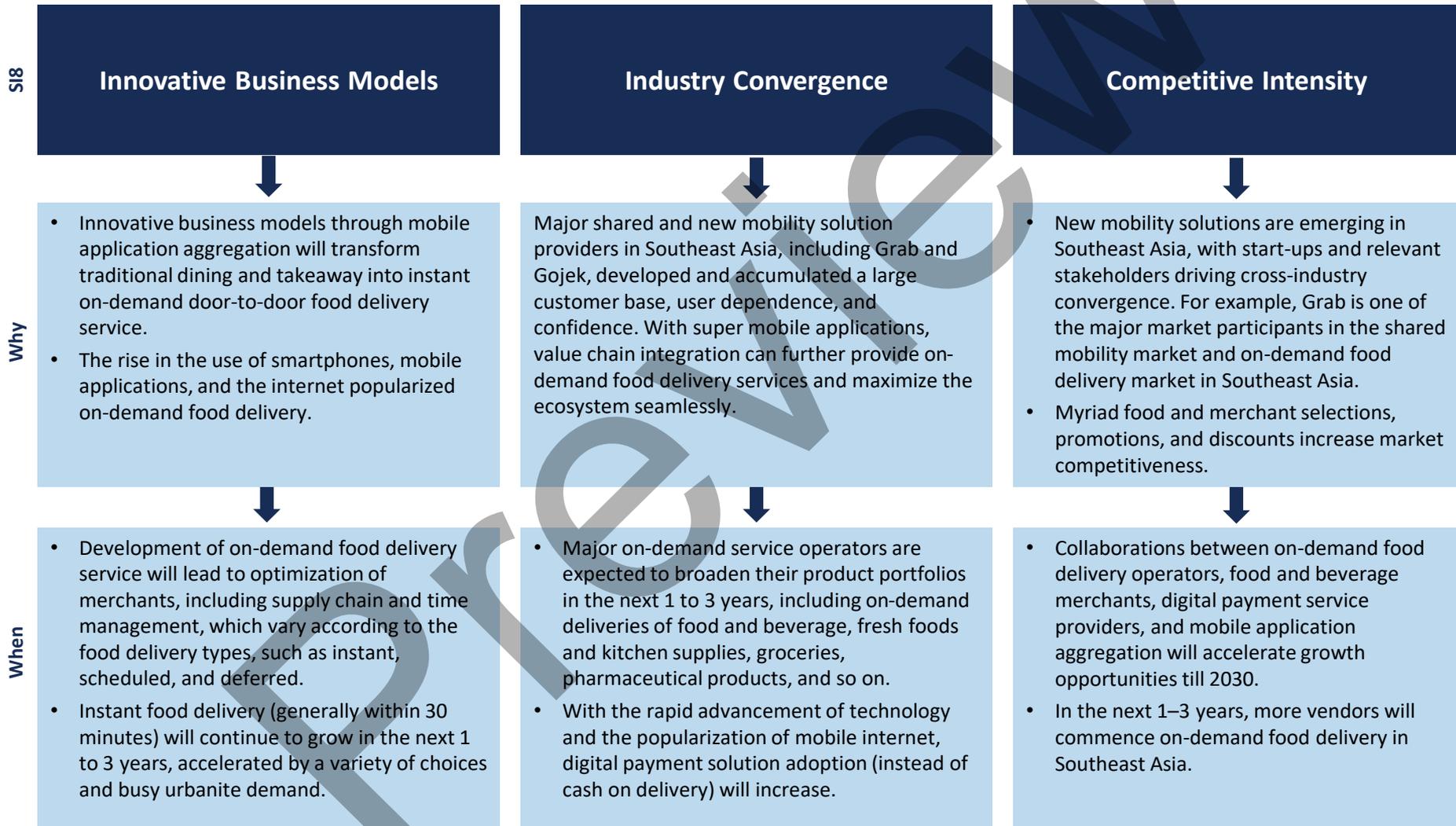
New, disruptive technologies that are displacing the old, and significantly altering the way consumers, industries, or businesses operate.

Industry Convergence

Collaboration between previously disparate industries to deliver on whitespace cross-industry growth opportunities.

Source: Frost & Sullivan

The Impact of the Top Three Strategic Imperatives on Southeast Asian On-demand Food Delivery

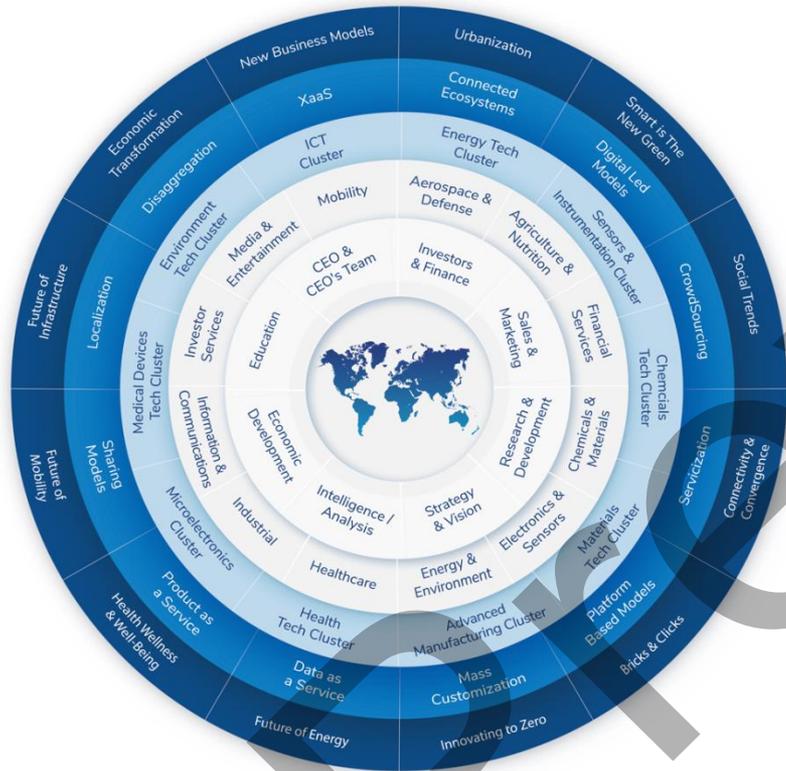


Source: Frost & Sullivan

Growth Opportunities Fuel the Growth Pipeline Engine™



The Innovation Generator™



Analytical Perspectives



The Growth Pipeline Engine™



Source: Frost & Sullivan

Scope of Analysis

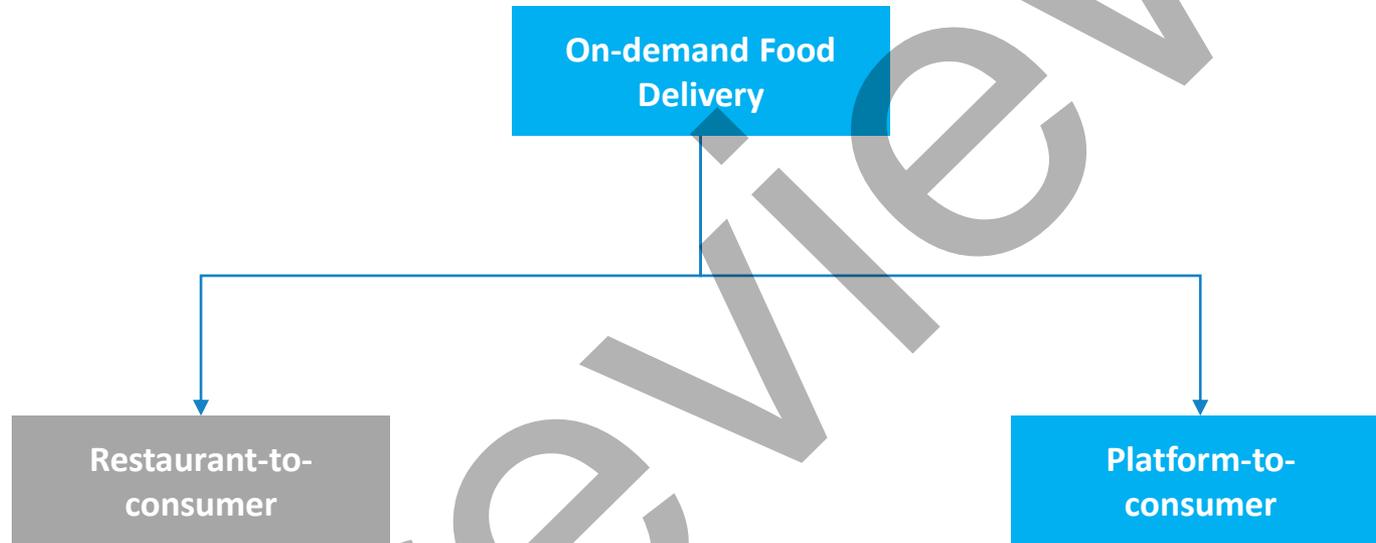
- This study assesses on-demand food delivery in Southeast Asia, focusing on the platform-to-consumer market segment. Key countries discussed include Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.
- On-demand food delivery service is door-to-door. Service operators integrate the value chains of restaurant & catering merchants and consumers, seamlessly aggregating them on an online platform. Generally, service operators have their fleets (or delivery partners) for picking up takeaway orders from merchants and delivering them to consumers. Or, the platform provides takeaway order and payment systems; while restaurant & catering merchants provide their delivery services. Consumers can make payments through digital solutions and cash on delivery.
- The penetration of the internet and mobile applications is rising. In Southeast Asia, on-demand food delivery services are emerging, especially in urban areas, such as Bangkok, Jakarta, Kuala Lumpur and Singapore.
- Due to the COVID-19 pandemic, social distancing and dining restrictions have accelerated the sales of on-demand food delivery.
- Frost & Sullivan highlights the gross merchandise value (GMV) of on-demand food delivery service and provides a forecast to 2030, based on the forecast discussion for Southeast Asia. Frost & Sullivan also defines current market trends, market share, SWOT analysis, value chain analysis, key service operator profiles, and future market trends in this report.

Scope	
Geographic Coverage	Key Southeast Asian countries, with emphasis on <ul style="list-style-type: none"> • Indonesia • Malaysia • Philippines • Singapore • Thailand • Vietnam
Study Period	2020–2030
Historical Period	2020
Base Year	2021 (E)
Forecast Period	2022–2030
Monetary Unit	US Dollars
Focus of the Study	Platform-to-consumer on-demand food delivery

Note: The study refers 'platform-to-consumer on-demand food delivery' as 'on-demand food delivery.' Otherwise will be stated.
Source: Frost & Sullivan

Market Segmentation

On-demand Food Delivery: Market Segmentation, Southeast Asia, 2021



■ Scope of the study

Source: Frost & Sullivan

Definition

On-demand Food Delivery: Definition, Southeast Asia, 2021

On-demand Food Delivery

- It refers to an express food delivery service that provides retail food deliveries to customers.
- Food sources include restaurants and food outlets, grocery stores, and supermarkets; payment types include digital payment and cash on delivery.

Restaurant-to-Consumer

- Mobile applications and official websites of merchants are used to place takeaway and food delivery orders.
- Merchants are responsible for the entire customer journey, including order, payment, and delivery.

Platform-to-Consumer

- Takeaway and food delivery orders are generally placed through mobile applications and official websites of third-party food delivery service operators.
- Merchants aggregate on third-party's on-demand food delivery service applications to provide partial or total customer journey, including order and payment systems for takeaway and food delivery services and logistics services. In some cases, merchants may use their delivery fleet.
- Generally, it is instant food delivery (within 30 minutes). Merchants accept orders to deliver hot food within a specified period.
- Scheduled and deferred food delivery options are also available. Scheduled food delivery order is placed in advance to be delivered at a specific time later in the day. Deferred food delivery order is placed in advance to be delivered on another day.
- Direct food delivery and third-party food delivery services are also offered. Direct food delivery service refers to in-house delivery provided by restaurants and food outlets of specific brands, such as McDonald's and Domino's Pizza. Third-party food delivery service is offered by food delivery service operators, including in-house delivery personnel from the platform or delivery partners.

Source: Frost & Sullivan

Key Growth Metrics

On-demand Food Delivery: Key Growth Metrics, Southeast Asia, 2021



The green arrow represents the growth between years.
Note: All figures are rounded. The base year is 2021. Source: Frost & Sullivan

Growth Drivers in Southeast Asian On-demand Food Delivery

On-demand Food Delivery: Growth Drivers, Southeast Asia, 2022–2030

Drivers	1–2 Years	3–4 Years	5–9 Years
<p>Mobile applications (apps) and the internet have rapidly penetrated the market. In 2020, internet subscribers in Southeast Asia accounted for 53.4% of the total population, compared with 7.8% in 2015. Young people are the most important demographic filling this space. Their reduced cooking habits lead to higher growth opportunities for on-demand food delivery.</p>	High	High	High
<p>Advantages offered by on-demand food delivery operators have increased user dependence. Regardless of weather and road conditions, on-demand food delivery is usually available and offers promotions and discounts. In addition, it is an all-in-one service that provides digital payment solutions and seamless last-mile delivery.</p>	High	High	Medium
<p>The growth of shared mobility solutions in Southeast Asia accelerated on-demand food delivery service expansion. For example, Grab and Gojek are the key market participants in shared mobility in the region. Their super apps, large customer base, and user dependence accelerated the value chain integration of on-demand food delivery services and increased user loyalty.</p>	High	High	Medium
<p>The COVID-19 pandemic transformed the regular dining habit into takeaway demand and increased social distancing awareness. The government healthcare policies of Malaysia, Singapore, and Thailand discourage dining in, especially when the new case number is rising.</p>	High	Low	Low
<p>The geographic expansion in Southeast Asia, including the suburban areas of Indonesia, Malaysia, Thailand, and Vietnam, is another growth driver. This trend will continue in the long term.</p>	Medium	Medium	Medium
<p>Abundant food and merchant choices have increased on-demand food delivery adoption, leading to more aggregated merchants offering higher geographic density coverage and diversified foods.</p>	Medium	Low	Low

Note: High, medium, and low refer to indicators that affect the market.
Source: Frost & Sullivan

Growth Restraints in Southeast Asian On-demand Food Delivery

On-demand Food Delivery: Growth Restraints, Southeast Asia, 2022–2030

Restraints	1–2 Years	3–4 Years	5–9 Years
<p>Market homogenization leads to fierce competition. The business models and consumer groups between on-demand food delivery platforms have no significant differences, including age and regular consumption habits. Severe homogeneity and competition have led to low cross-platform user thresholds and low user loyalty.</p>	High	High	High
<p>Merchants have multiple platforms leading to data bias. With many on-demand food delivery platforms and manual statistics steps, data inaccuracy in the docking of on-demand food delivery and restaurant systems often occurs. It also leads to deviations in the analysis of various cost ratios, marketing expenses, and other aspects of the store..</p>	High	High	Medium
<p>Lack of riders during peak hours and unfavorable weathers. According to the classification of mealtime, the meals provided by the restaurant & catering takeaway are breakfast, lunch, afternoon tea, dinner, supper, and others. Lunch accounts for the highest proportion, and the consumer group is mainly white-collar workers. During peak hours and rainy days, a lack of riders and delayed orders can easily lead to user dissatisfaction.</p>	High	Medium	Medium
<p>The platform commission rate for on-demand food delivery. Although commissions are the main profit generators for on-demand food delivery platforms, the commission rate between 15% and 30% has become a key reason for criticism. This rate is added to the price of the food, and the consumer pays.</p>	High	Medium	Low
<p>Peak hours lead to longer wait times and increased order decline rates. Most merchants operate both dine-in and takeaway. Restaurant staff prepares meals for dine-in and walk-in customers, and they also receive orders for on-demand food delivery at the same time. When the customer flow is large, the time for each order extends. Hence, the total order rate may drop, and some customers are lost. In addition, multiple on-demand food delivery platforms may cause missed orders.</p>	Medium	Low	Low

Note: High, medium, and low refer to indicators that affect the market.
Source: Frost & Sullivan

Growth Opportunity 1—Super Applications for Further Industry Convergence

Frost & Sullivan has identified key Growth Processes that serve as levers for determining and evaluating new Growth Opportunities.



Customer & Branding



Distribution Channel



Geographic Expansion



Vertical Market Expansion



Competitive Strategy



Strategic Partnering



Product Development



Merger & Acquisition



Product Launch



Technology & IP

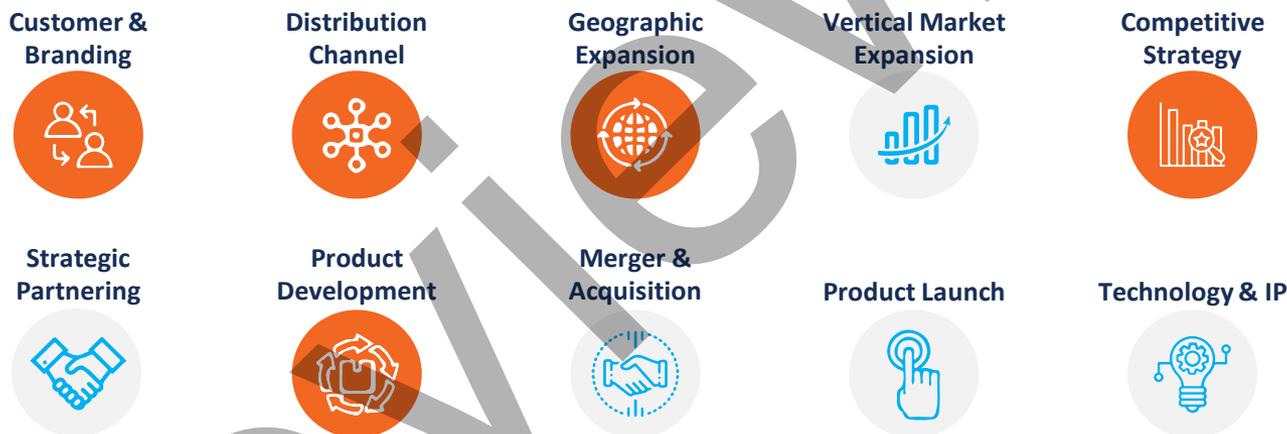


Opp. Size in 10 Years	\$20 B– \$50 B	Relevant Industries for This Growth Opportunity			Applicable Regions	
Timeline for Action	10 Years	Industrial Automation	Commercial Mobility	Security	North America	South Asia
		Environmental	Chemicals & Materials	Communications Tech	Latin America	Middle East
		Oil & Gas	Ag., Food & Nutrition	Information Tech	Cent/East Europe	European Union
		Building Technologies	Test & Measurement	Pharma & Biotech	Asia-Pacific	UK
		Consumer Electronics	Aerospace	Advanced Medtech	Africa	Japan
Base Year	2022	Consumer Mobility	Defense	Fintech	China	Oceania

Source: Frost & Sullivan

Growth Opportunity 2—The Ever-Improving Quality of Life for Consumers’ On-Demand Food Delivery Service Demand

Frost & Sullivan has identified key Growth Processes that serve as levers for determining and evaluating new Growth Opportunities.

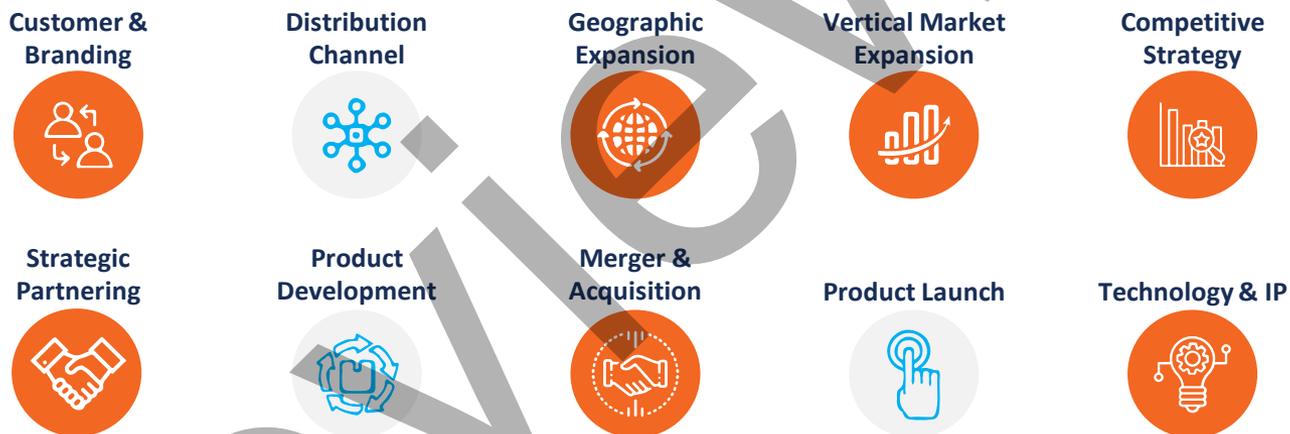


Opp. Size in 10 Years	\$20 B– \$50 B	Relevant Industries for This Growth Opportunity			Applicable Regions	
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Base Year	2022	Environmental	Chemicals & Materials	Communications Tech	Latin America	Middle East
		Oil & Gas	Ag., Food & Nutrition	Information Tech	Cent/East Europe	European Union
		Building Technologies	Test & Measurement	Pharma & Biotech	Asia-Pacific	UK
		Consumer Electronics	Aerospace	Advanced Medtech	Africa	Japan
		Consumer Mobility	Defense	Fintech	China	Oceania

Source: Frost & Sullivan

Growth Opportunity 3—Continuous Penetration of On-demand Food Delivery for High Growth Potential in Southeast Asia

Frost & Sullivan has identified key Growth Processes that serve as levers for determining and evaluating new Growth Opportunities.



Opp. Size in 10 Years	\$20 B– \$50 B	Relevant Industries for This Growth Opportunity			Applicable Regions	
Timeline for Action	10 Years	Industrial Automation	Commercial Mobility	Security	North America	South Asia
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		Oil & Gas	Ag., Food & Nutrition	Information Tech	Cent/East Europe	European Union
		Building Technologies	Test & Measurement	Pharma & Biotech	Asia-Pacific	UK
		Consumer Electronics	Aerospace	Advanced Medtech	Africa	Japan
		Consumer Mobility	Defense	Fintech	China	Oceania

Source: Frost & Sullivan

Table of Acronyms Used

Apps	Applications
B	Billion
CAGR	Compound Annual Growth Rate
F&B	Food and Beverage
GDP	Gross Domestic Product
GMV	Gross Merchandise Value
O2O	Online-to-offline
YoY	Year-on-year

Preview

Why Frost, Why Now?

Our Expertise

EXPERIENCE

- 60 years of proven global experience
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COVERAGE

- Industry convergence through comprehensive coverage
- Global footprint to match clients' needs

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- Proprietary growth tools & frameworks

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- Ten Growth Processes: best practices foundation

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- **ROI & MARGIN:** Implementation excellence
- **TRANSFORMATIONAL GROWTH:** Industry leadership

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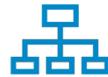
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