Food Delivery O2O Sector in China: 2016 Report
China’s O2O Catering Industry Grew Rapidly; Traditional Catering Industry Underwent Radical Changes

O2O Catering Market GMV Exceeded 160 Billion Yuan in 2015

According to iResearch’s data, China’s O2O catering market GMV reached 161.6 billion Yuan in 2015, accounting for 5.0% of the whole catering market. It is expected to reach 289.8 billion Yuan by 2018. iResearch believes the fast growth of China’s O2O catering market indicates that more catering service providers have started online business. This also boosted the robust growth of O2O food delivery service. How to improve customer experience from food, price to service, is the challenge facing food delivery service providers.

China’s O2O Catering Market GMV and Penetration Rate 2010-2018

Source: Based on publicly available information and iResearch’s statistical model.

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Startups in Mid to Late Stages Increased; The Industry Gradually Matures

Vertical Segments Became Investment Hotspots; Single-category Food Delivery Attracted More Attention

Investments mainly focused on Angel and Series A rounds. However, since 2016, startups in mid to late stages are on the rise, which means the industry gradually becomes mature. Since food delivery platforms have grown bigger with investments from giants, investment hotspots gradually shift from food delivery platforms to single-category food delivery.

**Investment in O2O Catering Industry 2013-2016**

- **Seed**
  - 2013: 9
  - 2014: 3
  - 2015: 10
  - H1 of 2016: 2

- **Angel**
  - 2013: 49
  - 2014: 84
  - 2015: 13

- **Pre-Series-A**
  - 2013: 9
  - 2014: 2
  - 2015: 18
  - H1 of 2016: 6

- **Series A**
  - 2013: 9
  - 2014: 23
  - 2015: 35
  - H1 of 2016: 11

- **Series B**
  - 2013: 1
  - 2014: 8
  - 2015: 17
  - H1 of 2016: 3

- **Series C**
  - 2013: 2
  - 2014: 2
  - 2015: 7
  - H1 of 2016: 2

- **Series D**
  - 2013: 2
  - 2014: 2
  - 2015: 2
  - H1 of 2016: 2

- **Series E**
  - 2013: 2
  - 2014: 4
  - 2015: 2

- **Series F—before going public**
  - 2013: 2
  - 2014: 2

**Strategic Investment**

- 2013: 2
- 2014: 8
- 2015: 2
- H1 of 2016: 2

**Investment in O2O Catering Companies 2013-2016**

- **Single-category food delivery companies**
  - 2013: 21.9%
  - 2014: 25.7%
  - 2015: 22.9%
  - 2016H1: 16.7%

- **Vertical companies**
  - 2013: 18.8%
  - 2014: 15.4%
  - 2015: 14.3%
  - 2016H1: 11.7%

- **Food delivery platforms**
  - 2013: 3.1%
  - 2014: 8.8%
  - 2015: 7.1%
  - 2016H1: 7.1%

Source: Based on publicly available information.

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O2O Drives the Continued Growth of Food Delivery GMV

China’s Food Delivery GMV Exceeded 230 Billion Yuan in 2015

According to iResearch’s data, China’s food delivery market GMV exceeded 230 billion Yuan in 2015, accounting for 7.4% of total catering spending. The figures are expected to exceed 660 billion Yuan and reached 14.8% respectively by 2018. Due to fast pace of life and the government’s appeal to expand domestic demand, more and more Chinese will dine at restaurants and order food delivery. As a result, food delivery market GMV will maintain robust growth.
O2O Food Delivery GMV Exceeded 40 Billion Yuan in 2015

Its Penetration in Food Delivery Market Was 18.5% and Will Continued to Rise

According to iResearch’s data, China’s O2O food delivery GMV was 44.2 billion Yuan in 2015 and is expected to exceed 150 billion Yuan by 2018. Its penetration rate in the food delivery market was 18.5% in 2015. iResearch believes the large market GMV means merchants have accepted the O2O model. As a result, O2O food delivery grew rapidly in the early stage. How to continuously improve food delivery efficiency and customer experience are challenges facing related companies.

China’s O2O Food Delivery GMV and Penetration Rate 2010-2018

Source: Based on publicly available information and iResearch’s statistical model.
Users Ordered Food Delivery Most Frequently at Workplace

Busy Schedule Was the Main Reason for Food Delivery

According to iResearch’s data, 53.3% of users often ordered food delivery when they were at work or in class. Over 50% of users ordered food delivery in the business districts of their workplaces. This compares to 34.9% of users who ordered food delivery in their communities (neighborhoods). Only 13.4% of users ordered food delivery on campus. Therefore, compared with students, employees are the main users of food delivery platforms.

When asked about why they ordered food delivery online, 42.7% of users said they were too busy at work. 21.8% of users did not have the time to cook at home or did not want to. And about 10% of users did so due to promotions on food delivery platforms. Another 10% ordered food delivery because the platforms offered food they desired. To sum up, busy schedule was the main reason for food delivery service.

**Places Where Users Often Ordered Food Delivery 2015-2016**

- At work/in class: 53.3%
- At home: 29.6%
- Friends gathering: 8.8%
- Family gathering: 7.9%
- Others: 0.3%

**Main Reasons Why Chinese Consumers Ordered Food Delivery Online 2015-2016**

- Too busy with work: [百分比]
- It’s already a habit: [百分比]
- Platforms offered food I desired: 10.0%
- Platform promotions: [百分比]
- Do not have time to cook at home or do not want to: [百分比]
- Others: [百分比]
- Bad weather: [百分比]

Source: Based on online survey conducted via iClick community in 2016. Question: B6_2 When do you often order food delivery? B7_2 Which district are you often in when ordering food delivery? B12_2 What’s the main reason for you to order food delivery online? Total number of surveyed users - N=2,002.
Most Users Ordered Food Delivery for Lunch or Diner

Most Users Preferred Chinese Food and Fast Food; About 10% of Users Preferred Western Food

Over 60% of users usually ordered food delivery for lunch, and 20% for dinner. As for the type of food ordered, 45.9% of users preferred Chinese food and 30.4% of users preferred fast food. Users who preferred western food account for over 10%, which is also a comparatively large proportion.

Source: Based on online survey conducted via iClick community in 2016. Question: B10_2 Which food delivery service do you usually use? B11_2 What’s your favorite food type? B8 Which kind of restaurant do you usually choose? Total number of surveyed users - N=2,002

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User Satisfaction With Large Food Delivery Platforms Exceeded Industry Average

Higher Level of User Satisfaction in Tier 1 Cities Than in Tier 2&3 Cities

Among the four most frequently used food delivery platforms, Baidu ranked first by user satisfaction, followed by Meituan.

As far as city tiers are concerned, user satisfaction in first-tier cities exceeded industry average, indicating food delivery industry is more established in these cities than in second and third tier cities.

Levels of Satisfaction with Food Delivery Platforms 2015-2016

Levels of Satisfaction in Different Tiers of Cities 2015-2016

Source: Based on online survey conducted via iClick community in 2016. Question: C3 Please rate your satisfaction with all services in O2O food delivery industry? C4 Please rate your satisfaction with the services of the following food delivery platforms. Total number of surveyed users - N=2,002. Ele.me-N=1,066, Baidu-N=986, Meituan Waimai-N=1,400, Koubei Waimai-N=403.
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iResearch is a provider of insights into China’s internet space and global fastest-growing sectors as well as value-added corporate services. It offers a wide range of services including big data insights and forecasts, industry research and corporate consulting, investment and post-investment services. Founded in 2002, iResearch is the first third-party firm focusing on research in China’s internet sector. Since its inception, it has published thousands of industry reports and provided custom research and consulting services to thousands of clients. It is now the preferred third-party research brand for the IPO of Chinese internet companies. iResearch set up its global research center in 2015, expanding the scope of research to fast-growing sectors world-wide.

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Table of Contents of Full-version Report

1 Environment for the Development of China’s Food Delivery O2O Industry
   1.1 China’s Internet and Mobile Internet Population 2011-2018
   1.2 China’s O2O Local Lifestyle Service GMV and Market Structure 2011-2018
   1.3 China’s Catering Industry Market Size and O2O Catering Market GMV in 2015
   1.4 China’s O2O Catering Industry Chain in 2015
   1.5 Favorable Environment for China’s O2O Food Delivery Industry in 2015

2 Current State of China’s Food Delivery O2O Industry
   2.1 Growth Stage of China’s O2O Food Delivery Industry and Core Competitiveness of Players in 2015
   2.2 China’s Food Delivery Market Size and O2O Food Delivery GMV in 2015
   2.3 Challenges Facing China’s O2O Food Delivery Platforms in 2015

3 Users of China’s O2O Food Delivery Services
   3.1 Spending Behavior
   3.2 Usage Scenarios
   3.3 Food Preference
   3.4 Brand Preference
   3.5 Overall Brand Satisfaction
   3.6 User Portrait
   3.7 Brand Model

4 Case Study of China’s O2O Food Delivery Companies
   4.1 Baidu Waimai
   4.2 Ele.me
   4.3 Meituan Waimai

5 Prospects and Trends of China’s O2O Food Delivery Industry
   5.1 Current Competitive Landscape
   5.2 Future Trends
   5.3 Food Safety
   5.4 Delivery Model
   5.5 Application of Big Data Technology
生活梦想 科技承载
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