
ULTIMATE GUIDE TO CREATING AN ONLINE FOOD DELIVERY BUSINESS LIKE UBER EATS



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INTRODUCTION

(Why Create a Food Delivery App?)

The food delivery business has peaked due to the rising number of Covid-19 infections. Due to restrictions of social distancing and lockdowns, there has been a massive demand for online food delivery businesses. The industry is predicted to reach \$154.34 billion at a CAGR of 11.51% by 2023.

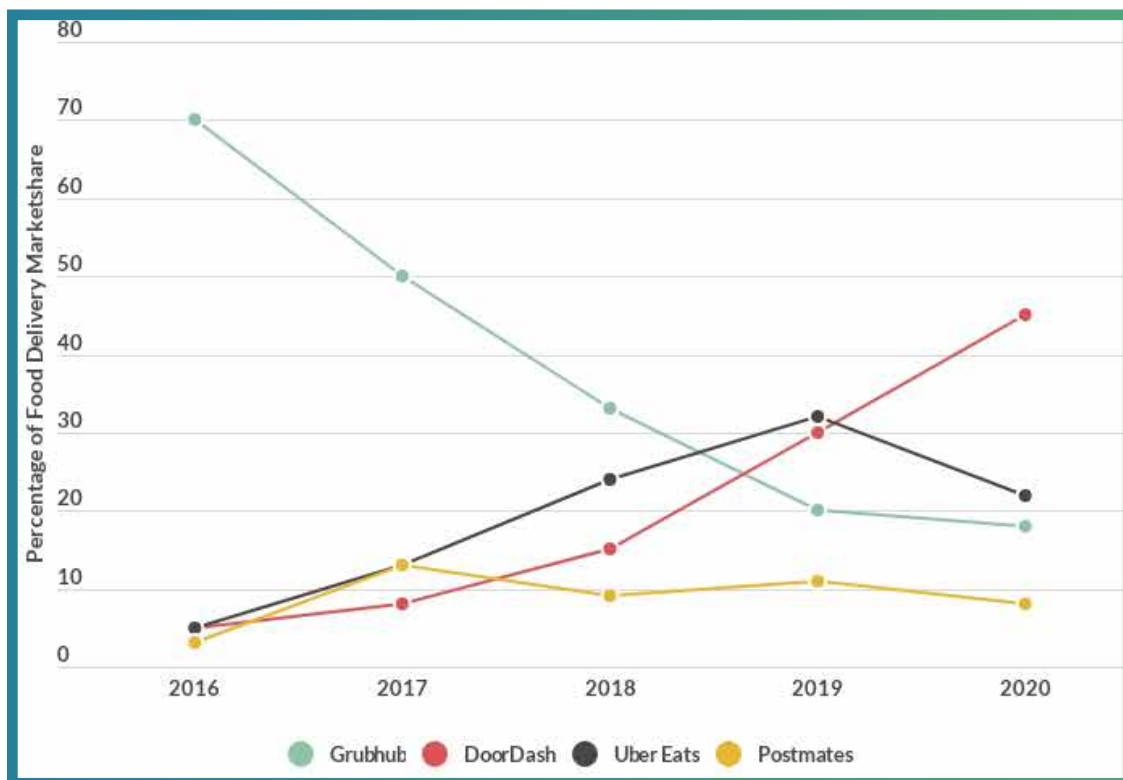


One of the most significant online food delivery businesses in the market is UberEats. Within just four years of its launch, it has generated revenues worth close to \$6 billion. If you look at the numbers of [Uber Eats](#), you can understand why many online food delivery businesses want to mimic its success.

Uber Eats Numbers



- The online food delivery giant generated a revenue of more than \$48 billion in 2020 with an increased growth rate of 152% ([BusinessofApps](#))
- In the first quarter of 2019, [Uber Eats](#) saw a growth of 108% in gross bookings with \$3.07 billion in numbers ([CNBC](#))
- [Uber Eats](#) controls more than 29% of the global food delivery business ([Fortune](#))
An average user spends more than \$220 annually on Uber Eats ([Rakuten](#))
- In 2020, [Uber Eats](#) was the second-highest food delivery business after DoorDash in the US ([BusinessofApps](#))



There is no denying that [Uber Eats](#) has been a disruptive force in the online food delivery business, and creating a business on a similar model is not that easy. The level of planning, market research, technical expertise, selection of a business model and creation of a reliable solution can make anyone's head spin.

Well! Here we are with one of the most comprehensive guides on creating a successful online food delivery business like [Uber Eats](#). To begin, let's understand the business model behind the online food delivery giant!



Chapter 1 -

Uber Eats Business Model & Source of Revenue



Uber Eats has been phenomenal with its business model based on the Uber X model. It is an approach to building services around the successful Uber Taxi app that disrupted the on-demand market. The UberEats business model is based on different segments of consumers and types of transactions.

Uber Eats enables restaurants to reach a wider audience by offering a reliable platform for them to place orders. The online food delivery giant allows hungry customers to register on the app and select their favourite food from multiple restaurants listed on the platform. Then, restaurants receive orders placed on the platform automatically on their portals.

To understand the business model of Uber Eats, we need to analyse the building blocks of the entire structure. The first building block is that consumers are one of the most significant stakeholders in the business model.

1.1 Segments of Customers

Restaurants

Restaurants choose the dishes they want to list on platforms and even decide the prices. The best thing about Uber Eats is that it offers restaurants freedom of choice; if you are a restaurant listed on the Uber Eats platform, you can choose to add app-exclusive dishes that are not on the menu of a physical store. Uber Eats enables restaurants to reach a wider audience by offering a reliable platform for them to place orders. The online food delivery giant allows hungry customers to register on the app and select their favourite food from multiple restaurants listed on the platform. Then, restaurants receive orders placed on the platform automatically on their portals.

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End Users

End users are the true customers. They sign up with the platform and order their favourite food. They need to pay the price of the dish along with delivery charges which are calculated as per the location.

Delivery Agents

Delivery agents are service providers that offer delivery of food to the end user's locations. They receive payments for each delivery request that they fulfil for the platform. Delivery agents have access to the user's location and the restaurant's location on their application.



1.2

Uber Eats: Value Proposition



Restaurants

Get a platform to connect with consumers without spending too much on advertising and marketing. Gain a delivery service facility for a commission fee that the platform charges.

Consumers/End Users

Have multiple restaurants to choose from in platform with updated menus and price information. The platform also offers value by offering delivery service, real-time tracking, ETA (Estimated Time of Arrival) and a facility of scheduled orders. Apart from these features, users have the convenience of multiple payment options.



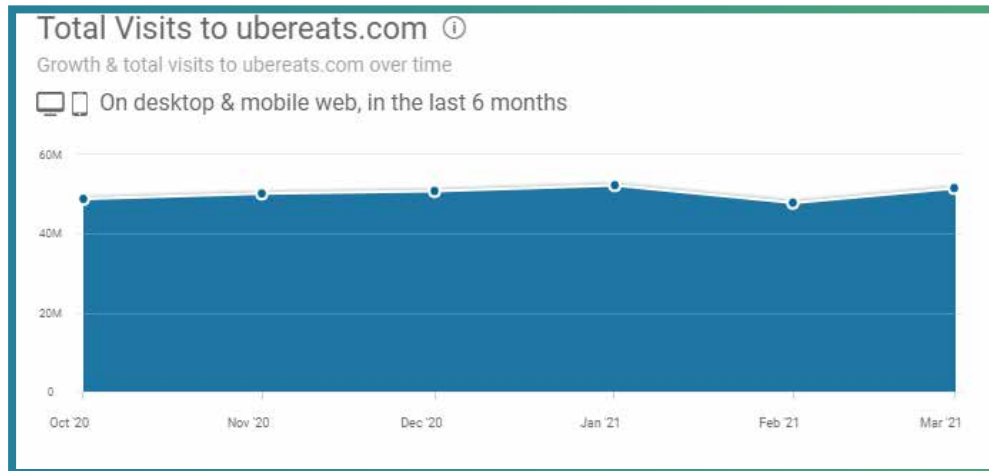
Delivery Agents

Have the ability to leverage the platform to earn money for their services just like the Uber taxi app where drivers can connect with the riders that need a private taxi service. **Uber Eats** enables delivery agents to connect with food lovers as a service provider.



1.3 Uber Eats: Channels of Engagement

One of the most effective channels of engagement for [Uber Eats](#) is its mobile application. While users can interact with [Uber Eats](#) through a web portal, the mobile application has also been their primary engagement channel.



According to the recent data of traffic on [Uber Eats](#) mobile app and web portal, there has been a massive surge of around 7.73% during the last six months. There have been more than 50 million visits to the portal and app

1.4 Key Resources

- **Online Platform** - connects restaurants and consumers.
- **AI-based Algorithms** - calculates estimated price and time of arrival.
- **Branding & Marketing Teams** - promotes Uber Eats in all cities where it is operational.
- **Service Agreements** - allows partnership with restaurants through transactions of services.
- **Delivery Hubs** - offers a medium for aggregators and partners to coordinate agents.

1.5 Key Activities

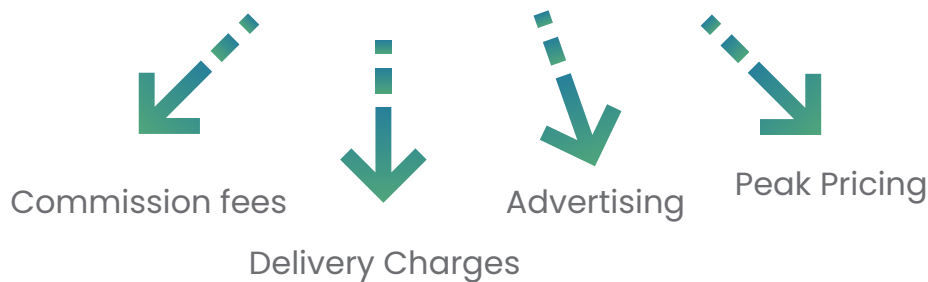
[Uber Eats](#) is involved in two primary activities -

- Maintaining value for consumers through different listings across food categories from other restaurants.
- Helping restaurants and delivery agents get value by promoting services to increase consumer visits to the platform.

These two activities help [Uber Eats](#) maintain its value proposition for all segments of customers, stakeholders and partners.

1.6 Sources of Revenue

Uber Eats has four major sources of revenues :



Commission Fees -

Uber Eats charges restaurants up to 30% for each transaction on the platform.

1.

Delivery Charges -

Depends on the location of consumers, restaurants, availability of delivery agents and more. The food delivery platform charges 25% of the total sum. If your orders are cheaper than \$12, it will charge a \$2 fee.

2.

Advertising-

The Uber Eats app and portal help restaurants and food brands promote their food through sponsored or featured listings while charging them advertising fees.

3.

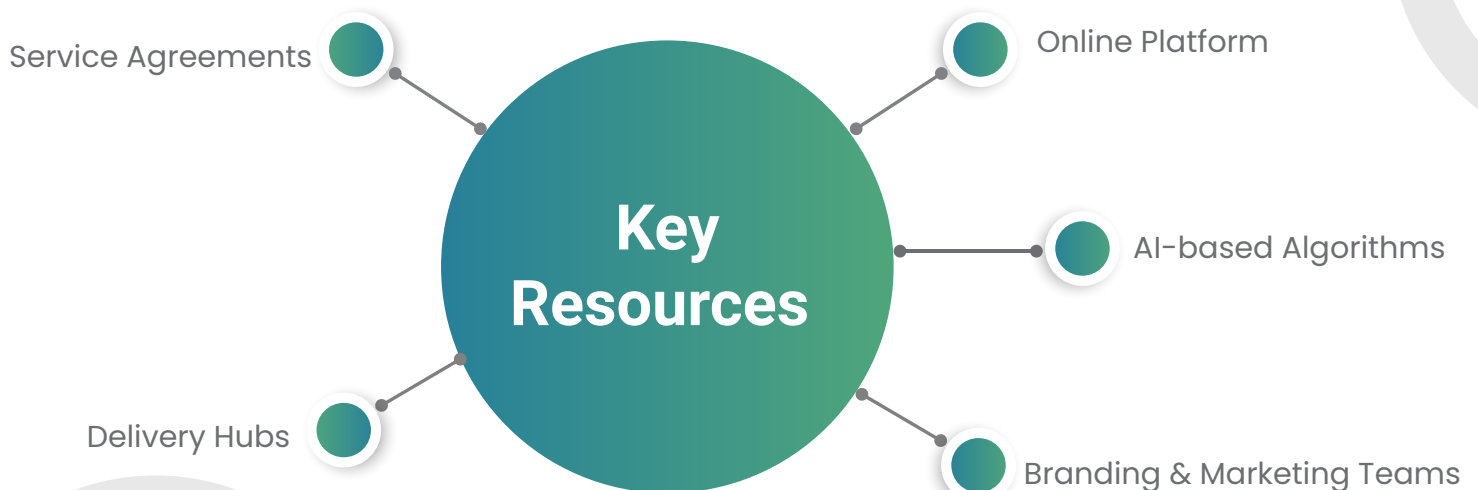
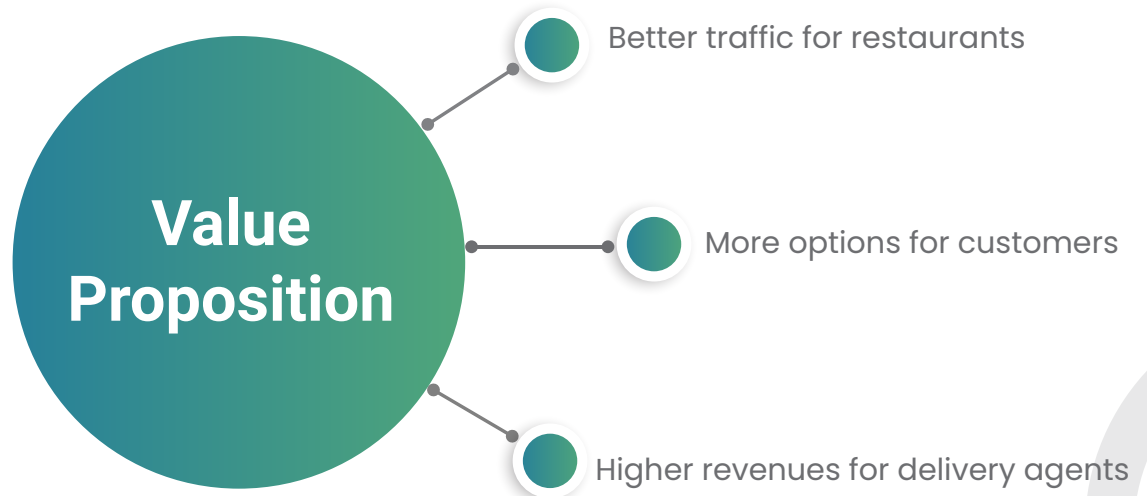
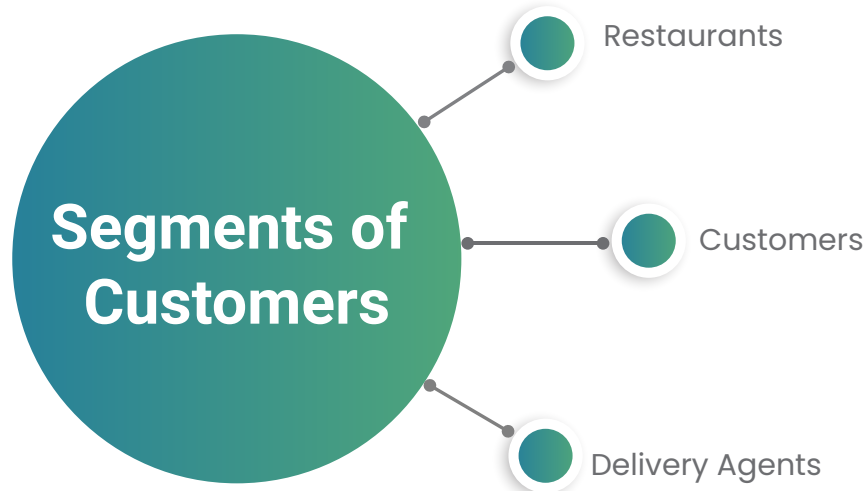
Peak Pricing -

It depends on rush hour and surges in demand, also called surge pricing, which helps customers prioritise orders by paying specific fees.

4.

The [Uber Eats](#) business model is like a set of moving parts that needs a process flow to work towards better monetisation. Let's understand how Uber Eats works and how others compete with it!

Infographic for Uber Eats Business Model



Channels of Engagement

1. Mobile Application

2. Web Portal

Key Activities

Maintaining value for consumers by adding multiple food options

Helping restaurants and delivery agents get value

Facilitate delivery of food to consumers

Sources Of Revenue

Peak Pricing

Commission fees

Advertising

Delivery Charges



Chapter 2-



Uber Eats vs Others: How They Function

When you compare different online food delivery businesses with Uber Eats, there is not much to outline. With Uber X, most of the firms in the market follow the same model so differences are not that significant. Nevertheless, let's first understand how [Uber Eats](#) works and then see some other apps that are different from it.

2.1 [Uber Eats: Three Sided Marketplace](#)

Uber Eats follows a three-sided marketplace model where the transactions occur between three significant stakeholders:

Customers

Restaurants

Delivery agents

The process flow begins by customers signing up with the [Uber Eats](#) platform to find several options for restaurants and food. Once the order is placed, and the payment option is chosen, the order details automatically reach the restaurant's app or portal. Here, the restaurant can choose to accept or decline the order. After the order is accepted, the food preparation begins.

Meanwhile, algorithms in the Uber Eats app find the nearest available delivery agent and allot the order request. All of the details regarding customer location, restaurant and order are shared with the delivery agent on the app. The delivery agent then uses the information to fulfil the request. A delivery agent does this by picking up from the restaurant and delivering at the user's location.

During the process, users can track the movements of the delivery agents through the app with a real-time tracking feature. Users can also check on the Estimated Time of Arrival (ETA), chat with a delivery agent, contact them via phone and even leave instructions like "leave at neighbour's door."



2.2 Uber Eats vs. Others: The Difference!

Online food delivery businesses like DoorDash, GrubHub, Postmates and others differ from [Uber Eats](#) in pricing. Apart from pricing, some of these online food delivery businesses offer subscriptions for free delivery. For example, DoorDash offers a DashPass that allows users to have zero delivery fees charged on select restaurants and a reduced service fee for orders over \$12.

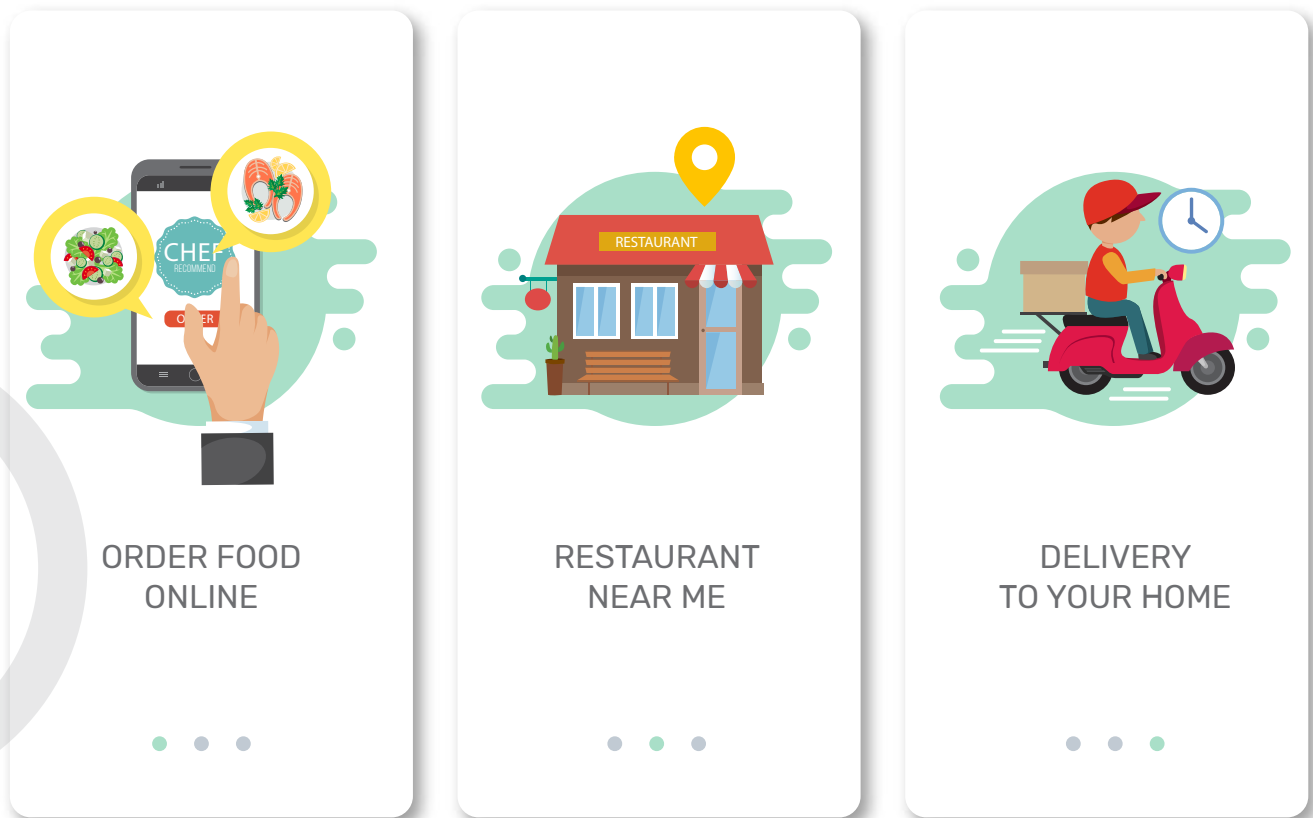
[Uber Eats](#) has been one of the cheapest food delivery services, according to a MarketWatch survey. The price difference between other food delivery services and [Uber Eats](#) was around \$7.76. The on-demand food delivery platform achieves this through a network of more than 3,20,000 restaurant partners across 500 cities worldwide.

Apart from pricing, delivery fees and a massive network, what makes Uber Eats a market-leading app is its tech stack.



Chapter 3-

UberEats: The Tech Stack



The tech stack for [Uber Eats](#) revolves around its consumer segments:

Customers

Delivery partners

Restaurants

3.1 Customer App/Portal

The mobile application is the face of [Uber Eats](#) which engages directly with the consumers. It allows users to order their favourite food and enjoy them in their own homes. Online food delivery businesses that want to have the same customer journey as UberEats customers need to have these unique features.



Registrations & Profile Management

The registration page or sign-up page is easy to navigate for users if explicitly designed for better UX. Online food delivery businesses can adopt social logins by allowing users to register through Facebook or Google accounts.



Advanced Search

The advanced search feature helps customers find their choice of restaurants and food without navigating through several categories. It reduces the waiting time for a purchase order to be completed and improves the overall customer journey.



Ordering

Ordering should be swift and easy. Customers should be able to use the add-on feature without hassle. For example, adding toppings to a pizza can be made easy through the drag and drop feature. Besides add-ons, customers should easily add food items to the cart so that the checkout process can be smoother.



Payment Options

Adding multiple payment options is pivotal to the online food delivery business. Many payment gateways, such as Stripe and PayPal, can help manage numerous payment options. With blockchain technology surging, adopting such innovations as payment options can help your food delivery business.



Real-Time Tracking

Real-time tracking features will allow your users to track their food orders and know their estimated arrival time. Another feature that you can add with real-time tracking is communication with the delivery agents during the last-mile delivery, including the transit of food orders from the restaurant to the user's location.



Push Notifications

Push notifications can help customers have real-time alerts on their application regarding delivery, ETAs and other details. Online food delivery businesses can also leverage push notifications for promoting special offers and deals.

3.2 Agent App

The delivery agent's application is crucial to the online food delivery business. It allows your service providers to have all of the details in one place regarding orders, customer location and other instructions. Let's look at some essential features that are must-haves in the agent's applications.

1. Profile Management

Delivery agents can use this feature to register on the platform and manage all of their documentation. Like Uber's model where drivers have to get themselves authorised, delivery agents can have validations from respective authorities right from the app through the upload feature.

2. Order Management

As the delivery agents register with the platform, they can access all of the details regarding orders automatically added to their app as per allocations. Delivery agents receive customer's locations, restaurants' locations and even a dedicated map for finding the best route. With this feature, delivery agents can also access the order history and the total number of orders executed.

3. Status Updates

It is a dedicated feature that allows delivery agents to access vital information like order status, cancellations and instructions from customers or restaurants.

4. Earning Analysis

This feature enables delivery agents to analyse their earnings and decide whether they want to be assigned more orders. Many online food delivery businesses allow delivery agents to choose their working hours. Based on economic analytics, delivery agents can have a clarity on remunerations.



3.3 Restaurants App/Portal

Restaurants are one of the most significant resources in an online food delivery business. They are the ones that offer food to customers. Here are some must-have features for the restaurant apps or web portals.

01



Registrations & Profile Management

Restaurants should add business details, location, menus, food items, promotional offers, and other information through profile management. Registrations can allow restaurants to upload all of the regulatory documents and agreements on the platform for listing purposes.

02



Menu Management

Restaurant managers, staff members and regulators at the service hub should be able to tweak menus as per the availability of dishes and resources. They can also access order history and include several add-ons according to specific requirements.

03



Order Management

Restaurant administration should have access to all order details along with the tracking link. It helps them keep food ready at the time of the delivery agents' arrival and reduces the delivery lag. With access to order history and analytics on most preferred dishes, they can make changes to the menu.

04



Payments & Commissions

This feature allows the restaurant administration to determine the commission they need to pay to the platform according to the transaction. Apart from that, it also helps them calculate the final price along with the total revenue.

Chapter 4-

Step-by-step Guide on Creating an Application Like **Uber Eats**



4.1 **Step 1 - Market Research**

The first step towards developing a food delivery business application like **Uber Eats** is to have comprehensive market research. Keeping up with changing customer demands and purchasing behaviour can help you formulate features that enhance the UX. Take cues from industry leaders and market giants for inspiration on innovative features. For example, Domino's Pizza launched an app for Android smartwatches for their consumers to remotely track food orders. These features can help enhance the entire customer journey and engage users.

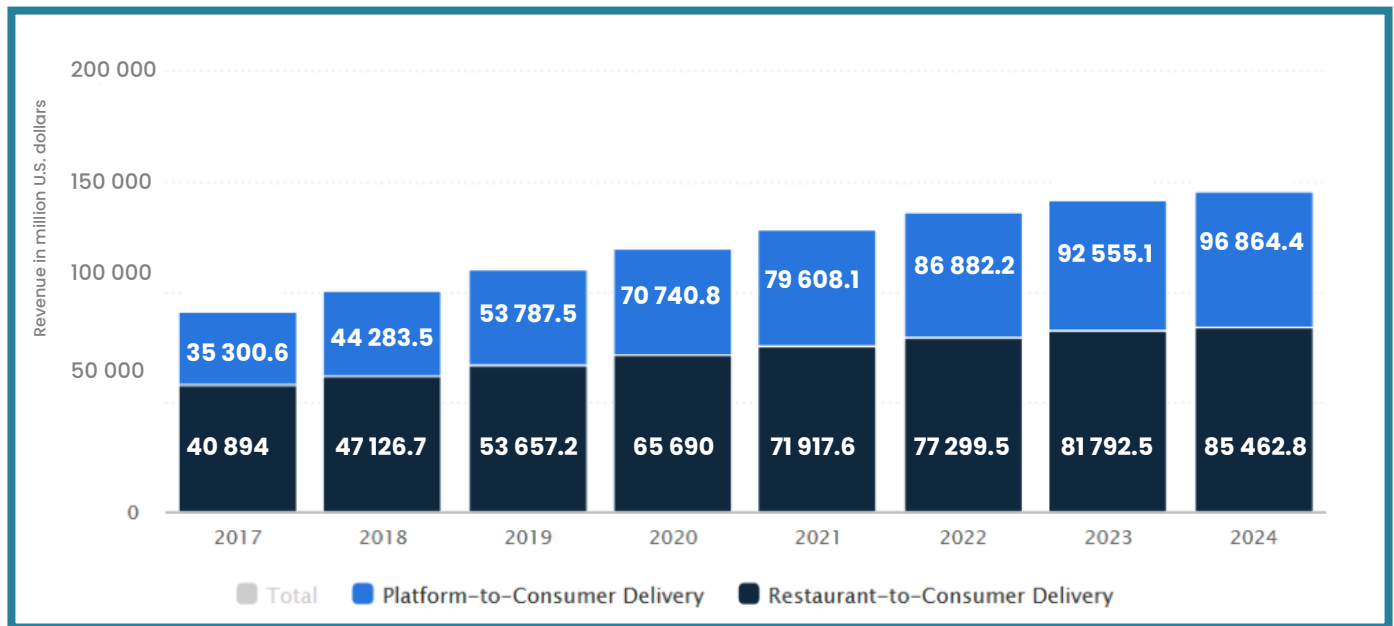
4.2 **Step 2 - Choosing the Right Model**

The next step is to select a suitable business model for your online food delivery business. There are two major business models used by different online food delivery services:

Order-only

Order & Delivery
Model

The Order-only model applies to platforms that only offer a medium for transactions to occur and there is no dedicated delivery service. Monetisation is achieved through commission on each order which is about 10-30%.



Several online food delivery services like [Uber Eats](#) follow the order and delivery models. Here, the platform is responsible for order management and delivery of the food. The source of revenue is commission fees plus delivery charges. If you look at the [revenue statistics](#), the platform to the customer (P2C) or order and delivery model has a clear edge over the order-only model. Therefore, choosing a P2C model makes more sense.

4.3 Step 3- Feature Identification

Once you have your business model ready, the next step is to identify the essential features needed for the application. Some of the most vital features to be included in your food delivery apps are:

Real-time tracking

Push notifications

Online payments

Real-time chat & calling

Feedback & review

Advanced menu search

4.4 **Step 4- Developing MVP With Tech Partner**

A tech partner becomes quintessential to your development plans. Take the example of real-time communication and the calling feature. If you need to create this facility for your delivery agents and consumers, you need to have integration of reliable communication API services like Twilio, Vonage, AWS SNS and others. The decision to choose the best communication API service can be a tedious affair, especially if you are not a technical person. This is where a tech partner can help your development plans.

The first step to developing an application and its features is to create a Minimum Viable Product (MVP). It is a shippable product approach that is executed by releasing the app in small increments. The MVP is the first increment with core features and services for your online food delivery services.

4.5 **Step 5- Deployment, Delivery and Testing**

Once you have created a Minimum Viable Product, you can test it and create further increments by integrating feedback from customers. The iterations are rolled out up to a point where you can launch the tech stack.

A tech partner can help you with the development part and the deployment of tech stacks across platforms and even test them. They can also help your delivery requirements through tech support and reliable solutions.



CONCLUSION

The journey from market research to launching your online food delivery business is not full of rosebeds, but with the right tech partner, it is more than possible. As we move forward into the new normal of social distancing and enhanced customer journeys, the need for intelligent delivery services will surge.

To meet the constantly changing consumer demands and expectations, innovation is your only option, and that is where Tookan can be your torchbearer. It is a smart delivery management software tool that offers automation and order management capabilities.

With Tookan, you can customise your online food delivery tech stack for ever-changing customer expectations. If you're looking to leverage smart features like route optimisations, auto-allocation of delivery orders, smart order management and intelligent analytics, [get in touch with us!](#)



CHOOSE YOUR MEAL



CHOOSE YOUR PAYMENT



FAST DELIVERY

