

Figure 14. Changes of Deliveroo and Direct Competitors' Revenue-GBP (£) £ in Millions

From the figure 13 and 14, Deliveroo had a smaller revenue than other 3 direct competitors, largely due to its later establishment time. However, the future prospects of it may be very great that the numbers of Deliveroo and Grub hub in 2020 are similar, which indicates that Deliveroo's development speed is becoming higher year by year. Uber eats was the most fast-growing company in

revenue over the 4 companies, having a much sharper growth rate than others in 2020.

4.5. Top 10 Food Takeaway Companies in the World

Table 1. Revenue and Market Capitalization of Top 10 Food Takeaway Companies in 2020 [3]

2020	Revenue - USD (\$) \$ in Millions	Market Capitalization - USD (\$) \$ in Billions
DoorDash	900	16
Grubhub	1310	6.92
Uber Eats	1460	56.8
Postmates	1000	1.85
Instacart	2000	14
goPuff	246	1
ChowNow	1000	1.25
Deliveroo	365	7.1
Meituan-Dianping	13710	197.44
Seamless	85	6.92

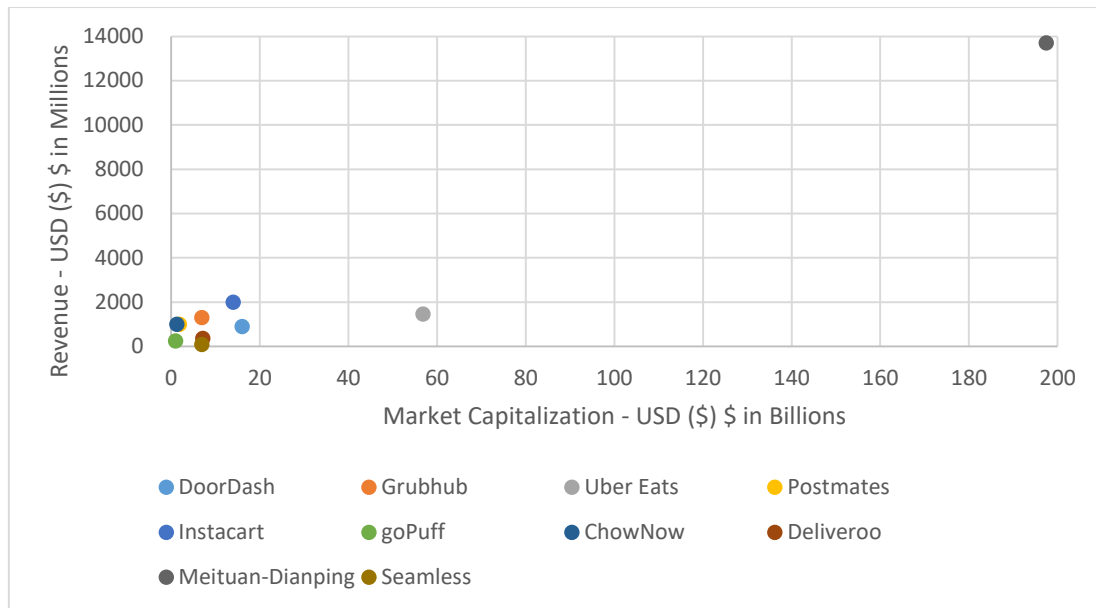


Figure 15. Bivariate Scatter Plot of Top 10 Food Takeaway Companies in the World

This scatter diagram shows the situation of the top 10 food takeaway companies over the world in revenue and market capitalization. It is obvious that Meituan-Dianping has the largest market capitalization and annual revenue in 2020, which mainly serves for Chinese market. Uber Eats’s market capitalization is much larger than the remaining companies, while the revenue of which is similar. In comparison, the revenue and market capitalization of the remaining companies are clustered in the same range, which indicates that the competition between them may be very fierce since they have similar scales and profitabilities

5. DISCUSSION

5.1. Future Prospects

Deliveroo has a strong growth profile. Deliveroo’s total revenue has been on an upward trend over the past three years. Although Deliveroo’s overall profitability has been poor over the past three years due to its status as a newly listed company and significant investment in market expansion, it has gained momentum and as Deliveroo grows and expands into new businesses the company will have the opportunity to achieve greater profitability in the future as scale and synergies are unlocked.

The market is now a monopoly, so Deliveroo is investing in innovation to expand its market share and develop new businesses: membership subscriptions and grocery retailing, etc., so that it can continue to explore new sources of profit growth and greatly reduce the plummeting profits caused by unhealthy competition with competitors

Deliveroo, as a leading company in the emerging industry relying on big data, cloud computing and the

Internet, has certain Internet attributes, i.e., it needs to invest heavily in the early stage to sink into the market to attract more loyal users in order to form a scale effect and make a significant rise in profitability later on. There is no doubt that Deliveroo is in the process of converting from the early stage to the late stage of realisation, and the initial results are relatively good. In the mid to late stages, the synergies and scale effects will be released, and its profitability will be greatly enhanced.

5.2 Risks

From the perspective of company nature and industry development, Deliveroo mainly faces three risks: Technology, Competitors, and Gig economy.

Deliveroo’s business depends on its network infrastructure. Deliveroo also relies on third-party technology and communications systems to provide access to the platform for consumers, partner restaurants and riders. Technology and Deliveroo’s reputation for service are closely related. In the event of attacks on the third-party technologies and mobile networks or natural disasters, consumers’ orders will be affected and Deliveroo will inevitably lose business, thus negatively affecting its service reputation. Therefore, Deliveroo needs to spend a lot of money on maintaining websites and applications every year to ensure that the existing technology can make the business run smoothly and users have a good experience.

The British takeaway market share is huge, and huge profits have attracted many competitors to enter the market to participate in the competition. As the forerunner, Deliveroo’s position is even more threatened in the face of powerful competitors. Low barriers to entry in the industry have led to a large influx of competitors into the market. The same business model and the

services provided also reduce the differentiation of Deliveroo. The third-party platform does not belong to Deliveroo alone. Therefore, consumers, partner restaurants and riders can switch service platforms at will. The low switching cost also reduces the competitiveness of Deliveroo. At the same time, the bargaining power of partner restaurants and riders becomes higher. Therefore, Deliveroo uses a pricing model to modify its marketing strategy, to provide partners with commission discounts and benefits, and to provide consumers with discounts and promotional activities to stimulate consumers to spend. At the same time, Deliveroo also expands grocery delivery services, cooperating with local chain stores with scale and influence, such as PARKnSHOP in Hong Kong and Sainsbury in the UK.

The risks of the gig economy make Deliveroo face legal restrictions and moral pressure from society. The risk in the gig economy is that self-employed gig workers cannot obtain corresponding labour rights, and there are grey areas in the industry [19]. The outside world also believes that delivery platforms such as Deliveroo cannot protect the labour rights and personal safety of riders, and disputes between riders and platforms will become normal. In response to this situation, Deliveroo uses a third-party insurance mechanism to provide riders with personal accident, illness and public liability insurance. With the improvement of the relevant laws for gig employment in the UK, Deliveroo also actively seeks the help of relevant legal professionals to avoid risks and reduce losses under legal restrictions.

6. CONCLUSION

Nowadays, Deliveroo is seeking a balance between interests, business ethics and the law, because the increasingly perfect labor laws and progressive social environment have brought many challenges to Deliveroo. If Deliveroo does not make a complete strategy to deal with changes in the industry, Deliveroo will face a more severe industry environment in the future. And Deliveroo has successfully imprinted its own service and brand awareness into customers' minds and their daily lives and has become customers' first choice in the food delivery industry. Deliveroo, as a start-up company in the internet-based takeaway industry, needs to invest heavily upfront in order to be profitable at a later stage. Although its ROE performance is not good at the moment, this does not make it an unpromising company, and the synergies between the scale of Deliveroo's upfront investment and the completion of its new business expansion could lead to explosive earnings growth in the future. For the time being, its financial position is sound and Deliveroo is not a major risk to itself in the short term. From the comparison of Deliveroo and its direct competitors in the UK food takeaway industry, it is obvious that Deliveroo is still weak compared with the old takeaway companies, though it is in a leading position in the industry. However,

it can be inferred from the growth trend of the market share that Deliveroo may gradually catch up with and surpass in the future with the continuous improvement of its takeout service and the diversification of service content.

In the analysis of Deliveroo, although its financial situation is poor and it may be difficult to improve its revenue and market scale in the short term, Deliveroo still has great rising space and development potential in the long term. However, the financial analysis of Deliveroo focused too much on its financial performance results and to a certain extent neglected the long-term value creation of Deliveroo, without considering in depth the analysis of other factors besides operational performance, such as the impact of customers, COVID-19, etc.

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