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Little has changed in two years at the only burger joint in a bustling Gurgaon office complex. The tables still remain empty during lunch hour, but now there's a horde of smartphone-toting delivery boys in the orange and scarlet colours of Swiggy and Zomato.

Quick service restaurant (QSR, or fast-food) chains in India didn't have that option before. If consumers didn't walk in, they were sitting ducks in a highly price-sensitive market. With only 5% of their overall sales coming from deliveries ordered through call centres, several had to shut hundreds of outlets in 2016-17 when same-store sales growth (SSG) plunged to record lows.

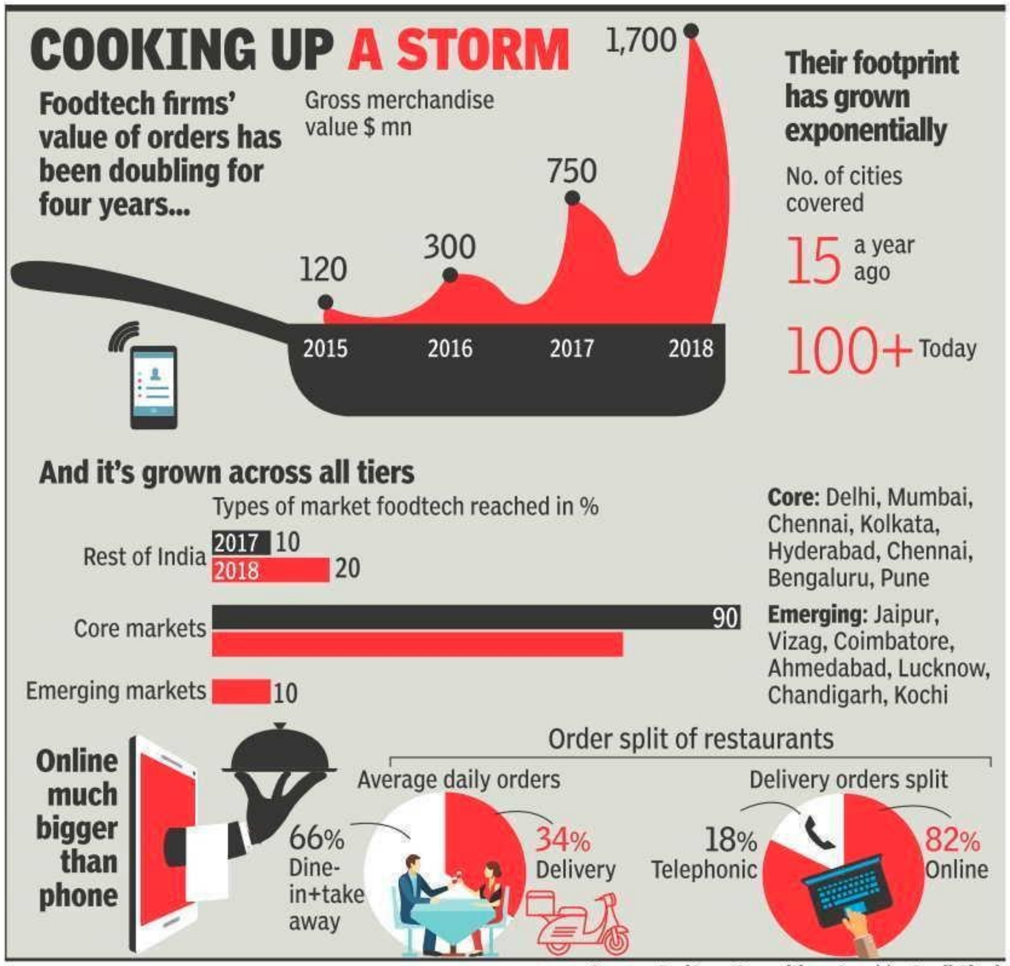
Two years later, deliveries contribute 20-25% to the overall sales of most QSR chains. Call centres have all but faded into oblivion. Pick-up kiosks catering to online delivery platforms, including Zomato, Foodpanda and Swiggy, have sprung up in their place.

"There was talk of the outlet being shut down as we weren't getting enough walk-in customers. We were scared of losing our jobs," the burger outlet's manager told **TOI**. "Then online delivery orders from Zomato and Swiggy started picking up. These companies have come as a boon for us. Currently, more than 50% of sales of this outlet comes from deliveries as there are several offices in the area."

Companies, too, are reporting healthy numbers. India's largest pizza chain, Dominos, which showed a negative SSG of 7.5% in January-March 2017, reported an SSG of 13.5% in 2018. KFC, which reported a 2% system sales growth in Jan-March 2017, showed a growth of 25% in July-September, 2018.

"There has been exponential growth in deliveries since the time online aggregators came into the market. Our incremental sales through deliveries have jumped five times compared to what we were doing three years ago. And only one-fifth of that comes from our call centres at present. The rest is through online orders," said Akshay Jatia, GM, brand extensions, at Hardcastle Restaurants, master franchisee of US burger chain McDonald's in West and South India.

Senior executives at Domino's echoed similar sentiments. "Ordering-in is the new eating-out," the company said in its latest annual report. Two years ago, 46% of deliveries were booked online. Today, it has increased to 58%. Also, around 74% of online orders are now placed on smartphones, compared to 57% in 2016-17.



Source: **RedSeer Consulting**; Graphic: **Sunil Singh**

in two years.

Not only are more people ordering pizza, kulfi and even tea online, QSR chains are getting more repeat orders too, thanks to restaurant aggregators that are burning cash to drive higher gross merchandise value (GMV). Zomato, for instance, currently loses Rs 25 per delivery compared to Rs 44 last year.

> **Online deliveries are compensating for the lack of hyper-growth in the QSR space. What's interesting is that volume growth in dine-in is stable at 5-8% across the industry, which means online sales are not cannibalising walk-in numbers**
>
> **RAKESH RANJAN**
> VP of food delivery, Zomato

"We are seeing a repeat rate of around 58% in 60 days compared to a repeat rate of 30% a year ago, which means 58% of our customers order again within a period of two months," said Kabir Jeet Singh, founder and CEO of homegrown burger chain Burger Singh, which is set to open 100 new outlets by 2022. Interestingly, online orders contribute 75% to Burger Singh's overall revenues at present, up from 50% a year ago.

1% two years ago. Currently, it has grown to 8-10% with new brands taking away share from the established players," said Zomato's Ranjan.

A Swiggy delivery boy in South Delhi told **TOI** that he has been getting queries from several small restaurant owners about cloud kitchens. "These restaurants hardly get any walk-ins and have only a couple of chairs and tables. But they are doing brisk business through Swiggy and Zomato. And they are very curious to know how the cloud kitchen model works because they are thinking of expanding to other cities as well," he said.

The cloud kitchen model not only helps bring down rent-to-sales ratio for a company as the cost of rentals and manpower decreases, it also reduces the price for the consumer. Sequoia-backed Rebel Foods, which operates more than 160 cloud kitchens with brands such as Faasos and Behrouz Biryani, delivered same kitchen sales growth of more than 75% in FY18 compared to the industry average of 10-15% SSG.

And this is just the beginning. Online orders worth around $1.7 billion were placed in India, in 2018 — more than twice as many as a year ago. By 2020, the market is set to double again to $3 billion a year, according to RedSeer Consulting.

"Packaging has been a major in-