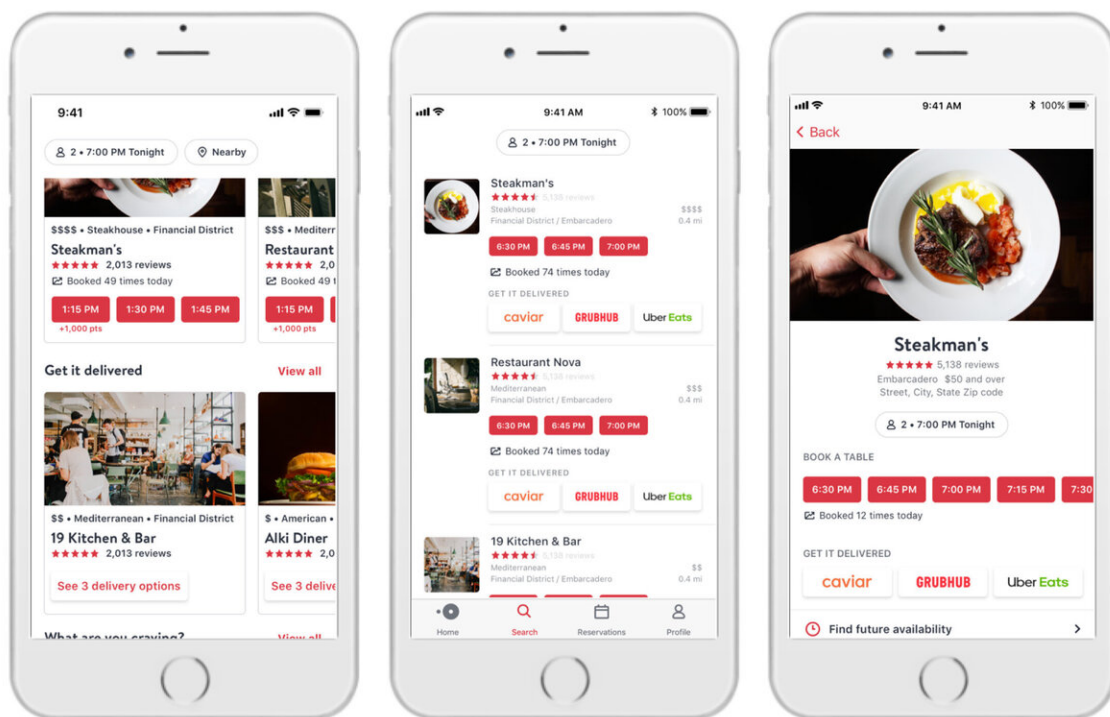


Dining reservation app OpenTable moves into delivery

July 24 2019, by Dee-Ann Durbin



This undated product image provided by OpenTable shows the new delivery option for diners on OpenTable's app. The restaurant reservation company said Wednesday, July 24, 2019, that it's adding food delivery to keep up with customer demand. (OpenTable via AP)

OpenTable is getting into the food delivery business.

The world's biggest online restaurant reservation service—which was founded 21 years ago—has been watching warily as more and more diners opt for delivery. Between May 2018 and May 2019, U.S. restaurant visits were flat at 23.8 billion, but deliveries rose 3% to 2 billion, according to NPD Group, a market research [company](#).

So OpenTable decided to partner with three delivery companies—Caviar, GrubHub and Uber Eats—to offer that service through its app.

"We want OpenTable to be the go-to dining app for every meal occasion," said Steve Hafner, who leads OpenTable and Kayak, an airline fare search engine. Both companies are owned by travel conglomerate Booking Holdings.

When OpenTable's updated site launches this week, it will give diners a delivery option for 8,000 restaurants in 90 U.S. cities. If they select delivery, users will be directed to the restaurant's preferred service to complete the transaction. If a restaurant works with more than one delivery company, each option will be shown. Eventually, OpenTable wants to post estimated delivery times and costs for each service as well.

Hafner said OpenTable decided to add a delivery option about nine months. Partnering was the easiest and fastest way to get into the business, Hafner said. OpenTable didn't want to operate its own fleet in what's already become a booming sector.

According to Technomic, the top five food delivery companies in the U.S. had \$13.5 billion in sales between May 2018 and May 2019.

OpenTable had to get into delivery because it's the only part of the restaurant business that's growing, said David Portalatin, a [vice president](#) and food analyst at NPD.

He thinks delivery will continue to grow, but providers will start to consolidate. Delivery companies are struggling to make money between aggressive discounting to attract customers and pressure from restaurants to lower their fees. GrubHub's first quarter profit tumbled 78%.

Restaurants, investors and customers are subsidizing delivery companies for now, Portalatin said. But to stand on their own, they'll need significant scale.

OpenTable—which says it seats 123 million diners each month—offered delivery companies access to a huge customer base.

"All these companies are in a chase for growth and they want to be where the consumers are," Hafner said.

Hafner said the delivery function will make it easier for diners, who may use multiple delivery apps but don't always know which companies work with which restaurants.

OpenTable chose its three partners because they have the biggest reach, Hafner said. Eventually, the service will expand to more of the 51,000 restaurants OpenTable works with. OpenTable is active in 20 countries, including Australia and Japan.

GrubHub says the partnership is another way for diners to discover delivery. It also gives them an option to try a restaurant's food even if a reservation isn't available, the company said.

GrubHub said it's not concerned about OpenTable potentially posting its fees alongside competitors.

"We support any efforts to help consumers save money on delivery," the company said in a statement.

Dan Simons, who runs seven restaurants as the co-owner and founder of Maryland-based Farmers Restaurant Group, said delivery was irrelevant six years ago. Now, it's the fastest growing part of his business, accounting for between 4-10% of his sales.

Simons said more than half his reservations already come through OpenTable. The new system will help him advertise his delivery option. Simons already works with Caviar and GrubHub as well as DoorDash.

Simons says he hears a lot of full-service restaurants complain that delivery is taking away customers who would otherwise eat in the restaurant. He thinks it's actually bringing in more business, because customers who want to stay home and watch TV while they eat weren't going to dine out anyway.

"I want them dining on my food whenever they want it," Simons said.

OpenTable currently charges restaurants \$249 per month for its service, plus \$1 per seated diner who booked through OpenTable or 25 cents per diner who booked on the [restaurant](#)'s website using OpenTable software. Restaurants won't pay any additional fee for the [delivery](#) option, Hafner said. Instead, OpenTable will charge a "modest fee" to [delivery companies](#).

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