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# Home Delivery From Full-Service Restaurants Is Increasing

*A Missed Opportunity for Wine*

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Food & Agribusiness  
far.rabobank.com

Maria Castroviejo

Senior Analyst- Beverages  
+ 31 612446848

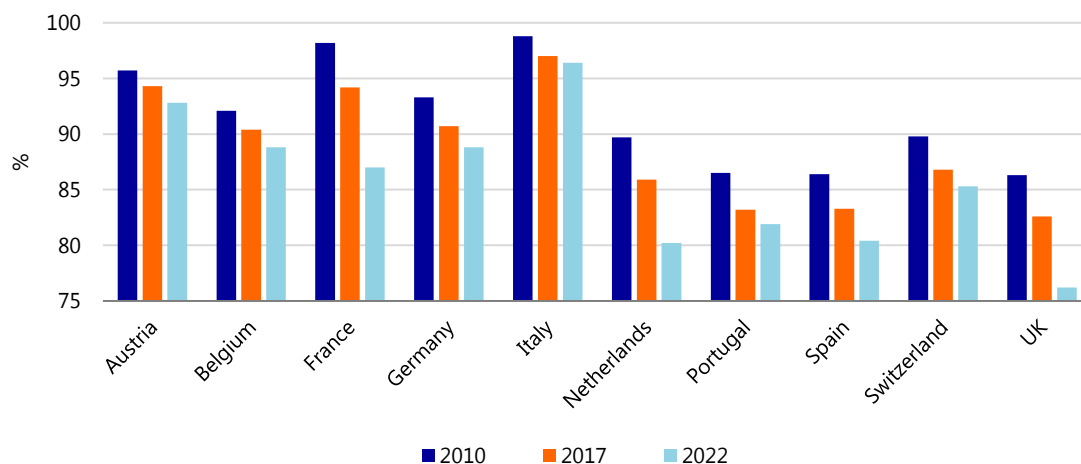
The rising popularity of online ordering and delivery platforms has boosted the amount of take-out coming out of full-service restaurants. However, the wine list on online menus is often limited and rarely a real invitation to top up the meal with a wine order. This is a missed opportunity for full-service restaurants as well as wine suppliers.

In Western Europe, home delivery and take-away are growing in popularity. Traditionally, take-away was mainly an alternative for casual dining, but the recent growth in online ordering possibilities and delivery platforms is making home delivery a more relevant option for full-service restaurant (FSR) establishments as well. This trend has accelerated since 2015 and is likely here to stay (see Figure 1).<sup>1</sup>

## Home delivery is gaining share beyond casual dining

So far, home delivery and take-away have often created incremental sales for the restaurant, with absolute revenues from both eat-in and take-out increasing. More recently however, the share of eat-in for total FSR revenues has started to decline. Given the increasing variety of home delivery and its good fit with current consumer trends and lifestyles, it may be that take-out is taking some volume from 'eat-in', or may do so in future. This trend has implications that go beyond the restaurant business, in particular for beverage industry players such as wine providers.

**Figure 1: Share of eat-in for total FSR revenues in Western Europe, 2010-2022**



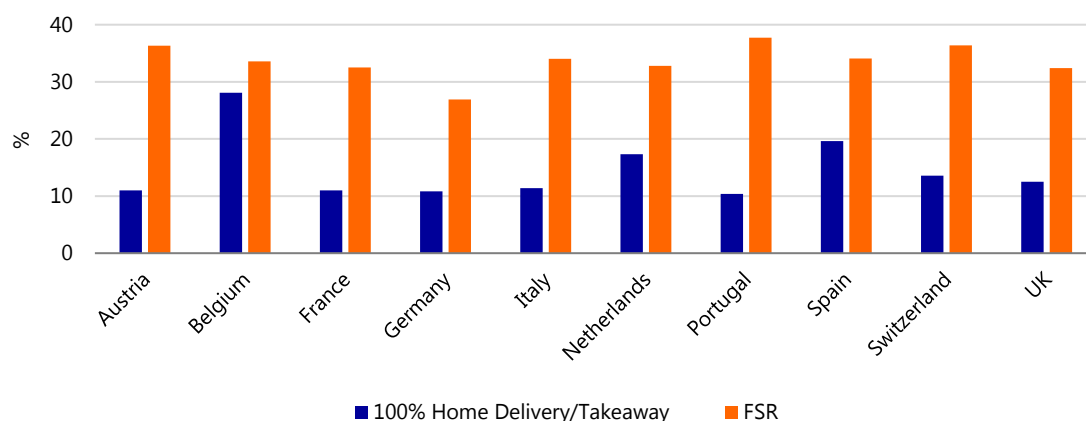
Source: Euromonitor 2018

<sup>1</sup> For more on home delivery, see our recent publication [Rabobank To Go – Food Delivery: Restaurants in a Bit of a Pickle](#).

## Wine is the top beverage seller at full-service restaurants

On average, beverage sales represent approximately one-third of total FSR revenues – the range is very broad, depending on the type of restaurant (see Figure 2). Since the majority of FSRs in Western Europe are non-casual, wine is an important part of the bill. In general, drinks represent a smaller share of the bill for home-delivery than for eat-in, and wine is even more marginal than other beverages.

Figure 2: Share of drinks in total revenues per country, take-out vs. FSR, 2017



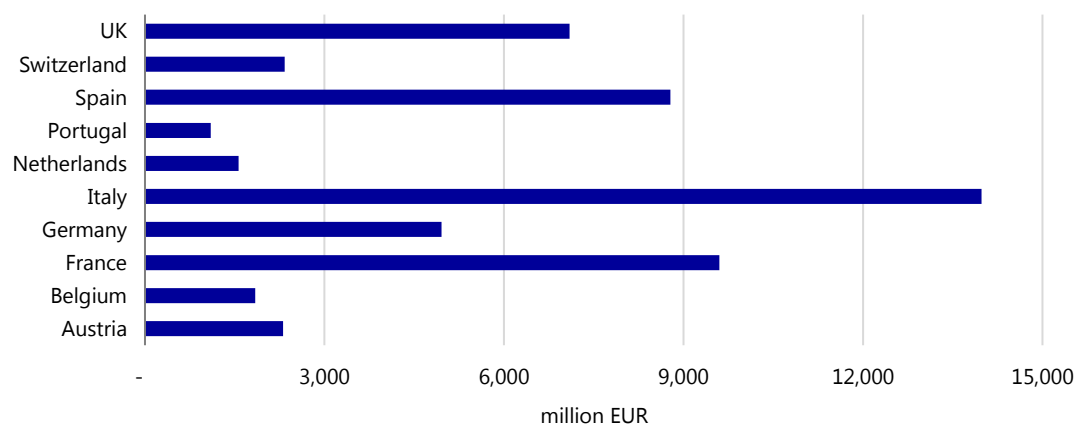
Source: Euromonitor 2018

Many factors contribute to the lower relevance of drinks at typical take-out restaurants, such as the type of food and regulatory issues (such as age verification). But with take-out gaining share in FSR revenues, we believe that the real underlying challenge is that the wine menu still needs to be adjusted to this new business model. For the majority of home-delivery menus, wine is either absent or severely underrepresented. With some notable exceptions, a very limited assortment of standard-sized bottles – with often as few as two choices, one red and one white – is mostly as good as it gets.

## A missed opportunity worth millions of euros

Losing the beverage sales on home-delivery meals has financial implications for both restaurants and their suppliers. In 2017, total revenues from drinks at FSRs amounted to over EUR 53bn for the largest European markets combined (see Figure 3). By our estimates, this represents approximately EUR 11bn in revenues for the beverage industry.

Figure 3: Revenues from drinks at full-service restaurants in Western Europe, 2017 (million Euros)



Source: Euromonitor 2018

The declining share of eat-in at FSRs combined with the absence of alcoholic beverages from take-out meals sold could result in lost revenues of approximately EUR 400m to EUR 450m per year for European restaurants by 2022. This is equivalent to approximately EUR 100m in revenue for beverage suppliers. Wine is likely to be most affected out of all beverages. In the UK, white and red wine are the two most popular drinks in restaurants, and in France at least two-thirds of all beverage revenues at eat-in restaurants come from wine.

If take-out remains an incremental business for restaurants, these amounts may turn into a huge missed opportunity for beverage suppliers. If take-out becomes a substitute for having dinner at the restaurant, it may eventually drive a real decline in turnover for restaurants and their beverage providers.

The expansion of home delivery and take-away into FSRs may be neutral for wine consumption as a whole, as consumers may still accompany their meals with wine bought elsewhere. However, since the wholesalers and the wineries providing to the foodservice industry may be different from those working with the off-trade, players focusing on the foodservice segment may see their revenues affected.

To minimise the financial impact of the growing take-out trend on beverage sales, restaurants need to adjust the wine menu in terms of price, product range, packaging, and communication. The more relevant this new channel becomes, the more restaurants need to offer tailor-made products, just like restaurants already offer different brands than retailers. Origin, flavour, food pairing, and storytelling remain key selling points. Other elements, such as packaging, gain in importance, as transport conditions and bottle size need to be reconsidered. And in absence of a sommelier or a waiter on your doorstep, guidance is very important for a digital menu.

Wine suppliers and restaurant operators need to work together if they want to turn this missed opportunity into a success.

# Imprint

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Maria Castroviejo

Senior Analyst- Beverages

maria.castroviejo@rabobank.com

+ 31 612446848

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