



# NATIONAL RESTAURANT ASSOCIATION OF INDIA

NRAI/26-1

26 August 2019

**RAHUL SINGH**  
 Founder & CEO  
 The Beer Café  
**President**

**KABIR ADVANI**  
 Managing Partner  
 Berco's Restaurant  
**Vice President**

**AMIT JATIA**  
 Vice Chairman  
 Hardcastle Restaurants  
 Pvt. Ltd.  
**Hony. Secretary**

**PRATIK POTA**  
 CEO  
 Jubilant FoodWorks Ltd.  
**Hony. Jt. Secretary**

**MANPREET SINGH**  
 Director  
 K S Hotels Pvt. Ltd.  
**Hony. Treasurer**

**PRAKUL KUMAR**  
**Secretary General**

Mr. Pranay Jivrajka  
 CEO, Food Panda India  
 Pisces Eservices Pvt Ltd  
 Plot No. 29, Udyog Vihar, Phase- I,  
 Gurugram – 122016

## SERIOUS ISSUES CONCERNING DELIVERY BUSINESS VERTICAL

Dear Mr. Pranay Jivrajka,

1. Greetings from National Restaurant Association of India (NRAI). As the voice of the Indian restaurant industry, NRAI drew attention to one of the biggest pain points hurting the F&B industry through the #LOGOUT movement – a protest against deep-discounting and other predatory policies employed by the food service aggregators in the dine-in vertical. In this regard, NRAI has been closely interacting with restaurateurs / food service operators around the country.

2. During our interaction with these operators of various sizes and geographies (cities including Mumbai, Delhi, Bengaluru, Kolkata, Jaipur, Vadodara, Chandigarh, Noida, Navi Mumbai, and Mira Bhayandar etc) we observed that operators displayed strong resentment at the current status of transparency, thrusted discounting, uneven commission structures and general high-handedness of the aggregators in the food delivery space. In fact, there was a high demand of immediately extending the #Logout movement to the delivery vertical as well. However, our responsibility as an industry body compelled us to engage in dialogue first.

3. We are enlisting some of the biggest causes of distress that emerged in our meetings with the operators.

(a) Deep Discounts. Discounts are a privilege and extended on occasions. However, in the current environment, deep discounts, ranging from 30% to 70%, are being deployed 365 days of the year on delivery platforms. This distorts the market and hinders profitable growth of the sector. These discounts are not sustainable nor are they beneficial to the industry at large. It is pertinent to note that these discounts are most often funded by the restaurant operators, sometimes under veiled coercion.



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(b) High & Uneven Commissions Charges. The delivery commission charged by the aggregators to delivery outlets are arbitrary and uneven to say the least. They are predatory and when delivery kitchens face unilateral revisions of charges, they have no option but to accept it. These commissions/charges are not standard by any nature, rather they are exploitative and bereft of rationale. We request you to create a transparent system of commissions/charges based on certain logical metrics such as AOV, Volume of Business etc.

(c) Arbitrary Terms & Conditions. The terms & conditions upon which restaurants sign up with the aggregators are not standard or sacrosanct and they witness multiple unilateral changes. These are largely lopsided contracts that favour the aggregators. Promises made during sign up are routinely breached by changing the terms of use of service. We recommend building a framework towards a standardised contract for ease of operations.

(d) Customer Data Masking. Despite repeated requests, delivery aggregators do not share customer data with restaurants. This completely disconnects restaurants from their customers by acting as a barrier, which eliminates the possibility of building a relationship with the customer and strikes at the very root of the business. Aggregators use the knowledge and power of the data to divert traffic under the guise of advertisements for their own commercial benefit. In the interest of consumer privacy, we also want strict assurances against monetising the data of our customers.

(e) Private Labels. Big delivery aggregators are using the sales and customer data to develop their own brands, their own kitchens and diverting traffic thereby creating a grossly unfair playing field with other restaurants. This amounts to an inherent conflict of interest between their role as a marketplace and that of a brand and business owner.

(f) Forced Use Of Services. Aggregator platforms force restaurants to use their delivery services even when restaurants have the capacity to deliver using their own resources at a fraction of the price of the aggregator commission. If you are a market place, how can you insist being a compulsory logistic partner too? Moreover, restaurants suffer irreversible pecuniary loss when you cannot service the area due



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to paucity of riders – a problem that could be easily resolved by giving restaurants the right to use their own delivery infrastructure.

(g) Unreasonable & Arbitrary Rules Of Engagement. Delivery aggregators impose unreasonable rules & penalties on restaurants in areas such as order acceptance, preparation, edits or cancellation while having no responsibility for covering the financial losses of outlets in cases like no riders, delayed or wrong deliveries, and technical glitch on the app. You also use coercive tactics to enforce these through threats of lower search rankings and behaviour of dominance.

(h) Search Algorithms. Parameters for ranking restaurants that in turn drive traffic and business on the platform is not transparent or consistent. These are misrepresented along with a clear lack of accountability.

4. The NRAI through consultation with the petitioners, associate bodies and members are in consensus that these predatory market practices should stop with immediate effect. We would also like to reiterate that we are NOT against the technology platforms, our concerns are largely around uneven and unfair terms of engagement.

5. The NRAI would like to create an opportunity for us to work together with the food aggregators, to come together to resolve these issues and safeguard the interests of small restaurants. We invite you to partner with us in building a vibrant, customer-friendly and sustainable food service industry.

Warm Regards,

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