

Amazon India raises food delivery stakes with low restaurant commissions

Amazon India, which is set to start its food delivery service next month, is promising restaurants its commissions will be a mere fourth of what rivals Swiggy and Zomato charge, a move set to spark a spell of intense competition in the business.

Amazon is signing up restaurants across the country as it seeks to start delivering food from October, first in Bengaluru, and followed by Mumbai and Delhi, according to three people aware of the development. Amazon is also in the final stages of acquiring Foodpanda's infrastructure from Ola, said one of the people cited above. For its food business, Amazon is expected to utilise the infrastructure and riders hired to deliver groceries and other items as part of its Prime Now service. The company is signing up restaurants at a commission of 5-6%, a fraction of the 20% or so charged by Swiggy and Zomato.

The entry of Amazon into the food delivery business has enthused restaurant chains, who expect the new platform to give them additional leverage while negotiating terms with Zomato and Swiggy, which dominate the market now, according to executives in at least half a dozen restaurant chains. Restaurants have been at loggerheads with Zomato and Swiggy over restrictive terms, high charges for listing on their platforms and consequent lower profits. Globally, Amazon launched its restaurant delivery business in 2015. It was shut down in June this year. However, Amazon recently invested in London-based food delivery start-up Deliveroo, signalling that it hasn't given up on the business.