

Understanding Bistro – the new-age canteen service

Zomato-owned Blinkit's recent launch of 'Bistro', a 10-minute food delivery app, was a low-key affair. Our recent checks, however, suggest the platform opens up a wide range of use cases that were hitherto not getting adequately addressed through Zomato's own food delivery app. For example, the Bistro app offers a wide range of convenience food at relatively affordable price points through self-operated kitchens, akin to the ubiquitous canteen service. In fact, Bistro's within-10 minutes-delivery proposition should help the company better penetrate breakfast and evening snacks meal consumption in high density micro markets in Tier 1 cities, while also improving the visibility for its value meals (Zomato Everyday) proposition. Bistro's selection and price points suggests it will likely compete with Zepto Café rather than Swiggy's Bolt or Zomato's own 15-min food delivery offering, thereby reducing chances of conflict of interest claims by third-party restaurant partners. While we await more details before baking in the impact of Bistro's launch in our model, this could help Zomato better penetrate the small ticket food consumption space in India.

- **What is Bistro?** Zomato's wholly owned subsidiary Blink Commerce Private Ltd. recently launched a new app called Bistro that offers delivery within 10 minutes of convenience food items across hot & cold beverages, shakes & juices, snacks & fast food, value meals and deserts, amongst others. The app offers low-ticket value fresh meals from self-operated kitchens. The offering seems to be broadly similar to Zepto Café (which [media reports](#) suggest recently crossed 30k order per day despite limited operations), with a few operational differences such as a) Bistro kitchens are being operated in locations different from Blinkit dark stores and b) food selection is limited to instant foods but includes Zomato Everyday meal offerings. While the Bistro service is currently available only in Gurgaon, it may soon be expanded to high density micro markets in Tier 1 cities.

- **Is there a genuine need for Bistro?** Zomato's primary food delivery app aggregates food supply from a wide range of organised restaurant partners. However, despite several attempts in the past, the aggregator was finding it difficult to penetrate food consumption happening in canteens or unorganised food stalls/outlets. This was because of limitations around selection, price points or delivery timelines in an organised set-up. This meant opportunity loss from the point of view of food delivery platforms because unorganised channel accounts for more than 50% of out-of-home food spends in the country. Thus, through Bistro, Zomato intends to tap into use cases that were hitherto not getting addressed on its primary food delivery service app.

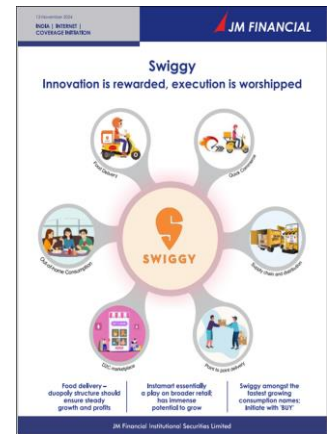
- **Is Bistro a competition to Swiggy's Bolt?** We believe Bistro's offerings are currently tailor-made for it to compete with Zepto Café rather than Swiggy's Bolt or Zomato's own 15 mins food delivery offerings, thereby reducing chances of conflict of interest claims by third-party restaurant partners. Moreover, since Bistro will deliver food from self-operated kitchens, the platform would have significantly better control over quality of ingredients used in food preparation, hygiene conditions in the kitchen and end delivery timelines, which should help improve customer experience and their ordering frequencies.

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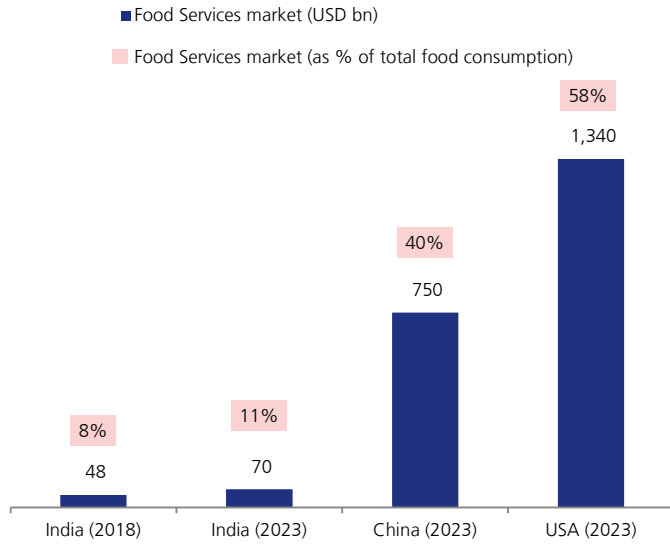


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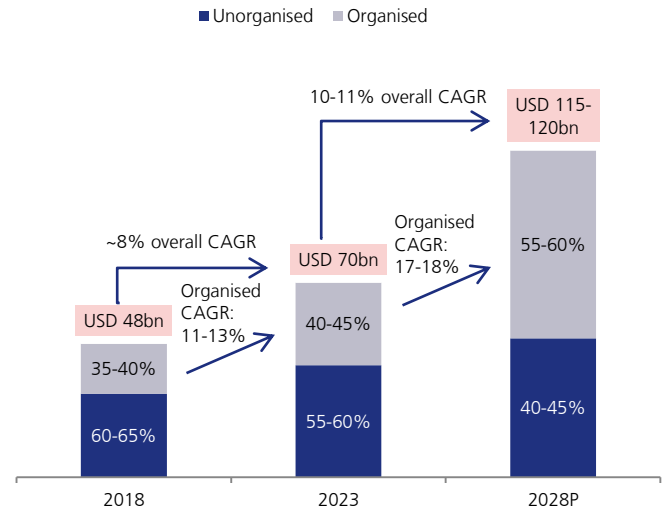
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Exhibit 1. Food services market penetration



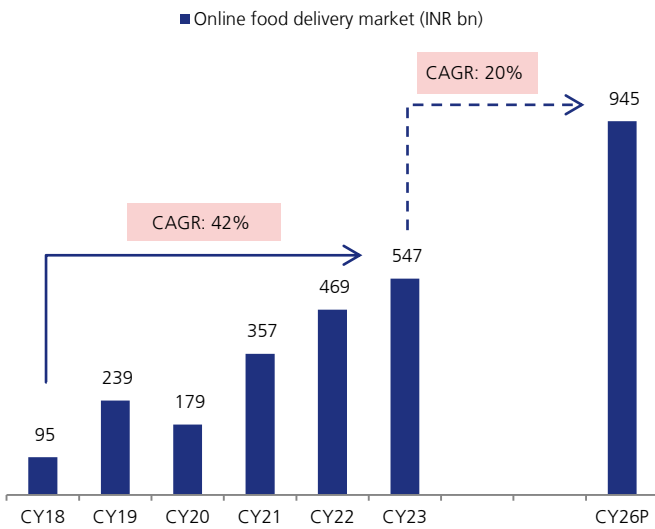
Source: Redseer Research and Analysis, Swiggy RHP, JM Financial

Exhibit 2. Organised vs. unorganised food services market



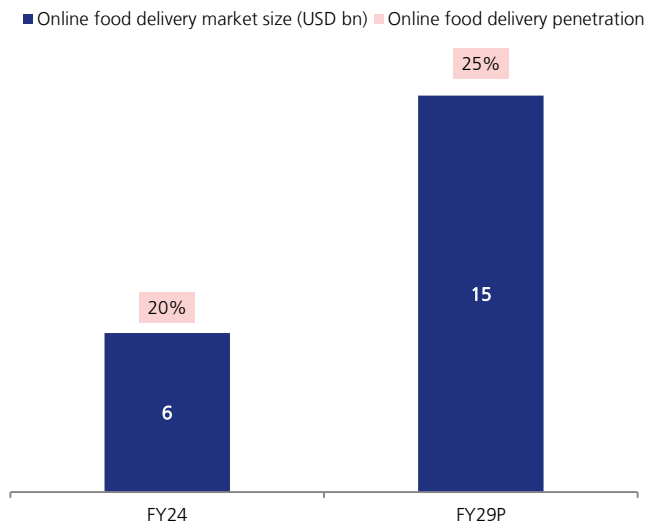
Source: Redseer Research and Analysis, Swiggy RHP, JM Financial

Exhibit 3. Online food delivery market GOV



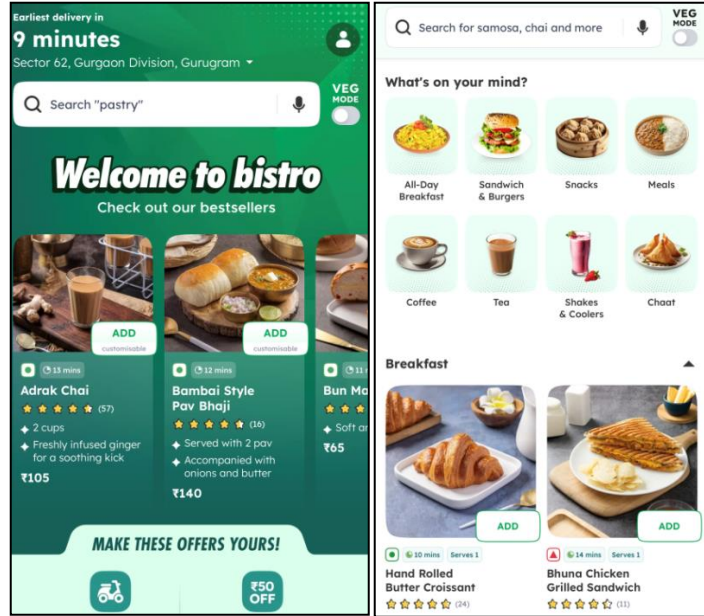
Source: Swiggy RHP, JM Financial estimates

Exhibit 4. Food delivery penetration as % organised food services



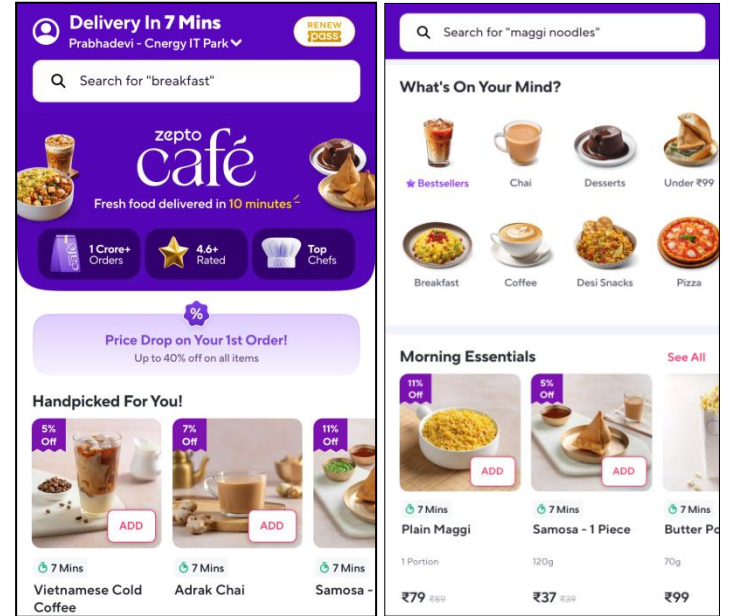
Source: Redseer Research and Analysis, JM Financial estimates

Exhibit 5. Bistro app interface



Source: Company app, JM Financial

Exhibit 6. Zepto Café app interface



Source: Company app, JM Financial

Exhibit 7. Sample offerings of Bistro and Zepto Café

Food items	Bistro	Zepto Cafe
Breakfast		
Sandwiches		
Croissant		
Boiled Eggs		
Poha/Upma		
Muesli with Yogurt		
Paranthas		
Chole Bhature		
Idli/Vada Sambar		
Maggie		
Snacks & fast food		
Kathi Rolls		
Burgers		
Pizzas/Garlic Bread		
Fries		
Momos		
Spring Rolls		
Samosa/Pakoraa/Chaat		
Puff Pastry		
Bao		
Meals		
Soups		
Rajma/Paneer/Dal Makhani/Kadhi/Dal Rice		
Khichdi		
Hot & Cold Beverages		
Masala/Adrak Chai		
Turmeric/Cinnamon/Lemon Tea		
Cold/Iced Coffee/Iced Tea		
Hot Coffee		
Hot Chocolate		
Smoothies/Shakes/Protein Shakes		
Desserts		
Banana Walnut Cake		
Muffins		
Indian Sweets		

Source: Company app, JM Financial. Note: Green indicates products are available, red indicates products are not available.

APPENDIX I

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