

Special Report

Ad Revenue: The New Margin Engine for the Foodtech Industry



July 2025

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Executive Summary

01

Food-delivery market turns sluggish for Indian incumbents

- Food delivery giants like Zomato and Swiggy are experiencing sluggish order growth in their food delivery business.
- Limited discretionary spends and cannibalisation from their respective quick-commerce platforms is taking a toll on food delivery's order growth.
- Incumbents are driving the average order values (AOV) to increase revenue momentum; Increasing delivery fee and bundled products are ways in which AOV are driven.

02

Persistent order growth fatigue is starting to weigh on GMV and overall revenues

- Q/Q GMV growth for Swiggy and Zomato is down from its peak to -1.2% and -1.4%, respectively.
- Low order growth is indicative of low customer traction, resulting in take rate stagnation for the past 6 quarters.
- The confluence of a stagnated take rate and sluggish GMV growth trickles down to sluggish revenue momentum.

03

Surge in advertising revenue is a key margin lever amid slowing growth in core business

- Despite falling orders, GMV and revenue, the adjusted EBITDA margins have remained strong.
- Scale-up of the advertisement revenue share in overall revenue has resulted in cost-less surge in take rates, which has been driving the adjusted EBITDA margins in a way.
- Incumbents are going full throttle to scale-up their ad-business and matching the levels of e-comm giants.

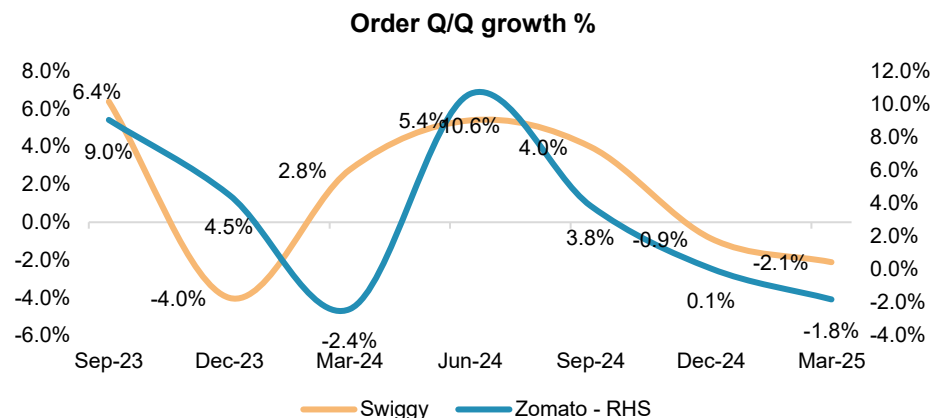
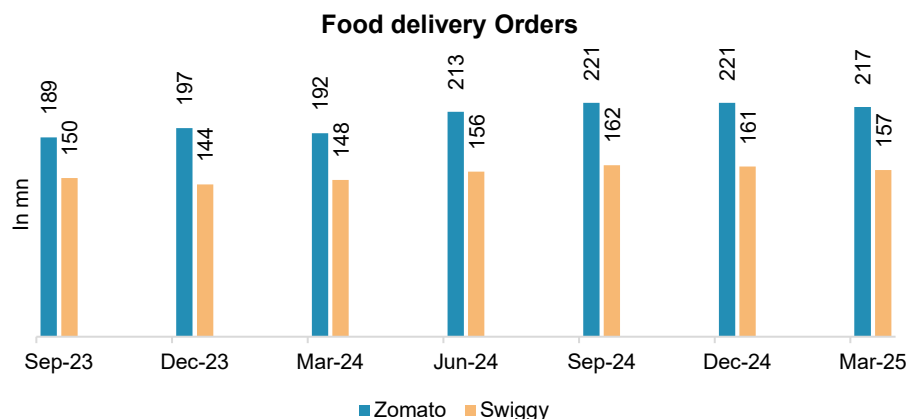
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Unlocking the ad-revenue potential in the Foodtech industry

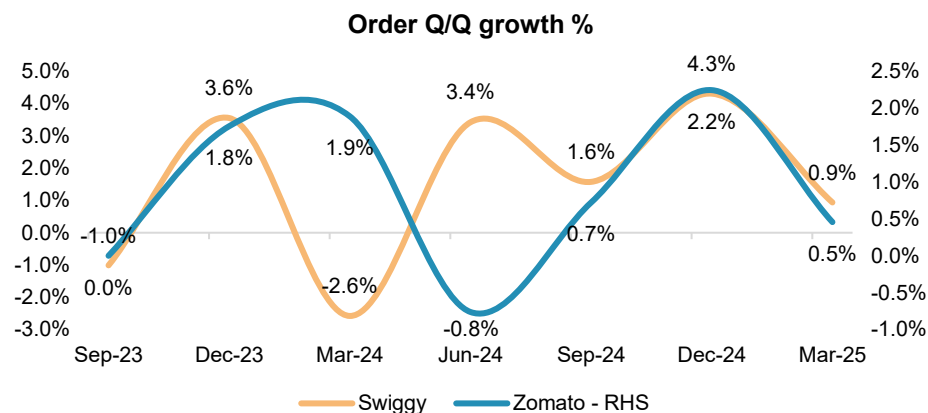
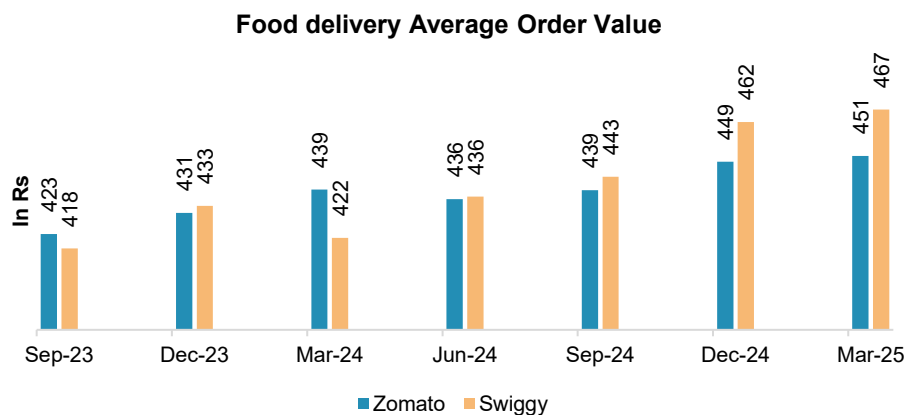
- DoorDash, the global food delivery giant, launched a separate ads unit that is on track to generate USD 1bn in revenue.
- It recently acquired ad-tech firm Symbiosys for USD 175mn to boost its off-platform ad reach and strengthen its growing ads business.
- High customer traction draws advertisers, driving adj. EBITDA margins; Over time, ad-take rate in food delivery could rival e-comm giants

The Indian food delivery market is experiencing order growth deceleration

Sluggish order growth has been a consistent issue for Indian Food Delivery incumbents due to limited discretionary spending and the cannibalisation effect from the quick commerce businesses of these incumbents.



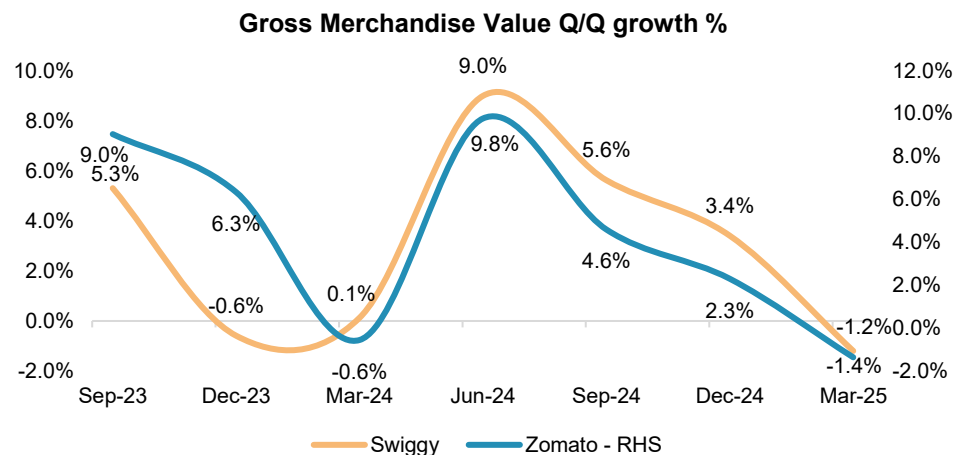
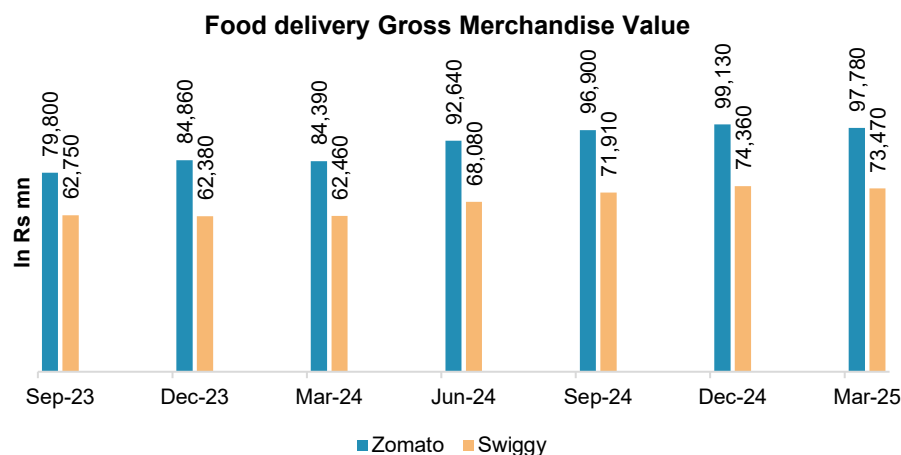
Incumbents are relying on strategies like combos and bundles, raising delivery costs to shoot up the Average Order Value, which we believe is not a sustainable growth driver in the long-term.



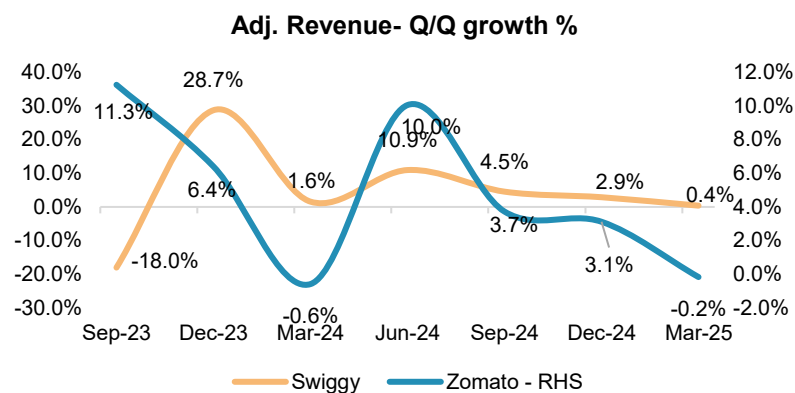
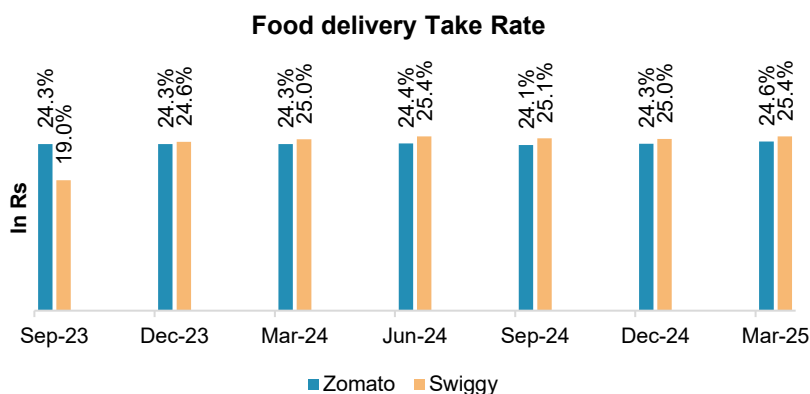
Source: Company, Aranca Research

Order growth fatigue weighs on Gross Merchandise Value and revenue momentum

The impact of sluggish order growth is higher on the GMV growth, which has been decelerating from its peak for the food delivery incumbents



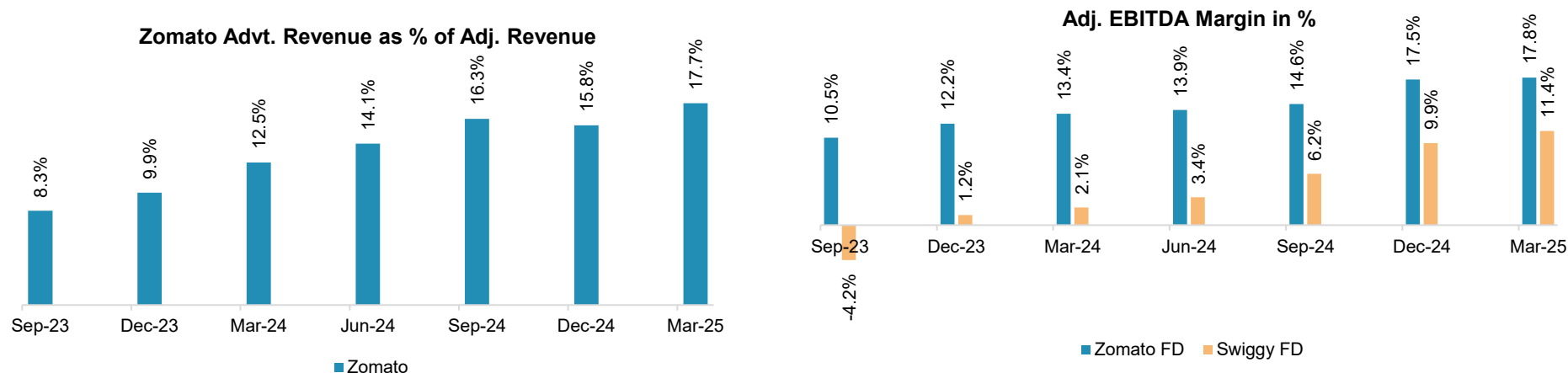
Lack of order growth resulted in take rate stagnation for the incumbents, thereby resulting in declining trends of revenue growth



Source: Company, Aranca Research

Advertisement revenue unlocks margin upside amid growth fatigue in core metrics

Despite falling Gross Merchandise Value/Revenue, stagnated take rates, the adj. EBITDA margins for the incumbents is on the rise, driven by a sharp rise in advertisement revenues underscoring the untapped potential of this high-margin lever

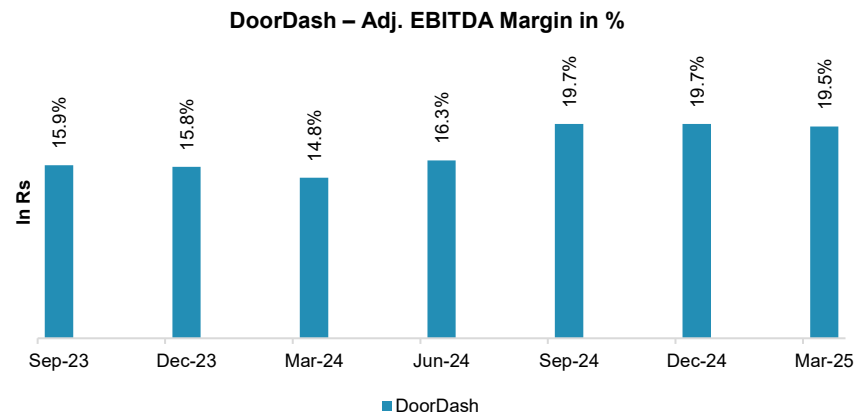
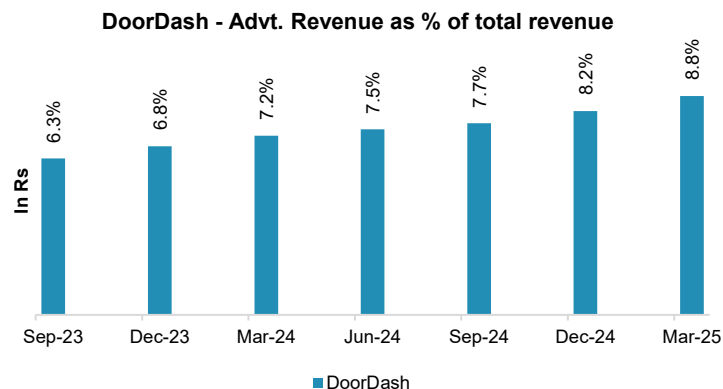


Company	Management's take on Advt. revenue
Zomato	<ul style="list-style-type: none"> Rising ad revenue has been cited as a key driver of adjusted EBITDA margin improvement, especially amid stagnating order volumes and flat take rates - (<i>Q3-25 earnings transcript</i>) The company has consciously focused on monetising its traffic and merchant relationships via ads, helping offset pressure from GMV/revenue slowdown - (<i>Q3-25 earnings transcript</i>)
Swiggy	<ul style="list-style-type: none"> Advertisement revenue is now a structural growth lever for Swiggy, directly improving profitability in food delivery, which is a mature category – (<i>Q2-25 earnings transcript</i>) Swiggy rolled out a self-serve advertisement platform, similar to the Amazon and Flipkart ad-models, implying significant future monetisation scope. – (<i>Q2-25 earnings transcript</i>)

Source: Company, Aranca Research

Monetising Attention: Unlocking the ad-revenue potential in foodtech

DoorDash, one of the biggest players in this market, saw the potential and has since developed a separate entity for ads and is on track to soon generate \$1bn revenue



DoorDash is focusing on advertising as a core growth engine with its recent acquisition

High customer traction draws advertisers, increasing adj. EBITDA margins; Over time, ad-take rate in food delivery could rival e-commerce giants

Company	Management take on Advt. revenue
Doordash	<ul style="list-style-type: none"> In 2024, DoorDash scaled its advertising revenue to over USD 1bn in annualised revenue by targeting 150K advertisers across 30 countries. DoorDash acquired ad-tech firm Symbiosys for USD 175mn to expand its off-platform advertising reach, enhancing its rapidly growing ad business.

	Amazon		JD.com		Doordash		Zomato	
	Mar-22	Mar-25	Mar-22	Mar-25	Mar-22	Mar-25	Mar-22	Mar-25
Active users (in mn)	475.4	547.0	580.5	650.1	25.5	41.9	47.1	62.7
Advt. rev as % of total rev	6.8%	8.9%	5.0%	5.5%	4.1%	8.8%	5.1%	10.3%
Advt. take rate %	5.1%	6.8%	1.7%	1.8%	0.5%	1.2%	1.0%	2.2%
Adj. EBITDA %	10.9%	21.0%	2.5%	4.6%	3.7%	19.5%	-51.4%	6.1%

Source: Company, Aranca Research



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