Swiggy Means Business, Seeks Higher Commission

Swiggy is progressively raising its commissions from restaurants in regions where its service is nearing maturity, while aggressively pushing partners to advertise on its platform, as the company shifts focus to monetising its core food ordering business, restaurateurs and others with knowledge of the matter said.This comes in at a time when the food delivery industry is moving towards consolidation with Zomato in talks to buy UberEats. In December, it was reported that Uber was likely to invest at least USD100 million in Zomato in exchange for the latter buying out the firm's India food delivery operations. The company typically engages restaurants on a 11-month contract and has been seen as increasing commissions when these contracts come up for renewal. It has raised its charges to 18-23% of the total order value, up from 12-18% it used to charge earlier.

Swiggy has already started charging restaurants on a pay-per-click model for ads they run on its platform, rather than a fixed fee like earlier, people in the know said. It has also made visible moves to improve monetisation in the past few months by increasing its delivery fee to Rs 35 in select regions for orders below INR 98 and INR 25 for orders above that limit. Rival Zomato has more than halved its burn to under USD 20 million a month, from USD 45 million in March. Investors in Swiggy said the cash burn on its food delivery business continued to be about USD 30 million a month and that there was an intent to progressively get it down by the first quarter of 2020.