

Grubhub spurns Uber and will merge with Europe's Just Eat Takeaway

After nearly a month of back-and-forth, Grubhub has walked away from a potential acquisition from Uber and will instead merge with European company Just Eat Takeaway. The all-stock deal is expected to close in the first quarter of 2021.

Uber was looking to buy Grubhub because the combined food ordering and delivery service would have rivaled, or maybe even surpassed, market leader DoorDash. An acquisition of Grubhub – which owns Eat24, Seamless, and MenuPages – would have been so significant that it was already drawing regulatory heat. Shortly after talks between the two companies were made public in May, a handful of US Senators alerted the country's top antitrust officials asking for the potential deal to be scrutinized.

Possible antitrust trouble was one reason Uber reportedly balked in recent days. Grubhub's unsavory business practices – like using misleading websites and phone numbers in order to charge burdensome, even predatory fees, or setting up websites for restaurants that aren't even on its platform – was another.

That said, Uber still apparently believes that its food delivery business needs to get bigger in order to turn a profit. "Like ridesharing, the food delivery industry will need consolidation in order to reach its full potential for consumers and restaurants," an Uber spokesperson told CNBC. "That doesn't mean we are interested in doing any deal, at any price, with any player."

Grubhub was also reportedly spooked by the mounting pressure from US lawmakers. The deal with Just Eat Takeaway will still likely draw some scrutiny, just not as much. Just Eat Takeaway is itself the result of a recent merger between British service Just Eat and Dutch company Takeaway.com.

“Combining the companies that started it all will mean that two trailblazing start-ups have become a clear global leader,” Matt Maloney, Grubhub’s CEO, said in a statement. “We share a focus on a hybrid model that places extra value on volume at independent restaurants, driving profitable growth.”

“Both of us have a firm belief that only businesses with high-quality and profitable growth will sustain in our sector,” Just Eat Takeaway CEO Jitse Groen said in a statement. “I am excited that we can create the world’s largest food delivery business outside China. We look forward to welcoming Matt and his team to our company and working with them in the future.”

<https://www.theverge.com/2020/6/10/21287128/grubhub-just-eat-takeaway-merger-uber-deal-antitrust>