

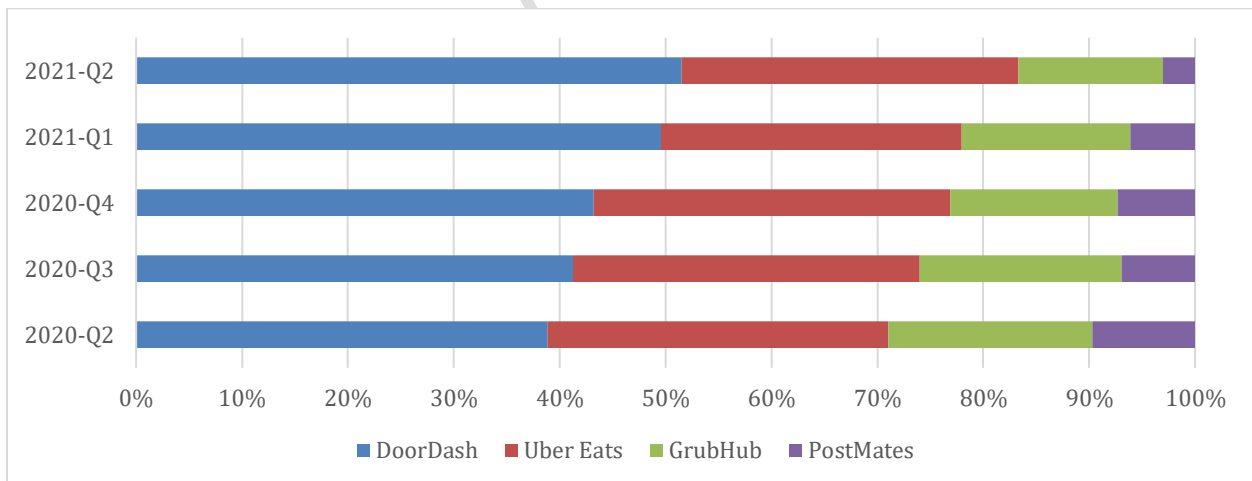
## Restaurant Delivery Apps

### DoorDash and Uber Eats grew share and gained consumer leverage during COVID-19 pandemic

CIRP analyzed the US market for restaurant delivery apps, including DoorDash, Uber Eats, and Grubhub for the quarter ending June 2021. Based on this analysis, we estimate DoorDash had the largest share of users, followed by Uber Eats and Grubhub. Importantly, DoorDash and Uber Eats have a favorable position among consumers, measured by how consumers initiate a restaurant order using each app.

In the June 2021 quarter, DoorDash had the largest market share, at 52%, as measured by most recent order (Chart 1). This represents a steady increase in share in the past year. Uber Eats saw its share steady at 32% in the quarter, relatively unchanged in the past year. DoorDash took share from Grubhub and PostMates, which saw their shares fall over the past year from 19% to 14% and from 10% to 3%, respectively.

**Chart 1: App used for most recent order**



The market for restaurant delivery appears to have consolidated between DoorDash and Uber Eats, who together grew their combined share to 84% of the US market in the June 2021 quarter, up from 71% in the June 2020 quarter.

To understand the changes in this market, we analyzed a critical attribute of consumer behavior in the use of restaurant delivery apps. A significant strategic question for these apps is, who owns and controls the customer relationship, an app or a restaurant?

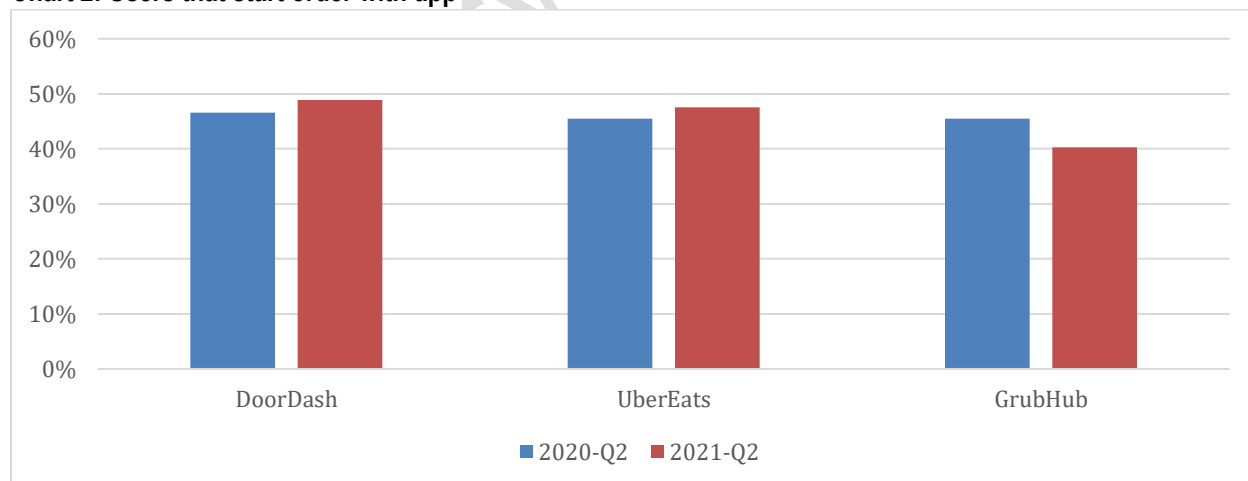
We seek to understand the extent to which an app has loyal customers or if the restaurant maintains the critical relationship. Based on our analysis, restaurant delivery apps have developed significant loyalty among consumers. In particular, DoorDash and Uber Eats have somewhat greater loyalty relative to Grubhub.

As more restaurants resist the commissions taken by the delivery app providers, it becomes critically important to determine whether the app or the restaurant dominates the customer relationship. We seek to understand the extent to which apps generate new and repeat delivery business for a restaurant or if the apps merely provide an order taking and delivery service. If customers are loyal to an app, the app has market and pricing power relative to restaurants. In contrast, an order-taking and delivery service becomes primarily a commodity.

We compiled data on this by asking survey subjects whether they began their most recent order by first opening the app and selecting an available restaurant, or by selecting a restaurant and then ordering using an app for that served that restaurant.

Overall, the apps have developed a significant position in restaurant selection. In the years since they entered the market, almost half of app users begin an order on the app, rather than by choosing a restaurant and then using one or another order and delivery app that serves the restaurant (Chart 2).

**Chart 2: Users that start order with app**



Based on this measure, DoorDash and Uber Eats have somewhat greater control over customer relationships compared to Grubhub. In the June 2021 quarter, 49% of DoorDash customers and 48% of Uber Eats customers started an order by opening the app, compared to 40% for Grubhub (Chart 2).

Importantly, during the COVID-19 pandemic, both DoorDash and Uber Eats gained market power, as measured by how users began their most recent order. Both increased the percentage of customers that began on the app by 2-3 percentage points. In contrast, Grubhub saw this percentage decrease meaningfully, by eight percentage points.

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**Consumer Intelligence Research Partners, LLC**

**111 West Washington Street, Suite 900**

**Chicago, IL 60602**

**(312) 344-3664**

[info@cirpllc.com](mailto:info@cirpllc.com)

[www.cirpllc.com](http://www.cirpllc.com)