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The insane \$43 billion system that gets food delivered to your door

The inside track on Washington politics.

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Baskin-Robbins employee Alex Soe rushes to fill the DoorDash order in Daly City, Calif. (Christie Hemm Klok for The Washington Post)

The temperature in D.C.'s Columbia Heights is pushing 100 degrees as Armaye Ejigu swaddles space blankets around two precious scoops of Baskin-Robbins ice cream.

Shortly after 11 on a recent Thursday morning, a woman ordered the frozen treat to her house in downtown D.C. And now Ejigu, a driver for the third-party food delivery firm DoorDash, has fleeting minutes to move the ice cream from the Baskin-Robbins's counter to his car to her door -- all in record-setting summer heat.

“It’s not hot food, so it’s a little more challenging,” Ejigu said, adding that his job becomes much more difficult when he can’t find parking in the area.

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Delivery is the hottest thing in the restaurant business right now -- but as many restaurants are finding, the trouble is keeping it cold. Or crisp, in the case of french fries. Or warm, in the case of pho.

Eager to join a booming food- and restaurant-delivery market, dozens of third-party services have sprung up to address those logistical challenges. Food delivery is already a \$43 billion business -- and will be worth \$76 billion by 2022, according to an analysis by Cowen and Co., an investment banking firm.

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This man delivers ice cream without it melting for his job

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Armaye Ejigu has been delivering food for DoorDash for over two years. See what goes into his typical workday, and how he can deliver ice cream without it melting. (Jhaan Elker/The Washington Post)

Armaye Ejigu has been delivering food for DoorDash for over two years. See what goes into his typical workday, and how he can deliver ice cream without it melting. (Jhaan Elker/The Washington Post)

Companies such as DoorDash, GrubHub and Caviar are now delivering everything from pepperoni pizza to duck confit. Aside from Baskin-Robbins, which has recently launched delivery from 600 stores in 22 cities, brick-and-mortar chains McDonald's, Wendy's, Jack in the Box, Red Robin, Cheesecake Factory, Outback Steakhouse and Buffalo Wild Wings have all in the past year partnered with third-party services to launch or expand delivery.

These services don't merely provide drivers such as Ejigu: They also develop the insulation in his red, corporate-branded cooler bag and the algorithms that determine he's the fastest driver for a job.

DoorDash's delivery time for Baskin-Robbins's products averages 12 to 13 minutes.

"It's just a little hard because -- ice cream melts," said Carol Austin, the vice president of marketing at Baskin-Robbins. "Working with a third-party, we believe we can do it."

Industry analysts and executives such as Austin say a confluence of factors helps explain how restaurant delivery got so hot. For starters, the modern consumer is busy -- too busy, often, for a lunch break or dinner

at a sit-down restaurant.

Thanks to services such as Uber, they're also accustomed to getting things on demand, said Bonnie Riggs, an analyst at the market research firm NPD. And rather than lose those customers to food trucks, fast casual or meal kits, more

restaurants, and more types of restaurants, are aiming to compete with delivery.

But most restaurants lack the infrastructure and logistical expertise to launch such operations themselves. That challenge is compounded when their products -- think: ice cream -- don't naturally travel well.

"We do a lot of research around that," said Stan Chia, the chief operating officer at GrubHub. "I want to make sure that if we deliver a milkshake in Phoenix when it's 110 degrees out, it still arrives to the customer as if it was served in the restaurant."

GrubHub is a heavyweight in the world of third-party delivery. According to the market analytics firm 1010data, the Chicago-based company and its subsidiary Seamless accounted for well over half of all restaurant delivery in the last quarter of 2016.

But the field is growing exponentially more crowded. Yelp has put its full weight and marketing power behind delivery since purchasing Eat 24, the No. 3 service, in 2015. UberEats, officially launched a year later, rapidly expanded into more than 20 countries. Amazon has recently entered the fray, as have previously regional players such as Fodler and Caviar.

Representatives from several of these delivery companies said frozen items are far from their only challenge.

"We've seen every type of food," said Nick Adler, who leads Caviar's market operations. "We've had people say, 'You can't deliver burgers and fries.' But then we put them in touch with someone who has."

Anything that pairs wet and dry ingredients -- such as soft-shell tacos, loaded gyros or avocado toast -- risks getting soggy in transit, delivery executives agreed.

Restaurants and delivery services have also struggled with hot, crispy foods, such as grilled sandwiches, thin-crust pizza and french fries -- the white whale of delivery. The insulation that keeps these foods warm while they travel also locks in steam, risking sogginess and overcooking.

“Some restaurants are very proud of very crispy fries,” Chia, of GrubHub, said with a sigh. “But they have a short shelf life.”

To address these issues, delivery services undergo lengthy consultations with restaurants when they partner up, advising them to change how they prepare “problem” foods or cut them from the delivery menu all together.

GrubHub recommends that Neapolitan pizzas spend seven more minutes in the oven crisping when they’re being delivered, for instance. And Caviar has designed instructional stickers to help customers reassemble foods such as pho and ramen.

The company also swears by stand-up to-go cups for fries -- clamshells are essentially a Styrofoam steamer, Adler said.

On top of the emphasis on packaging, delivery services have also invested heavily in their logistics technology: algorithms designed to improve the timing of delivery pickups and minimize how long it takes a driver to get from point A to B.

Many use cutting-edge mapping tech to match drivers with orders based on traffic, travel time and distance. Caviar — a subsidiary of the business tech start-up Square — even tracks how long its restaurants take to prepare each menu item, to better time drivers' arrivals.

That sort of technology is beyond the ambition of all but the largest restaurant operators, said Riggs, the NPD analyst.

“That’s why we’re seeing such strong growth in delivery right now,” she said. “There are so many of these third-party providers, and they’re giving more opportunities to operators who didn’t want to take on the responsibility for getting into this market.”

Not all restaurants are eager to embrace those “opportunities,” of course -- particularly since they may come with costs. Delivery services typically charge a per-order fee for their services, which can bite into tight margins.

Some restaurants have found that delivery checks tend to run a lot lower, because customers don’t buy alcohol. Franchisees also worry, Riggs said, that given the option, customers may choose to order in rather than go out. On top of that, there’s the risk to the restaurant brand if an order arrives late, soggy or melted.

For Panera Bread, which plans to offer delivery at 40 percent of its chains by the end of the year, that was all too much.

“Managing quality all the way to the consumer is one of the biggest concerns for us,” said Blaine Hurst, the company’s president and the overseer of its delivery operations.

In contrast to the vast majority of its peers, the soup and sandwich chain has built out an in-house delivery system of its own, hiring 10,000 new employees in the first half of 2017. When they’re not dropping off orders -- mostly at lunch -- those drivers return to the mother ship for food prep and cleaning.

It's not a "100-percent efficient" system, Hurst acknowledged. But it has yielded a sales increase, on average, of 10 percent or \$5,000 per week at the franchises that have adopted it.

Hurst, who helped launch the first national online delivery service at Papa John's when dial-up was still de rigueur, is confident those numbers will continue to grow.

"Delivery is all about convenience -- getting what you want, how and when you want it," Hurst said. "I think our lives are increasingly busy, and we're getting increasingly used to that convenience."

Baskin-Robbins is certainly hoping that will be the case. The company has spent the past year working out how to deliver ice cream, said Austin, the marketing executive, and calculating whether there would be enough demand to even support such an ambitious project.

After researching and testing the available third-party providers, the company launched a pilot in four test markets earlier this year. On July 6, it expanded to an additional 600 stores in 22 cities, with more planned for the future.



A DoorDash driver starts to bag up an order in Daly City, Calif. (Christie Hemm Klok for The Washington Post)

Most urban consumers can now order Baskin-Robbins's full menu on-demand -- minus the whipped cream. The company found, to its "disappointment," that it deflated during delivery.

But customers don't seem too upset: Baskin-Robbins is finding that people order more toppings when they order online. Ejigu's Thursday morning order is for a mint ice cream cake and two scoops of ice cream with rainbow sprinkles.

The 34-year-old delivery driver orders at the counter, like any other customer. The credit card he pays with is a company card; it charges to DoorDash, which will then charge the Baskin-Robbins orderer. The ice cream goes into a takeout bag, which goes into a silver space blanket, which goes into a cooler bag, which goes into the trunk of Ejigu's car.

Ten minutes later, a woman grimaces at the heat as she opens her front door.

“Try to stay cool out there,” she says, after Ejigu hands her the ice cream.

He smiles and heads back to his double-parked car, ready for the next in a day of deliveries.