# Which company is winning the food delivery war?

Kathryn Roethel Rieck — 23 May 2019

Delivering America's meals has become very big business. Sales across the industry have exploded in the past year, and longtime market leader Grubhub, while still growing, isn't growing as fast as some of its competitors. Uber Eats is now part of a public company, and Postmates has filed for IPO as well. But right now, DoorDash's rapid expansion may make it the one to watch.
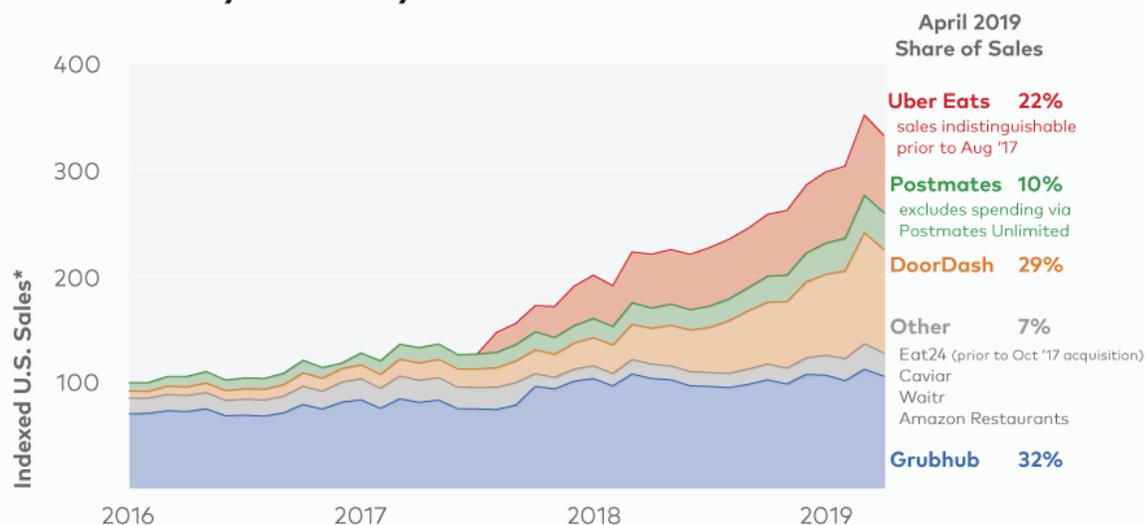
In April, DoorDash had 29 percent of U.S. consumers' meal delivery sales, and it sits in second place behind Grubhub and its subsidiaries, which include Seamless and Eat24. (Purchases made through Tapingo and LevelUp, which Grubhub acquired in late 2018, are not included in our analysis.) DoorDash's sales overtook Uber Eats' in October 2018.

Another big player in the industry, Postmates, recently announced expansion plans. Due to the way Postmates bills purchases made through its subscription program, Postmates Unlimited, Second Measure is not able to track them. So Postmates market share is likely even higher than our analysis shows.

DoorDash is gobbling up market share because its sales are growing so fast. In April, the company saw a staggering 189-percent year-over-year jump, compared to 44 percent at Uber

Eats and 2 percent at Grubhub. Besides diners, the company also brings investors to the table. This week, DoorDash announced raising $600 million in its fourth funding round in 14 months.

No other meal delivery service comes close to DoorDash's growth, but nearly all of them are growing. In April, sales for the industry as a whole rose 51 percent year-over-year, as more Americans realize how much they like eating restaurant meals at home. In fact, 23 percent of Americans have ever ordered from one of the services in our analysis, up from 17 percent a year ago.
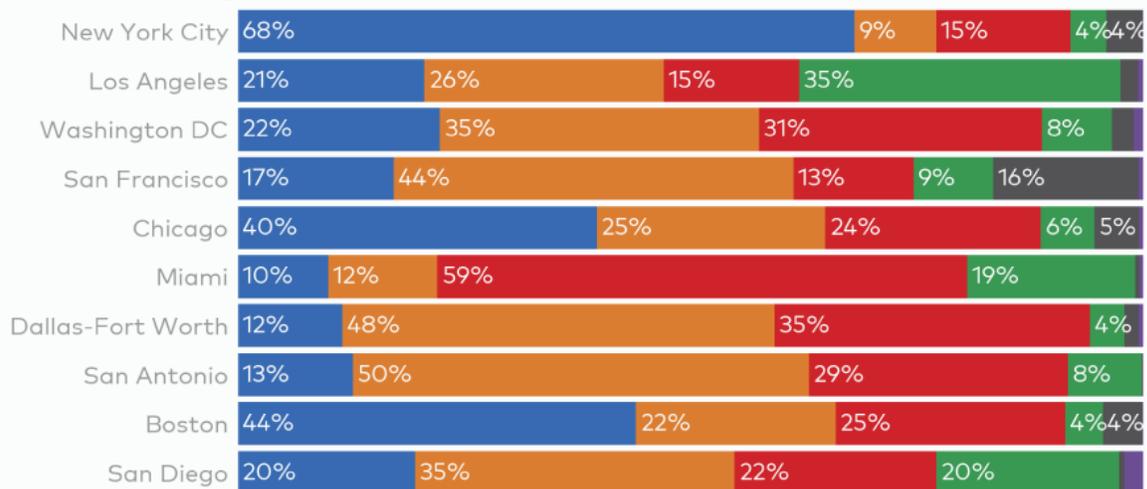
The coasts love meal delivery the most

New Yorkers and Californians are among the most likely to equate doorbells with dinner. The New York City metro area (as defined by the U.S. Census Bureau) spends—by far—the most on meal delivery. Sales here in April were three times higher than in second-place Los Angeles. California was the only state to have three metro areas in the top 10.

DoorDash leads the pack in five of the top 10 metro areas, and it claims roughly half the market share in both the Dallas-Fort Worth and San Antonio regions. That's a change from just over a year ago when Uber Eats had the crown in those areas. But neither is DoorDash's biggest metro in terms of sales. That distinction goes to the San Francisco Bay area, where DoorDash is headquartered.

Meal Delivery - April 2019 Share of Sales

GrubHub DoorDash Uber Eats Postmates Caviar Amazon Restaurants

Top metro areas by total spending

Metro	GrubHub	DoorDash	Uber Eats	Postmates	Caviar	Amazon
New York City	68%	9%	15%		4%	4%
Los Angeles	21%	26%	15%	35%		
Washington DC	22%	35%	31%	8%		
San Francisco	17%	44%	13%	9%	16%	
Chicago	40%	25%	24%	6%	5%	
Miami	10%	12%	59%	19%		
Dallas-Fort Worth	12%	48%	35%	4%		
San Antonio	13%	50%	29%	8%		
Boston	44%	22%	25%	4%	4%	
San Diego	20%	35%	22%	20%		

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New York is best-selling metro for Grubhub, Uber Eats, and Caviar

The New York City area is America's most populated, and Grubhub dominates there. The company earned 68 percent of residents' meal delivery sales in April and took in more money there than anywhere else in the nation. Surprisingly, the region also generated the top sales for Uber Eats and Caviar, even though each of them controls less than 15 percent of the New York market. It's a testament to just how many diners—and restaurants—are hungry for delivery in New York, and proof that even a tiny slice of the Big Apple's pie is worth big bucks.

Restaurant delivery partnerships pay off (for the restaurants)

As meal delivery services look for new ways to grow in cities big and small, one popular answer has emerged: exclusive delivery partnerships with the nation's top chain restaurants. In late 2017, DoorDash struck a deal with Wendy's, and Uber Eats nabbed exclusivity with the biggest fast food chain in the country: McDonald's. (Though that contract is now being renegotiated.)

Recently, Uber Eats added Starbucks to its partners. DoorDash now boasts the likes of Chick-fil-A, Chipotle, and Papa John's, while Postmates has Pei Wei and Popeyes. Grubhub teamed up with Yum Brands restaurants Taco Bell and KFC, and it also integrated with Yelp's platform, allowing users to order from Grubhub's network of restaurants directly on Yelp.

As Uber Eats and Grubhub public filings show, these partnerships don't always lead to revenue. Often, partners pay the delivery services lower fees, decreasing their take rates or even causing them to lose money. But the partners often have huge customer pools, many thousand locations and impressive advertising reach, all of which have delivery services betting that joining forces will pay off in the long term.

The partnerships are paying off for many of the restaurants. The Cheesecake Factory and Chipotle have publicly credited DoorDash with boosting their revenue. In April 2019, Second Measure data shows 8 percent of The Cheesecake Factory's sales came through DoorDash (before subtracting DoorDash's cut or the delivery tip). The delivery service accounted for 6 percent of April sales at Chipotle and 5 percent at Buffalo Wild Wings.

Fewer customers are loyal to a single service

Whether by forming partnerships with restaurants or expanding into new cities, companies are proving there's room for everyone in this market to keep growing. But the battle for customers is likely to intensify. That's because fewer of today's diners are loyal to just one service. For example, in the first quarter of 2017, 88 percent of Grubhub's customers didn't use other meal delivery services. Two years later, it's fallen to 62 percent, as competing services woo customers with different restaurant offerings and promotional prices.

Caviar, which does a lot of its business in Grubhub territory, has the lowest percentage of exclusive customers (33 percent). Waitr, a service that mostly operates in the South, has the highest (69 percent), but all the services in our analysis have seen their percentage of loyal customers fall over time.

Not surprisingly, the biggest meal delivery services are also the most likely to share customers. Market leader Grubhub attracts at least 20 percent of diners from every company besides Waitr. DoorDash and Uber Eats aren't far behind.

Meal Delivery - U.S. Customer Overlap

How many customers also used a competitor in the first quarter of 2019?

	GrubHub	DoorDash	Uber Eats	Postmates	Caviar	Waitr	Amazon Restaurants
GrubHub	—	20%	16%	9%	3%	1%	1%
DoorDash	21%	—	21%	10%	2%	2%	1%
Uber Eats	21%	24%	—	12%	2%	2%	1%
Postmates	26%	27%	27%	—	4%	1%	1%
Caviar	43%	19%	18%	19%	—	0%	2%
Waitr	8%	17%	12%	4%	0%	—	0%
Amazon Restaurants	25%	21%	22%	14%	5%	1%	—

* Postmates customers exclude spending via Postmates Unlimited.

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As more restaurants form exclusive delivery partnerships, more diners are going to have to hop between apps to cover all their favorite takeout spots. The least loyal customers, it seems, will also be the most well fed.

Check back monthly for the latest updates in the meal delivery wars, or request a product demo to see the data for yourself.

Don't forget: We're hiring.