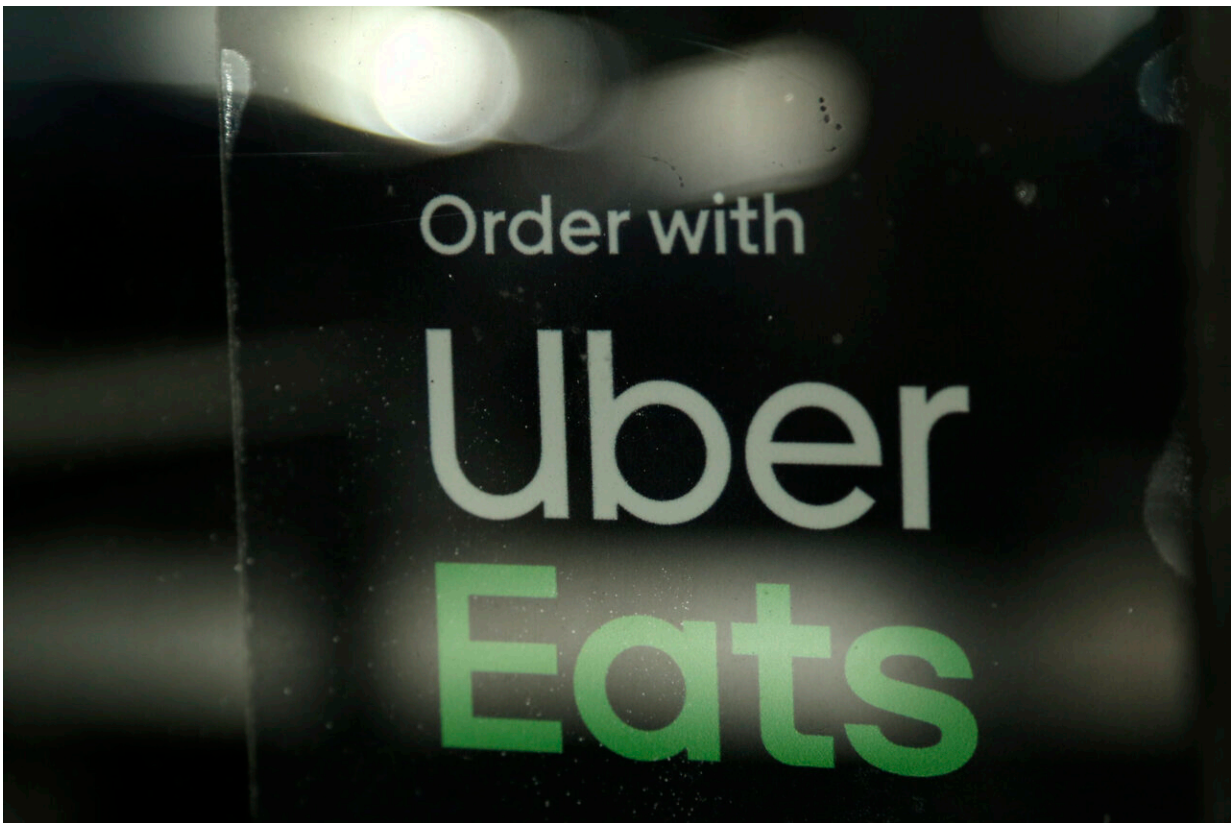


Delivery apps expand reach to meet customer demands

July 28 2021, by Dee-Ann Durbin



In this Nov. 6, 2019, file photo, a restaurant advertises Uber Eats in Miami. Restaurant delivery companies like DoorDash and Uber Eats are rapidly expanding their services to grocers, convenience stores, pharmacies, pet stores and even department stores. The move has been spurred by skyrocketing consumer demand during the pandemic. On Wednesday, July 28, 2021 Uber Eats unveiled its newest delivery option that will let users order flowers from FTD directly from its app. Credit: AP Photo/Lynne Sladky, file

Spurred by skyrocketing consumer demand during the pandemic, restaurant delivery companies like DoorDash and Uber Eats are rapidly expanding their services to grocers, convenience stores, pharmacies, pet stores and even department stores.

On Wednesday, Uber Eats unveiled its newest [delivery](#) option: flowers. Uber Eats will let users order flowers directly from its app as part of a partnership with ProFlowers, an FTD subsidiary. Flower delivery will be offered first in New York, Chicago, Los Angeles and a few other U.S. cities; it will be available nationwide by early next year.

"If we can deliver your burrito in 30 minutes or deliver your ice cream still frozen, we should be able to deliver anything in under an hour," said Fuad Hannon, the head of new verticals at DoorDash. "The technology makes that possible."

Expanding beyond restaurant delivery is critical for Uber Eats and DoorDash, which have struggled to make a profit on the slim margins they get from restaurants.

Restaurant delivery can be profitable in dense urban markets, where drivers can complete multiple orders in an hour, said Ali Mogharabi, a senior equity analyst with Morningstar. But outside of cities, where deliveries take longer, adding orders from Walgreens or Costco makes better use of drivers' time.

Offering more items for delivery also attracts customers, many of whom will fork over the \$9.99 monthly fee DoorDash and Uber Eats charge for unlimited deliveries.

Raj Beri, Uber Eats' global head of grocery and new verticals, said the company saw a huge influx of users after the pandemic began, and many are sticking with delivery even as the pandemic ebbs. To keep them, it

needs to offer goods and services they value.



In this Wednesday, July 21, 2021, photo, Attorney Cynthia Carrasco White and her daughter, Charlotte, 6 unpack supplies delivered by Instacart at their home in the Porter Ranch area of Los Angeles. Carrasco White, a single mother and a lawyer for a Los Angeles nonprofit, used to think delivery was a luxury she couldn't afford. But she started getting meals, groceries and other necessities delivered last year so she could avoid taking her young, unvaccinated daughters to the store. Carrasco White has come to see delivery as a lifeline that saves her time, gas money and child care expenses. She uses various apps, including Uber Eats and DoorDash, and takes advantage of deals when she can. Credit: AP Photo/Damian Dovarganes

"More of our users are trying these verticals outside of restaurants. Those customers have more stickiness on the platform," he said. "They're more engaged, so the membership becomes more valuable to them."

DoorDash and Uber Eats face stiff competition from established players like Instacart and Amazon, which are also experts in delivery logistics. Instacart currently controls 67% of the U.S. grocery pickup and delivery business, while Amazon controls 22%, according to Edison Trends. DoorDash and Uber Eats together control 1%.

Non-restaurant delivery makes up around 5% of sales at both Uber Eats and DoorDash. But that business is growing rapidly. DoorDash started working with [convenience stores](#) like 7-Eleven in April 2020 and more recently opened its own DashMart fulfillment centers. It's already the market leader in convenience [store](#) delivery, with a 60% share of the market, according to Edison Trends.

And there's enormous opportunity ahead. Beri says around 3 million customers per month are ordering non-restaurant deliveries from Uber Eats, but the company has a total of 98 million active users around the world. And Mogherabi estimates there will be \$1 trillion worth of deliverable goods and services in the U.S. by 2025.

Delivery comes at a price. The in-store price of a gallon of milk at a Meijer in Michigan is \$1.68; on the DoorDash app, it's \$2.99. But so far, the extra fees aren't dampening demand. Uber Eats said non-restaurant delivery jumped 77% between the fourth quarter of 2020 and the first quarter of this year. DoorDash said non-restaurant delivery rose 40% in the same period.

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she started getting meals, groceries and other necessities delivered last year so she could avoid taking her young, unvaccinated daughters to the store.

White has come to see delivery as a lifeline that saves her time, gas money and child care expenses. She uses various apps, including Uber Eats and DoorDash, and takes advantage of deals when she can.



In this July 21, 2021, photo, Cynthia Carrasco White and her daughters, Charlotte, 6 and Mathilde, 3 receive a Walmart purchase delivered by Instacart at their front door home in the Porter Ranch area of Los Angeles. Carrasco White, a single mother and a lawyer for a Los Angeles nonprofit, used to think delivery was a luxury she couldn't afford. But she started getting meals, groceries and other necessities delivered last year so she could avoid taking her young,

unvaccinated daughters to the store. White has come to see delivery as a lifeline that saves her time, gas money and child care expenses. She uses various apps, including Uber Eats and DoorDash, and takes advantage of deals when she can. Credit: AP Photo/Damian Dovarganes

"Now that I've seen how beneficial it is, I'll figure out a way to cut costs and continue to use it," she said.

Delivery also comes at a cost to stores, depending on the services they're using. Some businesses, like Macy's and Walmart, have customers order products on their own web site and use DoorDash to make deliveries. At other stores, like 7-Eleven or CVS, Uber Eats and DoorDash drivers do the shopping and make deliveries.

In some cases, it's a mix. The grocery chain Alberstons recently signed a deal with DoorDash for delivery from nearly 2,000 U.S. stores. In some locations, DoorDash drivers do the shopping and delivery. At other stores, Alberstons workers pack the groceries and DoorDash is only used for delivery.

Albertsons laid off many of its own delivery workers earlier this year; at least some were given other jobs within the store, the company says. Amber Kappa, Albertsons' vice president for e-commerce, said the chain simply couldn't keep up with digital order demand, which nearly tripled last year.

"If we don't offer one- to two-hour delivery fast and near-free, I don't know how long we'd last," Kappa said.

For some businesses, delivery companies are helping eliminate expensive shipping. Petco uses DoorDash to move heavy bags of kibble

and kitty litter to customers' doorsteps, which is much faster and cheaper than shipping them.

"It costs the same amount of money to take a 40-pound bag as it costs for a tennis ball in that DoorDasher's trunk," said Petco CEO Ron Coughlin.



In this July 21, 2021 photo, Attorney Cynthia Carrasco White and her daughters, Charlotte, 6 and Mathilde, 3 receive a delivery by Instacart at their home front door in the Porter Ranch area of Los Angeles. Carrasco White, a single mother and a lawyer for a Los Angeles nonprofit, used to think delivery was a luxury she couldn't afford. But she started getting meals, groceries and other necessities delivered last year so she could avoid taking her young, unvaccinated daughters to the store. Carrasco White has come to see delivery as a lifeline that saves her time, gas money and child care expenses. She uses various apps, including Uber

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But not every delivery driver is pleased about delivery's expansion.

Barbara Mensch of Rutherfordton, North Carolina, who drives for both DoorDash and Instacart, said business was booming in the early days of the pandemic. But lately, customers have been tipping less generously, and she often turns down DoorDash orders. She doesn't like shopping for goods in unfamiliar stores like Dollar Tree or idling at Walmart while a worker prepares a delivery.

"A \$13 order that takes you 45 minutes? It's not a good value for your time," she said. "I would do better to stay at home and not use my car at all than go out and work for peanuts."

But Kweli Murphy of Englewood, California, who drives for both DoorDash and Uber Eats, says he's happy with the work. Murphy, 19, just bought his first car with his delivery earnings, which average around \$150 for six hours of driving.

Most of his deliveries still come from restaurants, but he occasionally shops for orders in places like AutoZone and CVS.

"It's not a big deal to go shopping for people. It's just an opportunity to go into different places other than restaurants," he said.

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