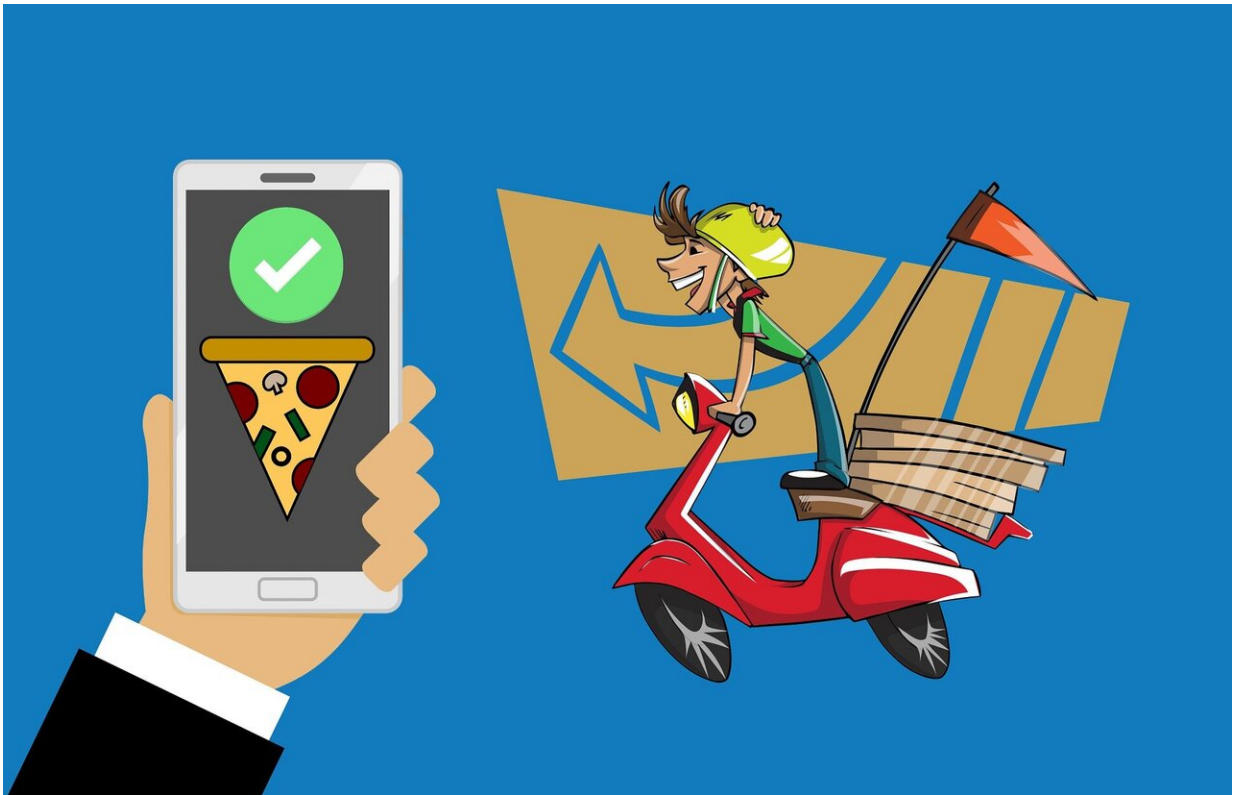# This tech firm aims to deliver food more cheaply than DoorDash or UberEats

June 8 2022, by Joseph N. Distefano

Credit: CC0 Public Domain

Just two companies, DoorDash and UberEats—both based in San Francisco—arrange five out of every six restaurant meal deliveries in the U.S.

More than half of Americans have used those services, with the typical customer spending more than $200 a month, according to Bloomberg Second Measure.

But their charges now consume 25 to 40 cents of every dollar we pay for delivered meals, hurting consumers and cutting deep into restaurant income, said Andrew Simmons, head of the Restaurant Marketing and Delivery Association, a Texas-based national group. His 550 members employ 30,000 local drivers, many of whom also regularly deliver for DoorDash and UberEats.

So Simmons' association is challenging Silicon Valley's dominance of the food-delivery world, with online systems built by Zuppler, a 10-year-old, 70-person software shop based in a former glass factory in Conshohocken, Pennsylvania.

"Zuppler is building out our platform for our new website, LocalDelivery.org," scheduled to go live in mid-June, or whenever his group signs up enough restaurants and delivery services to make it viable, Simmons said. Consumers will use an app to order.

Local services cut online ordering and delivery charges by as much as half, he said, making it easier for restaurants to absorb Zuppler's 50-cents-per-order system fee. The system should also improve service by giving users local humans to call when problems arise.

The big food-delivery services, which also include Dutch-owned GrubHub, a successor to Philadelphia-based Aramark's pioneering Seamless delivery system, "charge a lot of money, but there's no local ownership when issues come up," Simmons said. And up to now, local delivery services have lacked the speedy software that restaurants and patrons have been trained to expect from the industry giants in the smartphone era.

And with Zuppler's new platform, "the money remains in the community."

"The biggest problem for independents has been there's no way to compete with DoorDash and GrubHub and Uber," said Chris Heffernan, a former AT&T manager who in 2011 quit to start DLIVRD, a Horsham-based delivery service (and member of Simmons' association) that is now active in 61 U.S. cities.

"But with this app, which I've been beta-testing, you can search from any address, it takes you to a list of restaurants in your area, you can order right from their menus, and we deliver, or another local service, wherever you are," Heffernan said.

That levels the playing field and eliminates the expensive marketing subsidies—meal promotions, Super Bowl ads—that Heffernan said have boosted the national delivery giants' costs and charges.

LocalDelivery.org is a big step for Zuppler, which earlier evolved its own ordering service for independent restaurants at Zuppler.com.

Zuppler's modest success in that business—as a private company it doesn't share financials, but claims rapid growth—brought it to the attention of the delivery association, which negotiated plans with the Zuppler founders to roll out LocalDelivery.org and announced plans at their group's yearly conference in April.

Ed Barrett, cofounder of Zuppler with Shiva Srinivasan, said "the big companies such as DoorDash have spent billions changing consumer behavior so they will order online. And restaurants have had to give up a lot of their business in return for getting to where the market is. But the restaurants do not like that the services are so expensive."

Barrett said restaurants are at least a decade behind his previous business—the travel industry—in moving online, and are now following a similar path. He worked at Philadelphia-based travel giant Rosenbluth International and headed the team that started its online corporate travel booking services, beginning in 1995, through its 2003 sale to American Express.

When he left a few years later, a former Rosenbluth boss referred him to Srinivasan, who had moved to Philadelphia to earn a computer science master's degree at Drexel University. Srinivasan ran technology groups for the former Synygy and for TV Guide.

Preferring to be his own boss, Srinivasan dropped out of U.S. corporate life and, with a couple of colleagues, set up an online portal, APlaceToDine, to reserve tables at New Delhi's best restaurants back in India.

"We were very successful, in that we had a lot of traffic. The only problem was, we were not making money." Restaurants didn't need the service enough to pay a profitable premium. "We were way too early in India. So I went to launch something in the U.S."

Back in the Philadelphia area—and married to the woman who had beaten him out for a Drexel internship—Srinivasan met with Barrett at a Ruby Tuesday. The pair projected an easily-searchable portal that would drive consumer traffic to eating places and arrange delivery.

Writing software wasn't their major expense (Zuppler staff includes developers in low-cost India and Romania, as well as Conshohocken). "What's expensive is acquiring customers," Barrett said. "People forget, it was a very expensive proposition, getting [corporate employees] to stop faxing in orders. When DoorDash launched, they flooded the market with millions of postcards to attract online users—$25 off your

first order!"

The first portal the Zuppler team built won a modest, loyal following, said Srinivasan. State-funded Ben Franklin Technology Partners was an early investor.

"Our very first order came from Chiangmai, a Thai restaurant here in Conshohocken. They're still a customer of ours. And then a restaurant owner in Chicago liked our online ordering and asked if we could put his menu on our site. Our order volume tripled overnight, just from his restaurant."

The pair had a revelation: While tourists might search for restaurants online, most restaurant diners already had places they liked, and mostly don't experiment. "They don't depend on discounts. If they like Thai and they had a good meal at Changmai, they will order online if you make it familiar and convenient. I want to cater to those customers—to give them a good online experience using our customer's brand."

So Srinivasan and Barrett took down their original portal and turned Zuppler into a service that, as Srinivasan puts it, provides the technology powering online "menus and websites for restaurants they already know and trust. We built that from the ground up."

The model was analogous to billionaire Montgomery County clothing retailer Michael Rubin's pioneering company, GSI Commerce, which helped chains compete with Amazon by plugging its own efficient technology into their familiar customer Websites, Srinivasan agreed.

"We began to cater to restaurants with good food and bad marketing. To people who know what they want and don't need to pay a 30% commission to DoorDash or UberEats," he added.

Even with LocalDelivery.org, Srinivasan said Zuppler doesn't expect to put the well-capitalized industry giants out of business.. "DoorDash in the end is not a tech company or a marketing company. It is a food delivery company. They do a really good job delivering food," he said. But with LocalDelivery.org, restaurants don't end up sharing delivery data with such giants as DoorDash that are developing their own meal services and may become restaurants' competitors.

Zuppler set up its own Conshohocken-area delivery service to learn the business better, in 2015, with 15 drivers, including Srinivasan. It gave Zuppler insight into building a better ordering platform for independent restaurants.

The founders also set up "loyalty programs," promotions targeting slow days or new menu items. They launched the Little Blue Menu online menu for the Chick-fil-A chain, including a function for speedy customer feedback.

Like a lot of independent restaurants, that chain is "obsessive about customer feedback," Srinivasan said. "If they only get a 4.0 out of 5.0, the manager is on the phone to know why. That is a high level of attention. It is the kind of long-lasting customer we want."

The pair are certain there's room for their brand of restaurant-centered online delivery. According to Barrett, industry data show that nearly half of U.S. restaurants still lack a website, and there are still regions where online ordering hasn't caught on.

"I worked for AT&T. I know it took 70 years for 90% of the population to have a phone," he said. "We're still in a long run. With food there is so much opportunity. Where we're going, you'll be able to order food from your favorite places easily, and pick it up while you're gambling at a casino or when you reach the primate house at the zoo."