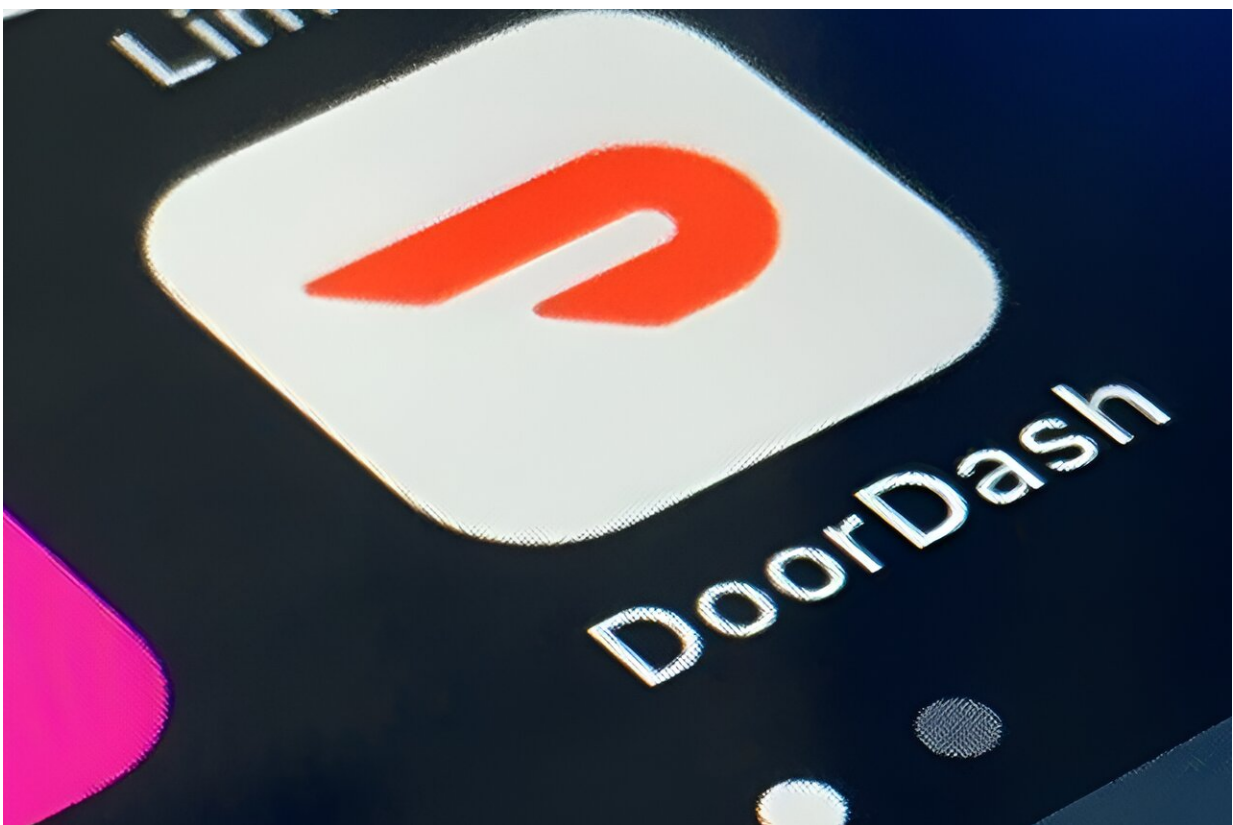


DoorDash orders surge 24% in the third quarter, helping to narrow the delivery app's losses

November 1 2023, by Dee-Ann Durbin



The DoorDash app is shown on a smartphone on Feb. 27, 2020, in New York. DoorDash reports earnings on Wednesday, Nov. 1, 2023. Credit: AP Photo, File

DoorDash powered past sales and earnings expectations in the third

quarter, saying a growing mix of stores and faster service is drawing customers in the U.S. and abroad.

The San Francisco delivery company said Wednesday its total orders grew 24% to 543 million in the July-September period compared to the same period a year earlier. That was well above the 521 million orders Wall Street had forecast, according to analysts polled by FactSet.

DoorDash said revenue jumped 27% to \$2.16 billion, also ahead of the \$2.09 billion analysts were expecting.

DoorDash shares jumped more than 7.5% in after-hours trading.

The company said its monthly active users—or customers who placed at least one order in the past month—increased at double-digit percentage rates in September, with strong demand from both the U.S. and international markets. Growth in order frequency also accelerated from the second quarter, the company said.

In a conference call with investors Wednesday, DoorDash CEO Tony Xu acknowledged that delivery may seem like a luxury that consumers would drop in times of high inflation or economic uncertainty. But Xu said there is also a long-term trend toward greater convenience.

"If someone has some dollars to spend, it tends to start with the category of the highest frequency where they also seek convenience," he said. People eat 20 to 25 times per week, he said, so DoorDash fills that need.

For the moment, Xu said, DoorDash isn't seeing any impact to food demand from appetite-suppressing drugs like Ozempic.

"I hope that they actually work," he said. "I do think they're solving a problem for the patient."

DoorDash is also growing its non-restaurant business, giving consumers more reasons to shop from its platform. The company—which added grocery delivery in 2020 and convenience store delivery in 2021—now offers delivery from 100,000 non-restaurant stores in the U.S., up from 40,000 just two years ago.

But Xu said DoorDash remains a tiny fraction of the food and retail business overall, particularly in the 27 international markets where it's a newer player. DoorDash bought the Finnish delivery service Wolt Enterprises in 2021 to expand its reach into countries like Germany, Sweden and Israel.

"We're way closer towards the third inning than the ninth inning. We have a lot more work to do in terms of making improvements to the product," Xu said.

Xu was critical of an effort in New York to set a minimum wage of nearly \$18 per hour for delivery drivers, an action that has been delayed by lawsuits filed by DoorDash, Uber and others. Xu said the law will raise prices and lower demand, ultimately hurting restaurants and other businesses. He noted that 90% of DoorDash drivers work for the platform less than 10 hours per week and use it to supplement their income.

The company said its net loss narrowed to \$73 million from \$295 million in the third quarter a year ago. DoorDash attributed that to efficiency gains and disciplined cost management. The company also laid off around 1,250 workers late last year.

The 19 cents-per-share loss was better than the 40-cent loss Wall Street anticipated.

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