



Deep Dive: Food Delivery Services

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Summary

Consumer demand and utilization of food delivery services is growing rapidly.

Market competition has provided consumers with a wider selection of food options and significantly raised the bar regarding service expectations.

4 main brands have emerged as market leaders: Uber Eats, DoorDash, Postmates, Grubhub.

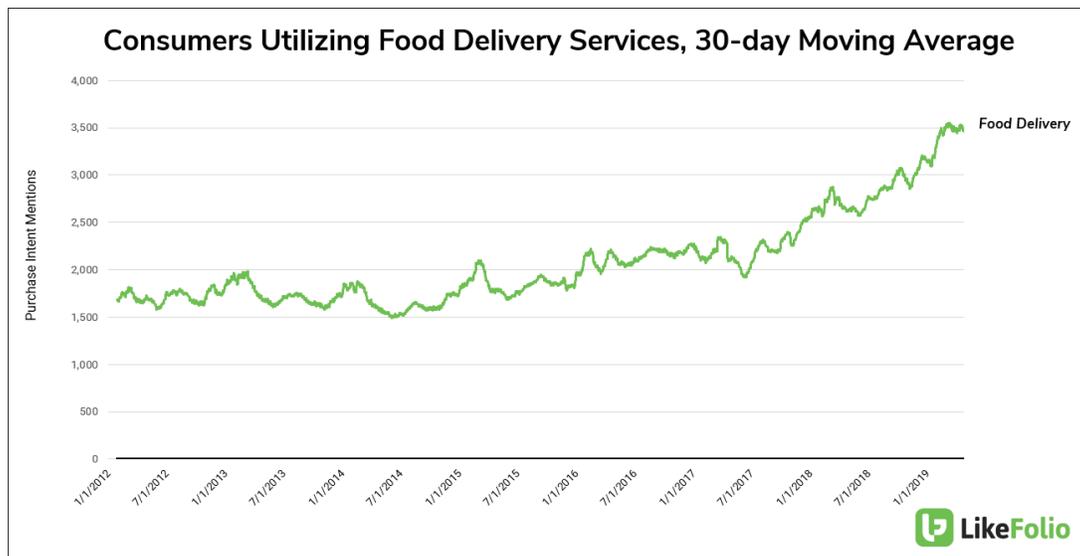
Takeaways

- 1. Uber Eats holds a massive (and majority) market share.**
- 2. DoorDash is the fastest growing brand, taking the #2 spot in the last quarter.**
- 3. Postmates is also growing significantly, while maintaining more static levels of customer happiness in the last quarter.**
- 4. Grubhub is experiencing the slowest growth but exhibits the highest levels of customer satisfaction.**

Food Delivery Service Sector Growth

More consumers than ever are utilizing food delivery services, who in turn are providing users with an increased variety of food and restaurant delivery options. Additional players entering the arena and customer service refinement continues to drive consumer usage.

Consider the chart below, plotting mentions of Food Delivery Purchase Intent. A purchase intent mention includes a brand mention (in this case, food delivery) alongside a word or phrase indicating the consumer has used the service in question or will in the near future.



The chart above includes mentions like:

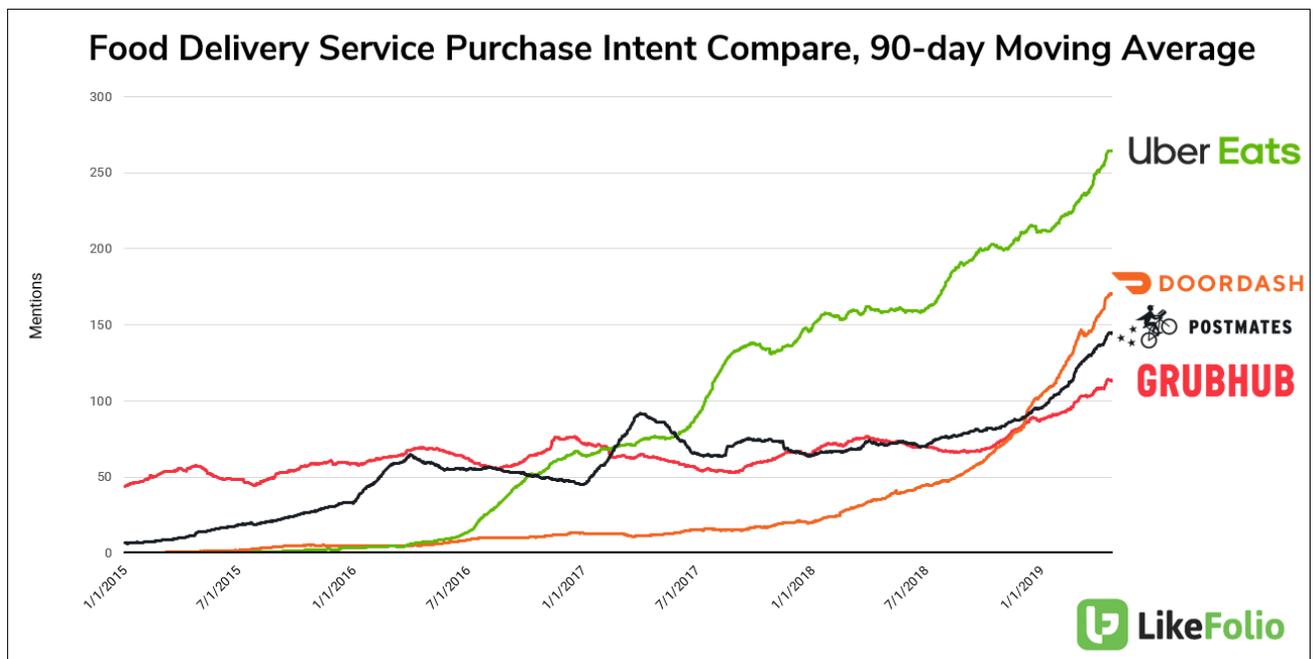
- “Ordered \$50 worth of food last night...”
- “I love sitting on my couch and getting my dinner delivered to me”
- “I was complaining to my boo about being hungry but not being able to leave the office and they had food delivered to me so I wouldn’t go without dinner.”

Qualitative analysis of tweets from 2019 revealed that expectations are increasing as food delivery becomes more routine. The most common phrases alongside mentions of food delivery in general included: “service”, “cold”, “waiting”, “wrong”, and “driver”.

Food Delivery Competitive Analysis – Purchase Intent

LikeFolio analyzed the 4 top food delivery services to establish rates of growth and market share composition: Uber Eats, DoorDash, Postmates, Grubhub.

In this report, we isolated brand mentions of food delivery services alongside phrases like “just ordered”, “delivered by”, “downloaded”, to define [Purchase Intent](#). Consider the chart below, showcasing Purchase Intent as a 90-day Moving Average for the brands: Uber Eats, DoorDash, Postmates, and Grubhub.



Sample tweets in the chart above include mentions showcasing the wide variety of applications for food delivery, as well as the convenience factor:

- “Why have I never used postmates before I’m literally never leaving my house now”
- “Want Chick-fil-A delivered to your door? You got it! We deliver with Doordash!”
- “Hi my name is Tobias and I’m addicted to using food delivery apps when I have VERY little money. Anyways brb gunna order some Grubhub”
- “An Uber driver once told me people working downtown frequently use Uber eats to procure their afternoon dose of Snickers.*This response was not sponsored by Uber or Uber Eats”

Key Takeaways:

- Grubhub emerged as early leader but quickly lost market share to competitors beginning in 2016.
- Uber Eats continues to dominate consumer preference after experiencing significant growth in 2018.
- ALL delivery services are exhibiting growth (in-line with the macro food delivery service trend analyzed earlier) but at varying rates.

Consider the YoY and QoQ Purchase Intent growth rates for each brand, using 4/24/2019 as date of reference.

Trend Spotter - Yearly Growth	
1 Doordash	327%
2 Uber Eats	58%
3 Postmates	45%
4 Grubhub	30%

Trend Spotter - Quarterly Growth	
1 Doordash	57%
2 Postmates	27%
3 Grubhub	21%
4 Uber Eats	20%

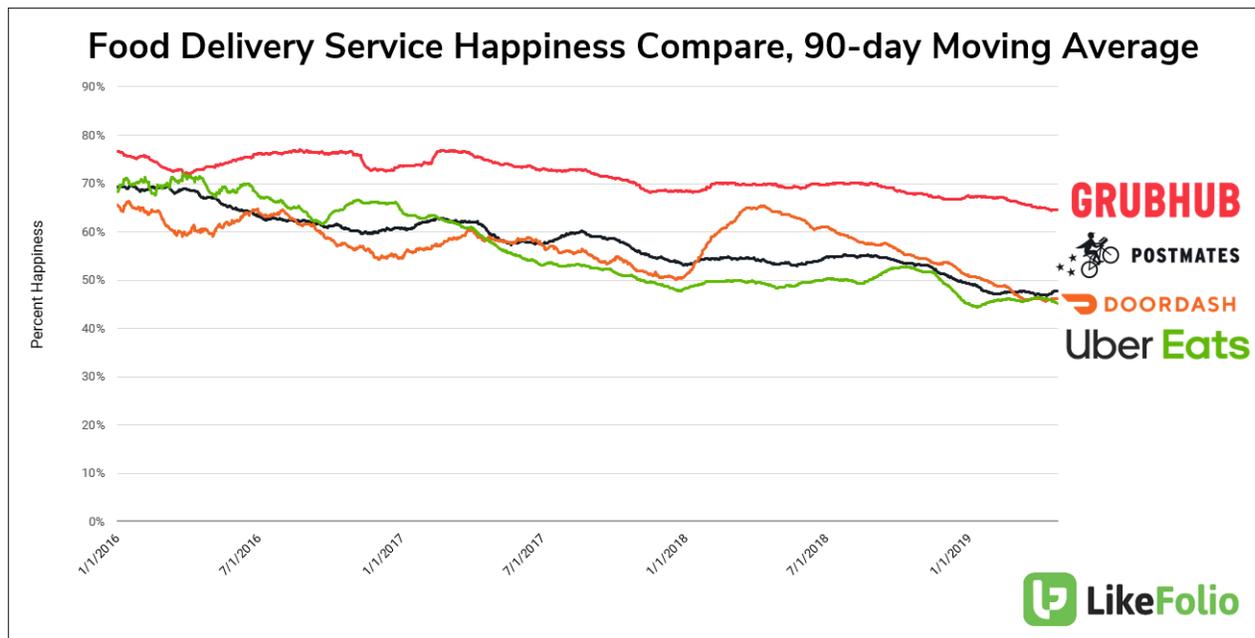
The DoorDash brand exploded over the last year, with a +300% increase in consumers indicating they used the delivery service. In contrast, Grubhub growth remains near the bottom of the pack, appearing to have trouble keeping up with the competition.

A key question for brands moving forward: can rapid growth keep up with increased customer service expectations? A dive into sentiment suggests each brand is having a bit of trouble keeping consumers happy.

Food Delivery Competitive Analysis – Consumer Happiness

A sentiment analysis of Food Delivery reveals a negative correlation between usage and [Consumer Happiness](#) (i.e. the more people use the service, the more vocal they become regarding service expectations).

The chart below displays mentions of brands alongside words or phrases that are either positive or negative in nature. Percent happiness = positive mentions / (positive mentions + negative mentions).



Sample tweets in the chart above contributing to decreased sentiment include mentions like these, indicating speed, food options, and extra charges are the main drivers of sinking happiness:

- “Poor service from @UberEats. Waited over an hour for order (which had to cancel for taking so long) and terribly customer service on phone. Wast of time...”
- “Just noticed the tiny @Postmates @Postmates_Help “small cart” fee, which essentially is another delivery fee. Not impressed w/ sneaky charges to my order.”
- “@DoorDash_Help i have a question and y’all can probably answer this but i live probably five miles out from taco bell and i’m wondering why don’t they deliver to me”
- “@Grubhub_Care love having to wait almost 2 hours and still haven't got my food and can't even get ahold of the driver. Said it was gonna be here at 10:39.”

Although Grubhub currently enjoys the highest degree of consumer happiness, their percentage of positive mentions has decreased significantly since 2016, in tandem with the rest of the industry.

Consider the quarterly and yearly change in consumer sentiment for each brand:

 Trend Spotter - Yearly Consumer Happiness	
1 Grubhub	-5%
2 Postmates	-8%
3 Uber Eats	-9%
4 Doordash	-11%

 Trend Spotter - Quarterly Consumer Happiness	
1 Doordash	-1%
2 Postmates	-1%
3 Uber Eats	-2%
4 Grubhub	-6%

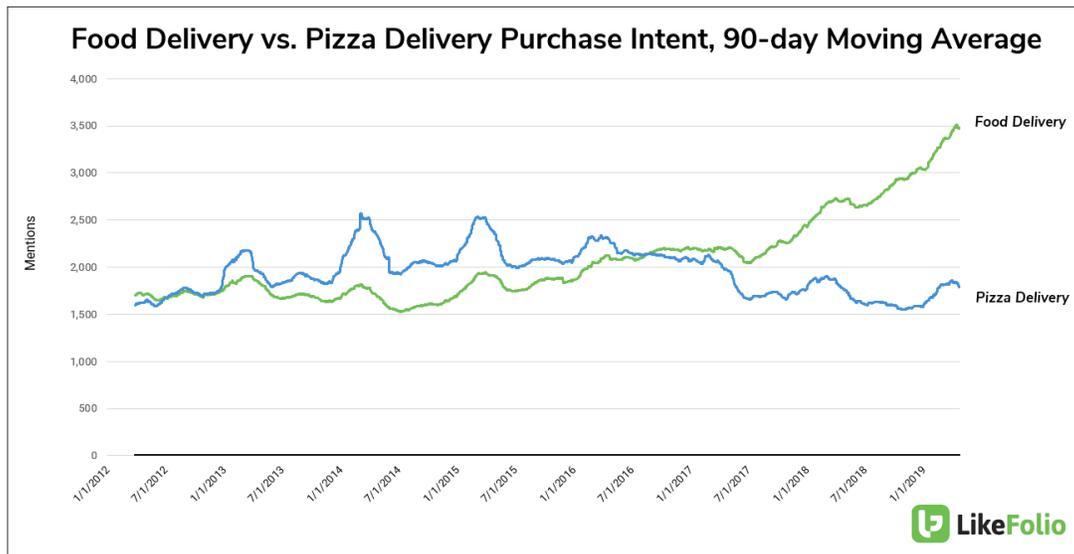
Since the beginning of 2019, Grubhub's consumer happiness has fallen at a faster pace than that of their rivals, which suggests that competition may have suffered unduly from "growing pains" in the last 2 years.

In addition, DoorDash appears to be struggling the most to maintain steady levels of customer satisfaction as they expand userbase.

Sentiment will be useful to monitor moving forward to extrapolate if any brands are able to restore consumer happiness to pre-growth levels.

Additional Implications

As consumers become more likely to use food delivery services, one sector is suffering: Pizza Delivery. The chart belows displays a distinct shift in consumer behavior beginning in 2016, when competition increased and began expanding options to consumers nationwide.



In the last year, consumers using food delivery services has increased 28%, while pizza delivery utilization has decreased by 5%. A separate study could examine the impacts on companies in the pizza industry: \$DPZ (Dominos), \$PZZA (Papa John's), \$YUM (Pizza Hut).