



DoorDash Business & Revenue Model

What do people do nowadays when they want to enjoy their favorite dishes? They go to the restaurants to enjoy their favorite food or else they order their favorite food using an online [food delivery app](#). There are many online food delivery apps available.

As per a survey, on-demand food delivery services are increasing drastically with each passing year, it's predicted to reach 365 billion \$ by 2030, which is increasing by the rate of 20% annually.

There are many online food delivery apps available, but DoorDash is one of the most successful business models. If someone thinks to enter food delivery business then he/she must know what is DoorDash? How DoorDash works? Which business model do they follow? How do they generate revenue? So, let's discuss how they are achieving massive success.

What is DoorDash?

DoorDash is an on-demand online food delivery service, launched in 2013 in Palo Alto, USA. This is founded by Stanford students Tony Xu, Andy Fang, Evan Moore, and Stanley Tang. The company's head office is in San Francisco, USA.

DoorDash is the largest delivery service provider in the USA, Up to December 2019, it has generated total revenue of 900 million\$.

The company was established in Palo Alto. It has expanded in more than 4000 cities and 340,000 stores approx across the USA and Canada.

How DoorDash Works

DoorDash works in 4 steps

Choose order

When it comes to eating users have a lot of options to choose from a large collection of restaurants with a variety of menus. Users can see the top recommendations based on their previous orders. Users can choose from all the options available and can place their orders.

Payment

After placing the order user can pay for the order within the app. Charges are calculated based on the price of the dishes & delivery location. After the payment, the order gets forwarded to the respective restaurant.

Track order

The restaurant receives the order and prepares the food. When the order is ready at the restaurant, delivery personnel picks it up from the restaurant and go toward the delivery location. Delivery personnel can pick up orders whenever they have downtime, using the app. Users can track the status of orders through the tracking feature available on the app. With this users can have an estimated time of the delivery.

Delivery

Delivery personnel's goal is to deliver the order as soon as possible. The Payment of the delivery goes to the company, and then the company pays delivery personnel for their work. Delivery personnel usually get tips from users. Users can rate their experience with the delivery personnel, the delivery, and the order, using the app.

Business Model of DoorDash

DoorDash has a Y-structured business model. It includes the users, the restaurants, and the people who are willing to work as delivery personnel.

The delivery personnel associated with the DoorDash are known as Dashers.

Let's discuss the Y-structure business model of DoorDash.

The users:

People who love to try new dishes but don't have time or the energy to go out to eat can enjoy food ordered from DoorDash.

The corporate offices that have no time to waste, can order with DoorDash without compromising their schedules.

Students who don't have a kitchen in their apartments, People who don't know cooking and have to eat out can enjoy DoorDash service.

The restaurants:

Restaurants are an integral part of this business model.

DoorDash has a lot of attractions of Restaurants that don't have home delivery services, DoorDash has an efficient transport network, and so, it is an asset for any food business.

With the popularity and wide range of DoorDash, restaurants can be benefited and reach new customers.

Restaurants that don't have a proper sitting arrangement can enjoy the benefit of home delivery from Doordash.

Dashers (Delivery personnel):

People, who are looking for flexible jobs, are fit to work as Dashers. These candidates need to have a delivery vehicle. People looking for a job with excellent tips can be the part.

Dashers can get tips from customers, if they're efficient they are more likely to get great tips. This is a big motivation for them. They get paid for their deliveries on weekly basis, usually, they earn more than 600\$.

Dashers can set their work schedule as well. The benefits are worth the effort.

DoorDash Revenue Model:

Investors are showing a lot of interest in DoorDash because of its revenue model.

To attract investors any business needs to show robust returns. Then only investors show interest in backing such ventures. DoorDash has shown continuous growth in the market and won the confidence of the investors.

DoorDash generates revenue from its three main revenue sources. Let's talk about that.

1. **Business Commissions:**

DoorDash provides businesses to restaurants with means to reach their potential customers. DoorDash makes it possible for any user to order from their favorite restaurants, even if those restaurants do not have delivery services. It is a tremendous service to the food joints that cannot afford to have a delivery service or want to focus on their products rather than the delivery.

DoorDash gets commissions from the business for providing delivery services, which is usually 20%. Restaurants will definitely pay the commission because it drives a lot of traffic to their food joints.

2. **Delivery Fee**

DoorDash has a strong transport network, and it employs delivery personnel, called dashers, to deliver orders placed by the customers. These dashers get payments from the company. And according to their performance, they also get tips as rewards from the customers. DoorDash gets a commission from the restaurants to get the orders from the customers. With that, DoorDash also charges a delivery fee to the customers, which ranges from 5 to 8 \$ per order.

3. Advertising

Along with the commissions and fees, DoorDash also earns revenue by Providing Advertising services to restaurants. Businesses are listed on the app for the users to see, but they don't get any preference and are dependent on the user reviews.

By Advertising, a business can get preference and can come to the front on the lists, and can reach more people. It is the main factor of DoorDash's revenue generation. Advertising allows businesses to leverage the reach of DoorDash.

DoorDash's features For Customers:

- Great User Experience
- Competitive Prices
- Tracking Order via App
- Customer Service 24×7
- Wide Range of Restaurants & food joints
- Multiple Payment modes
- Advance Parcels Booking
- Safe Delivery

DoorDash's features For Restaurant Partners:

- Exposure
- Bigger Customer Base
- attraction For Their Business
- Marketing For Restaurants
- Give Customers A Unique Experience
- 24×7 Customer Service Available
- Empowering Small Businesses

DoorDash's features For Dashers:

- A Source of income
- Receive Tips From Customers
- Anyone with a vehicle can join
- Flexible Delivery Hours
- Work As Independent Contractor

Conclusion:

Now you have an idea of how food delivery business models like DoorDash works and earn huge profits. This model is very beneficial for almost all delivery businesses. The food delivery business is increasing with each passing year thus, it is beneficial to invest in advance. To build your food delivery system like [DoorDash clone app](#), next step is to get a good development team, who can make your ideas a reality. [Applionsoft](#) is one of the leading and experienced app development companies that provide fully customized app solutions for your on-demand business.