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Doordash, Inc. Strategic Audit

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DOORDASH, INC. STRATEGIC AUDIT

An Undergraduate Honors Thesis
Submitted in Partial Fulfillment of
University Honors Program Requirements
University of Nebraska-Lincoln

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Abstract

This case study analyzes DoorDash, an innovator of online delivery in the software publishing industry. We conducted a strategic audit using principles from prominent strategic management to guide our process. Our research is based on publicly available information, including IBIS World reports, industry reports, DoorDash's SEC filings and website, academic articles, and news articles. This case study aims to collect data from a prominent business and analyze it through strategic management to evaluate the firm's potential for competitive advantage.

Our research includes firm analysis, industry analysis, external analysis, internal analysis, performance analysis, competitive dynamics, business level strategy, corporate level strategy, and strategic decision-making. Our analysis evaluates DoorDash's financial performance, corporate structure, and critical competitors like Grubhub. This strategic audit covers DoorDash's overall strategy and methods for success using strategic management methodologies and theories. Our audit has found that DoorDash is an innovator in the delivery industry through its focus on research and development, analytics, and differentiation strategy. DoorDash is well-positioned in the software publishing industry's delivery space and will continue to achieve profitability.

Key Words: DoorDash, Online Delivery, Food Delivery, Software Publishing, Strategic Management, Strategic Audit, Case Study

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Executive Summary

Since its founding in 2013, DoorDash has transformed the delivery and technology markets. DoorDash's mission is to support local economies through commerce, employment, and technological insights. This mission is well-displayed in DoorDash's behaviors. The delivery app began as a food delivery logistics platform with the ability to connect local restaurants to customers seeking home delivery, but it has since expanded to offer delivery for a variety of consumables while also offering unique customer insights to restaurants. By targeting small cities and suburbs, DoorDash was able to effectively enter established food delivery markets through unique offerings and a focus on overlooked communities.

Although DoorDash has not yet had a profitable year, profits have still increased year over year. DoorDash has created a name for itself as a staple in the delivery and technology markets. The company constantly innovates, demonstrated by DoorDash's over 200 patents, 8 acquisitions, and operations in 27 countries. DoorDash leans on its efficient logistical network to connect contracted employees to restaurants and customers. Their reliable delivery times and sleek user interfaces are effective at drawing in customers, restaurants, and delivery drivers.

However, the future remains uncertain. The COVID-19 pandemic produced a boom in demand for delivery services, but that has started to fade, especially now that the U.S. has begun to experience an economic downturn. Demand for extra services will decrease, and competition in these markets will grow even fiercer. DoorDash's pricing and delivery times are worse than some competitors, and their offering of unique local restaurants combined with exclusive data insights might not be enough to continue on their growth path.

DoorDash's emphasis on expertise and functional structure means that the company is still competitive even in a tumultuous market. Executives are encouraged to focus on functional areas that allow DoorDash to take advantage of its executives' unique strengths. Additionally, DoorDash's corporate strategy repeatedly displays a desire to complete acquisitions, enter new markets, and continuously innovate. DoorDash has a proven track record of making successful acquisitions. Recent acquisitions and patents in the autonomous delivery space indicate that DoorDash intends to continue to innovate to keep up with the demands of future customers.

DoorDash is a dynamic software delivery app that has earned a firm market share amidst heavy competition. Even as demand wavers, DoorDash leans on their strengths to safeguard for the future and continue to develop new product offerings that remain in line with their purposeful mission statement.

Industry and Firm Overview

History

In June 2013, DoorDash was founded by the four Stanford co-founders as a food delivery solution. These students saw that there were many local, small-scale restaurants who weren't able to meet delivery requirements. Their first mobile app wanted to solve this problem, and open up delivery for all kinds of merchants. Since its founding, the platform has become a prominent logistics platform for on-demand delivery. The company has grown to serve millions of customers across 500 cities with over 59,000 restaurants and 100,000 Dashers. Dashers are independent contractors who make earnings delivering through the DoorDash platform.

Industry

DoorDash competes in the Software Publishing industry in the US, with classification code 51121, as detailed in the Mergent Online report. Many customers view DoorDash as a delivery app, but DoorDash's strategic utilization of its app's strong logistical capabilities, combined with its continued expansion into non-food markets, pushes the company firmly into the software space.

Principal Business Model

DoorDash operates on a Y-structure business model that has proven success through the company's 55% market share and 65% market sales. The company's operating model emphasizes and unites all three segments of food delivery: users, restaurants, and drivers. The company adopted a platform-to-consumer model that allows customers to order food from vendors and receive delivery from a Dasher (driver). DoorDash's unique branding strategy focuses on areas with less competition, mainly suburbs and smaller cities. By differentiating themselves from main competitors (Uber Eats, GrubHub, Postmates), they can claim their own position in the competitive landscape and continuously provide unique value propositions that adapt to the dynamic market.

Through its proprietary technology, DoorDash strives to be the best platform for merchants, Dashers, and customers. The company has tackled complex logistical challenges in terms of engineering and operations to do so. The platform's software is generalized and automated to best serve local businesses and communities. DoorDash's business model relies on its large network of partner restaurants. The app's sleek, organized design provides credibility to new restaurants and generates more points of sale for established ones. DoorDash allows businesses to establish an online presence to connect with a broader customer base. The platform allows merchants to meet consumer needs by generating demand, fulfilling orders, processing payments, and offering customer support. DoorDash's expansive delivery network and logistic capabilities allow for quick, efficient deliveries that customers can rely on. The platform and its algorithm connect consumers to local businesses. Drivers, known as "Dashers," use the platform to gain access to accessible and flexible work opportunities easily. The software allows drivers to quickly access local delivery opportunities in which they can choose when, where, how often, and for how long they want to drive. DoorDash aims to help small businesses grow, provide

underemployed individuals with meaningful work, and offer affordable convenience to customers.

Mission, Vision, and Values Statement

DoorDash aims to empower and grow local economies. The company supports local communities because “when consumers get their goods, local merchants get business, and Dashers get paid.” The company's operations are consistent with its mission because the platform provides logistics, technology, and assistance services that assist local businesses in meeting consumer demands of convenience. DoorDash relies on full involvement from merchants, consumers, and independent contractors. Merchants must work with DoorDash and provide food, consumers must demand delivery, and contractors must be willing to Dash. DoorDash’s mission recognizes the critical importance of each of these three groups.

DoorDash has developed four value statements that support its overall mission. These values are listed below.

1. We are leaders. We embrace and embody leadership qualities at every level.
2. We are doers. We act with urgency in order to test ideas and innovate quickly.
3. We are learners. We constantly ask questions and rethink our assumptions.
4. We are one team. We need each and every voice to achieve our ambitious goals.

DoorDash has an Ethical Code of Conduct that is separate from its mission and value statements. This code was adopted in September 2020, when their initial public offering was made. It has since been amended in 2022 and 2023. The code concerns DoorDash’s commitment to “a corporate compliance culture.” To maintain its corporate compliance culture, the logistics company prioritizes passion, mutual respect, innovation, and superior performance rather than unethical or illegal practices. The Ethical Code of Conduct provides all who work with or for DoorDash with resources to consult before taking action to ensure ethical and legal compliance.

Management Team

DoorDash’s management team contains a Chief Executive Officer and four supporting executives. All executives have been with the company for an ample time, holding previous roles before their current position. This aligns with DoorDash’s mission to value leadership qualities at all company levels. Additionally, all executives held executive positions in other well-known technology companies, such as Uber Technologies, Inc. and Instacart. Due to the executives’ tenure and prior experience, all appear qualified for their roles.

Co-founder and CEO Tony Xu, has served on the Board of Directors since May 2013. He holds a B.S. in Industrial Engineering and Operations Research and an M.B.A. from the Stanford Graduate School of Business. Before founding DoorDash, Xu worked at eBay, Paypal, and Square, Inc. His prior work history demonstrates Xu’s extensive experience in the software publishing industry.

As Chief Operating Officer and President, Prabir Adarkar brings experience as Vice President of Finance at Uber Technologies, a transportation network company. From 2018 to 2023, Adarkar served as DoorDash's Chief Financial Officer. He earned his B.E. and M.S. in Electrical Engineering and his M.B.A from prestigious universities.

Ravi Inukonda has served as the Chief Financial Officer since March 2023. Before joining DoorDash, Inukonda was the Head of Finance for Uber Eats. He has his B.E. in Chemical Engineering, an M.S. in Computer Science, and his M.B.A.

Tia Sherringham joined the team in 2017 as the Assistant General Counsel and now serves as General Counsel and Secretary. Sherringham previously spent time with Instacart as Commercial and Product Counsel and, before that, as an Associate with the Keker, Van Nest & Peters LLP law firm. She has a B.A. in History and a J.D. from the University of California, Berkeley.

Keith Yandell has served as Chief Business Officer since January 2022. Previously, Yandell was the Director of Litigation at Uber Technologies, Inc. and a partner at Allen Matkins Leck Gamble Mallory & Natsis LLP. He has a B.A. in Political Science and American Studies, and a J.D. from the University of California, Los Angeles.

DoorDash's executive team comprises individuals with ample experience in the software publishing industry.

See *Table 1*.

Current Major Goals

As of August 2023, DoorDash's primary financial goal is to maximize long-term free cash flow per share (DoorDash Inc., 2023). To accomplish this financial goal, the company plans to expand the scale and efficiency of existing services while also building entirely new services.

Regarding existing benefits, DoorDash is increasing the scale of the U.S. restaurant marketplace. However, the company also looks to establish restaurant partnership plans. With these plans, restaurants pay varying commission rates to reach differing customer demographics and platform feature access. DoorDash is also continuing global expansion efforts through the use of acquisitions and product launches. The platform intends to expand into various Asian and European cities.

DoorDash also solves new problems by investing in new businesses. When considering opportunities, DoorDash considers problems that they can solve better than others in the market, the needed capital and resources, and the long-term positive return on investment. For example, DoorDash invests in the U.S.'s initiative for equal access to medication. DoorDash also partners

with Walgreens to provide free, same-day delivery of HIV medication to those within 15 miles of a Walgreens location. During the Coronavirus Pandemic, DoorDash previously partnered with Walgreens to provide COVID-19 treatment to vulnerable and underserved communities. DoorDash is working to expand existing offers and invest in new services to maximize long-term free cash flow per share.

External Analysis

General Environment

As identified with the IBIS World Report, DoorDash is categorized as a software publishing company. Its general environment changes align with the industry's other software and technology companies. The Federal Reserve's rising interest rates and the exponential growth of artificial intelligence heavily impact the macroeconomic environment. Firms across many industries have faced increased costs in borrowing money and higher competition for capital in the fixed-income market. More specific environmental impacts on DoorDash can be analyzed through a PESTEL analysis.

Political

DoorDash has a straightforward relationship with the political environment because of its active lobbying efforts. In 2022, it created its political action committee and brought on its first registered lobbyist. DoorDash heavily opposes legislation that classifies gig workers as employees instead of independent contractors. The Biden Administration submitted a proposal under the Fair Labor Standards Act that would classify DoorDash drivers as employees. This would, in turn, cost DoorDash a hefty sum if it were required to provide insurance and retirement benefits to its Dashers. DoorDash and other companies with similar structures launched Flex, an industry association that further pushes The upcoming election will cost DoorDash more money in lobbying against this proposal (Fuchs, 2022).

Economic

The technology industry in the last year has seen a decline in the stock market compared to 2020-2021 rates. “Tech stocks fell more than 30% in 2022, more than the overall market drop of 20%” (Forbes, 2023). Rising interest rates also harm stock prices in the tech industry, because borrowing money to invest in company growth is more costly. The tech industry often relies on investors who expect rapid company growth. These investors are hesitant to put money into tech when interest rates are rising because more predictable industries are appealing in an uncertain market. Many tech industry leaders have had to lay off their employees to keep up with this economic environment. This will directly affect how people view job stability at DoorDash. As tech companies continue to cut costs, DoorDash must find innovative ways to keep up its market capitalization (Deloitte, 2023).

Sociocultural

Young professionals entering the workforce will be a crucial demographic impacting DoorDash's customer and employee base. From an employer perspective, DoorDash should note that younger people, especially those in the technology and business field, are stressing the importance of work-life balance and are willing to switch jobs in pursuit of their ideal working conditions. "In December, LinkedIn and CensusWide surveyed more than 2,000 U.S. workers about their professional plans for the new year. Of those respondents, 72% of Gen Zers and 66% of millennials said they are contemplating a career change in the next 12 months." (Smith, 2023) Furthermore, DoorDash will have to pay attention to this demographic because they are also its target demographic. According to data from Start.io, 34% of consumers aged 18-24 and 30% of those aged 25-34 use food delivery apps (Start.io, 2022). This will require continued marketing efforts to target this demographic, but as surveys indicate, DoorDash has a steady customer base whose purchasing power will continue to increase.

Technological

At a high level scope, the technology industry is currently navigating through cloud-based software and artificial intelligence. DoorDash plans to integrate more generative AI into its business practices for personalized content, order assistance, and coding automation (Gupta, 2023). This would be a compelling opportunity to cut costs in its coding and optimize user interaction on its application. Since the code for generative AI cannot be patented, DoorDash must find innovative ways to implement this technology to stand out from its competitors. Furthermore, its competitors have access to much of the technology that DoorDash relies on. It must find cheaper ways to maintain its cloud and server space to maintain a competitive advantage. However, according to the IBIS report for the software publishing industry, the level of technology change is very high and thus is highly susceptible to disruption. Not only is DoorDash exposed to a rapidly changing technology environment, but its users are also raising their expectations from applications (Faber, 2023).

Industry Environment

The concept of profit potential explains how different industry forces can impact the ability of a specific firm to generate revenue. DoorDash has maintained steady profit potential as a software publishing company since the technology industry has consistently grown. Porter's Five Forces model can be applied further to analyze the profit potential of the entire industry.

Threat of New Entry

Medium: Creating software is becoming increasingly more accessible as individuals access personal computers and the Internet of Things more. This will lower the industry's profit potential since existing firms must continually invest in areas that can provide a competitive advantage. The IBIS world report also explains that the software publishing industry experiences some of the highest growth rates in the number of enterprises in the industry. This opens up more potential for disrupters to capture market share (Faber, 2023).

Threat of Substitutes

Medium: The main threat of substitutes for the software industry arises from open-source software (Faber, 2023). Software companies traditionally operate by selling their program as a package application that would need to be downloaded by users. However, many market leaders have shifted towards offering complicated software online through company websites. This is a threat for this industry as exclusive software becomes easier to access. This industry threat does not particularly affect DoorDash. Though competitors may attempt to copy the DoorDash user interface and algorithms, they could not offer the business relationships with specific restaurants that DoorDash has established.

Power of Suppliers

High: The software publishing industry relies heavily on technology hardware to complete business practices. For specialized processes, there are often few available supplier who can meet hardware needs. The COVID-19 pandemic allowed for growth in technology and software sectors, however this also increased demand and put more pressure on hardware manufacturers. The pandemic also brought immense supply chain issues, which still impact the software and the greater IT industry today. Specifically, the production of semiconductors, essential for all computer chips, is still experiencing a shortage which limits opportunities for growth (WBM, 2022).

Power of Buyers

High: The power of buyers for the software publishing industry translates to the number of people with an internet connection and access to personal smartphones or computers, and "the percentage of households with at least one computer is expected to increase in 2023" (Faber, 2023). Furthermore, as the per capita income for each household increases, it enables them to purchase more software and increases the demand for products in this industry (Faber, 2023). Buyers are able to easily research the variety of products available before purchase allowing them to avoid products that do not satisfy their needs.

Intensity of Competitive Rivalry

After analyzing Porter's Five Forces, it can be determined that the intensity of competitive rivalry is moderate for DoorDash. As detailed above, the software publishing industry has a medium-to-low barrier to entry. This means that DoorDash continuously faces the threat of new entrants within the software publishing industry. Additionally, as the open sourcing of algorithms and code becomes public, DoorDash faces the threat of substitution from different industries. For instance, restaurants or grocery stores that get access to this code can imitate DoorDash's value creation of delivery for customers. Furthermore, the power of buyers is fairly high, so competitors in this industry are constantly trying to steal customers from one another.

The degree of concentration for the leading online food delivery companies is 99% using the top four major firms in the industry: DoorDash (65%), Uber Eats (23%), Grubhub (9%), and Postmates (2%) (Statista 2023). This is an extremely high degree of concentration, indicating that current rivalry in the industry is fierce. These large players in the industry are constantly trying to innovate and acquire new features and competencies that will give them an edge over their competitors.

Internal Analysis

Firm's Resources and Capabilities

As a software development company, DoorDash heavily focuses on intangible resources. A critical example of this is DoorDash's reputation with restaurants. Restaurants view DoorDash as a strong partner that can offer growth opportunities through their delivery speed, wide customer base, and customer data insight offerings. DoorDash's proprietary technology also attracts customers who are drawn to their efficient logistics and simple app design. Additionally, patents are a critical intangible resource that DoorDash leans on. The company owns 329 patents globally, with 253 granted. Common themes across their intellectual property include devices that combine delivery orders, conveyance mode-aware navigation devices, data quality management systems, and courier network management.

DoorDash places a limited emphasis on tangible resources. Many new hires are encouraged to work from home, but DoorDash does own a few office properties across the United States and Canada. Locations such as San Francisco, CA and New York City attract talent due to the popularity of these cities. The software engineers that work in these offices provide the intangible knowledge and expertise to craft DoorDash's app and related offerings.

These resources equip DoorDash with a large amount of data and high tech problem-solving abilities. At barely ten years old, DoorDash has not yet had the opportunity to allow core competencies to shift into outdated and inflexible core rigidities. Instead, DoorDash engages with a dynamic capabilities strategy through organizational structure and data communication. DoorDash's analytics team is broken down into specialized subteams some of which are: business operations, international data science, Dasher & logistics, consumer growth, customer experience, etc (*A Sneak Peek Into What Analytics Is Like at DoorDash*, n.d.). These subteams allow DoorDash to take all the data it collects, and apply it to the relevant teams to reach goals across their different focus areas. This specialization process allows for continuous refinement and updating of processes. For example, DoorDash has been known to acquire companies with expertise in growing markets, such as Caviar, a leader in the online catering space. By entering other deliverable markets, such as convenience store items, DoorDash led market shifts in delivery app capabilities that might not have taken place otherwise. DoorDash also trains all members of the analytics team in communications best practices to ensure that managers and data teams have a clear understanding of how the business is performing across the board which can allow for quicker adjustments if the company encounters problems (Bisht & Williams, 2021).

VRIO Framework

Value

The firm possesses resources and capabilities that add value to its business. Through its customer-oriented service, the technology resource creates value in user experience that increases the services' perceived value while using and enjoying DoorDash. Their capabilities in customer analytics and sustainable partnerships with restaurants add to their service and perceived value, and contribute to lowering the costs through economies of scale in operational costs. Thus, the resources create economic value creation.

Rarity

DoorDash possesses rare resources in its proprietary technology, which other firms cannot access. As previously mentioned, their patented technology is exclusively used for their products and services and creates unique capabilities. The technological innovations stay close to current trends, as they have recently incorporated AI-powered voice-ordering capabilities into their services (DoorDash, 2023). In addition, the customer data collected through proprietary technology is rarely accessed by competitors unless they are in-house subsidiary companies. Through the company's long years of operations, the network they have built is rare to access unless matched by a company with similar history and capabilities.

Imitability

Imitating DoorDash's capabilities can be challenging for competitors due to substantial software development, logistics, and delivery infrastructure investments. Additionally, building relationships with a vast network of restaurants takes time, and DoorDash has devoted significant work to building partner relations with clients that sometimes take up to years to accomplish. However, competitors have attempted to imitate and substitute DoorDash's technological and logistical capabilities through similar designs and platforms, as seen in competitor food delivery platforms (Uber Eats, Postmates, GrubHub). Thus, it is possible to imitate DoorDash's resources.

Organization

DoorDash has demonstrated its ability to exploit its resources and capabilities effectively through its organizational structure. The company utilizes a functional structure including

- Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- Chief Business and Legal Officer

The functional structure allows the company to delegate and group employees based on their respective domains, providing optimal specialization within each department reporting up to the executive suite. Overall, the structure allows the company to capture value through effective organizational systems and delegation to its partners (mergers/acquisitions, DoorDash International).

Core Competency

DoorDash's core competency is a strong understanding of logistics and a robust delivery network. DoorDash uses independent contractors to connect restaurants to customers, and the timing of each piece has to be precise. Customers expect hot food that arrives quickly, so there must be limited wait time between order completion and Dasher pickup. Dashers will also refuse to drive farther than is profitable, so DoorDash has to balance delivery costs and wages.

DoorDash makes several references to this core competency in its investor relations reports. When looking at the past, DoorDash reports that they spent six years connecting with restaurants and building a network before they actually began to make money. From the start, DoorDash recognized the critical importance of efficient logistics and was willing to invest significant time and funds to make those relationships matter.

DoorDash also made the step to transition from solely food offerings to new market connections such as school supplies and convenience store items. Although the public views DoorDash as a food delivery company, DoorDash itself recognizes that its logistical abilities have applications and uses that stretch far beyond the realm of food. With everything from pet food to beauty products, DoorDash efficiently delivers products to customers. After the pandemic, the desire to complete shopping online increased drastically, and DoorDash took advantage of these market changes by increasing its product offerings.

When looking to the future, DoorDash intends to find new businesses and markets to invest in. DoorDash aims to identify operational problems and develop new processes to solve them. Again, DoorDash recognizes that their skills lie in efficiently creating connections between businesses, contractors, and customers. DoorDash excels at operational problem-solving, and they will continue to leverage this competency in the future.

SWOT Analysis

Reference Table 2: SWOT Analysis of Doordash

Strengths

DoorDash has developed a network of restaurant partnerships that have a high reliance on DoorDash to reach customers and complete orders. Their well-developed and efficient app allows customers to connect to a driver and restaurant quickly. Restaurants also receive key insights on customer behaviors, a unique offering that other delivery apps do not compete well against. DoorDash has a wide network of drivers that is spread out geographically. Most cities can have confidence that Dashers will be available and ready to pick up orders.

Weaknesses

However, DoorDash's network of Dashers is also a risk. Since Dashers are not employees, they can quickly stop working if the job becomes unfavorable or other gig jobs become more appealing. DoorDash also has significant profitability concerns. In 2022, the company was still

not profitable, citing large operational losses. Delivery costs are also on the rise. Customers often feel that without a large tip upfront, Dashers will not be convinced to pick up their order. This internal app feature can turn customers away when a simple dinner increases in cost due to fees.

Opportunities

DoorDash can continue to diversify and expand into new markets. They have already recognized the benefits of connecting customers to stores and could continue to make additional partnerships in new markets in the future. The international delivery market is also mostly untapped. One way to get a foothold internationally is through acquisitions. In mid-2022, DoorDash acquired Wolt, a delivery company in Finland, to start developing an international brand.

Threats

The United States has considered legislation providing protections for independent contractors that work through apps like DoorDash, which might require stable wages and benefits for Dashers. Demand for delivery has also decreased as the economy has decreased. When customers are low on money, they are not going to splurge on delivery costs. Other apps like GrubHub and UberEats are tough competitors in the food delivery market that eat into DoorDash's market share.

DoorDash has the potential to use their existing delivery network and Dashers to expand into new delivery markets. Picking up health products or office supplies might even be more appealing to Dashers since there is less pressure to complete deliveries quickly for non-food items. DoorDash's experience engaging with restaurants might also give them an edge when trying to develop restaurant connections internationally. Their customer insight data could be a unique selling point in the international market.
DoorDash must lean on its restaurant connections, and delivery efficiency will be critical in combating competitors. If DoorDash has unique restaurant offerings and can guarantee speedy delivery, it will be able to become a preferred delivery service.

DoorDash's increasing delivery costs are preventing the company from reaching new customers. Even as DoorDash expands into new markets, new offerings will not be useful if delivery costs are too high. DoorDash should reconsider its pricing model. The pre-tipping system is frustrating for both Dashers and customers, leading to low wages and high delivery costs. DoorDash should consider raising Dasher pay to reduce the need for customers to tip in order to guarantee a quick delivery.

DoorDash relies on cheap labor from gig workers, and regulation in this sphere has the potential to harm DoorDash. Hiring drivers and providing benefits and good wages, however, would drastically increase delivery and operational costs, likely forcing DoorDash to lose the pricing battle against their competitors. DoorDash needs to consider an overhaul of their pricing and hiring systems that would balance employee concerns and delivery costs.

Performance Analysis

Performance Relative to Expectations

According to the Second Quarter 2023 financial results, DoorDash is experiencing its best quarter ever since its IPO in multiple categories. The success can be attributed partly to DoorDash's focus on the continuous improvement of the app, and also to the increase in consumer demand. DoorDash expected user rates to increase in Q2, however, the company noticed usage rates increased significantly as well. Consumers are beginning to incorporate DoorDash's services into their daily routines, ultimately leading to the increase in usage rates observed throughout the quarter.

DoorDash saw the largest increase in Total Orders, Marketplace GOV, and Revenue during Q2. The company defines its Marketplace Gross Order Value (GOV) as the total dollar value of orders completed in its marketplaces. This includes tips, taxes, and any other consumer fees, including membership fees from DashPass. Total orders, which includes all orders placed through both DoorDash marketplaces and platform services, Marketplace GOV, and Revenue all increase year-over-year. See *Table 3*. By focusing on operational efficiency and disciplined expense management, the company also saw an improvement to the Q2 GAAP Net Loss, contributing to an all-time high Adjusted EBITDA.

The strong growth for the company is the cumulative impact of steadily improving the quality of experience for dashers and users, along with effective execution and durable market ends. The increase in revenue can be tied to improvements in logistics quality and a growing contribution from advertising. Looking at Dasher Acquisition Costs, they were reported to be lower than expected not only from last year, but also from last quarter. DoorDash's commitment to product improvements and advertising has made Dashing more attractive and increased DoorDash's efficiency in acquiring dashers.

Key Performance Indicators

DoorDash relies mainly on financial metrics to evaluate performance. The company utilizes financial information in accordance with GAAP as well as other financial measures to determine overall performance. These other measures include adjusted cost of revenue, adjusted sales and marketing expense, adjusted research and development expense, adjusted general and administrative expense, Contribution Profit, Contribution Margin, Adjusted Gross Profit, Adjusted Gross Margin, Adjusted EBITDA, and Free Cash Flow (DoorDash Inc., 2023). In the article released with the second quarter 2023 financial results, DoorDash states that they believe these non-GAAP financial measures enhance their overall understanding of their past performance and future prospects. These metrics also allow for greater transparency with respect to metrics used by management in financial and operational decision-making. (DoorDash Inc., 2023). The company also uses these financial measures to assist investors in monitoring business and financial performance through the eyes of management. Additionally, these measures provide another tool for comparing the results of the business's operations over multiple periods with other companies in the industry.

Three key financial metrics for measuring DoorDash's performance include Contribution Profit, Adjusted EBITDA, and Free Cash Flow. The company uses Contribution Profit to evaluate operating performance because it considers direct expenses associated with generating and fulfilling orders. Ultimately, this captures the economic impact of orders fulfilled through DoorDash. Adjusted EBITDA assesses operating performance as well as the operating leverage of the business. Lastly, Free Cash Flow provides information on cash flows from operating activities, less purchases of property and equipment, and capitalized software and website development costs. As a software publishing company, DoorDash utilizes these metrics to compare its performance to its competitors.

Competitive Advantage

DoorDash has a competitive advantage in the software publishing market. DoorDash's performance measures can be compared to Uber Technologies, Inc. ("Uber"). The two firms may be compared based on revenue, net loss, and free cash flows. Refer to *Table 4*.

DoorDash's competitive position has remained consistent in recent years. As of August 2023, DoorDash had 65% of U.S. consumer's food delivery sales. This compares to Uber Eats's 25% of sales, which includes the newly acquired Postmates 2% of sales, and Grubhub's 10% of sales. This sales earnings positioning has remained relatively steady since the overall industry growth in 2020 due to the COVID-19 pandemic (Kaczmarski, 2023). See *Figure 1*.

Executive Compensation

DoorDash's executive compensation system is primarily performance-based. Executive officer compensation is, on average, 96% "at-risk" compensation directly tied to company stock price (DoorDash, Inc., Inc. DoorDash's compensation philosophy aims to attract and retain talented executives that focus on increasing equity and stock prices. The company's compensation structure follows the standard structure of the software publishing industry. All executives receive an annual base salary that is below market levels. See *Table 5*. In addition to base salary, executives receive equity stock awards that the company sees as "at-risk." In 2020, CEO Tony Xu received a performance-based grant that vests only if DoorDash reaches its stretch stock price goal over the seven-year performance period. The CEO will not receive further equity awards until the 2020 grant vests. In April 2022, all executives other than the CEO received restricted stock units (RSU) that vest over four years as performance-based compensation. After the grants vest, the executives will receive compensation based on the stock price. See *Table 6*. DoorDash's executive team does not receive annual bonuses or short-term incentives. The executives participate in the same benefits program as all DoorDash employees (DoorDash, Inc., 2023). DoorDash's compensation system design is consistent with overall firm-level performance expectations of long-term value creation.

Competitive Dynamics

Mission and Vision Statements

Both DoorDash and Grubhub follow a platform strategy. A platform business is defined as “An enterprise that creates value by matching external producers and consumers in a way that creates value for all participants, and that depends on the infrastructure or platform that the enterprise manages.” This unique structure differs from many other organizations' traditional linear value chains. Since DoorDash and Grubhub are responsible for creating the platform that connects consumers to restaurants, their mission statements highlight this value creation. The purpose of a mission statement is to provide an organization with guiding values and coherent goals. These statements not only showcase an organization's values to external parties, but they also unite the organization internally around meaningful principles.

DoorDash’s mission is, “Our mission is to empower and grow local economies. When consumers get their goods, local merchants get business, and Dashers get paid.” This mission exhibits DoorDash’s commitment to creating value for its Dashers, consumers, and restaurant partners. Moreover, this statement implies that DoorDash aims to ultimately stimulate local economies by leveraging its platform to create jobs for Dashers, enable accessible food ordering, and expand restaurant delivery options. This specific outline of their mission makes it clear that DoorDash’s work considers all of their stakeholders.

Grubhub’s mission is, “Restaurants sit at the heart of communities. It’s our mission to strengthen their roots, deepen their connections, and increase the positive impact they have on people and society.” Grubhub’s mission statement, compared to DoorDash’s, puts an emphasis on restaurant partnerships. This emphasis positions Grubhub as a serving arm to restaurants. The mission statement implies that Grubhub’s role in the industry is to take the value created by restaurants and develop it further. Due to this sole focus on restaurants, Grubhub’s statement is more limiting than DoorDash’s and does not showcase specific and unique values.

Resources and Market Comparison

One of the most effective resources that DoorDash has is its patents. As mentioned in the resources and capabilities section, DoorDash has filed 329 patents globally. Grubhub has also filed a number of patents but doesn’t hold as many as DoorDash. Some of its patents aim to cover processes regarding food search recommendations, delivery routing using machine learning, and a predictive quality indicator for food search. Since these are both software-based platform companies, some of their most useful resources will be computer algorithms and other software development intellectual property.

Regarding physical resources, DoorDash has 128 offices in the U.S., with its headquarters in San Francisco. Grubhub has eight office locations, with its headquarters in Chicago. DoorDash has

approximately 16,800 employees, and Grubhub has 2,841 employees. These numbers may vary because they do not include all the Dashers and people working as delivery drivers.

DoorDash has also acquired eight companies up until now, some of the notable ones being Wolt, Lvl5, Caviar, and Scotty Labs. Wolt and Caviar, which are other platform food delivery software companies, mainly expanded DoorDash's existing delivery operations. Wolt specializes in real-time logistics optimization, while Caviar specializes in live tracking. More notably, Scotty Labs is a teleoperations company that is working on technology to enable people to remotely control self-driving cars (Dickey, Lunden, 2019). These acquisitions enabled DoorDash to grow rapidly within the food delivery platform industry while also focusing on innovation.

Conversely, Grubhub, before they were acquired by Just Eat Takeaway, had acquired 12 companies. Some of the notable acquisitions were FanGo, LevelUp, and LAbite. FanGo is a Chicago company that allows users to order food from vendors in stadiums and airports.

Overall, DoorDash has carved out a strong position in the industry due to its exponential expansion. Though Grubhub was one of the first delivery service platforms, DoorDash could leverage its superior algorithms and marketing tactics to gain more market share.

Competing in the Same Markets

The firms compete in the same product markets because both food delivery platforms offer their consumers the same services. Grubhub and DoorDash aim to create partnerships with the same restaurants to offer delivery services in many different locales. Both DoorDash and Grubhub would like consumers to use their platforms when ordering food so that they can capture revenue.

Both of the companies were founded in the United States. DoorDash's headquarters is in San Francisco, and Grubhub's headquarters is in Chicago. Grubhub and DoorDash operate all over the U.S., Canada, Australia, and New Zealand in 2021, Grubhub was acquired by the Amsterdam company Just Eat Takeaway. Grubhub has an even wider market, as they are also available in Europe, Israel, Mexico and Brazil. Grubhub. Since Grubhub exists in almost every single geographic area that DoorDash operates in, Grubhub is clearly a direct competitor for DoorDash.

Grubhub's Performance in the Industry

Grubhub's performance in the industry can be evaluated using metrics like market share. Currently, Grubhub sits at less than 20 percent market share in 2020, behind DoorDash at 45 percent and Uber Eats (with Postmates) at 30 percent (Curry 2023). **

If Grubhub were to outperform DoorDash, it might be related to its international expansion. Since Grubhub is owned by a third-party company, Just Eat Takeaway, they have access to other resources and capabilities, most notably their European presence. Just Eat Takeaway is a Dutch company, so different regulations govern them than what DoorDash is regulated by. Furthermore,

thinking largely about the macro environment, Grubhub has a foreign owner who could hedge some of those risks if there are pressures specific to the United States.

Additionally, if Grubhub can capture a different part of the market in an innovative way, it could gain a competitive edge over DoorDash. For instance, DoorDash expanded into a multi-delivery strategy that allows users to order more than just food, such as groceries or other items from department stores. If Grubhub expands further and develops a more streamlined delivery service, it could capture more of the consumer market.

If Grubhub is able to outperform DoorDash in the future, it could be attributed to DoorDash overcomplicating its strategic position. DoorDash's current strategic position and business-level strategy in the food delivery platform industry is differentiation. DoorDash is constantly adding more features to its app and expanding its delivery offerings. They charge higher prices than other competitors in the industry, like Grubhub or Postmates. As of now, as displayed by their However, as a firm pursuing the differentiation strategy, DoorDash may run the risk of taking on too many new diversifications. At the moment, DoorDash is able to charge more for its deliveries because it's offering more to its customers than the average food delivery platform. Thus, it is creating greater value that deserves the higher cost.

However, as DoorDash expands its offerings and efficiencies by buying newer technology, it might be taking on more costs than people are willing to pay for. At that moment, consumers can easily switch to Grubhub or other competitors for their delivery needs. The consumers of the platform services industry, specifically food delivery, are not particularly loyal to a specific firm. One can easily switch between apps and websites to choose the delivery option that is cheapest and most efficient for them.

Recent Strategic Decisions

LevelUp was acquired by Grubhub in 2018, and then CEO Matt Maloney said that previous acquisitions were to increase the scale of their business. But, regarding LevelUp, he said, "This is kind of a different acquisition. It's a product and strategic positioning acquisition." LevelUp is a platform that manages digital ordering, payments, and loyalty. Maloney said this acquisition would allow Grubhub to "deepen its integration with restaurants' point-of-sale systems." (Ha, 2018). Essentially, Grubhub wanted to be involved in the transactions that restaurants were using. Though it isn't a direct response, after LevelUp was acquired, DoorDash acquired Lvl5. This allowed DoorDash to expand its technology to create high-resolution maps for autonomous vehicles and robots using computer vision.

In recent years, Uber Technologies, Inc. expanded its operations to provide consumers with an all-access e-commerce platform. Uber's former Vice President of Grocery and New Verticals, Raj Beri, explained that Uber's "goal is to make Uber a destination that customers can rely on to get whatever they need when they need it" (Dan Berthiaume, 2022). In 2021, Uber created The Holiday Shop, a seasonal-themed holiday store. Uber customers can access the "one-stop-shop"

through the Uber Eats app to get holiday-based items delivered on demand. Additionally, Uber expanded into the liquor delivery market in 2021 by acquiring Drizly, an on-demand service. Uber's expansion is also seen in the company's partnership with Serve Robotics, an autonomous sidewalk delivery company, to enter the robotic delivery market. Other companies in the industry mimicked Uber's actions to stay relevant. For example, DoorDash began the delivery of beer, wine, and spirits in late 2021. The software publishing company has also started to deliver convenience goods, groceries, and pet supplies. Various competitors within the software publishing industry are expanding their operations.

Business-Level Strategy

DoorDash employs a focused segmentation strategy when selecting locations to expand into. DoorDash first gained traction by launching in suburbs and low-population areas. Competitors like UberEats and GrubHub were already targeting population-dense cities, so DoorDash found a unique entry point in the market to target (Luce, 2020). Within this target market, DoorDash's current delivery model has developed into a focused differentiation strategy by offering a wider quality and selection than other delivery providers. UberEats is known for being fast and GrubHub is known for low prices, but DoorDash wins customers by leveraging its expansive partnerships with restaurants (Schroder, 2022).

These restaurants are a key component to DoorDash's strategy. On the restaurant side, DoorDash also demonstrates a focused differentiation strategy to integrate restaurants onto its app (Schroder, 2022). Like its competitors, DoorDash helps connect restaurants, especially restaurants without an existing online presence, to local customers. However, DoorDash also provides additional, unique value to restaurant partners by offering exclusive customer insights to their partner restaurants. By running analytics for their partners, DoorDash leverages their technology and provides extra information about customer ordering habits, delivery times, and pricing recommendations (Schroder, 2022). This added incentive positions DoorDash ahead of its competitors when earning restaurant partners due to additional value created.

The two focused differentiation strategies work hand in hand: restaurants join the platform to receive unique customer insights, and customers join the platform to to receive access to their large network of restaurants. This overall generic differentiation strategy allowed DoorDash to successfully enter the market and compete in areas that other delivery apps were not targeting (Luce 2020). This strategy was effective in creating a presence for DoorDash; however, DoorDash still hasn't had a profitable year. As the economic downturn in the United States continues, customers may eventually begin to value price over quality and selection. DoorDash's restaurant relationships rely on customer insights, so there is also potential to lose connections there if DoorDash is unable to retain enough customers to provide useful data to restaurants (Schroder, 2022).

DoorDash leverages its well-known brand name when pulling in new customers, however recent shifts in both customer and driver demand might force DoorDash to reevaluate their pricing and payment options (Bruder, 2023). DoorDash recently began informing customers that orders without tips will likely take longer to be picked up. Many customers dislike this as they feel a tip should be in response to good service as opposed to an incentive to get a task completed. Other apps, like GrubHub, are known to have a better base pay for drivers as well as lower prices for customers. DoorDash's differentiation strategy that includes offering a wide variety of restaurants may no longer be enough to attract customers as the app demands increased tips. Drivers may also consider switching to other apps that have a higher base pay and rely less on up front tips (Bruder, 2023).

Corporate-Level and M&A Strategy

Company Value Chain

See *Figure 2*.

As a software publishing company, DoorDash is a highly vertically integrated firm that operates in all stages of its value chain. Beginning with Inbound Logistics, DoorDash gathers the technology necessary to move into the development stage. By integrating this step, DoorDash has full control over the technology they will be using for software development. The software technology of DoorDash serves as the foundation of the company's value chain. The second stage, technological development, is essential for DoorDash as it involves the creation and design of their delivery platform. DoorDash's logistic capabilities are critical to the company's value offerings. Outsourcing app development would reduce DoorDash's control over the high quality product they deliver to customers. The R&D process also falls under this stage and is completed on a global level. Globally, DoorDash owns hundreds of patents that are used to develop new product offerings. The third stage, operations, is where quality assurance of software occurs. Stage 3 allows DoorDash to assess that their product functions as designed, providing another layer of value that guarantees delivery logistics are efficient and capable. Missed errors in pricing or delivery times could significantly detract from DoorDash's product offerings. Stage 4 is where DoorDash invests in marketing and sales efforts to promote their platform. Here, DoorDash may need to assess local needs in international markets where cultural differences in promotional trends may exist. Finally, in Stage 5, DoorDash focuses on its distribution process of getting their app software in the hands of their customers. DoorDash operates in many countries worldwide and must comply with app distribution guidelines in these other regions.

Company Diversification

Corporate strategy aims to answer the firm's question of "where should we compete."If a firm wants to capture the value it is creating and turn it into returns long-term, it needs to grow. DoorDash is able to grow through horizontal diversification and increasing geographic scope. Since DoorDash is primarily a food delivery platform within the software publishing industry, their product is their online application. The application encompasses the intangible resources that software publishing companies utilize such as algorithms and code required for the operation and optimization of food order, pickup, and delivery.

Recently, DoorDash has expanded its offerings to include grocery and pharmacy delivery. This expansion required DoorDash to rework some of the user interface on the business side of its application. Now, not only restaurants, but grocery stores, convenience stores, and alcohol providers can all list their inventory through DoorDash to attract more customers and easily integrate digital delivery options from their physical storefronts. Furthermore, DoorDash offers analytical services for the restaurants that partner with it. However, since DoorDash is a platform-based firm, it doesn't deal with tangible products. When it made the expansion into grocery and pharmacy delivery, DoorDash doesn't provide those products, it just had to expand its application. DoorDash's growth mainly comes from expanding into new geographic segments. Therefore, it can be determined that at the corporate level, DoorDash follows a geographic diversification strategy.

Geographically, DoorDash is available in the United States, Canada, Japan, Australia and New Zealand (including Washington, D.C. and Puerto Rico). From a technology perspective, DoorDash's biggest obstacle to globalization was localizing their data (Zolghadr, 2021). Language barriers, for example, require text translation on DoorDash's application. Other regional differences include formatting for addresses, date, time, units, and currency. To execute on their global strategy, DoorDash implemented localization features in their software and standardized these data entries across all of their markets.

Overall, because DoorDash's expertise is in software and operations, they are able to expand their platform structure to offer delivery for a variety of items. DoorDash's core competency is its delivery network that connects consumers who are willing to pay a premium for delivery with Dashers who are able to complete the delivery. By leveraging their strengths of software development, DoorDash is able to provide and enhance this connection by continuously expanding product lines and entering new markets.

Mergers & Acquisitions History

DoorDash completed seven acquisitions since its founding, with four being in the past five years (SDC report). The acquired companies operate in fields spanning several sectors, including internet software and services, autonomous self-driving startups, delivery services, and more.

DoorDash's largest acquisition (in terms of cost) was the Finnish-headquartered food delivery platform, Wolt Enterprises, in 2022. The target firm, Wolt, used to be a competitor and was acquired at the price of $8 billion. This acquisition opened up DoorDash to international markets, specifically in Europe. After the announcement of the acquisition, DoorDash's stock increased by 15%, adding around $10 billion in market capitalization (Vink, 2021). This acquisition has also propelled extensive product and service innovation through the partnership of the two firms and allowed DoorDash to focus on the domestic market (Subin, 2021). All Wolt employees remained active under DoorDash, with Wolt's CEO transitioning to the head of DoorDash International.

The second largest acquisition by DoorDash was completed in August 2019, buying target firm Caviar from Square in a $410 million deal. Caviar is an all-in-one food ordering platform that connects customers with diners and restaurants with delivery, pickup, or catering that otherwise wouldn't offer those services. Caviar was seen as an affordable alternative to in-house delivery, thus making it a competitor of DoorDash. It was acquired by Square in 2014 and operated under their suite of selections until acquired by DoorDash in 2019. One of Caviar's core competencies lies in being the first company to offer an occupational accident insurance policy that protects all couriers when they are delivering on the platform at no cost to them (DoorDash, 2019). In the later November earnings report, the acquisition was seen as successful when it was reported that Caviar added "several hundred million in total food sales to DoorDash's most recently self-reported annual run-rate of $7.5 billion in gross merchandise value, suggesting upwards of $8 billion" (Upton, 2019). The transactions also expanded the spectrum of restaurants that DoorDash partners with, mostly higher-end, unique restaurant inventory unique to DoorDash's ecosystem, with a growth of shares in New York City.

In addition, DoorDash acquired Chowbatics, a salad-making technology company, in 2021 that ceased operations a year later. The company also acquired Scotty Labs in 2019, an autonomous driving startup (Dickey & Lunden, 2019). Along with the company's partnership with GM Cruise, it is likely that the acquisition will add to the knowledge share in autonomous food delivery integration (Ferris, 2019). DoorDash has filed several patents surrounding autonomous food delivery, so this acquisition is likely part of a larger future strategy that has not yet been launched.

DoorDash has made several pivotal decisions in its acquisition strategy, most of which have added unique value to DoorDash. Other than Chowbatics, all of DoorDash's acquisitions have improved DoorDash's current operations and generated innovative opportunities for the future. These acquisitions directly improved stock performance, indicating an effective acquisition strategy.From acquiring competitors to technology firms, we have seen the DoorDash's capability in vertical integration as well as horizontal diversification in related fields.

Corporate Governance, Organizational Structure and Control

DoorDash's Board of Directors is composed of 10 members, and three of which are employed by the company. The CEO and Co-Founder, Tony Xu, has served on the board of directors since May 2013. The board is led by Shona Brown, an independent member who has been on the Board of Directors since August 2019 and the Lead Independent Director since February 2021. With seven independent members, DoorDash's Board of Directors includes a diverse set of qualifications and perspectives. Board members' backgrounds include degrees in Electrical Engineering and Computer Science, Applied Mathematics, Statistics, International Affairs, Economics, and Physics. Each member brings a unique set of perspectives and specialties, which all contribute to the diversification of the board.

According to DoorDash's 2023 Proxy statement, the company is 37.5% owned by institutional shareholders, including SVF Swift Limited, the Vanguard Group, Morgan Stanley, and entities affiliated with Sequoia Capital and GIC Private Limited. Executive officers and directors have little to no stock ownership, but the CEO, Tony Xu, does hold a majority in the percentage of total voting power. Due to the nature of the company industry as a two-sided platform connecting vendors and drivers, there is no employee ownership of the stock. Employee stock purchase plan does allow employees to acquire common stocks, but does not make up a significant amount of ownership.

One of the votes DoorDash required in the proxy statement is for the election of directors for its board. DoorDash's nominating and corporate governance committee has put forth some nominees, and the board has approved three. Now, if majority shareholders vote for these nominees, they will take seats on DoorDash's board of directors. This vote is directly tied to corporate governance as the board of directors sits at the top of DoorDash's organizational structure. Corporate governance essentially describes an organization's mechanisms that enable it to legally and effectively achieve its strategic goals. Therefore, at the top of the organizational structure, the board of directors leads conversations about the strategy of the whole company. The shareholders' vote matters in this situation because it shows that all the public owners of DoorDash support the people making the decisions for the company moving forward. All the nominees put forward are current board directors, so their re-election will depend on whether shareholders are happy with their current governance style and strategy.

Another vote the proxy statement discusses is appointing an independent registered public accounting firm. DoorDash's audit committee appointed KPMG LLP to audit its consolidated financial statements for 2023. Now, the stockholders need to vote to ratify this appointment. This voting decision is also directly related to corporate governance because auditing enables a company to validate its financial statements and comply with SEC regulations. Within the proxy

statement, DoorDash clearly states how much the auditing fees would cost and gives transparency to its shareholders for its accounting practices.

Finally, the last vote proposed in DoorDash's most recent proxy statement is regarding the compensation for certain executive officers. The vote is described as a "Say-on-Pay" proposal from DoorDash to collect shareholder advisory input on DoorDash's current compensation philosophy and policies. Voting "For" on this matter allows shareholders to prove to the SEC and other governing bodies that they find DoorDash's compensation strategy fair and that this strategy should determine compensation for the company's chief executives moving forward. This matter is also very closely related to corporate governance as it describes oversight and control at different levels of the organization. Though the executives of DoorDash hold a very powerful position, they must rely on the shareholders' approval to determine their compensation. Since these executives are getting paid a significant amount of money compared to the general employees at DoorDash, shareholders must approve how their money is allocated to executive compensation.

- Tony Xu: Chief Executive Officer and Director
- Prabir Adarkar: Chief Financial Officer
- Christopher Payne: Chief Operating Officer
- Keith Yandell: Chief Business and Legal Officer and Secretary

The firm adopts a functional structure, which distribute employees into distinct functional areas based on their area of expertise. One attribute to note is that DoorDash does group business and legal operations under a single executive officer. The entire executive team has worked under DoorDash for a minimum of five years. Other than the current CEO, the other two co-founders of the company sit on the Board of Directors while serving as Head of DoorDash Labs (Stanley Tang) and Consumer Engineering (Andy Fang). There are currently 10 members on the Board of Directors, including Tony Xu.

The allocation of responsibilities in terms of operations is structured efficiently to align with their pursued strategy. On the business level, differentiation strategy is most showcased through departments led by Stanley and Andy Fang, where most of DoorDash's proprietary technology lies in creating a competitive advantage by offering services at a higher value. Utilizing the functional structure, the firm also enjoys economies of scope through an efficient and developed delivery network, and shared infrastructure and technology with partners/customers. They report directly to the executive officers, and have the vice presidents of specialized areas report to them. Regarding corporate strategy, DoorDash currently competes in the software publishing industry, targeting digital food delivery platforms. The company is a vertically integrated firm that operates in all stages of its value chain, as previously reported in component #7. After the acquisition of Wolt Enterprises, the company officially opened up to the global market, with its international division led by the Wolt administration team. DoorDash currently operates in North America, Australia, and Europe (United Kingdom, Germany, France, etc.). Thus, the overall

international strategy has matured through its acquisition stages, and is currently focused on developing deeper connections with local customers.

Within DoorDash's proxy statement, many examples of control systems are used to monitor corporate governance. The proxy statement details how shareholders oversee and contribute to matters such as electing directors to the board, compensating named executives, and appointing third-party public accountants to audit the firm.

DoorDash also uses other accounting methods in addition to the ones they prepare for GAAP which are discussed in the "Key Performance Indicators" section of this report. These measures allow DoorDash to keep track of its financials and report to its shareholders. In addition to these highly technical and quantitative metrics, DoorDash maintains a very active news board and blog page. These pages help to communicate updates in the company and explain some of the more complicated concepts of the business to users, restaurant partners, and shareholders.

Reference *Table 7*.

RECENT STRATEGIC DECISION TAKEN BY DOORDASH: ALCOHOL DELIVERY

Due to its constant innovation and expansion, DoorDash holds the highest market share among its online food delivery competitors. One of its most notable, recent strategic decisions was to begin facilitating alcohol delivery. DoorDash announced in September of 2021 that it will include on-demand delivery or pick up of beer, wine, and spirits from restaurants, grocery stores, and retailers. This service is available in most areas in Canada and Australia, and 35 states along with D.C. and Puerto Rico in the U.S. (DoorDash, 2021)

With DoorDash's expansion into retail and grocery delivery, customers have been demanding that they would like to include alcohol in their orders. To begin integrating alcohol into its delivery services, DoorDash has worked with local restaurants and governments to approve legislation that enables this integration. Since alcohol is a heavily regulated product, it is not permitted for sale unless the manufacturer, wholesaler, and retailer comply with appropriate licensing. The process is complicated when companies like DoorDash enter this field as unlicensed third-party providers. These licenses are crucial for local governments to collect their appropriate taxes and ensure that minors do not come into possession of alcohol. Local governments now need to catch up with the innovation of these third-party providers. (Cole, 2021) DoorDash has implemented scanning protocols, enhanced returns, and high-risk area bans to comply with regulations. (DoorDash, 2023) The costs associated with this new integration are passed onto the retailers as they are the ones required to have liquor licenses. DoorDash's main task is to ensure that Dashers double-check the ID of the person they deliver the alcohol to. (DoorDash 2022)

Alcohol is strictly regulated due to its high potential for negative social impact on individuals and families. When companies like DoorDash open up new ways for people to access alcohol, it makes it easier for irresponsible and harmful practices to occur. To alleviate some of this negative social impact and maintain a sense of social responsibility, DoorDash has partnered with Responsibility.org and Students Against Destructive Decisions. These organizations work to promote alcohol responsibility and offer support to those struggling with alcohol addiction and substance abuse. Even on its website, DoorDash has enabled users who do not want to see alcohol on the platform to block all alcohol inventory and listings to protect their sobriety and comfort.

Furthermore, to accommodate this integration, DoorDash has included an alcohol catalog that contains 30,000 SKUs nationally. To build this catalog, DoorDash works with retailers and wholesalers to market and process alcohol sales accurately on its application/website. Most of this inventory and computing setup was already there for DoorDash through its grocery pick-up and delivery interface. Also, since DoorDash developed the DoubleDash system, where users could add multiple pick-ups, it made alcohol delivery even more convenient.

A key factor of DoorDash taking on this integration is that Uber acquired an alcohol delivery company in February of 2021. (Lee 2021) DoorDash quickly mobilized after seeing this decision completed by its competitor and integrated alcohol delivery into its main system. This showcases DoorDash's organizational and planning capabilities as it could complete its integration instead of engaging in a costly acquisition.

Currently, DoorDash is working to broaden the number of states that allow alcohol delivery, and since the announcement in 2021, it has added 13 states in the U.S. to its list. financially, the alcohol delivery is a successful integration for DoorDash. In Q4 2021, U.S. Dashers earned, on average, almost 30% more on deliveries with alcohol than on non-alcohol deliveries. From October to December, merchants selling alcohol on the domestic platform increased by 17%. This strategic decision also sees promising growth moving forward. DoorDash noted that 60% of consumers are using on-demand alcohol delivery more in 2023 than last year and that its platform saw alcohol orders for delivery and pickup more than double between 2021 and 2022. (Dworski, 2023)

Appendix

Table 1: DoorDash Executive Team

Title	Name	Tenure
Co-founder, Chief Executive Officer & Director	Tony Xu	2013
Chief Operating Officer & President	Prabir Adarkar	2018
Chief Financial Officer	Ravi Inukonda	2018
General Counsel and Secretary	Tia Sherringham	2017
Chief Business Officer	Keith Yandell	2016

Table 2: SWOT Analysis of DoorDash

Strengths	Weaknesses
- Restaurant Partnerships - Delivery Efficiency - Technology/Network - Functional Structure	- Dependence on Contractors - Operating Losses/Profitability Concerns - Increasing Delivery Costs
Opportunities	**Threats**
- New Market (convenience items, groceries) - Acquisitions - International	- Regulation of gig workers - Less demand/recession - Competition

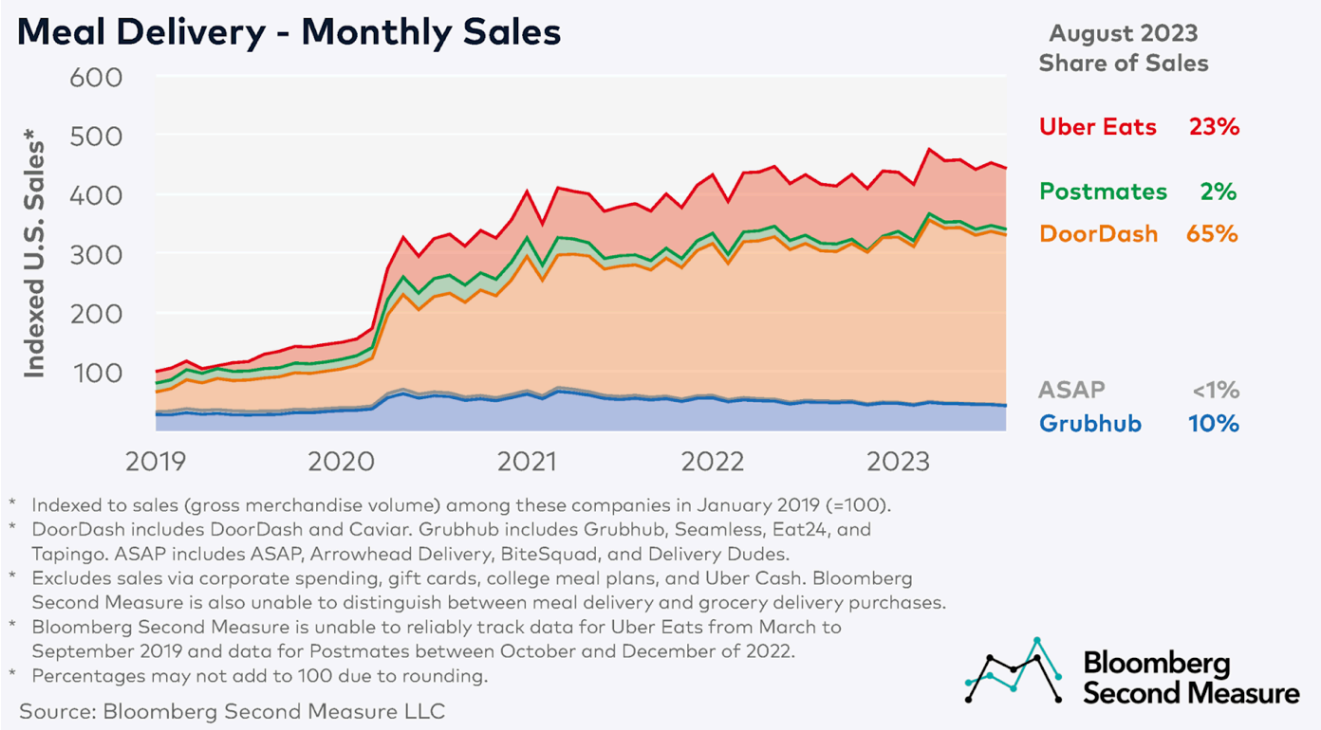
Table 3: Financial Comparison of Q2 FY22 & FY23 for DoorDash

	% Change to Q2 of FY22 to Q2 of FY23
Total Orders	25%
Marketplace GOV	26%
Revenue	33%
GAAP Net Loss	-34%

Table 4: Financial Comparison of DoorDash and Uber

	DoorDash, Inc.	Uber Technologies Inc.
Revenue (2022)	$6.6 billion	$31.9 million
Number of Orders (2022)	1.4 billion orders	7.6 billion rides
Costs and Expenses (2022)	$5.3 billion	$33.7 billion
Net Loss (2022)	$468 million	$9.1 billion
Free Cash Flow (2022)	$455 million	$390 million

Figure 1: U.S. Meal Delivery Monthly Sales



Tony Xu	Chief Executive Officer	$300,000
Prabir Adarkar	Chief Operating Officer & President	$350,000
Christopher Payne	Former Chief Operating Officer & President	$350,000
Tia Sherringham	General Counsel and Secretary	$350,000
Keith Yandell	Chief Business Officer	$350,000

Table 6: Executive Officer Equity Compensation for FY 2022

Name	Title	Equity
Tony Xu	Chief Executive Officer	–
Prabir Adarkar	Chief Operating Officer & President	$9,333,527
Christopher Payne	Former Chief Operating Officer & President	$9,333,527
Tia Sherringham	General Counsel and Secretary	$15,513,240
Keith Yandell	Chief Business Officer	$5,703,846

Figure 2: Value Chain of DoorDash

Table 7: DoorDash Committee Composition

Member	Relevant Experience and Certifications	Audit Committee	Leadership Development, Inclusion and Compensation Committee	Nominating and Corporate Governance Committee
Shona Brown	Bachelor of Engineering degree in Computer Science, an M.A. in Economics and Philosophy, and a Ph.D. in Engineering Management. She served as Vice President and Senior Vice President of Business Operations for Google Inc.	X	X	
L. John Doerr	B.S. in Electrical Engineering and an M.S. in Electrical Engineering and Computer Science and an M.B.A. from Harvard Business School. He is a Geneal Partner of KPCB, a venture capital firm.			X
Alfred Lin	B.A. in Applied Mathematics from Harvard University and an M.S. in Statistics from Stanford University. He served as COO of zappos.com and a VP of Finance and Business Development at Tellme Networks.	X	X	
Ellie Mertz	B.A. in Science, Technology & Society, an M.A. in History, an M.I.A. in International Affairs, and an M.B.A. from the Stanford Graduate School of Business. She has served in various senior finance positions with Netflix and was most recently Head of Global Financial Planning & Analysis for Airbnb.	X		
Greg Peters	B.S. in Physics and Astronomy from Yale University. He was co-CEO of Netflix and served as their COO until January 2023.			X
Diego Piacentini	B.S. in Physics and Astronomy from Yale University. He has multiple international positions such as VP of International Consumer Business at Amazon.			X
Ashley Still	BA in Economics and International Studies from Yale University and an MBA from Stanford Graduate School of Business. She is Senior Vice President and General Manager of Adobe Creative Cloud, as well as the first executive sponsor of the Adobe & Women employee network that promotes diverse leadership advancement.		X	

Key:

X	Committee Member
X	Committee Chair

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