Collecting #Receipts: Food Delivery Apps & Fee Transparency

29 September 2020

CR Consumer Reports

[Logos of Doordash, Grubhub, Postmates, and Uber Eats]
# Table of Contents

- Executive Summary 3
- Context: Food delivery apps & fee transparency 4
- **Key Findings** 8
  - Finding #1: Lack of Commission Disclosures 10
  - Finding #2: Lack of fee itemization 13
  - Finding #3: Shifting policy costs to consumers 14
  - Finding #4: Service fee ambiguity 15
  - Finding #5: Fee Comparisons by city and by platform 17
- UX/UI Recommendations 21
- **Conclusion** 22
- **Appendix** 23
  - Appendix 1: Proportion of delivery fee to the cost of the (food + tax) by app across 7 cities 23
  - Appendix 2: Portland is the only city where the additional cost of fees is more than 50% of the cost of food + taxes for every single app 24
  - Appendix 3: Research Methodology 26
  - Appendix 4: Fee capture comparison (xls) 28
- Consumer Reports Contributing Team 29
Executive Summary

Food delivery app orders have more than doubled since COVID-19 spread in the US – and have brought a number of business practices, consumer fees, and commission fees charged to restaurants charged along for the ride. Food delivery app companies have been employing design practices that obfuscate fees which, in turn, negatively impact restaurant profits and worker pay.

To further explore these issues of fee transparency, Consumer Reports investigated four food delivery companies with the highest share of US consumer spending — DoorDash, Grubhub, Postmates, and UberEats earlier this year. We also focused our research on seven cities: Chicago, Jersey City, Los Angeles, New York City, Portland, Seattle, and Washington DC. All of these cities responded to protect consumers and small businesses by enacting unique local rules and ordinances. To measure compliance with these new rules, we ordered the same meal in seven cities and compared the pre-purchase fees of four food delivery app companies.

We highlight three takeaways that emerge from this research:

1. In Chicago, Grubhub and Postmates along with ChowNow, EatStreet and ezCater have received citations in June about allegedly breaching the new Chicago rule (Rules for Third-Party Food Delivery Services) on fee itemization and commission transparency.

   We reached out to the City of Chicago’s Business Affairs and Consumer Protection (BACP) who mentioned: “During that initial enforcement, citations were issued to five companies [previously mentioned] that had not taken any steps to comply [...] Since that round of enforcement, we have been working closely with the companies to evaluate their compliance. At this point, Doordash and Beyond Menu have proven to BACP that they are substantially compliant. Other companies, including Grubhub, Postmates and Uber Eats, have taken steps to comply with some portions, however, we are presently in discussion as to whether they are fully compliant. We continue to work with all companies to bring about compliance, including the possibility of alternative means of disclosure that could be approved. At this point no alternative means have been approved.”

2. Our research highlights how these companies have apparently continued to not comply with the new Chicago rule:
Food Delivery Apps & Fee Transparency

a. In Chicago, Grubhub and Postmates do not disclose the commission paid by restaurants, in apparent violation of Chicago’s rule. DoorDash’s and UberEats’s disclosures that commissions range “up to” 15% or 30% are vague and also potentially noncompliant.

b. The Chicago rule\(^1\) requires that “the third-party food delivery service shall disclose to the customer, in plain and simple language and in a conspicuous manner.” With DoorDash, Grubhub, and Postmates, fee line items like “service fees and taxes” are bundled together with an inconspicuous user interface (UI) element where users have to click “read more information” icons (ℹ️) to see more.

3. All companies can improve fee transparency and increase company accountability by avoiding dark design patterns\(^2\), tricks used in websites and apps that make you do things that you didn’t mean to, like buying or signing up for something. Please visit the “Findings” section for more details.

Context: Food delivery apps & fee transparency

What are Food Delivery Apps? How do they work? Food delivery applications are third-party on-demand courier or delivery services, often in the form of mobile apps or websites, that deliver food directly to consumers from selected stores, restaurants or grocery stores.

These companies’ business models can vary slightly, but ultimately, their revenue is all rooted in their role as the intermediary between consumers and restaurateurs, groceries, and other food service providers. Platforms can collect a variety of fees from consumers: delivery fees, service fees, perk-based tier subscription fees\(^3\), fees to pass on the costs of local legislation, fees to expedite delivery -- all before tax and tip. Some of their margins can come from classifying delivery workers as independent contractors rather than employees, precluding platforms from paying minimum wage and overtime and from paying employee payroll taxes.\(^4\) They also charge food service providers for listing, advertising, promotions, or highlighted placement on platforms. They can increase the menu prices across the board for consumers from what they would be

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\(^2\) Dark Patterns. darkpatterns.org/.


charged if they ordered or picked up directly from the restaurant. Typically, they take cuts of the menu prices consumers pay as commissions from restaurants making the food: traditionally ranging from 15 to 30 percent of the total, though reports have placed some commission fees as high as 40 percent. Every time a customer places an order through the app or service, the restaurant pays that percentage commission to the platform.

A key challenge for consumers here is that these practices and charges are opaque, and potentially misleading -- especially for consumers looking to prioritize and patronize local businesses during the COVID-19 pandemic. While it only makes sense that consumers would pay for a delivery service being provided, platforms can confusingly bundle fees together, fail to make clear which fees serve which purposes, which charges are paid directly to the driver, or how much of the amount paid by consumers will go to the platform, rather than the restaurant. The only entity who maintains full knowledge of what a consumer is paying for when they use a food delivery service, is the platform itself.

**Food delivery app policies and COVID-19:** With the global pandemic, food delivery app platforms saw a rise in demand. 40% of Americans have ordered food takeout more often during COVID-19, according to an S&P Global Market Intelligence survey. Amidst a variety of lockdown protocols, restaurants began to rely more heavily on takeout and delivery as their primary source of income, highlighting the effects of the commissions charged to restaurants, while increased use of the service highlighted effects on consumers and delivery drivers.

In response, U.S. cities created a variety of policies. San Francisco, Los Angeles, and New York, among others, capped the percent commission fees that delivery services could charge restaurants. Others like Seattle and Portland mandated hazard pay to delivery drivers. Uniquely, Chicago mandated transparent, itemized fee and commission disclosures to consumers. We deep dive specifically into Chicago’s rule here due to its explicit focus on preventing consumer misunderstanding and equipping them with information that could play a material role in how they choose to patronize local food service establishments and which delivery services they may choose to utilize.

**An investigation with the lens of fee transparency:** In the past several months, stories emerged around exorbitant fees, fee cap rules, hidden phone fees to restaurants, and opaque and confusing fee design. Due to these practices, local city governments around the country implemented various fee caps and provisions to provide safeguards and temporary relief to restaurants and customers who bore the burden of these spikes in fees. We investigated fairness.

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in fee transparency specifically to consumers across four companies: DoorDash, Grubhub, Postmates and UberEats. In the course of our research, we also appended our research to explore user interface design elements for ChowNow, EatStreet and ezCater. This research does not claim to be representative — it provides a deep dive into several food delivery app companies and how they present, impact, and address fee transparency.

This research aims to protect users of these services (consumers, food delivery contractors, restaurant owners) who use these technologies from unscrupulous, and in some cases, apparently illegal business practices, especially during a pandemic.

Obfuscated fee design. In this report, we focus on the subtle user interface design patterns that hurt consumers, restaurant owners and delivery workers in the gig ecosystem. These harmful practices are not unique. In August this year, the DC Attorney General Karl A. Racine sued Instacart for “deceptive service fees.” More specifically, this consumer protection lawsuit says they violated the Act and tax law by “charging [DC] consumers millions of dollars in deceptive services [and] potentially misleading consumers about how service fees contributed to worker pay.” Relatedly in the same month, the Federal Trade Commission filed a $10 million action against a tech company for using “dark patterns” to “deceive, steer, or manipulate users into behavior that is profitable for an online service, but often harmful to users or contrary to their intent.” There is a broad body of research that focuses on labeling, identifying, and testing against these practices. We highlight a few context-specific practices discovered through our research below.

Examples. What are examples of dark design patterns in the context of food delivery apps?

<table>
<thead>
<tr>
<th>Bundled fees</th>
<th>Broad commission ranges</th>
<th>Vague fee descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Squish-all-in-one fee approach</td>
<td>The hedge-my-fee approach</td>
<td>The catch-all fee approach</td>
</tr>
<tr>
<td>Instead of itemizing by default, the app requires the user to click on a small “i” icon to understand what the</td>
<td>Instead of giving the exact commission rate, companies use (“up to 30%”) as a way to gain compliance.</td>
<td>Instead of explaining what a “service fee” is, some companies do not clearly explain what the fee is or who</td>
</tr>
</tbody>
</table>
Our team focused on Chicago’s recent rule on Third-Party Food Delivery Services⁸ as opposed to other cities as it highlighted user interface fee elements we could test and validate within our scope of research. We examined two key points from the rule: It mandates disclosure and itemization of fees and other charges across receipts before purchase and it mandates disclosure of commission fees that go to the restaurants. In Chicago, we compared the company receipts both before and after purchasing a meal for delivery.

**Fee transparency:**
Transparency is helpful to empower users to make clear decisions about what their money is going toward and how it’s impacting their local economy and the contract delivery people who lack full-time worker protections and benefits. It is one of many mechanisms in an ecosystem of change we need to further hold companies accountable to the many stakeholders who rely on their services. At a minimum, consumers deserve to know what they’re paying for — be it a service fee, a tip, or a meal — and who they’re paying for it — so that they can make informed choices about whether and how to utilize these services, with an understanding of how these services can affect their local community. Consumers deserve more transparency into how these businesses operate to hold themselves accountable as consumers, to hold the companies accountable for their practices, and to hold their representatives accountable for the effectiveness of their policies.

If the promise of food delivery apps is that small restaurants could be further “discovered” on a popular platform or that it would help generate more sales and repeat patrons. However, if customers face exorbitant fees to eat a burrito or buy groceries, restaurants lose more than they make, and the delivery people are risking their health during a pandemic for minimal, unsustainable wages — this model will not deliver on that promise.

**Goals of this research:**
1. Raise awareness for consumers, restaurants and delivery contract workers through research insights about how four big platform food delivery app companies have handled fee transparency across their applications.
2. Provide UX/UI insights as a resource for both industry designers who may be seeking best practices on improving transparency through applications and platforms and for local city and state governments who are enforcing related rules.
3. Finally, we want to continue this momentum. Consumer Reports would like to hear from consumers, delivery drivers, and restaurant workers’ experience with food delivery apps and how fees make their way to you. Click here to share your story.

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⁸ This statute became effective May 22, 2020.
## Key Findings

**Comparative table** We created a high level comparative table to show the breakdown of fee transparency items. Note that we define *itemize* to mean that the company lists fees openly without hidden UI or "read more" icons.

<table>
<thead>
<tr>
<th>Finding 1: In Chicago, does the app clearly disclose commission % pre-checkout?</th>
<th>Doordash</th>
<th>Grubhub</th>
<th>Postmates</th>
<th>Uber Eats</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Up to 30%” - no specific %</td>
<td>No % listed</td>
<td>No % listed</td>
<td>“Up to 15%” - no specific %</td>
<td></td>
</tr>
</tbody>
</table>

| Finding 2: Does the app itemize* all fees? | No | No | No | Yes |

| Finding 3: Are the app’s costs due to rules or laws passed along to consumer? | No evidence | No evidence | No evidence | Evidence of this |

| Finding 4: Is the service fee % visibly listed in the app checkout? | 15% + but not itemized | 15% + but not itemized | No % listed | 15% + is itemized |

| Finding 5: The additional % (beyond food and taxes) to use the delivery platform service | 52.1% | 47.1% | 50.9% | 48.3% |

**What does this % above mean?** For the meal and cities tested, it costs on average X% more above the (food + taxes) to use [app platform] as a delivery service

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9 Correction: This row was updated 9/29/20 at 5:58pm EST to correct and parallel findings in Section 5.
Food Delivery Apps & Fee Transparency

Key findings overview:

<table>
<thead>
<tr>
<th>#</th>
<th>Category</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Lack of commission disclosures</td>
<td>In Chicago, Grubhub and Postmates do not show mandatory disclosures, apparently violating Chicago’s rule. DoorDash and UberEats disclosure only provide a range of “up to” 15% or 30%.</td>
</tr>
<tr>
<td>#2</td>
<td>Lack of fee itemization</td>
<td>DoorDash, Grubhub, and Postmates do not itemize fees — the fees are not listed separately by default, without hidden UI or “read more information” icons. UberEats does itemize fees for consumers during checkout.</td>
</tr>
<tr>
<td>#3</td>
<td>Shifting policy costs to consumers</td>
<td>In Portland and Seattle, UberEats responded to a few fee cap policies by shifting the cost to the shopper in the checkout.</td>
</tr>
<tr>
<td>#4</td>
<td>Service fee ambiguity</td>
<td>Postmates does not state how much their service fee (%) is in the app. DoorDash, Grubhub and UberEats do provide a specific % for the service fee.</td>
</tr>
<tr>
<td>#5</td>
<td>Highest average proportion of fees to cost of food &amp; taxes</td>
<td>Across 7 cities, DoorDash has the highest average proportion of fees to cost of food + taxes across cities, followed by PostMates.</td>
</tr>
</tbody>
</table>
Finding #1: Lack of Commission Disclosures

In Chicago, Grubhub and Postmates do not show commission disclosure, apparently violating Chicago’s rule which explains the following key points:

- **Commission disclosure:** When a final price is disclosed to a customer, and before a transaction occurs, for the purchase and delivery of food from a covered establishment through a third-party food delivery service, the third-party food delivery service shall disclose to the customer, in plain and simple language and in a conspicuous manner.
- **Receipts:** After a transaction occurs for the purchase and delivery of food from a covered establishment through a third-party food delivery service, and when the food is delivered to the customer, if the third-party food delivery service provides a printed receipt to the customer, the receipt shall disclose, in plain and simple language and in a conspicuous manner.
- **Requirements for commission disclosure:** (1) The disclosure shall indicate that it is a commission to be paid by the covered establishment to the third-party food delivery service in connection with the transaction; (2) a single aggregate number shall be provided for the total of all commissions applicable to the transaction; and (3) if feasible, the total commission actually attributable to the specific transaction should be disclosed.
- **Full details** of the rule can be found here.  

DoorDash and UberEats include a range of “up to” 15% or 30% which is vague.

<table>
<thead>
<tr>
<th>DoorDash</th>
<th>Grubhub</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="DoorDash Receipt" /></td>
<td><img src="image2.png" alt="Grubhub Receipt" /></td>
</tr>
</tbody>
</table>

DoorDash highlights the restaurants are charged “up to 30%” of the subtotal. There is no fee commission disclosure upon checkout.

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### Food Delivery Apps & Fee Transparency

<table>
<thead>
<tr>
<th>Postmates</th>
<th>UberEats</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Postmates fee example" /></td>
<td><img src="image2.png" alt="UberEats fee example" /></td>
</tr>
<tr>
<td>There is no fee commission disclosure upon checkout.</td>
<td>UberEats highlights the restaurants are charged up to 15% of the subtotal.</td>
</tr>
</tbody>
</table>

Note: For DoorDash and UberEats, this text added here was unique to the Chicago checkout screen (and not present in other cities). We assume this change was made in response to this new city rule. We reached out to the City of Chicago's Business Affairs and Consumer Protection (BACP) who mentioned: “During that initial enforcement, citations were issued to five companies [previously mentioned] that had not taken any steps to comply [ChowNow, EatStreet, ezCater, Grubhub, Postmates]. Since that round of enforcement, we have been working closely with the companies to evaluate their compliance. At this point, Doordash and Beyond Menu have proven to BACP that they are substantially compliant. Other companies, including Grubhub, Postmates and Uber Eats, have taken steps to comply with some portions, however, we are presently in discussion as to whether they are fully compliant. We continue to work with all companies to bring about compliance, including the possibility of alternative means of disclosure that could be approved. At this point no alternative means have been approved.”
Food Delivery Apps & Fee Transparency

Based on the email correspondence with BACD, we also documented the checkout fee structure from ChowNow, EatStreet and ezCater, — the companies who also received citations beyond Grubhub and Postmates. We did not find evidence of disclosing commission fees upon checkout.

<table>
<thead>
<tr>
<th>ChowNow</th>
<th>EatStreet</th>
<th>ezCater</th>
</tr>
</thead>
<tbody>
<tr>
<td>An online food ordering platform that connects customers with local restaurants.</td>
<td>An American online food ordering service that acts as a centralized marketplace, where diners can order delivery and takeout from restaurants in their area.</td>
<td>An online catering marketplace that allows individuals to order food from local caterers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Order Summary</th>
<th>Item</th>
<th>Price</th>
<th>Remove</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Cheesestuffed Focaccia</td>
<td>Pad Thai</td>
<td>$10.50</td>
<td>X</td>
</tr>
<tr>
<td>1 Wild Alaskan Halibut</td>
<td>Shrimp Vegetable Tempura</td>
<td>$10.00</td>
<td>X</td>
</tr>
<tr>
<td>Subtotal</td>
<td>Delivery</td>
<td>$2.75</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Taxes</td>
<td>$5.91</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$29.16</td>
<td></td>
</tr>
</tbody>
</table>

| CART | 1 Taco Breakfast Box | $5.50 | X |
| | 1 Meal Chorizo | $24.00 | X |
| | Tableware | Free |
| | Food & Beverage | $79.00 |
| | Restaurant Delivery Fee | $13.00 |
| | 10.75% Sales Tax | $8.50 |
| | Tip | $0.00 |
| | TOTAL | $102.50 |
| | Price Per Head | $5.12/person |

Note: These companies were not originally in our analysis - we do not apply the same testing rules as we were unable to order the same items from the same restaurant.
### Finding #2: Lack of fee itemization

DoorDash, Grubhub, and Postmates do not itemize fees — they are not listed separately by default, without hidden UI or “read more information” icons. Consumers can click to read a secondary breakdown of those fees. However, this creates a level of friction and fee obfuscation to see what they are paying for through the interface automatically. It forces people to click on a small “i” icon to read more about how fees are combined together.

<table>
<thead>
<tr>
<th>DoorDash</th>
<th>Grubhub</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subtotal: $22.10</td>
<td>Items subtotal: $22.10</td>
</tr>
<tr>
<td>Fees &amp; Estimated Tax: $5.53</td>
<td>Delivery fee: $1.49</td>
</tr>
<tr>
<td>Delivery: Free</td>
<td>Tax and fees: $6.01</td>
</tr>
<tr>
<td>Dasher Tip: $5.92</td>
<td>Driver tip: $5.92</td>
</tr>
<tr>
<td>Other: $2.00</td>
<td>Total: $35.52</td>
</tr>
</tbody>
</table>

DoorDash combines “Fees & Estimated Tax”

Grubhub combines “Tax and fees”

<table>
<thead>
<tr>
<th>Postmates</th>
<th>UberEats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subtotal: $22.10</td>
<td>Subtotal: $22.10</td>
</tr>
<tr>
<td>Tax &amp; Fees: $6.01</td>
<td>Service Fee: $3.32</td>
</tr>
<tr>
<td>Delivery: $1.99</td>
<td>Delivery Fee: $3.99</td>
</tr>
<tr>
<td>Have a promo code?</td>
<td>Tip: $0.50</td>
</tr>
<tr>
<td>Total: $31.60</td>
<td>Taxes: $2.64</td>
</tr>
<tr>
<td></td>
<td>Total: $34.86</td>
</tr>
</tbody>
</table>

Postmates combines “Tax & Fees”

UberEats itemizes all fees and taxes. They also provide definitions for how they define each of the fees in the “More information” icon.
Finding #3: Shifting policy costs to consumers

In Portland and Seattle, UberEats responded to a few fee cap policies by shifting the cost to the shopper in the checkout.

**UberEats: Portland, Oregon**
- UberEats adds $3 Portland customer fee on food delivery orders after the city approved a 10% commission cap. (The Oregonian)
- Timing: The restrictions would end 90 days after Portland’s state of emergency order lifts. No date has been set to lift the order, which has been in place since March 12.
- Source: Press release

**UberEats: Seattle, Washington**
- To offer some measure of assistance, the Seattle City Council has now passed a law requiring third party food delivery companies to pay their employees a $2.50 premium per delivery. It also prohibits companies from passing that cost on to customers. (King Channel 5)
- Timing: The premium is not permanent. It will only be paid until the end of the city’s ongoing coronavirus emergency
- Source: Seattle Council Bill 119799

UberEats highlights these city rules clearly in the pre-purchase receipts. In both instances for Portland and Seattle, the language highlights the reason why the charge is put into effect. For Portland, the “new charge is applied to orders from restaurants in The City of Portland.” For Seattle, the “fee will be paid directly to delivery people while this regulation is in effect.”
Finding #4: Service fee ambiguity

Postmates does not state how much their service fee (%) is in the app. DoorDash, Grubhub and UberEats do give a specific % for the service fee. DoorDash and Grubhub mention that the service fee covers operating costs but do not say to whom the fees go. Postmates and UberEats also do not mention to whom the fees go.

<table>
<thead>
<tr>
<th>DoorDash: Tap to see 15% (not itemized)</th>
<th>Grubhub: Tap to see 15% (not itemized)</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="DoorDash Image" /></td>
<td><img src="image2" alt="Grubhub Image" /></td>
</tr>
<tr>
<td>DoorDash highlights the % and exact cost of the service fee in the “more information” icon.</td>
<td>Grubhub highlights the % and exact cost of the service fee in the “more information” icon.</td>
</tr>
<tr>
<td>Postmates: Tap to see, no % → Least clear.</td>
<td>UberEats: Tap to see 15% <em>of subtotal</em> → Most clear (itemized)</td>
</tr>
<tr>
<td><img src="image3" alt="Postmates Image" /></td>
<td><img src="image4" alt="UberEats Image" /></td>
</tr>
<tr>
<td>Postmates does not clearly outline what the standard percentage of the service fee is, but it</td>
<td>UberEats highlights the %, exact cost, and definition of “What’s a service fee?” through their</td>
</tr>
</tbody>
</table>

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Food Delivery Apps & Fee Transparency

In addition to service fee delivery, it is not clear what the difference between “service fee” and “delivery fee” is. Each company has a different way of explaining what “service” vs. “delivery” fee is.

<table>
<thead>
<tr>
<th>DoorDash:</th>
<th>Grubhub:</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="DoorDash screenshot" /></td>
<td><img src="image2" alt="Grubhub screenshot" /></td>
</tr>
<tr>
<td>- Service Fee: &quot;This 15% service fee helps us operate DD&quot;&lt;br&gt;- Delivery Fee: No definition</td>
<td>- Service Fee: &quot;This 15% fee helps GH cover operating costs.&lt;br&gt;- Delivery Fee: No definition.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Postmates:</th>
<th>UberEats:</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image3" alt="Postmates screenshot" /></td>
<td><img src="image4" alt="UberEats screenshot" /></td>
</tr>
<tr>
<td>- Service fee: No definition.&lt;br&gt;- Delivery fee: No definition</td>
<td>- Service Fee: Orders delivered with Uber include a service fee. This fee equals 15% of your subtotal.&lt;br&gt;- Delivery fee: &quot;This fee helps cover delivery costs. The amount varies for each store based on things like your location and availability of nearby couriers.&quot;</td>
</tr>
</tbody>
</table>
Finding #5: Fee Comparisons by city and by platform

In this section, we highlight two key findings based on fee comparisons:

1. Across seven cities, DoorDash has the highest % additional fees (beyond food + taxes), followed by Postmates. Note: These are fees paid directly by the consumer only. This does not address the fee or commission charged to the restaurant.

2. For UberEats in Portland\(^\text{12}\), customers paid an additional 73% more than their cost of (Food + Taxes) in fees and tips. Note: Portland is the only city where the additional cost of fees is more than 50% of the cost of Food + Taxes for every single app.

**Point 1:** Across seven cities, DoorDash has the highest % additional fees (beyond food + taxes), followed by Postmates.
Point 2: For UberEats in Portland, customers paid an additional 73% more (in fees + tips) than their cost in (food + taxes).

Why did customers pay an additional 73% more in (fees + tips) than their cost in food + taxes? Across all 7 cities, Portland showed the highest delivery fees as a proportion of the restaurant tab compared to the other cities (see: Appendix 1). At baseline, Portland already started with higher proportional fees as compared to the other apps.

To better understand the reason for the higher fees and tips in Portland, we found a local city ordinance\(^{13}\) announced in July 2020 that places “temporary emergency limitations on the fees third-party delivery services may charge restaurants during the COVID-19 emergency. This ordinance will create a 5% cap for restaurant fees when a company does not include delivery or a 10% cap for restaurant fees when a company does include delivery.”

Food Delivery Apps & Fee Transparency

In light of this ordinance, UberEats added a $3 “Portland Customer Fee” on food delivery orders after the city approved a 10% commission cap through an ordinance limiting third party delivery fees. The screenshot of this finding is above. This restriction would end 90 days after Portland’s State of Emergency lifts. No date has been set to lift the order, which has been in place since March 12. Both of these points are contributing factors to Portland showing higher fees and tips than other cities.

Portland is also the only city where the additional cost of fees is more than 50% of the cost of food + taxes for every single app (see Appendix 2).

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UX/UI Recommendations

Based on our findings, we suggest specific user experience and user interface design practices:

<table>
<thead>
<tr>
<th>Finding</th>
<th>UX Topic</th>
<th>Industry best practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Lack of commission disclosures</td>
<td>Disclose the commission amount that is charged to the restaurant with a specific % — not a broad range.</td>
</tr>
<tr>
<td>#2</td>
<td>Lack of fee itemization</td>
<td>Itemize and list fees separately by default — without hidden UI or “read more information” icons.</td>
</tr>
<tr>
<td>#4</td>
<td>Service fee ambiguity</td>
<td>All apps should state how much their service fee (%) is in the app. This should be a specific, standard % that is clear to the user, in addition to any dollar calculation added to the fees.</td>
</tr>
</tbody>
</table>

In terms of fee transparency specifically, other helpful measures include but are not limited to:

- Limit the amount that third-party delivery services can charge local food service establishments.
- Receipt fee items should be displayed in plain and simple language, and in a conspicuous manner by default. Companies should not use design features to obfuscate or create unnecessary friction to understand where costs are going.
- Prohibit apps from charging restaurants for orders and services that did not occur (e.g. Grubhub charged restaurants phone fees, even if you call directly).
Conclusion

Consumers deserve to have informed choices to understand what they are being charged for and how their dollars spent impacts the restaurants they support and patronize in their communities. “I did like that there was an option to donate extra funds to the restaurant, Kaylynn S. from Dallas, Texas explained about her preference using food delivery apps. “I think that is very important for the pandemic we are having right now.”

The choice to “shop local” is one that can support the continued existence of local businesses in a crisis economic downturn. Companies providing these services must be held accountable by increasing transparency to small, local businesses and to consumers who frequent them. They must design itemized fees that are accessible and clear to users and not bundled in subtle user interface elements. They must also design patterns to enable clear disclosure of the exact commission fees to restaurants. As we have found in this research, offering percent ranges for restaurant commission (e.g. “up to 30%”) is not acceptable.

Consumer Reports strongly recognizes that fee transparency is only a portion of a larger ecosystem of challenges including but not limited to fair worker and contractor rights, adverse impacts to marginalized communities during COVID, and the rise of monopoly power and antitrust violations in this industry. However, fee transparency is a lens into how companies can be better held accountable to the contractors, consumers, and restaurant owners who rely on these platforms. There is more work to be done, but let’s start with fixing company norms and practices around fee transparency.
Appendix 1: Proportion of delivery fee to the cost of the (food + tax) by app across 7 cities
Appendix 2: Portland is the only city where the additional cost of fees is more than 50% of the cost of food + taxes for every single app

Consumer Reports: Food Delivery Apps Investigation
Comparison of the cost of all fees to the cost of the restaurant tab by city
Four apps in seven cities: (delivery fee + service fee + covid fee + tip)/(food + taxes)
Food Delivery Apps & Fee Transparency

Consumer Reports: Food Delivery Apps Investigation
Comparison of the cost of the delivery fee to the cost of the restaurant tab by city
Four apps in seven cities: (delivery fee)/(food + taxes)

Seattle

DoorDash: 17.00%
Postmates: 4.00%
GrubHub: 9.00%
UberEats: 5.00%

Portland

DoorDash: 19.00%
Postmates: 4.00%
GrubHub: 9.00%
UberEats: 6.00%

NYC

DoorDash: 18.00%
Postmates: 4.00%
GrubHub: 9.00%
UberEats: 6.00%

LA

DoorDash: 18.00%
Postmates: 4.00%
GrubHub: 9.00%
UberEats: 6.00%

Jersey City

DoorDash: 13.00%
Postmates: 4.00%
GrubHub: 9.00%
UberEats: 6.00%

DC

DoorDash: 13.00%
Postmates: 4.00%
GrubHub: 9.00%
UberEats: 6.00%

Chicago

DoorDash: 19.00%
Postmates: 4.00%
GrubHub: 9.00%
UberEats: 6.00%

Consumer Reports: Food Delivery Apps Investigation
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UberEats: 6.00%

Chicago

DoorDash: 19.00%
Postmates: 4.00%
GrubHub: 9.00%
UberEats: 6.00%
Appendix 3: Research Methodology

Step 1: Conduct landscape research:

Back in May, Consumer Reports conducted research to evaluate consumers’ experiences with four major players in the market (DoorDash, Grubhub, Postmates and UberEats) to see how well they performed in terms of app ease of use, order informedness, whether the right order arrived in the time frame promised, and whether drivers followed instructions for contactless delivery. We reviewed the field research and video captures of this work, specifically with an eye on fee transparency through the user interface upon checkout and purchase of the items. This report builds upon and goes more in-depth into fee transparency and policies across the country.

We also conducted landscape research to understand the ecosystem of challenges and public policy conversations that have appeared since the pandemic. This was mostly desk research, reading through the latest news and research findings on the topic related to fee transparency with food delivery apps.

Step 2: Outline key questions:

- How are companies presenting fees to users?
- How has new COVID-19 and food delivery app related city rules or ordinances impacted fees to users?
- What are common, design practices that are being employed to hide fees and commissions?
- What are recommendations to improve these inefficiencies?

Step 3: Design the fee analysis and investigation:

We selected 4 food delivery app companies with the highest share of consumer spending in the United States. (Figure A: On left). Note: During the research, UberEats announced that they were buying Postmates on July 6, 2020. We did not see any changes to these apps before or after the announcement. We also did not capture fee prices before June (before COVID), and are not able to compare pre and post COVID prices to see differences in that aspect.

We selected 7 cities that recently instituted some form of city fee caps for delivery app companies. We selected these cities based on geographic and size diversity.

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16 We note that our research is focused on exploring fee transparency specifically to consumers. We recognize there is more to do to highlight this for contract delivery workers and restaurant owners.

Food Delivery Apps & Fee Transparency

These cities include: Chicago\textsuperscript{18}, Jersey City\textsuperscript{19}, New York City\textsuperscript{20}, Los Angeles\textsuperscript{21}, Portland\textsuperscript{22}, Seattle\textsuperscript{23}, and Washington DC\textsuperscript{24}. One limitation of this approach is that it is not representative of all cities and regions.

**Step 4: Test order burritos in seven cities**

We then created a new user test account for each food delivery app website. We then selected a control restaurant for consistent fee prices and availability in all 7 cities. We selected Chipotle restaurants so that we could keep prices consistent to focus on both the fee differences across the food delivery app companies and the differences between cities with various fee rules and ordinances that went into effect. Our team recognizes that choosing Chipotle has limitations. It is a large chain restaurant and may have, for example, lower delivery fees with these companies as compared to one-off small mom & pop restaurants who may not have “economies of scale” type privileges. We collected and aggregated this data by collecting standardized fees across each of the food delivery platforms including: food items, subtotal, taxes, service fee, delivery fee, tip (at a standard 20%) and the total. (See Figure B above).

**Step 5: Buy burritos in Chicago**

After comparing fees across 7 cities, we focused on Chicago’s bill, on Third-Party Food Delivery Services since they place a focus on consumer-specific fee elements we could test and validate in this project. We worked with a participant in Chicago to deliver burritos to them so that we could see both the before and after purchase receipt screens to determine if the apps were compliant with the rule.

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\textsuperscript{19} City of Jersey City. “Mayor and Council Partner to Protect Already Overburdened Restaurants from Hidden Fees.” Jersey City, 14 May 2020, jerseycitynj.gov/cms/one.aspx?portalId=6189744.
\textsuperscript{22} Jackson-Glidden, Brooke. “Portland City Council Approves a 10 Percent Cap on Fees Delivery Apps Charge Restaurants.” Eater Portland, Eater Portland, 8 July 2020, pdx.eater.com/2020/7/8/21318026/approved-delivery-fee-cap-portland.
Food Delivery Apps & Fee Transparency

Note: Throughout both step 4 and step 5, the team screen captured the checkout process, documenting app version, date and time of screen capture and manually analyzed the user experience and user interface elements of each of the apps comparatively.

Appendix 4: Fee capture comparison (.xls)

<table>
<thead>
<tr>
<th>Delivery Info</th>
<th>Restaurant Name</th>
<th>DoorDash NOTES</th>
<th>GrubHub NOTES</th>
<th>Postmates NOTES</th>
<th>UberEats NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>730 Jackson Place, Washington DC</td>
<td>Steak burrito</td>
<td>$8.95</td>
<td>$8.95</td>
<td>$8.95</td>
<td>$8.95</td>
</tr>
<tr>
<td>Chipotle: 5101 Vermont Ave NW #191, Washington, DC 20005, USA</td>
<td>Barbacoa burrito</td>
<td>$8.95</td>
<td>$8.95</td>
<td>$8.95</td>
<td>$8.95</td>
</tr>
<tr>
<td>Washington DC</td>
<td>Subtotal</td>
<td>$22.10</td>
<td>$22.10</td>
<td>$22.10</td>
<td>$22.10</td>
</tr>
<tr>
<td></td>
<td>Taxes</td>
<td>$2.31</td>
<td>$2.31</td>
<td>$2.31</td>
<td>$2.31</td>
</tr>
<tr>
<td></td>
<td>Service Fee</td>
<td>$3.32</td>
<td>$3.32</td>
<td>$3.32</td>
<td>$3.32</td>
</tr>
<tr>
<td></td>
<td>Delivery Fee</td>
<td>$1.99 Delivery was free</td>
<td>$1.99 separate from tip</td>
<td>$2.09</td>
<td>$0.99</td>
</tr>
<tr>
<td>Tip (20%) = Subtotal, taxes, service, delivery</td>
<td>Tip = 20% of the tip</td>
<td>$5.92</td>
<td>$5.92</td>
<td>$5.92</td>
<td>$5.92</td>
</tr>
<tr>
<td>Total</td>
<td>$35.54</td>
<td>$35.52</td>
<td>$37.92</td>
<td>$34.86</td>
<td></td>
</tr>
</tbody>
</table>

Non-food cost = premium to have it delivered | 32% | 30% | 30% | 26% |

We captured the fee breakdown for each of the four food delivery platforms across seven cities. Notes about the data gathering methodology:

- There are 28 total orders with seven orders per company. This data is not meant to be statistically representative of the entire population in the US.
- We selected Chipotle restaurants so that we could keep prices consistent to focus on both the fee differences across the food delivery app companies and the differences between cities with various fee ordinances that went into effect.
- The same address was used for all orders in each city. The same Chipotle restaurant was used for all orders in each city.
- We created a new user test account for each of the four platforms.
- The orders were gathered around the same time of day during the weekday. The orders were exactly the same menu items and ingredients.
Food Delivery Apps & Fee Transparency

- We excluded any promotions or discounts, including “first time customer” deals. Typically, the app would waive a fee by graying or crossing out the price in the shopping cart. We used the original number in the data aggregation.
- We manually calibrated the tip to be 20% for each order to maintain consistency.
- The full dataset can be accessed here.

Consumer Reports Contributing Team

This work was a cross-collaborative effort from many individuals at Consumer Reports who contributed to this work in a variety of ways. In alphabetical order, the team members who contributed to this report and research include:

Justin Brookman, Director, Consumer Privacy and Technology Policy
Amira Dhalla, Associate Director, Community Engagement and Operations
Cody Feng, Test Project Leader
Bill Fitzgerald, Privacy Researcher
Dina Haner, Senior Statistician
Laurel Lehman, Policy Analyst
Sharee McKenzie Taylor, Director of Advocacy Partnerships and Strategy
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Stephanie Nguyen, Research Lead, Digital Lab
Cyrus Rassool, Associate Director, Strategy and Policy Communications
Maria Rerecich, Senior Director, Head of Product Testing
Michael Saccucci, Director of Statistics
Jonathan Schwantes, Senior Policy Counsel