

THE OTHER HALF: Why DoorDash fees are so high — and where the money goes

Independent data analysis reveals that only half of fees DoorDash assesses on Seattle orders are actually paid to workers

April 25, 2024

Immediately after Seattle implemented legislation requiring DoorDash and other app companies to pay delivery drivers minimum wage after expenses for all time worked, **the company responded by levying a \$5 customer fee on each delivery order placed in Seattle**. While the app companies have widely publicized these fees as part of a concerted effort to generate opposition to the gig worker minimum wage, they have not provided any information about where these new fees are going. They've provided even less information about how exactly fees paid by customers, and commission fees paid by restaurants, correlate to workers' pay. By analyzing screenshots of customer fees and worker payments for orders placed in Seattle in April 2024, this new analysis has been able to **determine where those fees are actually going** — and the percentage of fees DoorDash is taking from each order.

Key findings from this analysis

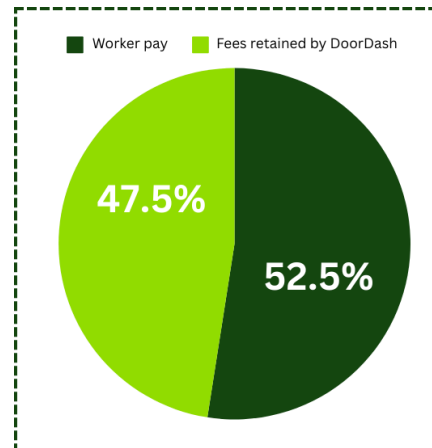
👉 **DoorDash's "cut" of fees, on average, is 48% — almost *half* of the total fees.** In other words, workers' pay amounts to barely more than half of the fees paid on each order. The rest of the fees are simply retained by DoorDash.

👉 **On average, DoorDash charged \$21.10 in fees on each order in this sample.**

With average worker pay of \$11.07 per delivery in our sample, DoorDash's customer and restaurant fees amounted to \$10.03 *above* worker pay.

👉 **DoorDash could eliminate the new \$5 fee and *still* maintain a margin over 30%.**

The average order in our sample included a customer fee of \$14.40 on top of food cost and a restaurant fee of \$6.70 at minimum. If DoorDash did not charge the new Seattle delivery fee, the average customer fee per order would be \$9.40, and total restaurant and customer fees charged on each order would be over \$16.11. Based on this analysis, DoorDash could eliminate the \$5 Seattle fee and still retain an average 31% of the customer and restaurant fees on each order — after paying at least minimum wage after expenses to the person doing the work.



DoorDash's take rate vs. worker pay for the average order in our sample

Background

Immediately after Seattle’s minimum payment ordinance covering app-based workers took effect on January 13, 2024, DoorDash led a massive effort to attempt to suppress demand in their own market to help them push to repeal the law. They intentionally angered their own customers by levying excessive fees, [widely advertising those excessive fees](#), and then blaming the fees on the requirement to ensure the people performing deliveries are paid at least minimum wage.

DoorDash chose not to reduce the psychological impact of added fees for customers, as they typically do — instead they announced those fees through ads and in-app pop-ups. And they chose not to accept slightly smaller margins in response to the requirement to pay workers minimum wage. Instead, they spent more than \$130,000 in just [the month of March](#) lobbying to repeal the requirement to pay their delivery workers at least minimum wage. And while that \$130,000 figure only includes the indirect lobbying they’re legally required to disclose, and does not account for the entirety of the money they’ve spent promoting the effort to repeal Seattle’s gig worker minimum wage, **this publicly disclosed amount would alone be enough to cover their \$5 delivery fee on more than 26,000 orders.**

Our analysis of fee and pay data from a sampling of recent DoorDash jobs shows that the fees the company takes from customers and restaurants are dramatically in excess of what workers are being paid for the delivery. **In fact, DoorDash on average takes almost half of total fees on each order.** In other words: worker pay is only about *half* of the total fees DoorDash collects from customers and restaurants. And while that figure is startling, it comports with the company’s [financial reports to investors](#), which consistently show gross profit margins higher than 40% — and increasing.

	Three Months Ended				
	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sept. 30, 2023	Dec. 31, 2023
<i>(In millions, except percentages)</i>					
Revenue	\$ 1,818	\$ 2,035	\$ 2,133	\$ 2,164	\$ 2,303
Less: Cost of revenue, exclusive of depreciation and amortization	(1,014)	(1,069)	(1,135)	(1,156)	(1,229)
Less: Depreciation and amortization related to cost of revenue	(42)	(45)	(47)	(46)	(48)
Gross profit	\$ 762	\$ 921	\$ 951	\$ 962	\$ 1,026
Gross Margin	41.9 %	45.3 %	44.6 %	44.5 %	44.6 %

DoorDash and other app companies have **offered no verifiable evidence for their repeated assertions that paying gig workers minimum wage requires them to charge such high fees to customers.** (In fact, they have backed legislation which would *eliminate existing requirements to disclose data to the city* which would allow for independent analysis of their claims.) Keep in mind that DoorDash’s total take per order is far higher than is immediately obvious: in addition to customer fees, app delivery companies also take 15% - 30% of the order price from restaurants. This adds up to a substantial share of total order costs going to DoorDash itself, and further indicates their \$4.99 “Regulatory Response Fee” is driven by politics rather than economics. Note also that they are only assessing [a \\$1.99 fee](#) in New York City in response to a similar pay standard — in fact, a *higher* per-minute pay standard than

Seattle's. The key difference is that DoorDash is not actively lobbying to repeal New York City's law, so they're not trying to create a customer backlash to the extent they are in Seattle.

This strongly suggests the reason some restaurants struggle with high service charges from the apps and some customers struggle with high fees is that **DoorDash has chosen to engage in politicized price-gouging**. Their goal: create a backlash against the minimum wage — and bank massive margins all along the way.

A closer look at DoorDash's fees

DoorDash and other apps collect the following fees on each order:

- Delivery fees charged to customers
 - On some orders, additional "Express fees"
- Service fees charged to customers
- "Regulatory response" fees charged to customers
- Restaurant fees, sometimes called commissions, charged to restaurants

Delivery fees range from \$0 to about \$5, depending on the restaurant's agreement with the company. Lower delivery fees tend to be more appealing to customers and generate more orders, so DoorDash offers a lower delivery fee in exchange for a higher commission. For example, while a restaurant paying a 15% commission may be listed with a \$5 delivery fee, a restaurant paying a 30% commission may be listed with "free" delivery.

"Express fees" are optional \$2.99 fees paid by customers to receive orders faster. The fee is not passed on to drivers to incentivize faster delivery — it is simply extra money for DoorDash to prioritize dispatching the customer's order before others.

Service fees are typically 15% of the order amount.

"Regulatory response fees" are charges in response to legislation DoorDash has lobbied against, which are often presented by the app as if they are mandatory taxes despite actually being arbitrary figures not required by any regulation. In Seattle, DoorDash has assessed a \$4.99 "regulatory response" fee.

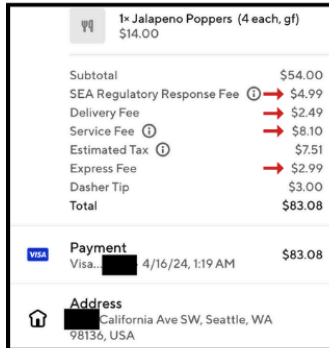
Restaurant fees are collected from restaurants as a portion of the menu price, and range from 15% - 30% of the order. So an order with a \$100 subtotal before customer fees results in \$70 - \$85 being paid to the restaurant, with DoorDash taking the remaining \$15 - \$30 as commission. These fees are intentionally hidden from customers, who are led to believe that the "menu price" or subtotal of their order is the amount paid to the restaurant, and are given no hint that DoorDash is collecting fees from that end of the transaction as well.

All these fees and commissions are paid to DoorDash. From that total they pay the worker and then retain the rest to cover their costs and take profit. As noted above, their gross profit margins reported in financial statements are typically above 40%.

Case examples

Below are several sample screenshots, used to demonstrate how fees break down into DoorDash's cut and a worker's pay on a given DoorDash order.

BoxBar delivery, West Seattle, April 16th, 2024



1x Jalapeno Poppers (4 each, gf)	
Subtotal	\$54.00
SEA Regulatory Response Fee	\$4.99
Delivery Fee	\$2.49
Service Fee	\$8.10
Estimated Tax	\$7.51
Express Fee	\$2.99
Dasher Tip	\$3.00
Total	\$83.08
Payment	
Visa	\$83.08
Address: California Ave SW, Seattle, WA 98136, USA	


Total customer fees: **\$18.57**

Does not include taxes or tip.

+ Min. restaurant fees: **\$8.10**

Based on the minimum fee DD charges restaurants – 15% of food subtotal.

= **Total fees: \$26.67**

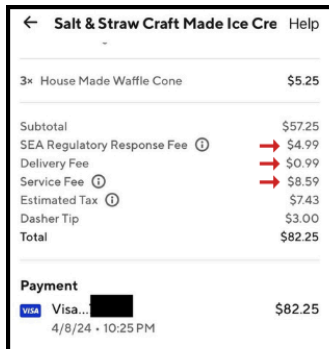


Earn per offer	
Delivery Completed	
DoorDash Pay	\$6.00
Base Pay	
Customer Tips	\$3.00
Box Bar	
Total	\$9.00

Worker pay: \$6.00

Does not include tip.

Salt & Straw delivery, First Hill, April 8th, 2024



Salt & Straw Craft Made Ice Cre	
3x House Made Waffle Cone \$5.25	
Subtotal	\$57.25
SEA Regulatory Response Fee	\$4.99
Delivery Fee	\$0.99
Service Fee	\$8.59
Estimated Tax	\$7.43
Dasher Tip	\$3.00
Total	\$82.25
Payment	
Visa	\$82.25
Address: Salt & Straw Capitol Hill	

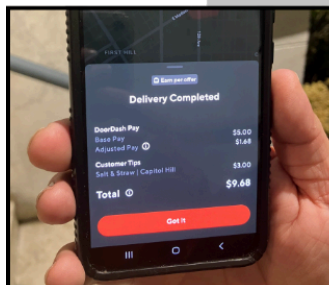
Total customer fees: **\$14.57**

Does not include taxes or tip.

+ Min. restaurant fees: **\$8.59**

Based on the minimum fee DD charges restaurants – 15% of food subtotal.

= **Total fees: \$23.16**



Earn per offer	
Delivery Completed	
DoorDash Pay	\$3.00
Base Pay	\$1.68
Adjusted Pay	
Customer Tips	\$3.00
Salt & Straw Capitol Hill	
Total	\$9.68

Worker pay: \$6.68

Does not include tip.

How we gathered the data used in this analysis

DoorDash does not currently disclose to customers how much of their payment goes to the restaurant, how much goes to the worker, and how much is retained by the company. This lack of transparency likely benefits DoorDash: customers may be concerned if they saw how little of the fees they pay actually go to workers. [Several U.S. senators recently wrote to DoorDash and other delivery companies](#) requesting information on the nature of the various fees they charge.

Due to this lack of transparency, the only way to determine fee distribution is to look at disclosures to both workers and customers for the same job.

We gathered the orders in this analysis in two ways. **Roughly 40% of analyzed data came from customers ordering food**, and then asking their delivery worker to share a screenshot of the pay for that order. Customers then provided us with both points of information. **The other 60% of the data came from delivery drivers**, who provided screenshots of their pay for each job, along with screenshots of the order itself, including the order subtotal and locations. Those jobs were then recreated in the DoorDash customer app in order to determine total customer fees for each job. Despite the significant challenges in collecting data due to DoorDash's lack of transparent reporting, we were able to capture a diverse sample of 31 orders placed in April 2024 in Seattle using these methods. While this sample is not large, it captures a wide range of order types and locations, and the results are similar to what is shown in the company's financial reports, which indicates that our sample captures the overall trends. We would welcome DoorDash providing similar data on a larger scale for additional independent analysis.

The sole unknown variable in these orders is the fee paid by restaurants to DoorDash, which is not publicly disclosed. However, DoorDash advertises on its [Products & Pricing page for restaurant partners](#) that the minimum partner plan requires restaurants to pay DoorDash 15% of the subtotal of each order. The highest fee collected from restaurants is 30%. For purposes of this analysis, we have calculated restaurant fees based on the *minimum* paid by restaurants — 15%. As a result, the estimate of fees in this analysis is a conservative one, and the actual total fees collected by DoorDash on each order are likely significantly *higher* than calculated here.

Findings

DoorDash collects fees and commissions from each order which are **dramatically in excess of what they pay to workers**.

The average order in the sample totaled \$59.08 before taxes and tip, with an advertised food subtotal of \$44.68. Of that total payment:

- \$37.98 went to the restaurant after they paid restaurant fees to DoorDash for the order
- \$14.40 was charged in customer fees paid to DoorDash
- \$6.70 was charged in restaurant fees paid to DoorDash

Of that total of \$21.10 charged in restaurant and customer fees:

- \$11.07 was paid to the worker

- \$10.03 was retained by DoorDash

This average order breakdown reveals some remarkable and under-appreciated information about why DoorDash fees are so high and where the money is going.

While DoorDash has claimed that the new fees they're charging are a necessary result of raising pay for workers, this analysis suggests that **the fees on each order are in fact not correlated to worker pay meaningfully at all**. Even our conservative estimate of fees collected by DoorDash on each order, using the minimum restaurant fee amount of 15%, reveals that DoorDash retains almost as much as they pay workers for each order.

1. The fees collected on each order were very high relative to the subtotal food cost — in fact, on the average order the fees came out to 47% of the food subtotal.

The average order in this sample was a \$44.68 subtotal for food. On top of that subtotal, DoorDash charged an average of \$14.40 to customers, and from that subtotal DoorDash charged an average of \$6.70 to restaurants. From that extremely high take, they had to fund their operations and pay the worker who completed the delivery.

2. The fees collected on each order were well in excess of workers' pay — in fact, worker pay amounted to just 52.5% of what DoorDash collected in fees.

This appears to be an extremely high take rate, with DoorDash taking a much higher percentage of fees than customers may be led to believe. However, this figure aligns with the gross profit margins of over 40% that DoorDash reports to shareholders.

3. If DoorDash limited their take rate to a robust but reasonable 25% margin for operating the app, customer fees for each order could be reduced by about \$6.

If DoorDash's commission on each order was capped at 25% of total fees, customer fees on orders in this sample would be reduced from \$14.40 to \$8.06. Under such a policy, DoorDash's total fees collected on each order from customers and restaurants would have amounted to \$14.78 — still well above the average worker pay for orders in this sample.

Conclusions and recommendations

It is clear from the analysis of jobs that DoorDash is charging fees well in excess of what would be necessary to ensure workers are paid at least minimum wage after expenses for all their time worked — and it suggests that the decision to levy these excessive fees is part of a lobbying effort rather than an economic necessity. Allowing a company to suppress demand and damage its own market to rewrite public policy would set a dangerous precedent that many others would soon follow. Instead, the city should implement policies to:

- Limit total fees for each order to no more than 25% above what the worker is being paid for that job.

- Require transparency disclosure to customers about where fees go, including what portion of fees and commissions are retained by the app.
 - Ensure the names and descriptions of fees clarify the nature of each fee, and clearly distinguish between government taxes and company-imposed fees.
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