

Final Consulting Project Report

MGT530- Operations & Logistics Management

DOORDASH

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Doordash



1. Introduction

DoorDash is an online food ordering service and delivery platform service. It is an American company based in San Francisco. It serves in the USA, Australia, Canada, Germany, Japan, and New Zealand. It works with local and nearby restaurants to deliver food to customers' homes and workplaces. Nowadays, it is all in one; it also helps deliver products from nearby grocery, pharmacies, and convenience stores. However, because of how DoorDash orders are delivered, the app makes it easier for restaurants and other stores to enter the delivery market.

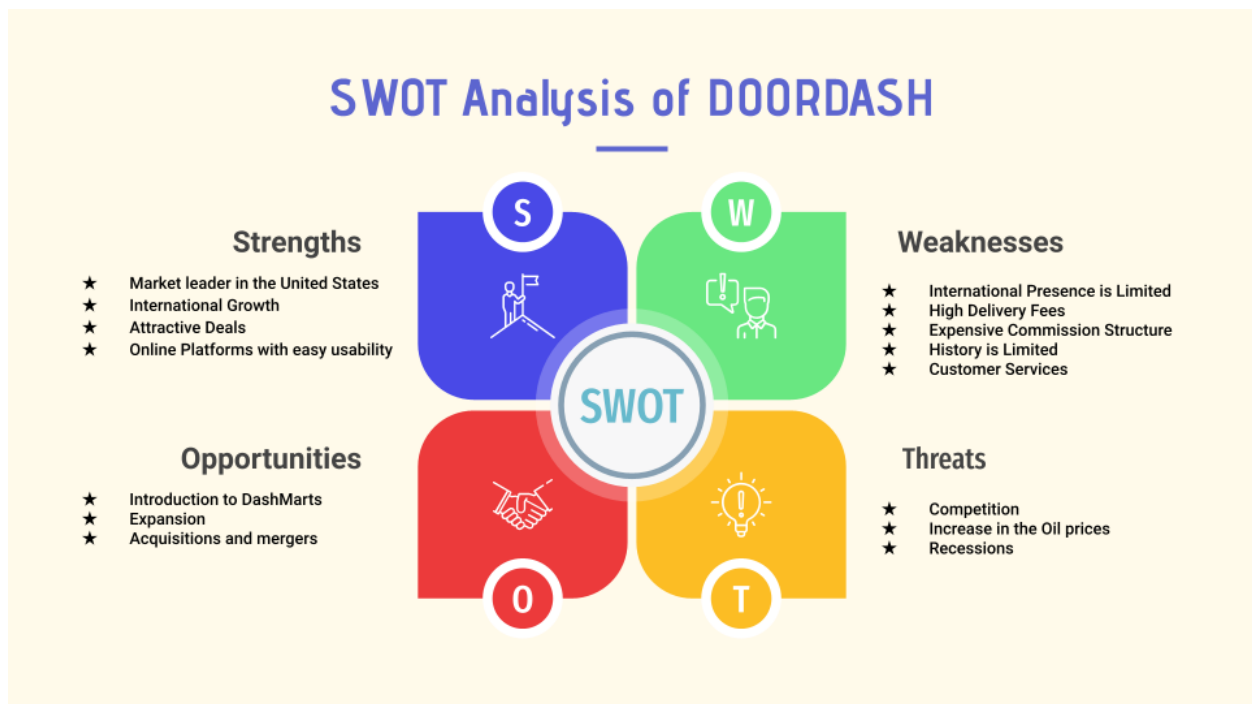
DoorDash began with a straightforward goal: to enable every merchant to deliver. The story began in the fall of 2012, in Palo Alto, at a small macaron shop. Four software engineers were developing technology for small business owners while soliciting feedback on an app. They talked with the store manager for a long time, learning about daily life. However, in the end, the app had to solve the most pressing issues. "Well, there is one thing I wanted to show you," the manager said as they were about to leave. The manager produced an extensive booklet. There were pages upon pages of delivery orders. "This drives me insane. I do not have any drivers to fill them, so I do everything myself." That was also the lightbulb moment. Over the next few weeks, they interviewed over 200 small business owners from San Mateo to Mountain View, and

they kept hearing the same thing: deliveries are painful. On January 12, 2013, Palo Alto Delivery was born; then, the name was changed to Doordash.

2. Organizational Context.

The organization's context consists of the environment in which it operates and refers to internal and external issues relevant to its activity. SWOT analysis will identify inputs for determining internal and external issues.

2.1. SWOT analysis



The SWOT analysis abbreviates "**Strengths, Weaknesses, Opportunities, and Threats.**" These are further classified into internal and external elements. The strengths and weaknesses are internal, while opportunities and threats fall under the external elements. The strengths might be utilized to better position itself in the market than competitors. The weaknesses will assist Doordash in becoming aware of them and determining whether the organization may try to eliminate them from its business strategy to compete more effectively in the global marketplace. Doordash will benefit from opportunities to expand and enter new markets, while threats will allow them to minimize risks that pressure its business models.

2.1.1. Strength

Every organization has features that ensure its survival in the rough seas of competition. Strengths are those factors that give the company a competitive advantage and help it maximize its market share.

a. Market leader in the United States

Every business aims to have the greatest market share possible, but only a few succeed. DoorDash has risen to the top of the food ordering industry, which captured 59% of the market share by March 2022. In the United States, DoorDash was a nightmare for its competitors. Whereas DoorDash has obtained 59% of the market share, all its competitors have obtained the remaining 41%. Such dominance is a very powerful strength for DoorDash.

b. International Growth

Expanding operations internationally greatly strengthens a company because exploring new markets increases annual revenue and popularity. DoorDash currently operates in four international markets. This global expansion strategy strengthened the company's position by diversifying revenue streams compared to operating in a single market.

c. Attractive Deals

Every business tries to create appealing-looking offers to increase its customer base, but it does not always work out. However, looking at DoorDash's marketing strategy, it appears to be quite successful. DoorDash introduced DashPasses, allowing customers to pay nothing for orders over \$12. Naturally, this offer drew many people, and the number of Dashpass subscribers quickly surpassed 5 million. With such a strong marketing strategy, DoorDash can go places.

d. Online Platforms with Easy Usability

Consider yourself a hungry person who cannot order food due to the complexity of online platforms; trust me, you will not like it. DoorDash has solved this problem by bringing a user-friendly website and mobile app where users can quickly place their orders.

2.1.2. Weakness

Where there are strengths, there are also weaknesses. Factors that cause a company to underperform are viewed as a weakness. To succeed, businesses must accept their flaws and work to turn them into assets.

a. International Presence Is Limited

DoorDash has an international presence but has operations in only four countries which is insufficient. DoorDash can dominate international markets the same way it dominates the US market. However, DoorDash missed the opportunity to capture other potential markets to increase its revenue because of its delayed expansion policy.

b. High Delivery Fees

What is their first look when people order food from food delivery services? Correct! They consider the additional funds required to obtain the food. As a result, consumers naturally tend to choose the less expensive option. Although DoorDash is a market leader with a large market share, it is far from the cheapest food delivery service available. Other companies in the market provide their services at a lower cost than DoorDash.

c. Expensive Commission Structure

In 2013, a food delivery service was born to help restaurant owners with delivery issues. However, once the company was up and running, it had to split the costs between customers and restaurant owners. To that end, DoorDash devised three types of commission plans for restaurants, ranging from 15% to 30%. Because this commission structure is costly for restaurants, they may seek other options.

d. History Is Limited

Although DoorDash is a huge success in the food delivery industry, it lacks business experience. Because DoorDash has been operating for less than a decade, it has little business experience. This lack of business experience may pose a challenge in the future, as companies in their respective industries require significant experience to survive.

e. Customer service

Sometimes the customer faces issues and cannot connect directly to customer service. The issues are missing Items or having received the Wrong Order, catching Dasher Stealing Food and food getting delivered to the Wrong Address; delivery Issues, DoorDash App Down, Unauthorized Charges being charged, and Error Validating Basket; these issues are from the customer feedback and reviews.

2.1.3. Opportunities

Opportunities are possibilities for a company to grow by increasing its revenue and market share. The letter O in the word SWOT represents the company's growth opportunities. This section will go over some of the opportunities that DoorDash has ahead of it that can help it grow even more.

a. Introduction to DashMarts

DoorDash is one of the few companies that create unique business plans. After years of working as a food delivery company, DoorDash had an idea to diversify its portfolio, and thus the concept of DashMarts was born. To maintain its uniqueness, DoorDash established virtual marts called DashMarts, which stock groceries, snacks, and food items from various restaurants. Currently, this service is only available in eight cities in the United States, but it has the potential to expand and generate revenue in markets around the world.

b. Expansion

Expansion is regarded as the primary strategy for increasing revenue. Looking at DoorDash's current operations, we can conclude that the company has much-untapped potential for growth. DoorDash only offers food delivery services in Australia, the United States, Canada, and Japan. However, it has the opportunity to launch operations in new developing markets such as India and China, which could benefit DoorDash financially and effectively.

c. Acquisitions and mergers

Every business views its competitors as its greatest threat, but is it possible to reduce the number of competitors in the market? Absolutely. Mergers and acquisitions enable large corporations to acquire small competitors, increasing their market share because there is less competition in the market. DoorDash can use a similar strategy to maintain its market dominance.

2.1.4. Threats

Threats are factors that can harm a company's growth. Threats are external factors that put a company under pressure to limit its operations. We have talked about DoorDash's strengths, weaknesses, and opportunities. Now let us take a glance at the threats that DoorDash is facing.

a. Competition

The food delivery industry is booming, and there are increasing competitors. Uber Eats, Deliveroo, Slice, and other companies provide similar services to DoorDash. DoorDash needs to up its game and looks forward. After a few years, customers will expect a simple ordering process and a high-quality product on the first try. To outperform its competitors, DoorDash should invest in technology development to provide relevant data for managers to make more informed decisions about customer retention and growth.

b. Increase in the oil prices

Oil prices have risen significantly globally due to recent political tensions between Russia and Ukraine. An increase in oil prices would raise DoorDash's operating costs. DoorDash may have to reduce its delivery fee to compensate for high oil prices and keep the business running. However, this will decrease DoorDash's turnover, and the company will suffer financially.

c. Recessions

A recession can have a severe impact on DoorDash's operations. People's living standards are known to fall during a recession. Uncertainty reigns during an economic downturn, prompting people to save. As a result, if an economic downturn occurs, orders

will decrease. This could be interpreted as a threat because a decrease in orders would reduce DoorDash's revenue.

3. Issue area



- **Missing or Wrong Items on Doordash**

Some items in your order may be missing, or you may receive the incorrect order entirely. Aside from being incredibly inconvenient, this can also ruin your entire meal.

- **Stealing or tampering with the food by the dashers**

Previously, some deliveries were caught stealing food. Food delivery drivers are self-employed individuals. Food tampering is one of the reasons why the DoorDash agreement can be terminated, and the Dasher account deactivated permanently.

- **Did not receive the Doordash order**

One of the most frustrating DoorDash experiences is placing an order but never receiving it. This can occur for various reasons, including the restaurant not receiving the order, the

driver becoming disoriented, or traffic delays. Regardless, not receiving your order is a major inconvenience that DoorDash customers should not have to deal with.

- **Delivery Issue (Messed up Order or cold food)**

In today's world, food presentation is crucial. Customers have also reported receiving messed-up orders. This can happen if the food is squished during delivery or needs to be packed correctly. While it may not appear a big deal, food presentation is essential and can influence your dining experience. Receiving cold food is another common issue with DoorDash. This can occur if the driver takes too long to deliver the food or if the restaurant needs to pack it properly. In either case, it is a significant inconvenience because you will either have to reheat your food or eat cold dishes.

- **Doordash App down**

If the apps are crashing, freezing, or acting strangely, many may wonder why DoorDash isn't working. Is there a problem with DoorDash today? One of the most severe Doordash issues today is the app crashing. Third-party software that runs on your device is known as an app. DoorDash is a food delivery app that operates around the clock. However, if DoorDash is unavailable, you cannot use your preferred food delivery service to have your breakfast, dinner, or even alcohol delivered to your door. DoorDash servers were affected by an Amazon cloud outage on December 7.

- **Doordash Unauthorized Charges**

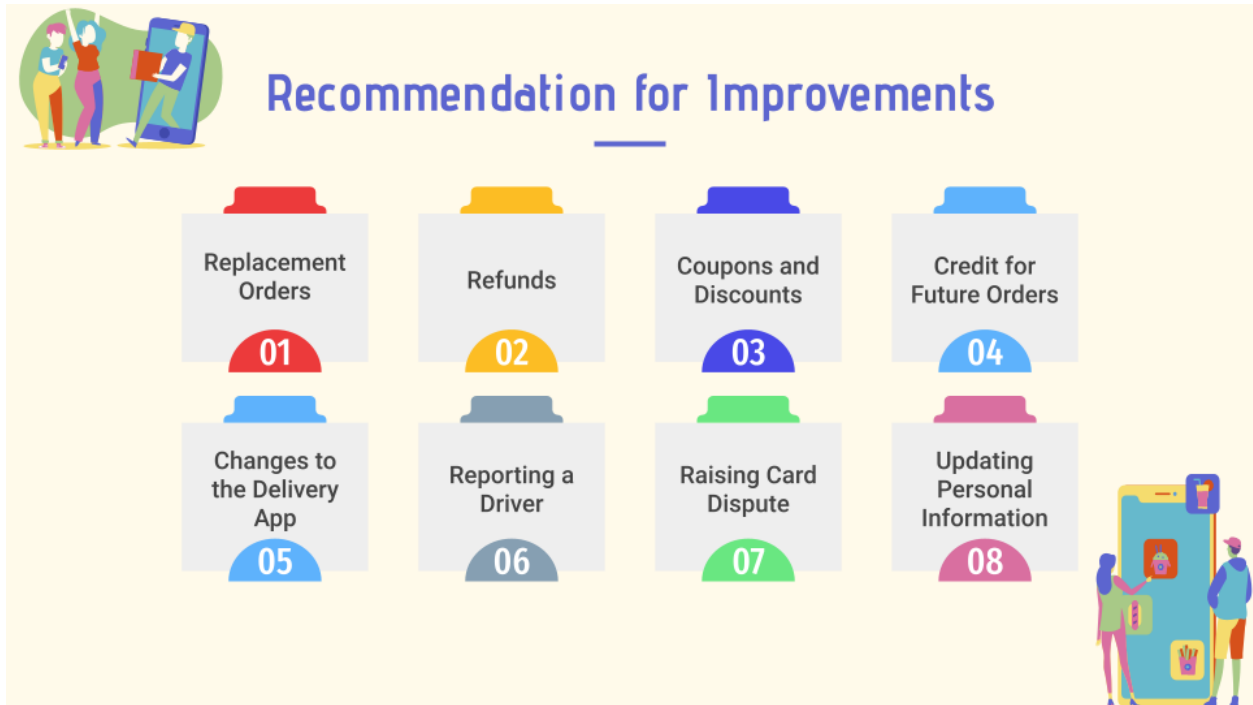
Unauthorized charges on credit or debit cards have been reported by some DoorDash customers. This is a serious issue because it can lead to identity theft or fraud. DoorDash is a well-known company, but such incidents breed mistrust and can harm its reputation.

- **Doordash error in validating basket or confirming orders**

These typically occur when people attempt to place an order but receive an error message stating that their basket is invalid. This is especially aggravating if you are trying to place

a last-minute order. It is also inconvenient because you must go through the entire process again.

4. Recommendations for improvement



- **Replacement Orders**

DoorDash may offer to replace an order damaged during delivery or did not meet customer specifications. To apologize for the inconvenience, this solution is usually provided at no cost to the customer.

- **Refunds**

A refund may be offered when a customer is dissatisfied with their order. Unfortunately, this option is only sometimes available and depends on the circumstances. Depending on the degree of the problem, the refund may be partial or complete.

- **Coupons and Discounts**

In some cases, DoorDash may offer coupons or discounts to make amends for any inconvenience caused. These coupons are redeemable for future orders and may be extended to all customers or those affected by a specific issue.

- **Credit for Future Orders**

DoorDash may also provide credit for future orders as an apology for any problems that have arisen. This credit can be applied to future orders and is usually given in addition to refunds or coupons. This solution is most commonly used when orders or items are missing or when an order is significantly delayed.

- **Changes to the Delivery App**

DoorDash may also change the delivery app to address some issues. These modifications could range from adding new features to tracking orders easier. Adding new technologies like machine learning and artificial intelligence could improve the app.

- **Reporting a Driver**

Another option can be to report a driver not adhering to the proper protocol. Contact DoorDash customer service and provide them with the driver's name and contact information to do so. This solution is most commonly used in cases of driver misconduct, such as when a driver is late, messes up an order, or is rude to a customer.

- **Raising Card Dispute**

If unauthorized charges are made to a customer's credit or debit card, the customer can file a card dispute with their bank or credit card company. This will start an investigation into the charges and, if the charges are found to be unauthorized, will result in a refund. This solution is most commonly used when customers believe they were overcharged for their order or were charged for an order they did not receive.

- **Updating Personal Information**

The simplest way to solve problems like incorrect delivery addresses or the contact information is to update your personal information in your DoorDash account. Updating the delivery address ensures that future orders are delivered to the correct location, and updating the contact information ensures that DoorDash can contact the customer if there are any problems with the order. This solution is most commonly used when a customer's personal information has changed, such as when they move to a new address or change their phone number.

5. Resources Needed

Resource planning is at the heart of any firm determined to scale; thus, its benefits cannot be understated. The benefits of planning resources include Increased project quality, Higher outcome performance, and Cheaper resource costs. It knows where your project team members are during the project. The following points discuss the five most effective benefits of resource planning. Resource planning answers questions like whether we have enough resources with the right skills or need additional resources. For example, if resources are less than required for any product development team, DoorDash needs to hire new resources. Resource planning also helps reduce the cost or improve the overall operational cost. Moving resources from the existing pool will help DoorDash to enhance productivity.

Expansion of Technical teams based on new technologies like Artificial Intelligence and Machine Learning will help the team update the companies' prediction and analytics capabilities. AI has many potentials, but its implementation is complex, where user behavior prediction is involved. For machine learning and artificial teams, DoorDash needs to hire new resources and upgrade existing resources using training and mentorship.

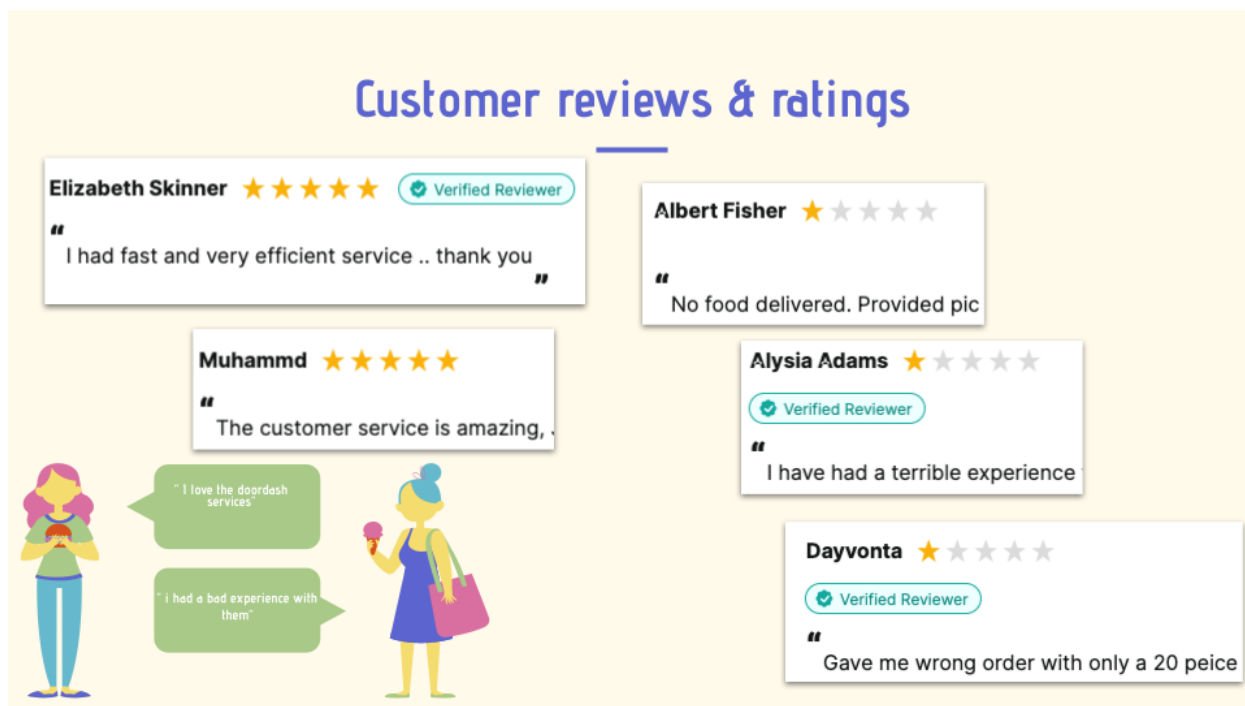
IT infrastructure also plays an important role, particularly in the case of product-based companies. DoorDash's whole business runs on the IT infrastructure. If an IT infrastructure is adaptable, reliable, and secure, it can assist a company in fulfilling its goals which provide a competitive edge in the market. Alternatively, if an IT infrastructure is not correctly established,

firms can encounter connection, productivity, and security issues—like system disruptions and breaches. Overall, a properly developed infrastructure can determine whether a business is lucrative. Doordash can also use cloud computing due to its benefits. A cloud computing environment IT infrastructure is similar to traditional infrastructure. Nonetheless, end users can access the infrastructure via the internet, utilizing computing resources without installing on-premises via virtualization. Virtualization connects physical servers hosted by a service provider in one or more locations. Then it divides and abstracts resources, such as storage, to make them available to users almost anywhere there is an internet connection. Because cloud infrastructure is frequently made available to the public, it is commonly referred to as a public cloud.

High-performance storage, a low-latency network, security, an efficient vast area network (WAN), virtualization, and zero downtime are all possible with the best infrastructure. High-performance storage systems, including a disaster recovery system, store and back up data. To reduce data transmission latency, low-latency networks employ enterprise-level infrastructure components. Secure infrastructures include systems that govern information access and data availability. It can also defend a firm from breaches and cyberattacks wherever the data lives, keeping the customers' trust. WANs control the network by prioritizing traffic and giving particular applications more or less bandwidth as needed. Virtualization delivers faster server deployment, boosts uptime, improves disaster recovery, and saves energy. Zero downtime eliminates system downtime and prevents disruptions to corporate operations, keeping costs low and earnings high. There are several benefits of required training, including but not limited to the following:

It guarantees that all employees know the company's rules, processes, and legal obligations. It helps to safeguard the organization from legal action by ensuring that employees are aware of their rights and duties. It makes employees aware of their job's potential dangers and hazards and helps prevent accidents and injuries. It helps ensure that all employees perform their jobs safely and effectively and meet the company's requirements. It can enhance employee morale and motivation by offering staff training and development opportunities.

6. Measurements



The measurements for Doordash would be the customer reviews and ratings on some trusted, verified websites. Everyone has different experiences, some positive and some negative. As we can see in the above images. Doordash has a customer rating of 1.16 stars based on 749 reviews, indicating that most customers are dissatisfied with their purchases. Customers who complain about Doordash frequently mention customer service, credit card, and last-time issues. Doordash is ranked 150th in the Food Delivery category.

Transparent customer feedback enables restaurant partners to better understand their unique diner experience and listening to what your customers say is an important part of managing your business on DoorDash.

7. Summary

Food delivery is a highly competitive commodity industry. That is why all delivery companies, including DoorDash, attempt to build a brand. However, DoorDash also created a massive proprietary data set that they used to improve their operations, increase marketplace

transaction volume, and generate economic lift for all marketplace participants — merchants, Dashers, and consumers. The secret is not so much in the use of data as it is in the decision to devote nearly a third of all engineering resources to working with data.

DoorDash, a significant player in the food delivery industry, has issues. However, there are several possible solutions to the issues raised. Replacement orders, refunds, coupons and discounts, credit for future orders, changes to the delivery app, reporting a driver, filing a card dispute, and updating personal information can help resolve issues with DoorDash.

DoorDash is committed to delivering good by connecting people and possibilities — providing convenience to families, flexible work opportunities to help people achieve their goals, or bringing new customers to business owners. It has always been inherent in our culture and woven into the very fabric of what all of us at DoorDash strive to achieve for others and ourselves every day.

8. References

- <https://www.doordash.com/en-US/about/>