

Food-delivery startups feeding Seattle's time-starved techies

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Kaitlyn Williams watches food deliveries carried past her desk all day, every day from her seat at the front desk of Galvanize, a coding school and co-working space in Seattle.

Giant black canvas bags with a peach emblazoned on them have become a common sight at office buildings throughout the region, especially at those that host tech companies. Bright-green cars sporting the lettering "Bite Squad" dash around, and paper takeout boxes line compost bins across the city.

Food-delivery startups have sprouted up all over the region, either homegrown or shipped in from San Francisco and the Midwest. They are flocking to Seattle to serve the growing population of mostly tech workers - employees who work long hours and have more money than time.

Williams, a community coordinator at Galvanize, notes that nearly every company in the building orders from a [food](#) service at least once a week. She herself uses Postmates or Instacart a couple times a week to restock the building's many kitchens with groceries, picked up from nearby supermarkets and delivered to her door by contract drivers.

Just like the booming time of the dot-com bubble, techies are finding they can spend extra money on housekeepers, driver services and food delivery - personalized services that have historically peaked when the economy is strong. The so-called "on-demand economy" caters to the

desire to have whatever we want, whenever we want it. And Seattle, with its high average income and plenty of techies, is the perfect testing ground for such services.

"There's a connection between the rise in disposable income and this kind of convenient service," said Kate Stovel, a sociology professor at the University of Washington who teaches a course on the sociology of food.

"We are becoming a city that is booming, especially with young people in the tech industry who are earning good salaries," she said.

Many of the employees at the tech firms are millennials, often male, and unmarried. That means a lot of them are coming home, tired after the typical long days that techies work, craving fried rice from the place two miles away. The solution? Open an app on a smartphone and place an order.

"Seattle is very tech-savvy," said Max Rhodes, product lead at Caviar, a San Francisco food-delivery company that launched in Seattle this past November. "Microsoft and Amazon people are very open to new technology and new ways of doing things using the Internet and apps. Plus, there's a great restaurant scene."

It's not all easy, though. There are some problems, including how not all [restaurants](#) love the services as much as customers do. Many delivery companies form formal partnerships with eateries, but some have found ways around that.

LONG HOURS

Not only do the region's tech employees work long hours in big office towers, their schedules are irregular.

Aakhil Fardeen remembers his three years at Amazon, full of 10-hour days and takeout meals from whatever restaurants he happened to pass by on his way home. He didn't feel like he had time to cook substantial meals at the end of the long work days, but he hated relying on the food he picked up.

"The food was too heavy," he said. "I wanted high-quality food and wanted to feel good."

Fardeen did what any self-respecting techie would do: He started a company.

He founded Lish with friend Mark Piper to serve his former co-workers and other workers. The company forms partnerships with local chefs, who create special dishes for Lish. The meals range from about \$10 to \$14 for such dishes as pork loin with vegetables, Thai fried rice or coq au vin.

Lish is gaining traction in the dinner market, but the tech worker still needs food during the long workday. Piles of insulated bags from Seattle delivery service Peach are stacked at the door of nearly every Amazon building, signs of the frequent food deliveries; sandwiches come for \$13 from Peach, Whole Foods' salads are dropped off by Instacart and sushi arrives in a Bite Squad car.

Food-delivery services have become so ingrained in tech-company culture that more and more keep popping up to feed the demand. GrubHub has been arguably the most successful, going public in April 2014. Bite Squad and Caviar pick up and deliver food from restaurants. Postmates and Instacart bring groceries and other small items.

The list seems endless, and the tech workers seem insatiable.

"It's about buying services when you have more money than perceived time," the UW's Stovel said.

For Cheryl Maclaine, a training specialist at Seattle online real-estate brokerage Redfin, saving time is a big plus.

She orders from Peach regularly, especially when she is training large groups of people. Peach's messaging system, which allows ordering via text messaging and notifies the customer when the food is ready, has been a huge timesaver for her.

"I know exactly when to stop training because I get a text that the food is at the front door," she said.

Food delivery has become so commonplace that companies also reward employees with discounts that many services build into their technologies. Porch.com, a growing home-improvement marketplace, for example, sends employees a free-lunch coupon through Peach on their birthdays. Many companies offer employees 20 percent off subsidies during meetings.

RESTAURANT CONTROVERSY

The services may be popular in the tech crowd, but they face controversy from traditional restaurants.

David Meinert, an owner of bars and restaurants, objected to Postmates' allowing people to order from his restaurants through Postmates' app.

He got complaints from customers that the food was cold when they got it, and Meinert had never agreed to have his food delivered.

Most companies, including Bite Squad, Instacart and Caviar, have

contracts with restaurants and obtain their consent before they deliver.

Postmates uses information scraped from the Foursquare location website to add restaurants to the platform. Drivers for such services, often working part-time jobs and moonlighting at other on-demand companies such as Uber and Lyft, simply place an order at an eatery and walk in to grab it like any other customer.

Meinert said Postmates never asked permission to deliver. His restaurants were only removed from the Postmates app after he sent a cease-and-desist letter and his story was published in Seattle blog Eater.

Postmates did not respond to requests for comment.

THRIVING BUSINESS

Though some restaurants have expressed concern, it's clear the intersection of food and technology is thriving.

Companies delivering prepared meals or food ingredients in the United States have raised more than \$750 million from venture capital firms in just the first half of 2015, according to venture capital tracker CB Insights. Companies raised \$549 million during the second quarter alone, a 10-quarter record.

Seattle itself is served by nearly a dozen food-delivery services. There are more than 90,000 software engineers in the state, but some analysts are skeptical even that is enough to keep all the services in business.

"This is something where a winner (business) can take all and there's not really a benefit for being a wannabe in the market," said Sucharita Mulpuru from Forrester Research.

Food-delivery startups face significant challenges when they first launch, including forming relationships with hundreds of restaurants or chefs and getting customers on board. BiteSquad waited until it had dozens of restaurants signed in Seattle before it launched in the market, and offered promotions and discounts to get customers on board.

Despite the challenges and crowded market, some believe the industry will keep growing.

Serial entrepreneur and blogger Matt Mireles points out that a multitude of different restaurants now exist; why not a similar variety in the food-delivery market?

"It's such a high frequency; people eat all the time," he said. "There's a pretty big pie for everyone to get a piece."

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