

## Taco Bell Teams Up With DoorDash To Bite Into On-Demand Delivery

---

DoorDash, a Palo-Alto based food delivery service, is teaming up with Taco Bell to help enchilada enthusiasts Live Más a little closer to home. The rollout starts today with more than 200 restaurants in California and Texas.

On the heels of a \$40 million funding round led by Kleiner Perkins in March, DoorDash was recently valued at nearly \$600 million — and named one of FORBES' Next Billion Dollar Startups.

“This partnership marks an important milestone for DoorDash,” said Tony Xu, CEO at DoorDash, when the news was announced. “As DoorDash looks to double its [geographic] footprint by the end of the year, today’s announcement shows our continued momentum.”



Now, with the tap of an app, DoorDash will dispatch its team of drivers to bring Taco Bell to you in Los Angeles, Orange County, San Francisco Bay and Dallas, TX. There’s a \$3.99 delivery fee, but no minimum order, and thanks to the data DoorDash has collected while testing, it’s gotten the average delivery time down to 38 minutes (the usual is 45). “We’ve tested out different models with Taco bell,” says Prahar Shah, head of business development at DoorDash. “Is it faster to get an order done through the drive-thru window vs. going in the store?”

Taco Bell’s been talking about delivery all year, and its team got first-hand experience when Tressie Lieberman, Taco Bell’s VP of Innovation and On Demand, and her colleagues joined DoorDash’s team of “dashers” to deliver food for the day. “They got to see how it works to download the app, to get a notification and to be able to complete a delivery.” Shah says. “They saw all the challenges associated with that, as well as how our algorithms deal with the challenges.”

After quietly testing Taco Bell delivery in the local scene for the last two months (one in three households in the Bay Area use DoorDash, Shah says), the partners rolled out to the larger test of 90+ cities today. The partnership is just one of many fast food restaurants testing delivery. In April, Chipotle announced it was teaming up with Postmates to offer delivery in more than 60 cities around the country, and McDonalds began testing the service in New York City in May.

While DoorDash started up two years after Postmates, Taco Bell’s newest amigo has been able to expand into 15 metropolitan areas and about 250 cities in the last two years. And as for what’s next in the delivery startup’s expansion? Xu is keeping that quiet for now, but with more partnership announcements expected this summer, the stretch to an expansion beyond just food delivery doesn’t seem unlikely. “We want to offer all the best local merchants,” Xu says. “And our technology and software, from day one, has been set up for any vertical.”

---

### Questions for Discussion

*(25 words each, typed and emailed)*

1. We’ve been talking about the third P of marketing strategy, Place. How does this strategy completely change how Taco Bell (and other fast food restaurants) compete in the area of PLACE?
2. What other businesses could this innovative idea be applied to? Try to come up with several ideas.