



235 Montgomery St., Ste. 760, San Francisco, CA 94104
tel: 415.352.4520 • fax: 415.392.0485 sfchamber.com •
twitter: @sf_chamber

March 10, 2020

San Francisco, CA 94102

Re: Delivery Apps and Small Business Hearing

Dear Supervisor Ahsha Safai,

The San Francisco Chamber of Commerce, representing multiple delivery app platforms and hundreds of small businesses, is writing to offer some perspectives around the upcoming Delivery App Hearing.

With a changing economy, San Franciscans have done what they do best: innovate. The models of delivery apps, when correctly used as a partnership between the on-demand platform and the business, offer a huge benefit to small business owners. The restaurant industry faces a variety of challenges, and it is difficult and costly to run a small business in San Francisco. In 2019, the San Francisco Department of Public Health reported that there were 40% more brick-and-mortar restaurants that closed in San Francisco than opened.

Third-party delivery has enabled business throughout San Francisco to generate more revenue, which in turn helps protect good restaurant jobs. Businesses that use a delivery app see a 4.5 times increase in merchant sales. It is also important to note that this increase in revenue comes from new customers. Various studies, including The Cowen Group (2017), show that delivery sales through delivery network companies are approximately 80% incremental. Meaning, orders that otherwise would not have been placed by an eat-in diner or a takeout customer.

In addition to increasing revenue, third-party delivery provides ways for small businesses to expand their business. With the growing cost of rent and over 200 potential permits and fees a small business might have to pay to open a brick and mortar restaurant, it is important we maintain restaurants' ability to expand in creative ways. Further, due to the logistics, insurance, and additional payroll of hiring and executing a delivery operation, small businesses see real benefit in partnering with delivery apps.

The Chamber of Commerce encourages you to consider the alternatives that these platforms offer to a changing economy and consumer base, as well as the increasing cost of doing business in the City.

We look forward to assisting any collaboration we can help provide between these two groups.

Sincerely,