



LC-10 Grubhub Testimony
(Read by Hannah Smith on 12/17 at 8:30pm PST)

Good evening Speaker Kotek, President Courtney and members of the committee.

Thank you for your time today.

My name is Hannah Smith and I am head of public affairs for the western U.S. at Grubhub.

At Grubhub we appreciate the State of Oregon's commitment to supporting the restaurants that are the lifeblood of cities and neighborhoods across the state - this is a commitment we share and has been at the heart of our work since we were founded in 2004.

And I want to particularly thank the Oregon Restaurant & Lodging Association for their tireless support of the state's restaurants.

We strongly support legalizing alcohol delivery by third parties. This change in law will deliver support for an industry that desperately needs it right now.

But as proposed, the fee caps included in the bill would have the opposite effect. A 10 percent commission cap would be fraught with unintended and damaging consequences, and is unprecedented at the state level anywhere in the country.

While well-intentioned, fee caps limit how restaurants – especially small and independent establishments – can effectively market themselves to drive demand. Grubhub provides critical marketing services that have hard costs - which lets local independent restaurants compete with the large chains that have significant marketing budgets.

When a cap is set so low that a third-party company like Grubhub can't even offer a basic level of marketing support, you put thousands of restaurants across Oregon at a distinct competitive disadvantage with big national chains.

In other places where fee caps have been implemented, we have seen a clear effect of caps driving down how many customers and orders restaurants receive, which in turn lowers pay for drivers by reducing the number of orders to be delivered.

And that's with a cap of 15-20 percent.



By setting a 10 percent fee cap, you risk completely eliminating that important supply chain of meals and earning ability.

Every day we hear directly from independent restaurants about the unintended impacts of caps. To quote one restaurant owner specifically, who said that fee caps:

“... have been a hindrance rather than a relief... there is no way for us restaurant owners to increase traction and increase our revenue base.”

While it's critically important we support our restaurants right now, there are better ways to do it.

Thank you for your time and consideration today.