

DoorDash, Deliveroo Food-Delivery Billionaires See Riches Swoon as Pandemic Ebbs

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Wealth

Food-Delivery Billionaires See Fortunes Swoon as Pandemic Ebbs

- Massive wealth reversals for DoorDash and Just Eat founders
- End of lockdowns, inflation hammering delivery firms' shares



A DoorDash delivery bag at restaurant in Washington, D.C.
Photographer: Andrew Harrer/Bloomberg

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Early in the pandemic, as locked-down diners turned to ordering online, a new type of billionaire emerged: the food-delivery magnate.

The three co-founders of San Francisco-based [DoorDash Inc.](#) each amassed fortunes of [\\$2.5 billion](#) or more. Jitse Groen, who started European rival [Just Eat Takeaway.com](#), racked up a \$1.5 billion fortune.



Tony Xu
Source: Bloomberg

Those riches now seem like a mirage as the world returns to eating in restaurants rather than just ordering takeout, while technology stocks fall out of favor with investors amid a shifting macro environment. Groen's stake has dropped to \$350 million, while DoorDash's Andy Fang and Stanley Tang are no longer billionaires, and Chief Executive Officer Tony Xu's net worth has fallen to \$1.1 billion, according to the [Bloomberg Billionaires Index](#). Others also suffered massive wealth reversals, including [Deliveroo Plc's](#) Will Shu, whose holdings in the company have declined to about \$150 million from \$620 million in August.

“The end of lockdowns has shown us the limits of food delivery,” said Mott Smith, the CEO of [Amped Kitchens](#), which rents kitchen space.

After notching huge gains in 2020 and much of last year, the slump in share prices of large food delivery firms has been swift and relentless, wiping out more than \$100 billion of market value. And while most are still managing to increase revenue, that growth has leveled

off sharply from the 2020 surge.

Drop Off

Food delivery companies have seen their shares plunge post-pandemic



Source: Bloomberg

Bloomberg

A recent market downturn as well as persistent inflation are also eroding consumers' savings, cutting into the amount of money that people can afford to spend on ordering in. Fast-growing technology stocks have widely plummeted, with growth expectations dropping amid rising interest rates and fears of a prolonged slowdown.

"The bottom is too tough to call," said Diana Gomes, an analyst at Bloomberg Intelligence. "The sector never experienced such a combination of high inflation and uncertainty on what level of demand constitutes the new normal."

The focus has now shifted to cost-cutting for some, with investors pressing companies to generate cash rather than spending to grow market share. Just Eat's shares rose 12% following a report this week that Grubhub founder Matt Maloney had considered buying back the US business just a year after selling it to Just Eat for \$7.3 billion.

To be sure, the scale-back is not across the board as lockdown ordering habits show signs of sticking. DoorDash is hiring employees at "still very aggressive rates," Xu said on a May conference call.

Representatives for DoorDash, Just Eat and Deliveroo declined to comment.

The founders' wealth was years in the making and then exploded seemingly overnight. Xu and his two partners came up with the inspiration for DoorDash while they were students at Stanford University. Groen was also a student -- at the University of Twente in the

Netherlands -- when he created Just Eat's predecessor in 2000. And Shu had recently finished business school at Wharton before founding Deliveroo in London in 2013, though he did have some experience as a banker.

Before the pandemic, the growth of food delivery firms seemed limitless. When DoorDash went public in December 2020, its shares rocketed 92% in one of the biggest first-day jumps of the year.

DoorDash's co-founders have started moving some of that wealth into the bank. Xu, Fang and Tang have sold more than \$356 million in stock combined in the past 17 months, using pre-arranged trading programs, according to Bloomberg calculations.

Many of the food delivery companies that enjoyed the biggest run-up in prices -- and subsequently the biggest collapses -- are based in Europe, which isn't known for its culture of food delivery. It now risks a more precipitous return to normal.

"This was a uniquely American phenomenon that spread to the whole world for a moment in time," said Usha Haley, a business professor at Wichita State University.

These founders have now experienced another aspect of American life: Not all get-rich-quick billionaires manage to hang onto their fortunes.

(Updates throughout with more context.)

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