Jul 6, 2020 - Economy

Uber to buy Postmates in $2.65 billion deal

Kia Kokalitcheva, author of [Axios Pro Rata]

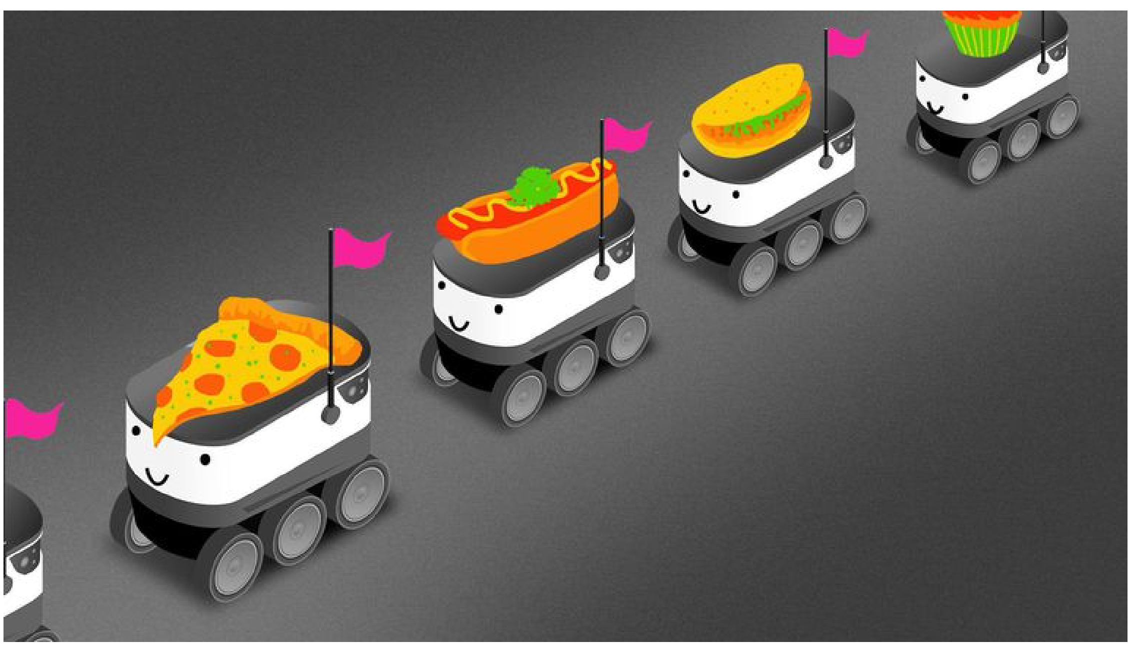

Illustration: Sarah Grillo/Axios

Uber has agreed to acquire food delivery company Postmates for

as the sector undergoes an ongoing market consolidation.

- After failing to agree on terms with Uber, GrubHub struck a deal to sell to Europe's Just Eat Takeaway last month.
- Nearly a year ago, DoorDash acquired Caviar from Square.

The big picture: The Uber-Postmates tie-up would still put the combined businesses' market share behind DoorDash, which has about 45% of the U.S. food delivery market, according to credit card spending tracking companies.

- Postmates has raised just over $900 million in total funding, and was last valued at $2.4 billion post-money.
- This deal also showcases Postmates' prowess in the Los Angeles and Miami markets, where the company has strong market share.

Between the lines: It's not surprising to see Postmates get acquired. Though it paused its IPO ambitions last year, the company was recently rumored to resume plans to go public and was also looking to raise new funding, as Axios reported.

- Uber has also been drastically reshaping its business since the beginning of the coronavirus pandemic. Its ride-share business has significantly suffered, dropping by as much as 70% in April, and it recently offloaded its scooter and bike rental unit. However, its food delivery arm has seen a surge as restaurants turned to delivery to remain afloat.
- The pandemic has also made ride-hailing and delivery more costly for the companies across these industries as they've had to

provide more resources to drivers, including paid sick leave and

What's next: Both Postmates and Uber have opposed a newly effective California labor law that could force the companies to reclassify their drivers from independent contractors to employees. The companies are backing a state ballot measure to change the law in the coming November elections.

Go deeper

Map showing fire weather risk on Sunday. Image: NOAA/SPC

The Smokehouse Creek Fire in Hutchinson County increased to a staggering 1,078,086 acres and was just 15% contained as of Sunday morning.

Why it matters: The fire, which began as a fast-moving grass fire on Tuesday and exploded in size, is now the largest in state history, and threatens to grow.

Go deeper (2 min. read) ⟶

Kelly Tyko
3 hours ago - Business

Why stores and brands are shrinking product options

Illustration: Aïda Amer/Axios

The endless aisle of options at the store is shrinking as brands cut inventory, focusing on bestsellers to boost their profits.

Why it matters: It's a reversal from the trend of giving consumers unlimited choices — and experts tell Axios the switch could reduce shopping stress while driving sales.

Go deeper (1 min. read) ⟶