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“If Grubhub really wants to help restaurants, they will significantly reduce their sky-high fees, as other companies have done, not just try to extract more money from struggling restaurants,” Andrew Rigie, executive director of the NYC Hospitality Alliance, told Nation’s Restaurant News.

In the business update, the Chicago-based third-party delivery operator said it is seeing a record number of new diners and new restaurants on its platform, with delivery orders trending upward in April [after an initial slowdown in late March.](#)

During the initial wave of dining room closures in late March, the company said it experienced a decrease in orders especially in New York City. But daily average orders are trending upward in April. So far during the current month, year-over-year growth is up by 10%, the company said.

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“In markets less affected by the outbreak, diner ordering has returned to, and in many cases exceeded, our pre-COVID-19 expectations,” the company wrote in a letter signed by CEO Matt Maloney and Adam DeWitt, president and chief financial officer. “We expect to see a return to more typical behavior when the COVID-19 impact on daily life wanes.”

Still, the company recognized that the industry faces an uncertain environment with mandated dining room closures.

“We believe Grubhub has a clear responsibility to help restaurants and all working individuals in our ecosystem,” the company wrote.

Grubhub said it plans to reinvest most of its profits to drive more business to its restaurant partners through “numerous Grubhub-funded diner promotions, reduced or eliminated diner delivery fees, platform improvements and products and procedures to help keep drivers, diners and restaurant workers safe.”

It did not mention reducing commission fees for restaurants, which industry leaders and lobbying groups have been asking for since shelter in place orders swept the nation last month.

“We believe the absolute best way we can support our industry is by driving as much demand as possible to local restaurants, which in turn has significant downstream benefits for restaurant workers, restaurant suppliers, our drivers and countless others in the value chain,” the company said when asked why commission fees were not part of its restaurant relief plan.

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A few weeks ago, the industry thought [Grubhub had thrown restaurants a lifeline](#) when it announced it would suspend commission fees. But, when restaurants read the fine print, they realized that the fees would eventually have to be repaid.

Third-party fees can be as high as 30%. That's why industry advocates have been demanding the reduction of fees at a time when delivery is one of the few options restaurants have to generate revenue during the pandemic.

"I'm bombarded with complaints from restaurateurs who are livid by Grubhub's exploitation of the restaurant industry during this crisis, and they are furious by their propaganda commercials and other actions," Rigie said.

Some delivery relief is coming.

Last week, [San Francisco's mayor capped delivery fees at 15%](#) to help restaurants during the pandemic.

San Francisco-based [DoorDash also said it is reducing fees by 50% through the end of May for restaurants](#) that have five or fewer locations on the DoorDash app. The reduction does not apply to a franchisee of a large chain like McDonald's who owns fewer than five units.

Rigie said with San Francisco capping fees, Grubhub is "seeing the writing on the wall."

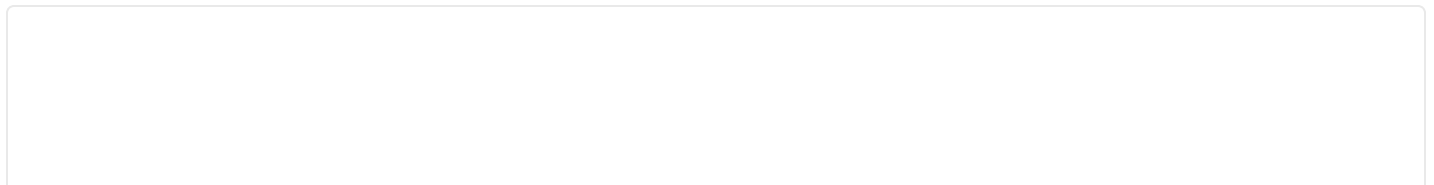
"If they want to help restaurants survive, they must immediately and unambiguously reduce their fees to a max 10%," he told NRN.

Last week, [the National Restaurant Association said industry revenue losses are projected to reach \\$100 billion](#) by the end of April.

Contact Nancy Luna at [nancy.luna@informa.com](mailto:nancy.luna@informa.com)

Follow her on Twitter: [@fastfoodmaven](#)

## About the Author





## Nancy Luna

Senior editor, Nation's Restaurant News

Nancy Luna is a senior editor at Nation's Restaurant News and a contributing editor at Supermarket News. She covers the industry's largest and most talked about fast-food brands including McDonald's, Starbucks, Chipotle Mexican Grill, Taco Bell, Pizza Hut, KFC and Subway. She is an award-winning journalist with more than 25 years reporting...

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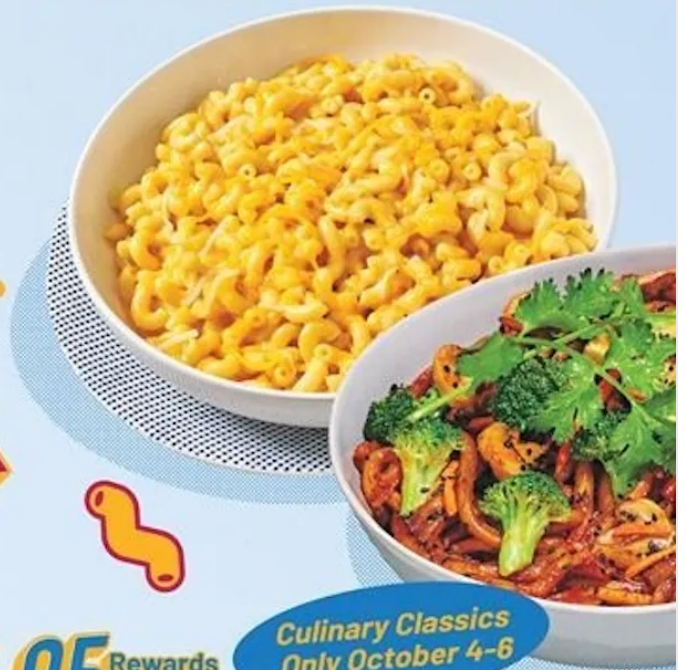


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