After outcry, DoorDash promises workers will get 100% of tips



Enlarge / DoorDash CEO Tony Xu.
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In recent months, food delivery company DoorDash has faced a growing backlash over a compensation formula that critics said amounted to DoorDash pocketing drivers' tips. On Tuesday evening, DoorDash CEO Tony Xu announced on Twitter that the company would change its compensation formula so that drivers' "earnings will increase by the exact amount a customer tips on

every order.”

“It’s clear from recent feedback that we didn’t strike the right balance,” Xu tweeted.

Xu insists that DoorDash never intended to take drivers’ tips. Rather, he said, the goal was to protect drivers from low earnings in cases where a customer failed to tip. If a driver’s total pay for a job—DoorDash’s base rate plus any customer tip—fell below a DoorDash-determined minimum, DoorDash would make up the difference.

Of course, this is mathematically equivalent to a system where DoorDash simply pays every worker a standard rate but confiscates the first few dollars of every tip.

A recent New York Times story explained how the DoorDash’s current system works:

> *For my first order, the guarantee was $6.85 and the customer, a woman in Boerum Hill who answered the door in a colorful bathrobe, tipped $3 via the app. But I still received only $6.85. If the woman in the bathrobe had tipped zero, DoorDash would have paid me the whole $6.85. Because she tipped $3, DoorDash kicked in only $3.85. She was saving DoorDash $3, not tipping me.*

Now Xu says DoorDash is going to revamp its pay system to ensure that every dollar of tip goes to drivers. “We’ll have specific details in the coming days,” he tweeted.

There’s no guarantee that the new formula will be better for workers. After Instacart changed its formula earlier this year, some shoppers complained that their average compensation per job fell as a result. Ultimately, the specific compensation formula probably matters less than how much DoorDash chooses to pay its workers, on average.

DoorDash isn’t the only company to face a backlash over this

issue. Instacart was featured alongside DoorDash in a February piece by NBC’s Olivia Solon. Instacart changed its policy days later, while it took months of additional criticism from The New York Times and others before DoorDash changed its approach.

Slate’s April Glaser has a helpful roundup of the policies of other delivery companies. Most told her that workers get 100% of tips. Glaser said she couldn’t get a clear answer from Amazon about whether tips are counted against workers’ guaranteed base pay.

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