

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MARKET TEST OF EXPERIMENTAL PRODUCT –
CUSTOMIZED DELIVERY

Docket No. MT2014-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 6**
(February 8, 2016)

The United States Postal Service hereby provides notice of filing responses to Chairman's Information Request (CHIR) No. 6, which was issued on January 28, 2016. Responses were due by February 5, 2016. Each question is reprinted verbatim and is followed by the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
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February 8, 2016

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REQUEST:

In accordance with Order No. 2224, please provide the following information for each metropolitan area listed above:

1. Examples of businesses that offer similar products or services.
2. The range of prices these businesses charge for similar products and services.
3. A description of the impact of the expansion on small business concerns.

RESPONSE:

1. Because the market for grocery delivery is emerging rapidly, and firms are regularly expanding into new markets, the Postal Service expects several national grocery delivery companies to enter these metropolitan areas over the coming weeks and months. The business models for these services may vary. Some companies offer a wide variety of products for consumers while others focus on specific niches, such as organic products. Examples of the national grocery delivery firms that the Postal Service expects will offer similar services within these metropolitan areas are: Peapod, Von's (Safeway), Envoy, and Instacart.

2. These firms offer several different prices, often depending on order value. Delivery fees can range from \$3.99-\$15.99. Some companies have additional fuel surcharges, minimum order requirements, or membership/subscription requirements.

- Peapod requires a \$60 minimum order with delivery fees ranging from \$6.95-\$9.95.
- Von's (Safeway) requires a \$49 minimum order with delivery fees ranging from \$9.95-\$12.95, plus a fuel surcharge.

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- Envoy charges \$12 per store visit plus 10 percent of order value, and also offers monthly fee options (\$10, \$45, or \$60) depending on the order value and preferred frequency of orders.
- InstaCart requires a \$10 minimum order size, and a 10 percent tip added to the order. For Instacart Express members, deliveries of \$35 or more are free when 2-hour or scheduled delivery is chosen. A “busy pricing” fee at certain times may apply in addition to delivery fees.

3. The Postal Service did not perform market research to this level of detail, but expects the prices offered by small businesses in this market are comparable to the price range offered by the Postal Service through this market test and by larger grocery delivery firms. These courier services already compete with existing retail grocery stores and larger firms, so the Postal Service does not expect its entry into this emerging market will have a significant impact on these smaller firms.