

Amazon drops monthly fee to boost grocery delivery sales

October 29 2019, by Joseph Pisani



In this June 16, 2019, file boxes of Amazon Fresh deliveries are unloaded in New York. Amazon's latest move to jumpstart its grocery delivery business: cut some fees for its Prime members. The online retailer says it will no longer charge \$15 a month for its Amazon Fresh service, which delivers raw meat, vegetables and other groceries to customers' doorsteps. But the service is only for subscribers of its Prime membership, which costs \$119 a year. And at least \$35

must be to qualify for free delivery in two hours. (AP Photo/Jenny Kane, File)

Amazon has a new plan to try and jumpstart its grocery delivery business: cut some fees for its Prime members.

The [online retailer](#) said Tuesday it will no longer charge \$15 a month for its Amazon Fresh service, which delivers [raw meat](#), vegetables and other groceries to customers' doorsteps. But the service is only for subscribers of its Prime membership, which costs \$119 a year. And at least \$35 must be spent to qualify for free delivery in two hours. Amazon suggests a \$5 tip for the delivery workers, but tipping is optional.

Delivery is still a tiny part of the \$740 billion grocery market, partly because most people want to inspect eggs and squeeze avocados themselves. But Amazon.com Inc. thinks that dropping its fees will attract more people to the service. To handle a jump in users, Amazon says it is only offering it to those already signed up for Fresh. Others will have to go on Amazon's site to request an invitation.

The Seattle company has been trying to grab a bigger slice of the grocery market for years. It bought Whole Foods in 2017, giving it 500 [grocery stores](#). But it still lags behind others, including the nation's largest grocer Walmart, which has 5,000 stores. Walmart has also found success with its service that lets customers buy groceries online and pick them up at a store parking lot.

Stephenie Landry, Amazon's vice president of grocery delivery, said the company plans to expand Amazon Fresh beyond the 2,000 cities and towns it currently is in. She said the company is using small warehouses near cities to pack and send out its [grocery](#) orders.

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