

Statement of

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At the Hearing

“Having Their Say: Customer and Employee Views on the Future
of the U.S. Postal Service”

Before the

Senate Committee on Homeland Security and Government Affairs
Subcommittee on Financial Management, Government Information, Federal Services,
and International Security

House Committee on Oversight and Government Reform
Subcommittee on Federal Workforce, Postal Service, and the District of Columbia

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Chairman Carper, Ranking Member McCain, Chairman Lynch, Ranking Member Chaffetz, and Members of the Committees, my name is Paul Misener and I am Amazon.com’s Vice President for Global Public Policy. On behalf of my company and our millions of American customers, thank you very much for inviting me to testify at this important hearing on the future of the U.S. Postal Service.

Amazon.com, Inc. subsidiaries fulfill customer orders from our retail business and, increasingly, through the “Fulfillment by Amazon” program, sales by third parties, including many of the nearly two million sellers who offer products on Amazon websites. Thus, Amazon’s perspective is from that of a customer-focused company that ships parcels, not other types of mail, and I hope our views will be helpful to the committees.

Amazon enjoys a strong and extensive relationship with the Postal Service. The USPS is an integral part of the service we provide our customers. Globally, we spent well over a billion dollars last year on outbound shipping – an increase of over 20% from 2008. In dollars, we spend nine figures annually on the USPS, with over two million shipments per average week via the Postal Service. And, on behalf of our customers, we are talking with the USPS about ways to *increase* the number of these shipments.

We cooperate with the Service as efficiently as possible. For example, we worked closely with the USPS to begin using a postal consolidator to shift a large portion of our downstream injection shipments from bulk mail centers to further downstream to local post offices. For years, we have supported the Postal Service's efforts to make itself more competitive, such as by introducing new products, including downstream injection, and entering negotiated service agreements. Our customers have come to appreciate and expect Saturday delivery, and this is an instance where the USPS currently maintains a decided advantage over other carriers. And, in some urban/suburban areas, we have even begun to use the USPS for *Sunday* delivery, via Express Mail.

Amazon was very interested to review the recent USPS report entitled, "Ensuring a Viable Postal Service for America," which confirms that parcel delivery is a bright spot for the Service. While First Class and Standard Mail volumes are decreasing, parcel volume is increasing. This makes perfect sense, for although there are online or "virtual" substitutes for letters, bills, and advertising that decrease use of the mail, online shopping actually *increases* the need for physical shipments.

On behalf of our buyer and seller customers, the issue that I want to focus on today is the USPS proposal to cease Saturday delivery service except for Express Mail. We believe this is a bad idea. Not only would it be bad for parcel shippers, who would face higher costs to reach their urban and suburban customers on Saturday, it would be even worse for rural consumers and for the USPS itself.

As I mentioned before, Amazon's customers have come to appreciate and expect Saturday delivery. While they may be willing to wait until Monday or Tuesday for a bill they don't really want; an advertisement they didn't ask for; or a magazine to which they subscribed long ago; they expect the items they purchased this week to be delivered as soon as possible. In addition to the United States, Amazon subsidiaries utilize Saturday delivery services in the UK, Germany, Japan, France, and China.

Ceasing Saturday street delivery service would be much worse for our rural customers, who simply would not be able to receive parcels on Saturday because there are no delivery alternatives to the USPS. Maintaining Saturday Express Mail delivery would not address this serious problem because Express Mail has even less extensive rural coverage area than Saturday service from other carriers.

Moving to five-day delivery service would even be bad for the Postal Service, which would abandon its competitive advantage on Saturdays. As I mentioned before, we are looking for ways to *increase* our use of the USPS. But eliminating Saturday

delivery would cause us to significantly *decrease* spending and package count. This is a key point: elimination of Saturday street delivery will cause us to shift a significant fraction – approximately a sixth – of our current USPS business to other carriers.

Unlike mailers that send other classes of mail, we have Saturday package delivery options for most of our urban/suburban customers, who will not wait for Monday or Tuesday delivery if Saturday delivery is possible via other carriers. We likely would even shift some of the deliveries that otherwise would occur on Friday if we believe there is too much risk that the delivery would miss Friday, then be held until Monday or Tuesday. That is, where we have a two day window in which our customer expects delivery, we may decide that some of the parcels that would be delivered by the USPS on Friday should now be shifted to other carriers to ensure Friday or Saturday delivery.

So, ceasing Saturday delivery would make the USPS *less* competitive, significantly reduce the parcel volume the Postal Service carries in urban/suburban areas and, worst of all, would deny rural consumers a service they currently appreciate and expect. On behalf of Amazon's customers, particularly those living in rural America, we hope that the USPS will withdraw this proposal. If the five-day delivery proposal is not withdrawn, however, we ask that Congress ensure that Saturday delivery be maintained.

Thank you. I look forward to your questions.

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