Insight

The DoorDash and Instacart Delivery Consolidation

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Executive Summary

- On October 29, on-demand delivery platform DoorDash announced it would acquire grocery delivery firm Instacart in a $17 billion deal that the companies contend will help small businesses compete against the robust logistical networks of larger online retail and grocery rivals.
- The deal's reception could be complicated by a simultaneous Federal Trade Commission Section 6(b) study – involving both merging firms – examining how personalized pricing affects gig-worker pay and customer prices, an issue central to broader public debates over affordability.
- Serving as another test case for multi-sided platforms, assessing whether the merger harms competition hinges on how federal antitrust enforcers define the relevant market and weigh potential harms to consumers, merchants, advertisers, and gig workers.

Introduction

On October 29, on-demand delivery platform DoorDash announced it would acquire grocery delivery firm Instacart in a $17 billion deal that the companies say will help small businesses compete against the robust logistical networks of larger online retail and grocery rivals.

The deal's reception could be complicated by a simultaneous Federal Trade Commission (FTC) Section 6(b) study – involving both merging firms – examining how personalized pricing effects gig-worker pay and customer prices, an issue central to broader public debates over affordability. Relatedly, the FTC also issued a draft enforcement statement

earlier this year describing how such personalized pricing practices could violate the FTC Act.

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The Businesses of DoorDash and Instacart

DoorDash is an on-demand commerce platform that operates a three-sided marketplace connecting consumers, merchants, and delivery drivers. Consumers browse the menus or catalogues of local restaurants, grocery stores, convenience stores, and other retail shops through the DoorDash website or app for delivery or pickup. Merchants leverage this technology to expand their customer base without having to build their own logistics network. Delivery drivers, called Dashers, are gig-economy contractors who use the app to accept orders for delivery. Dashers pick up pre-packaged orders directly from merchants and earn base pay per delivery plus customer tips and other promotion incentives.

Instacart, meanwhile, is built around groceries. Consumers similarly browse the app to fill their virtual grocery carts for delivery or pickup. Similarly, Instacart allows grocery stores to reach additional customers without creating their own logistics network. Instacart's gig-economy contractors, called Shoppers, physically walk store aisles to pick, scan, bag, and deliver groceries while earning a base pay and customer tips. Instacart also serves a fourth market: consumer goods brands. Much like in a traditional grocery store, brands purchase advertising space on the app in real-time as customers are "filling" their shopping carts.

DoorDash and Instacart share similar revenue streams: the customers who pay delivery fees, service fees, and memberships; merchants who pay commissions and advertising; and advertising from consumer brands for preferential placement on the app or website.

Antitrust Markets and Competitive Effects

Antitrust enforcers – reportedly led by the Department of Justice (DOJ) – will have to grapple with the relevant market definition and estimate the effects the merged firm will have on competition.

Delivery Platforms

Consumer Edge data showed that DoorDash accounted for 59 percent of U.S. delivery platform spending in 2026, followed by Uber Eats at just under 20 percent, and Instacart at 18 percent. An acquisition would leave the combined firm with a market share of

approximately 77 percent. A merger reducing the market from three primary players to two would exceed the structural presumption concentration thresholds outlined in the DOJ and FTC's 2023 Merger Guidelines.

The firms will likely argue that the customers ordering a week's worth of groceries for Sunday delivery are fundamentally different than those ordering dinner delivery on a Wednesday night. In other words, the firms will assert that they serve two different markets.

Grocery E-commerce and Delivery

The possible relevant market outlined above notably excludes the country's two largest grocers: Amazon and Walmart. Data published by *The Wall Street Journal* (WSJ) showed that Amazon and Walmart had the largest market shares of U.S. grocery e-commerce sales in 2025 at 40.4 percent and 27.3 percent, respectively. Instacart was a distant third at 15.3 percent, while DoorDash was ranked seventh at 3.5 percent. Using this measure, the combined firm would have a 19 percent market share.

Within the narrower segment of third-party grocery delivery, Instacart dominates the grocery delivery market with an estimated market share of about 58 percent – though that share has been cut from 70 percent just three years ago as Walmart and Amazon improve their respective grocery delivery businesses. Consequently, the firms have framed the acquisition as a benefit to local businesses and argued that the combination will provide sufficient scale for them to compete against these grocery behemoths that operate their own delivery fleets and logistical networks.

Market Effects

The firms currently operate in three and four-sided marketplaces where the effects on competition would manifest in the form of higher prices on at least one set of customers as described earlier.

Customers paying for the convenience of delivery will hold significant leverage over the merged firm's ability to raise prices as they can simply stop ordering delivery. The WSJ showed that e-commerce sales are expected to account for just 15.5 percent – $260 billion of the $1.7 trillion – of grocery sales this year. While the e-commerce share has increased from just under 10 percent in 2020, consumers are still purchasing most of their groceries in physical grocery stores.

Alternatively, shoppers facing higher delivery fees could switch to ordering through an app or website directly operated by a grocer or opt to pick up groceries rather than have them

delivered. Either applies competitive pressure to keep prices low.

The agencies will also be concerned about the merged firms' ability to raise prices on consumer brand advertisers. Ecosystems that connect shoppers, data, media, and commerce built by Walmart and Amazon provide brand partners with unparalleled granularity into where, when, and why a consumer spends. These insights yield more effective advertising that ultimately increases the return on investment made by consumer product brands. A merger between DoorDash and Instacart would enable the new firm to scale its operations to offer improved advertising placement for consumer brands that lower the costs of customer acquisitions, increasing the return on ad spending.

The Monopsony Wildcard

The DOJ could also look at the effects on the labor market for gig-workers. Instacart has more than 600,000 shoppers, while DoorDash maintains a network of over 1 million active Dashers. Currently, Dashers and Shoppers have the ability to jump back and forth between platforms in search of the best base pay or promotions. Even though the firms plan on maintaining both brands and two separate apps, a single logistical network could put downward pressure on wages as there is less competition for labor.

The Politics of Affordability

The proposed acquisition is likely to be lumped into the broader affordability discussion. The merging parties have pitched the merger as a way to eliminate duplicate subscriptions, saving customers $100 million per year in membership fees while enabling smaller firms to compete with industry leaders. Others, including Senator Elizabeth Warren (D-MA) however, claim it could result in higher food prices and lower pay for delivery workers.

Separate, yet potentially integral to the merger investigation and its perception, is another major flashpoint in the affordability story: personalized pricing. Just one day prior to the merger's announcement, the FTC ordered nine major airlines, ride sharing companies, and food delivery platforms – including DoorDash and Instacart – to provide detailed information on their use of personal data to set prices and compensation under Section 6(b) of the FTC Act. The FTC is trying to examine whether "pricing for a ticket, ride share, food delivery or other product or service varies from one person to the next based on factors such as participation in loyalty programs or analysis of personal data by superintelligence algorithms." The FTC alleges that food delivery companies use opaque formulas to pay the independent contractors ("drivers" in this case) and they may be tracking drivers' personal data such as their phone usage and acceptance history for past offers to set their payment rates. The use of such pricing tactics was the subject of a draft enforcement policy

statement published in August 2026 in which the FTC asserted the practice could violate the FTC Act.

At the end of 2025, a joint study by the Groundwork Collaborative, Consumer Reports and More Perfect Union put Instacart in the spotlight for its use of AI-driven pricing. The report criticized the platform for using algorithmic tools that cause different customers to see different prices for the exact same item from the same store. This dynamic creates a stark fairness and affordability dilemma: While some shoppers get a discount, others are left paying a premium for the identical product.

The ongoing study and enforcement guidance could be why the DOJ is reportedly conducting a merger investigation rather than the FTC.

Conclusion

Whether a DoorDash-Instacart merger harms competition depends on how enforcers define the market. Advertisers and gig-workers will matter as much as consumer prices, making this another test case for multi-sided platform merger review.