

# Amazon Air launches in India

## Article

**The news:** Amazon is partnering with Bengaluru-based cargo airline Quikjet to launch its air freight service, Amazon Air, in India, per Bloomberg. It began using cargo capacity in a Boeing 737-800 aircraft on Monday and plans to begin making shipments via a second plane on Tuesday.

- Amazon launched its Amazon Air freight service in 2016, in what many saw as a direct threat to **UPS** and **FedEx**. The service operates out of small regional airports near Amazon's distribution centers to help it deliver orders within one or two days.

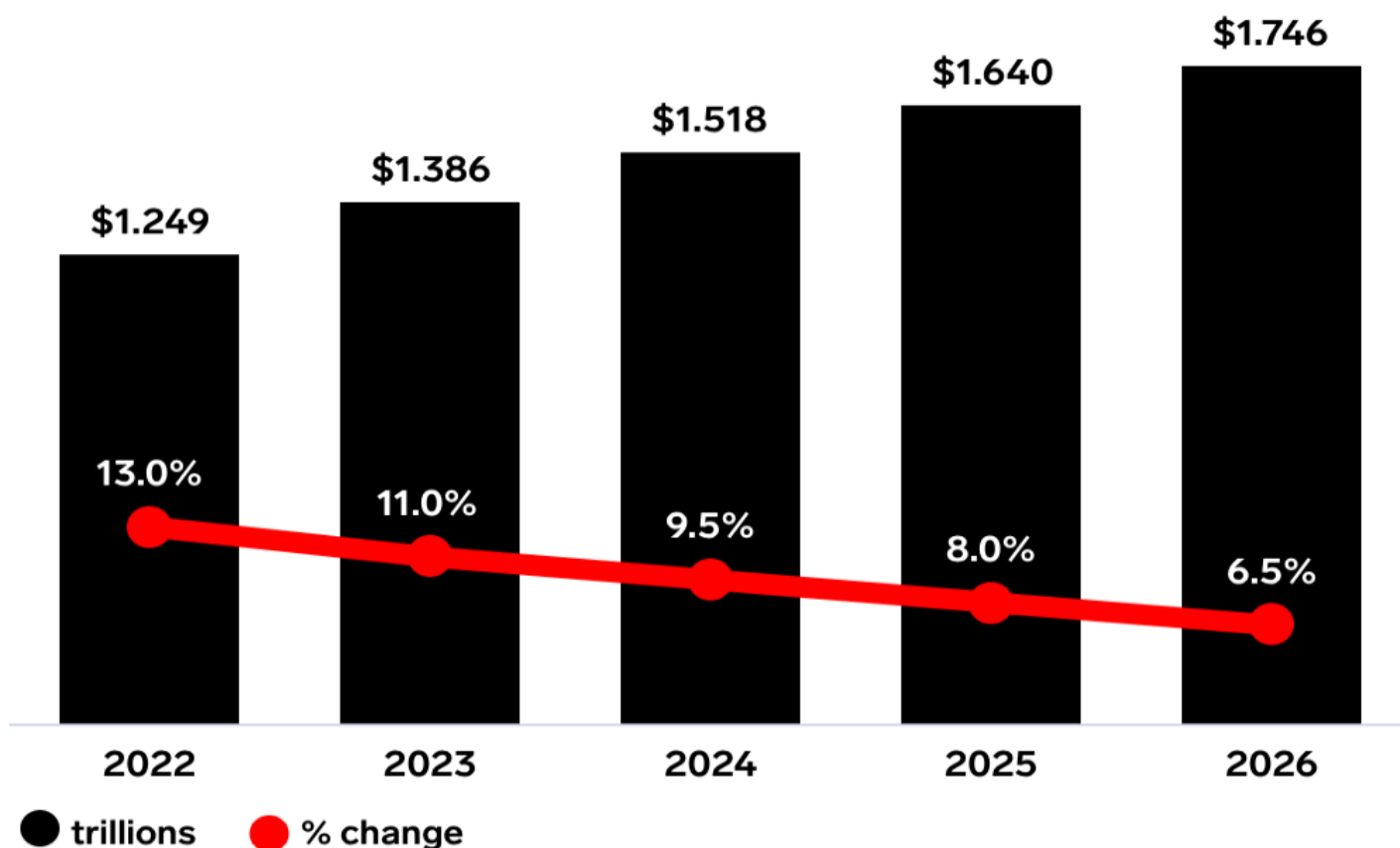
- In India, the service will initially serve Delhi, Mumbai, Hyderabad, and Bengaluru.
- India is the third market where Amazon launched Amazon Air, after the US and the UK.

**Why India?** We expect the retail market in India to grow 11% to **\$1.39 trillion this year**, per our forecast. That's strong enough growth to make India the fastest-growing retail market in the world, which we expect it to remain through 2026.

- **India is currently the fourth largest retail market in the world**, behind the US, China, and Japan. By next year, we expect it will overtake Japan.
- **Retail ecommerce sales' share of that market is growing quickly**; we expect the region to account for 8.6% of those sales this year and 9.4% next year. By 2026, retail ecommerce sales will make up 11.2% of retail sales in India.
- "India is really exciting. It's an indicator of all the potential out there," **Sarah Rhoads**, vice president of Amazon Global Air, told Bloomberg.

## Retail Sales

India, 2022-2026



Note: excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales

Source: eMarketer, December 2022

eMarketer | InsiderIntelligence.com

**Amazon's bread and butter:** The launch comes only a few months after reports that the company was scaling back its ecommerce ambitions in India as part of CEO Andy Jassy's cost-cutting initiatives.

- That stemmed from its decision to pull back on initiatives such as meal deliveries as it focused on its core competencies and revenue generators.
- As part of that pivot, Amazon laid off about 1,000 of its employees in India, per The Federal.

- But with Amazon Air, the retail giant is leaning into an area it knows well. Amazon India already uses its own services to deliver [80% to 85% of orders](#) and, in November, the retailer began offering third-party merchants access to its transportation and logistics network via a service it calls Amazon Shipping, [per](#) TechCrunch.

**The big takeaway:** We expect economic uncertainty to slow down retail sales growth around the world. Given China's shrinking population and slowing economy, retailers such as Amazon are wisely looking to regions such as India for growth.

*This article originally appeared in Insider Intelligence's **Retail & Ecommerce Briefing**—a daily recap of top stories reshaping the retail industry. [Subscribe](#) to have more hard-hitting takeaways delivered to your inbox daily.*

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