

# Amazon eyes malls to expand distribution network

Article



The retail titan is purchasing well-located US malls to convert them into massive fulfillment centers, [per](#) NBC News. Though Amazon didn't confirm the report, a representative told NBC that it's exploring new locations and weighing new approaches to growth. Insider Intelligence [predicted](#) last year that Amazon would pursue this approach, which could help the brand speed up delivery times in specific markets.

**With store closures set to ramp up, the timing is ripe for Amazon to leverage these spaces for its fulfillment network.** The pandemic wreaked havoc on in-store retail space, especially in nonessential categories, and malls in particular face strong headwinds. Up to 80,000 stores are set to close through 2026, [according to](#) UBS—and more than 50% of mall department stores could face similar fates, per Green Street. This gives Amazon considerable greenfield to make these acquisitions, especially as struggling mall operators look to offload mortgage debt, per NBC. The company could also use these spaces to [extend](#) its [push](#) into physical retail in essential areas through [chains](#) like Amazon Fresh, diversifying its revenue stream—or as a testing ground for new payment technologies.

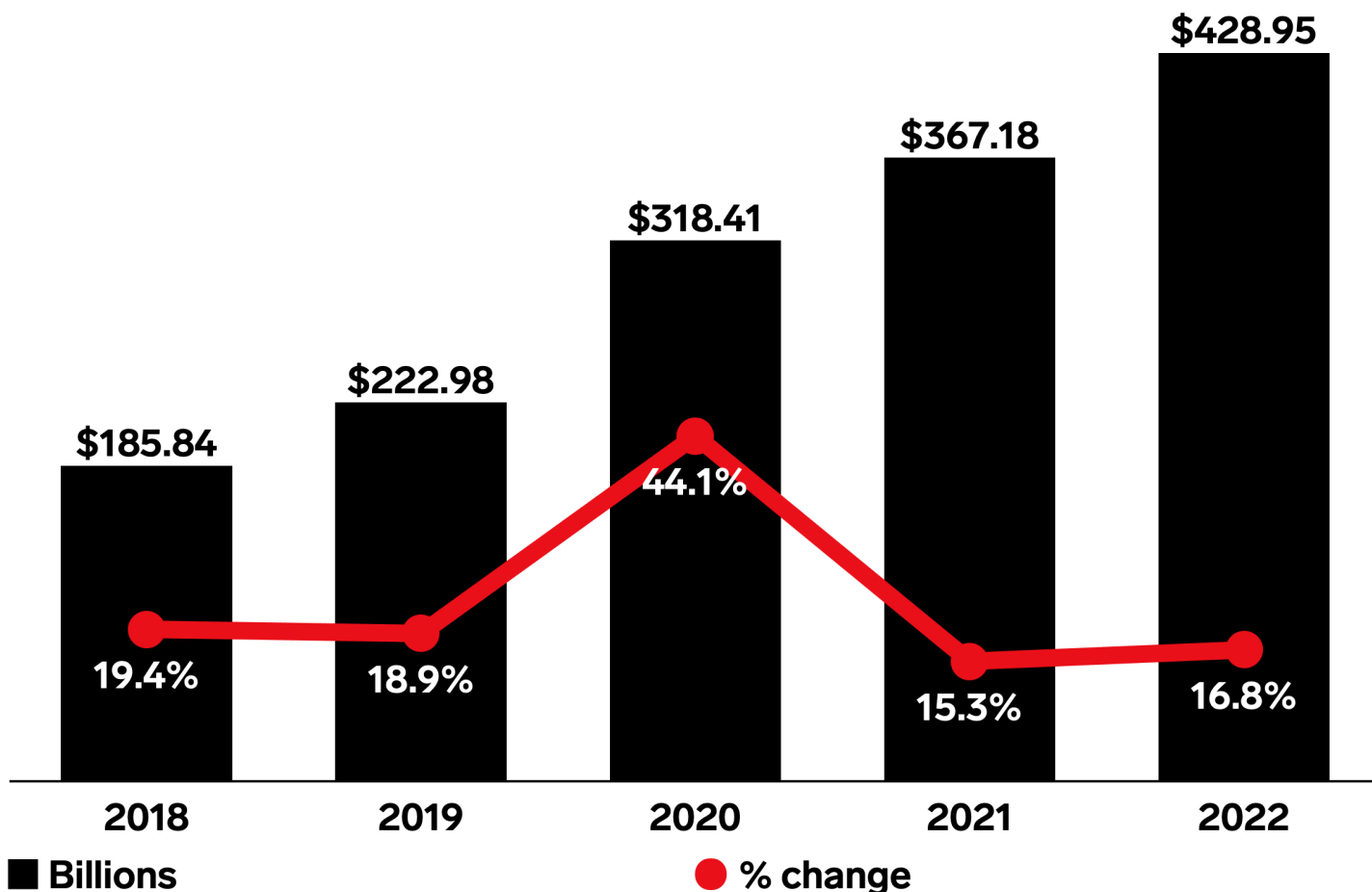
**Doing so will be critical for Amazon to maintain its competitive positioning as ecommerce grows and rivals [improve](#) their ecommerce business.**

- **The pandemic-driven surge in ecommerce is set to last, and Amazon is at the forefront.** Despite an overall spending downturn, US ecommerce sales [accelerated](#) by 33.6% last year to hit \$799.18 billion, and retail's share of overall retail is poised to grow in 2021. As the largest retailer in the US, Amazon has been a major beneficiary of this growth: The company is responsible for [about](#) 4 in 10 US ecommerce dollars and saw sales jump 44% last year. As ecommerce gains steam, Amazon will continue to look for ways to maintain its positioning and strengthen its hold on the US market.

**Expanding its physical presence could help the retailer combat threats from rivals.** Top competitors like [Walmart](#) and [Target](#) have one main advantage: an extensive network of brick-and-mortar stores that can support fulfillment by enabling click-and-collect purchases and hastening delivery speeds. This gave these providers an edge early in the pandemic, when overwhelming demand caused distribution issues that forced Amazon to [slow](#) delivery speeds and ultimately cost it several points of market share, which were [ceded](#) to these rivals. By expanding its fulfillment network through malls and [other initiatives](#), Amazon could chip away at this advantage and protect its own position.

# Amazon Retail Ecommerce Sales

US, 2018–2022



*Note: Represents the gross value of products or services sold on Amazon.com (browser or app), regardless of the method of payment or fulfillment; includes direct and marketplace sales; excludes travel and event tickets, Amazon Web Services (AWS) sales, advertising services, and credit card agreements. eMarketer benchmarks its retail ecommerce sales figures against US Department of Commerce data, for which the last full year measured was 2020.*

*Source: eMarketer, February 2021*

*Methodology: Estimates are based on the analysis of data from other research firms and government agencies, historical trends, reported and estimated revenues from company reports, consumer online buying trends, and macro-level economic conditions.*

1029932570847

eMarketer | InsiderIntelligence.com