

Amazon and FedEx reportedly discussed a partnership amid a challenging moment for returns

Article

The report: Amazon and FedEx reportedly discussed a deal last spring to allow Amazon returns at the more than 2,000 FedEx Office retail locations, per The Wall Street Journal.

- Amazon has similar partnerships with other companies, including FedEx rival **UPS**, **Kohl's**, and **Staples**. It also allows shoppers to return items at its own **Whole Foods Market** and **Amazon Fresh** stores.
- The discussions took place around the same time Amazon began seeking to deter customers from returning items at some **UPS stores** by charging a \$1 fee when another, closer return location is available, such as Whole Foods, Amazon Fresh, or Kohl's.

The interesting wrinkles: The deal is particularly noteworthy given that the two companies have largely stopped working together since 2019, when Amazon began investing heavily in its own logistics operations.

- After the talks broke down, Amazon relaunched its **Amazon Shipping** service, which competes with FedEx and UPS.

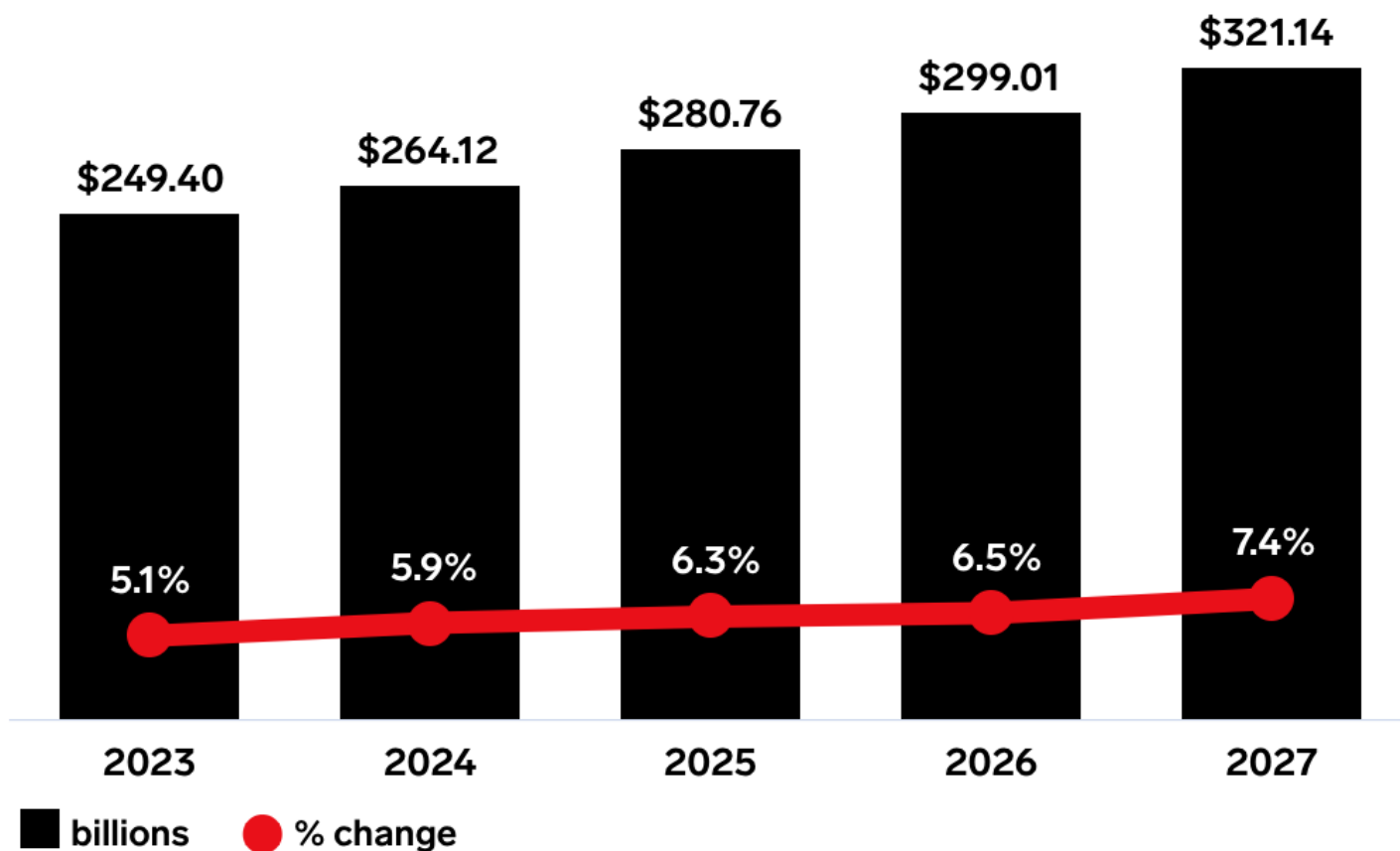
Why it matters: While Amazon offers shoppers multiple ways to return unwanted items as part of its long-standing push to be “Earth’s most customer-centric company,” it isn’t immune to the industrywide problem of soaring ecommerce returns.

- The total dollar value of online orders returned last year was \$249.40 billion, more than double the \$188.90 billion for prepandemic 2019, per our retail and ecommerce returns forecast.
- We expect that trend line to continue even as more retailers implement return fees to reduce bracketing and to help recoup some of their reverse logistics expenses.

The big takeaway: There’s no turning back from consumers’ expectations of fast and easy returns processes. But that comes at a significant cost. Every retailer and shipping company needs to look for ways to address the widespread issue.

Retail Ecommerce Return Volume

US, 2023-2027



Note: represents the total dollar value of retail goods and merchandise purchased online, then returned to the retailer according to its return policy; excludes programs or subscriptions such as Amazon's Prime Try Before You Buy or Stitch Fix, where items are returned before the customer is charged; 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 includes items retailer does not want shipped back

Source: Insider Intelligence | eMarketer, November 2023