

Amazon and Walmart race to speed up delivery times to extend their ecommerce lead

Article

The trend: Amazon and Walmart are in an all-out sprint to [build out their delivery infrastructures](#) to decrease the amount of time that passes between online shoppers clicking

the buy button and their package arriving at their doors.

- The retail giants each aim to extend their dominance of the US retail ecommerce ecosystem by making their fulfillment operations faster and more efficient. **The two retailers will account for nearly half of US retail ecommerce sales this year**, [per](#) our forecasts, with Amazon generating 37.6% of the market, and Walmart Inc. accounting for 6.8%.

The details: Amazon will open two new delivery stations in Connecticut ahead of the holiday season, per Chain Store Age. The facilities—where packages are shipped from fulfillment and sortation centers to be loaded into delivery vehicles—are a key element within the company’s evolving fulfillment strategy, which involves [expanding](#) its same-day delivery network and pivoting to a regional model that features eight zones operating largely independently.

- Amazon currently operates 553 US package delivery stations and plans to add another 116, making it the fastest-growing area within its vast distribution network, [per](#) MWPVL International. The retailer also plans to add 27 small sortable fulfillment centers to its existing 109 facilities, and 16 large nonsortable fulfillment centers beyond the 116 it currently operates.
- Meanwhile, Walmart announced plans to open its fifth “next-generation” fulfillment center in Stockton, California, in 2026. The 900,000-square-foot facility will increase its fulfillment capacity for West Coast online orders. The retailer says that the next-generation facilities operate far more efficiently than its other centers because they use automation to condense its 12-step fulfillment process down to five steps.
- Walmart says that the new facilities, combined with its existing fulfillment network, will enable the retailer to reach 95% of the US population with next- or two-day shipping.

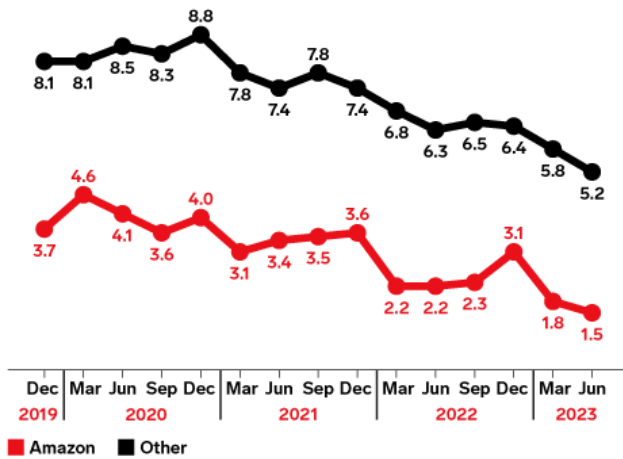
The push to drive down delivery times stands in sharp contrast to UPS, which is reducing service in rural areas, per Supply Chain Dive. That may result in shipments in certain ZIP codes spending an extra day in transit.

The big takeaway: As Amazon speeds up its delivery times, it generates a corresponding increase in demand, along with higher conversion rates. More items from more categories enter into a shopper’s consideration set for purchase as consumers come to rely on the retailer for more everyday items that they might otherwise have purchased at a nearby store.

- Amazon and Walmart are setting consumers' expectations, thereby increasing the pressure on their competitors to catch up (or partner with them via programs such as [Buy with Prime](#)).

Click-to-Door Speed* for US Digital Purchases Made on Amazon vs. Other Retail Sites, Dec 2019-June 2023

days



Note: represents activity on NielsenIQ's platform, broader industry metrics may vary; *the number of days from a digital purchase transaction to package arrival
Source: NielsenIQ, Sep 18, 2023

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