

# Amazon takes on UPS and FedEx by resurrecting its Amazon Shipping business

Article

**The news:** Amazon relaunched its Amazon Shipping ground shipping service, which competes with FedEx and UPS, per Insider.

- The retailer had paused the program in 2020 due to the pandemic-driven supply chain lockdown.
- But while the program previously didn't give merchants the ability to directly book Amazon Shipping (Amazon would determine the most cost-effective route—whether that was UPS or Amazon Shipping), sellers now have the choice to use Amazon Shipping, even if they are shipping from their own warehouses. It can also handle delivery for products sold on other marketplaces, such as **eBay**, or sellers' own websites.

**The context:** The service leverages Amazon's massive, rapidly evolving fulfillment network to unlock a lucrative revenue stream.

- When ecommerce sales boomed early in the pandemic, Amazon responded by rapidly expanding its logistics footprint. But as growth moderated, the retail giant found itself with excess inventory, which led it to sublet some warehouse space. It also evolved its strategy from a national shipping network to a regional one that features eight zones operating largely independently to speed up delivery times by housing inventory closer to shoppers.
- One key to Amazon's strategy has been its rapid expansion of same-day delivery sites that stock items in high demand, such as toiletries.
- In addition to the carrot of faster delivery times, Amazon has also been employing the stick of additional fees to push sellers to use its fulfillment services.

**The big takeaway:** Amazon Shipping is currently only available to Amazon sellers and is reportedly more expensive than its competitors for small items, per Insider.

- However, it is easy to see how Amazon could open it up to all retailers, which could enable them to make use of Amazon's rapid delivery times.