# Amazon, the new king of shipping

Less than a decade after Amazon broke into the logistics industry, it has become its own biggest shipper.

**Why it matters:**While the world has fixated on Amazon's moves into books, groceries and cloud computing, perhaps most formidable of all has been its swift break into a different business — package delivery.

In a relatively short time, Amazon has built up a logistics arm that is already turning this industry worth many billions on its head.

* **"Amazon is about 40% of all e-commerce.**If they're handling half of their own shipments, that's 20% of the whole market," Alex Pellas, a logistics expert at market research firm Rakuten Intelligence, says. "That's huge."

**In a dataset provided first to Axios,** Rakuten Intelligence followed tracking numbers for millions of Amazon packages per month.

* **Researchers found** that nearly half (48%) of Amazon packages are delivered by the company itself.
* **That's a dramatic shift** from two years ago, when the Postal Service delivered more than 60% of Amazon parcels, and Amazon just around 15%.

**The total U.S. domestic package market** in 2018 was about $106 billion. Of that, $35–$40 billion, or about a third, was e-commerce, according to David Vernon, an analyst at Bernstein.

**In a statement to Axios, Amazon said,** “The numbers are not an accurate representation of how Amazon shipments are shared between Amazon and our carrier partners.”

**What's happening:**As Amazon becomes a shipping juggernaut in its own right, experts say it will attack two different sets of rivals — retailers and shippers.

* **The e-commerce behemoth** is already faster than competitors — and it has ambitions of getting even speedier. It takes Amazon an average of 3.2 days to deliver a parcel after a shopper clicks "buy," per Rakuten Intelligence. For all other e-commerce companies, the average time is 6 days.
* **Amazon — which has started** offering its shipping capabilities [as a service](https://link.axios.com/click/17326395.50349/aHR0cHM6Ly93d3cuYXhpb3MuY29tL2FtYXpvbnMtc2hpcHBpbmctaW5kdXN0cnktdXBzLWZlZGV4LTc5YjI1Mjg1LTg4NjQtNDA2OS05YWU4LTYwOTc4MzVjOTZlYi5odG1sP3V0bV9zb3VyY2U9bmV3c2xldHRlciZ1dG1fbWVkaXVtPWVtYWlsJnV0bV9jYW1wYWlnbj1uZXdzbGV0dGVyX2F4aW9zZnV0dXJlb2Z3b3JrJnN0cmVhbT1mdXR1cmU/598cdd4c8cc2b200398b463bB9f6ed38e) — will be able to ship products for about two-thirds the rates of UPS and FedEx, Pellas projects. Its trucks and planes are out delivering Amazon packages anyway so it can offer shipping at cost, instead of collecting a margin.

**"We're now talking about** a retailer that will control the entire process" from manufacturing to delivery, says Mark Rosenbaum, a professor at the University of South Carolina.

**But, but, but:** While Amazon's suddenly large profile might look menacing, it won't necessarily move as it did in books to knock out its rivals, says Yossi Sheffi, director of MIT's Center for Transportation and Logistics. "They just want to take all the profitable routes and operations and leave the carriers with all the dogs.”

**The bottom line:** Amazon's march into shipping is the company's "classic model of partner with, copy, and unseat their competitors," says Jaimee Minney of Rakuten Intelligence.

* Shipping partners have begun cutting ties with the e-commerce giant as it steps onto their turf. Earlier this month, FedEx chose not to renew its contract with Amazon for air shipments. Others could follow suit, experts say.
* Like Amazon, Walmart also has a logistics business of its own and could emerge as a shipping competitor.