Amazon says Prime deliveries reached their fastest speeds ever last year

January 30 2024, by Haleluya Hadero

Credit: Unsplash/CC0 Public Domain

Amazon delivered packages to its Prime customers at the fastest speeds ever in 2023, the retailer said Tuesday, thanks to better inventory placement, a new regionalization model for shipments and more same-day warehouses.

The company had indicated in public announcements and corporate earning calls last year that packages were arriving faster on the doorsteps of Prime members, who pay $139 per year—or $14.99 per month—for speedy deliveries and other perks.

In a blog post on Tuesday, Doug Herrington, CEO of Amazon's worldwide stores business, provided more details on parcel shipments made during the holiday shopping season, which saw strong consumer spending despite price increases and high borrowing costs.

In the last three months of 2023, Herrington said Amazon increased the number of items it delivered the same day—or overnight—in the U.S. by more than 65% year-over-year. More than 70% of Prime orders arrived same day or the next across the Atlantic in the U.K.

Overall, Amazon said it delivered 7 billion items with same or next day shipping last year. The company declined to provide comparable figures on shipping data from 2022.

The e-commerce giant has credited speedier deliveries to improvements in inventory management and growth in its same-day delivery sites. The company currently has 55 of these sites in metro areas across the U.S. with plans to add more in the coming years.

Faster shipping is also being driven by a new operations network, which splits the country up into smaller regions and ships items from those areas. The new model—which follows a pandemic boom in the company's logistics footprint and subsequent cutbacks—also helps Amazon cut down on costs since packages travel a shorter distance and have fewer touchpoints.

Sarah Mathew, Amazon's vice president for delivery experience, said in an interview that the online retailer is continuously analyzing its

regions—including the buildings and inventories within them—and plans to refine it to better serve customers.

But despite Amazon's focus on speed, some rural Prime customers have complained about slower delivery speeds.

The company relies on independent contractors as well as carriers like UPS to ship orders to customers. It's also been recruiting small businesses that can help it deliver directly to hard-to-reach rural areas.

When asked about rural deliveries, Mathew said the company is paying attention to anecdotal customer experiences but doesn't see a "general trend" showing a slowdown.

Amazon's focus on speed has put it in the crosshairs of labor advocates, who argue the company's fast-paced warehouses lead to more injuries among warehouse workers. The company's latest data from 2022 shows the rate of injuries or illness that occurred among Amazon's U.S. workforce fell that year. But it was still higher than it was in 2020.

Last year, Amazon began testing a robotic storage system called Sequoia, which puts inventory into totes and presents it to employees so they don't have to bend or stretch as much. The company says the robot also reduces the time it takes to process an order by 25%.

Amazon is planning to roll out Sequoia to more warehouses this year. It declined to say how many facilities will benefit from it.

Other retailers, including Walmart and Target, have also been working to achieve faster shipments for online orders.

© 2024 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Amazon says Prime deliveries reached their fastest speeds ever last year (2024, January 30) retrieved 10 May 2024 from https://techxplore.com/news/2024-01-amazon-prime-deliveries-fastest-year.html

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.