Amazon reportedly planning new service for its rural deliveries



Amazon may be looking to handle its own deliveries to rural areas rather than relying on the US Postal Service, according to several job postings, *The Information* reported on Monday.

The e-commerce behemoth would rely on shipping hubs in rural areas under a plan called “wagon wheel,” a reference to Amazon’s hub-and-spoke supply chain. In Amazon’s terminology, a wagon wheel station provides support for smaller shipping facilities, according to *The Information.* Several since-deleted job postings *The Information* discovered described “a new delivery business … that will support Amazon’s rural communities.”

Amazon spent $15 billion on fulfillment costs in the third quarter

When or where the program would be launched is not clear. But Amazon executives said on the company’s third quarter earnings call last week that it expects to continue putting money into

its shipping and delivery infrastructure for years to come. Amazon's fulfillment costs increased 57 percent year over year in the third quarter to $15 billion. And Amazon's chief financial officer Brian Olsavsky said the company's fulfillment and logistics square footage would increase 50 percent from last year, revealing that the company already spent around $30 billion on leases and other capital expenditures just this year alone.

"I think at this point, we are not trying to cut it close, and we are erring on the side of having too much capacity," Olsavsky said.

In September, *The Washington Post reported* that Amazon generated $1.6 billion in profit and $3.9 billion in revenue for the postal service in fiscal year 2019, with the postal service delivering 1.54 billion Amazon packages — about 30 percent of Amazon's total volume last year. With more people relying on deliveries during the coronavirus pandemic, that number is expected to grow throughout the end of the year and well into next year.

Amazon did not provide information to confirm or refute *The Information*'s reporting, but a spokesperson said in an email to *The Verge* that the company's "incredible employees and partners come together to deliver for our customers—every day and throughout the holiday season. This includes offering fast, free and convenient delivery options for customers provided by our transportation partners, and our internal delivery teams."

***Update November 2nd, 5:29PM ET**: Added comment from Amazon.*

https://www.theverge.com/2020/11/2/21546389/amazon-postal-service-rural-deliveries