AMAZON WILL LEASE 20 BOEING 767S TO GET ITS LONG-RUMORED CARGO SERVICE OFF THE GROUND

News / Finance



Amazon is about to lease 20 Boeing 767 aircraft, according to Reuters, confirming months of speculation that the online retail giant is building up an air-delivery service. The planes are being leased by a company called Air Transport Services Group Inc.

Rumors of Amazon's involvement with ATSG date to late last year, when Motherboard uncovered that the aviation lessor was shipping goods for a client codenamed "Aerosmith." Back then, ATSG leased just four 767s that went to cities near large Amazon distribution centers like Allentown, PA, and Oakland, CA.

While Amazon has spent the past few years publicly teasing plans for physical stores and drone delivery, it has also been shoring up more traditional delivery infrastructure. The company started to take control of its own deliveries as far back as early 2014, not long before it rolled out Amazon Fresh. It's also expanded the Prime Now one-hour delivery service to a number of major cities, including New York, San Francisco, Los Angeles, Austin, Chicago, and Miami.

All this activity ballooned Amazon's fulfillment costs to $1.8 billion in the fourth quarter of 2015, so it's no surprise that the company is looking for ways to reign that number in. As Motherboard reported in November, Amazon could generate up to $5 billion a year by building out its own freight services and logistics.

The company has also suffered through some troublesome holiday shipping delays, so less

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outsourcing could mean more control over those types of problems. But a recent Bloomberg report hinted at much bigger ambitions for Amazon: becoming a full-fledged contender to UPS and FedEx.

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