

AMAZON – FBA TRANSPORTATION

INCREASING UTILIZATION OF THE PARTNERED CARRIER PROGRAM (PCP)

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Amazon is a \$130B company and strives to be Earth's most customer-centric organization where people can find and discover anything they want to buy online. Fulfillment by Amazon (FBA) is a service for third-party Sellers on Amazon. FBA Sellers inbound shipments to Amazon warehouses, and Amazon stores, picks, packs, fulfills a customer order, provides customer support, and handles reverse logistics on behalf of the Seller. FBA helps Sellers access Prime customers while improving product selection on Amazon.com. FBA seeks to provide tools to Sellers to improve the efficiency of selling on Amazon. One of these services is the Partnered Carrier Program (PCP), which provides Sellers shipping inventory to Amazon FCs discounted freight rates. In the U.S., Partnered Carrier offers Sellers both less than truckload/ full truckload (LTL/TL) and small parcel delivery (SPD) options.

The FBA Inbound Transportation team tasked the Tauber team to improve utilization of PCP. The Tauber team focused on understanding the Seller decision-making process and priorities when it came to making transportation choices. This task is difficult due to the diverse business models and supply chains of FBA Sellers. Ensuring that PCP is aligned and provides service to as many Sellers as possible will allow more Sellers to benefit from the discounted rates provided by PCP (average 45%).

The Tauber team's initial focus was on conducting a current state analysis to capture trends in PCP utilization across different market segments. This current state review included data analysis, Seller interviews, Seller visits, and targeted polling. The analysis led the Tauber team to split the project along two paths; LTL/TL and SPD. The decision was based on the unique issues affecting each transportation method and different Seller experience.

Challenged to drive increased utilization of PCP the Tauber team implemented and piloted short-term solutions along with recommending long-term enhancements. The long-term recommendations are geared at not only increasing PCP utilization, but also improving the Seller experience of those Sellers currently using PCP.