



AN UNBIASED FORECAST REPORT FOR FEDEX AND UPS FROM
A DELIVERY PERFORMANCE STANDPOINT FOR THE 2019
HOLIDAY SEASON BASED ON FACTUAL OBSERVATIONS MADE
DURING THE 2018 HOLIDAY SEASON



LATESHIPMENT.COM

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Why this report?

The '2019 State of Holiday Shipping in U.S.' report is a comprehensive summarization of the on-time delivery performance in small parcel delivery across the United States by FedEx and UPS. This report emerges from an extensive research done using statistically relevant and verifiable data from millions of packages tracked and monitored by LateShipment.com.

Whom is this report for?

**RETAILERS | LOGISTICS LEADERS
INDUSTRY EXPERTS | MEDIA PERSONNEL**

This report is for those who strive to bring in more transparency to the workings of the autonomous shipping industry. Retailers can leverage this report to make data-driven decisions to optimize their supply chain. Retail publications with a focus on holiday sales and retail logistics can find verifiable carrier performance metrics here.

Putting Holiday Shipping 2019 Into Perspective

Every retailer and media house is privy to the fact that key metrics available from shipping carriers are biased and distorted, often purported to show them in good light. To fix this genuine problem, LateShipment.com is creating this report

which aims to augment and benchmark shipping carrier performance with neutral data from our data pool, increasing significance and reliability of delivery performance statistics.

2019 Holiday Blockbuster In Numbers



\$1.008 Trillion
Estimated Holiday Season Sales



Up to **13.2%**
Increase In Ecommerce Sales



Approx. **1** Billion
Packages To Be Handled By UPS



Approx. **510** Million
Packages To Be Handled By FedEx

This report is designed with the purpose of understanding how 2019 Holiday shipping will really turnout to be by aggregating parcel delivery performance of FedEx and UPS during the **Regular Operating Period (Jan 01 - Oct 13)**, **Pre-Holiday Period (Oct 14 - Nov 21)** and **Holiday Period (Nov 22 - Dec 31)** in 2018, for analysis purposes. In order to voice

out the true state of shipping during the busy holiday season, relevant data has been consolidated by collecting more than 130 unique data points from every shipment tracked. We believe this will act as a neutral information source that helps bring more transparency into the world of parcel shipping.

8.17%

of parcels shipped
through **UPS** faced
delays during
2018 Holidays

8.71%

of parcels shipped
through **FedEx** faced
delays during
2018 Holidays

+7%

of parcels shipped
through **UPS & FedEx**
Ground service faced
delays

Key Highlights Of Holiday Shipping

2018

4.5%

avg. of parcels shipped
through **UPS & FedEx**
2 Day Air services
were delayed

+18%

of parcels shipped
through **UPS Overnight**
& **FedEx Next Day Air**
faced delays

‘**Food & Beverage**’
and
‘**Sports & Adventure**’
industries faced the
most delays

Slicing Delays By States and Cities

Online retail blurs borders for shoppers but makes delivery challenges clear for merchants. Circumstances that influence the transit time of shipments due to unexpected volume surges during the holidays highly depend on various factors. Congested sorting hubs serving a specific location, unforeseen weather conditions or even simply a human factor can

result in delayed deliveries. These varied factors mean delays are not always uniformly spread across the country with some regions and cities performing far worse than others. In the geographical performance analysis here, we attempt to identify key states and cities that faced delivery delays during the 2018 Holidays

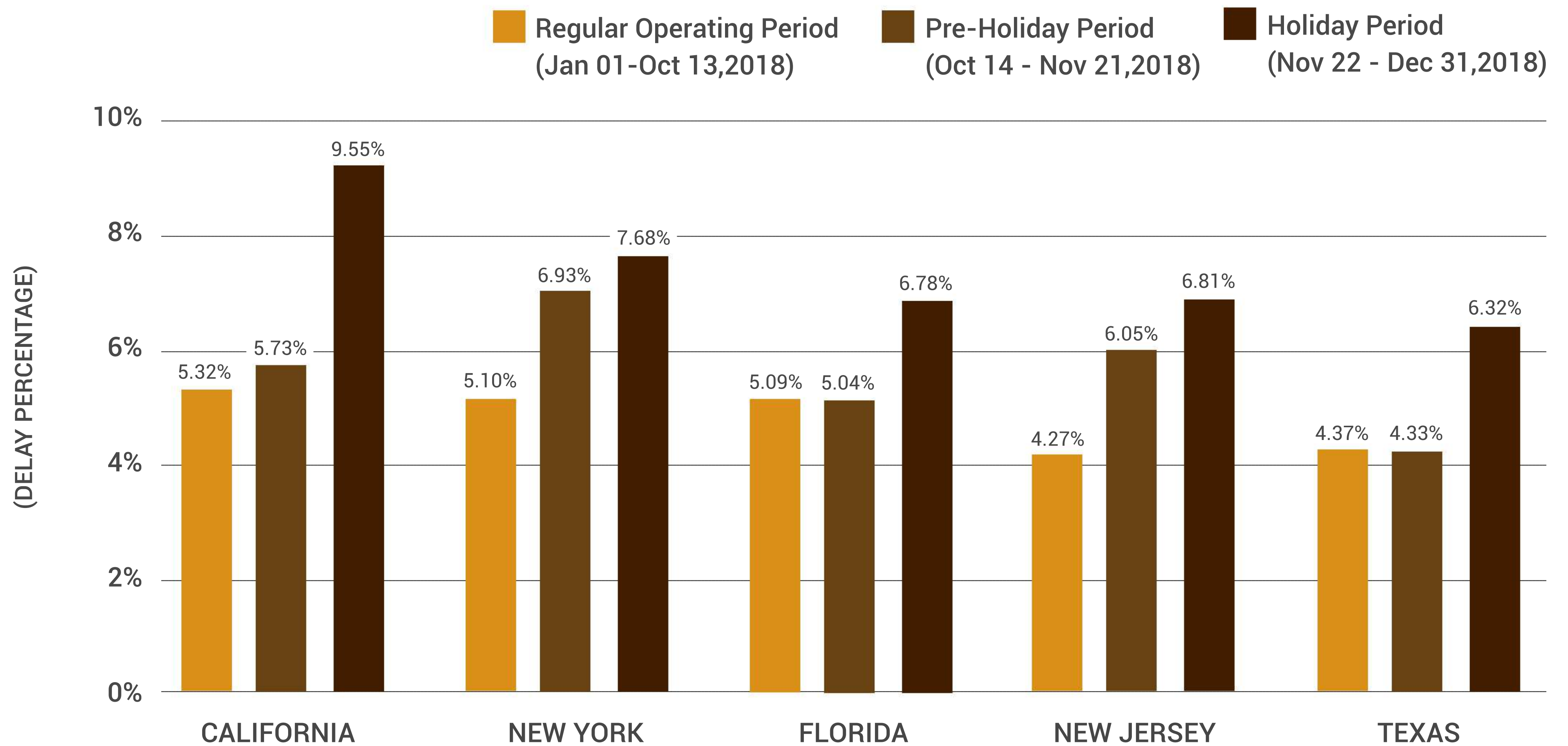
KEY FINDINGS

- ✓ Parcels shipped to the state of California through UPS faced the most delays at **9.55%**
- ✓ Parcels shipped with FedEx to the state of Florida faced the most delays at **12.42%**
- ✓ Amongst the cities, UPS faced the highest delays for parcels shipped to New York at **12.88%**, while FedEx faced a delay rate of **13.09%** in Miami and **11.66%** in New York

State of Delays in Top States



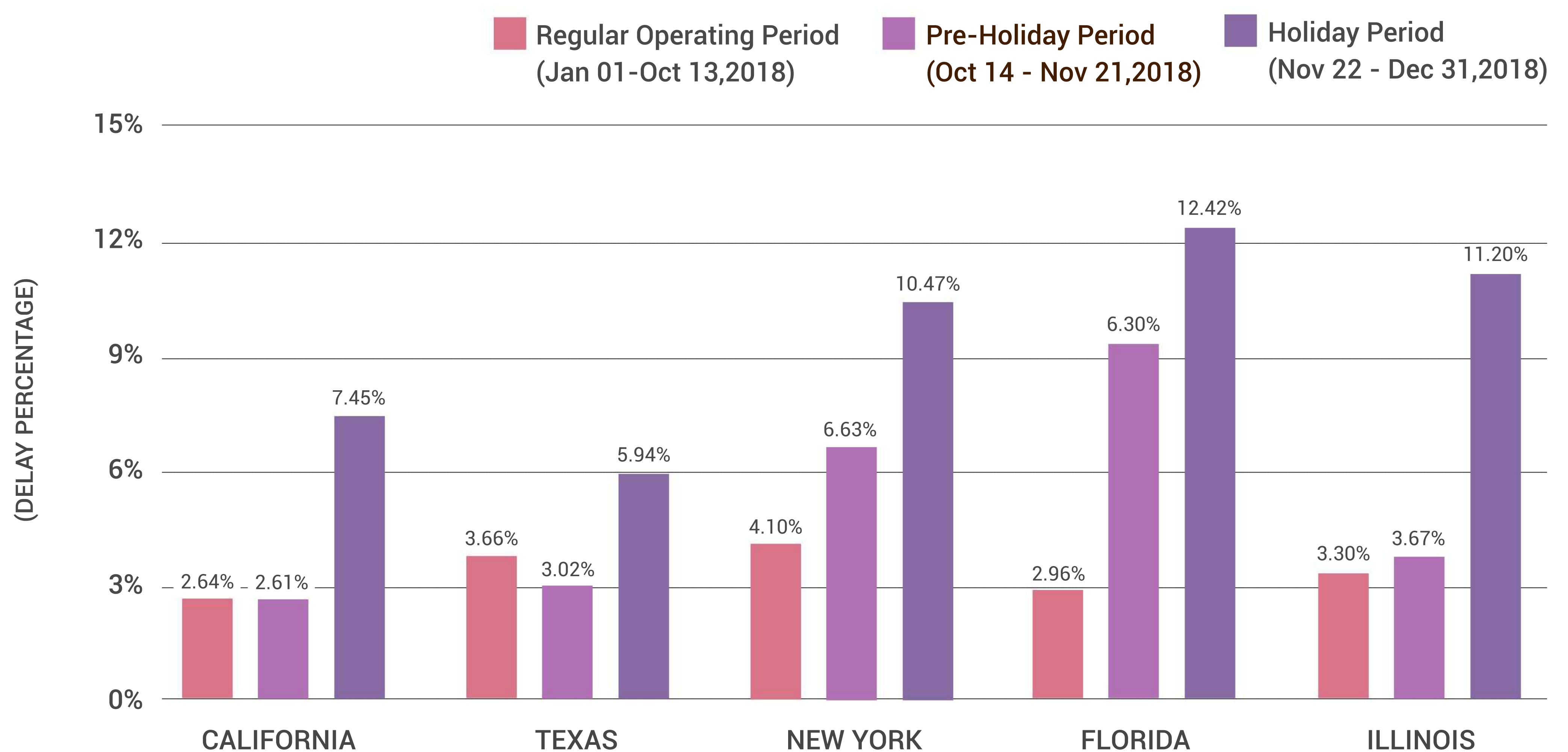
Key states like California and New York faced significant delays with packages shipped during 2018 Holiday season



KEY STATES WHERE UPS FACED SIGNIFICANT DELAYS DURING THE HOLIDAY SEASON 2018



Key states like Florida, Illinois and New York faced significant delays with packages shipped during 2018 Holiday season

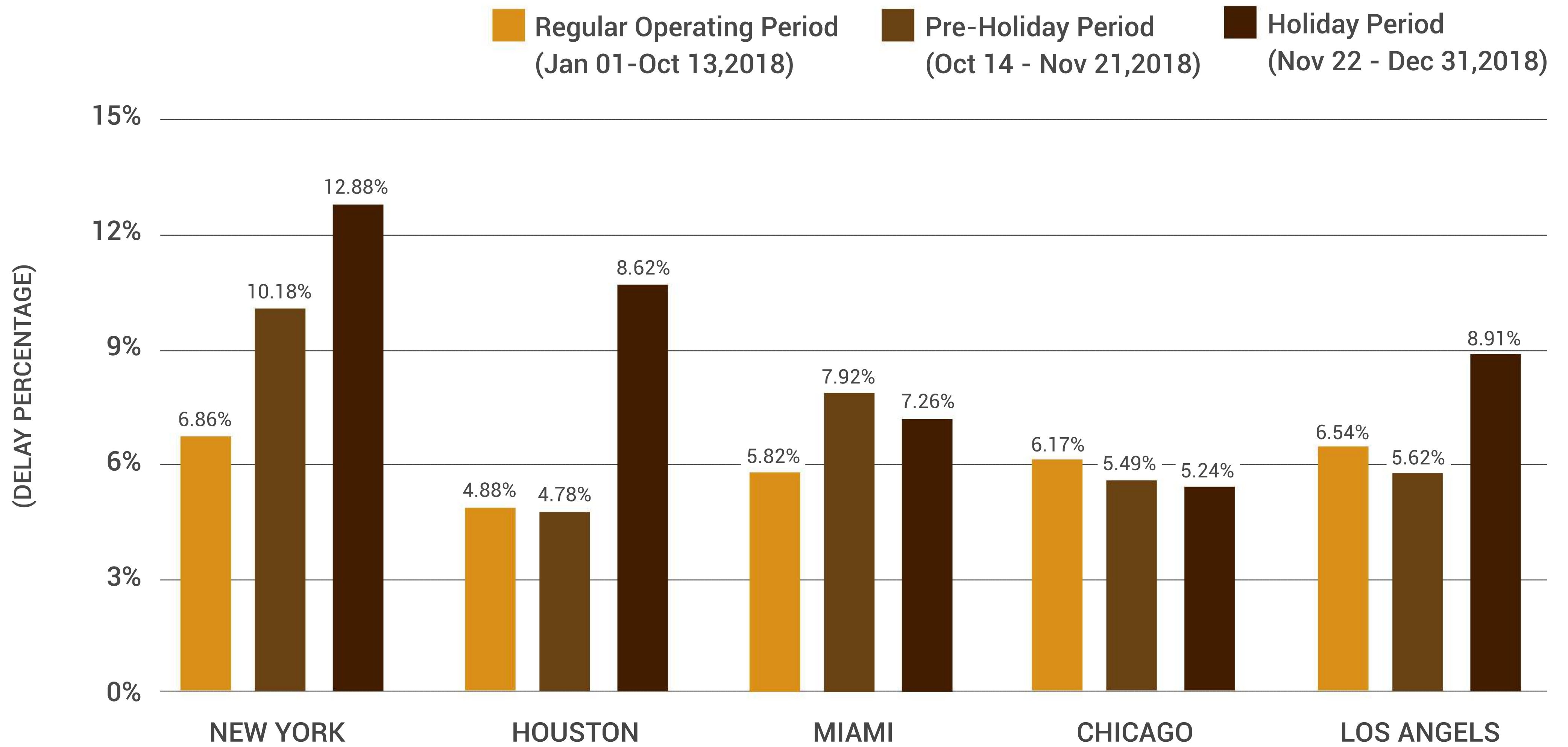


KEY STATES WHERE FEDEX FACED SIGNIFICANT DELAYS DURING THE HOLIDAY SEASON 2018

Citing Delays in Top Cities



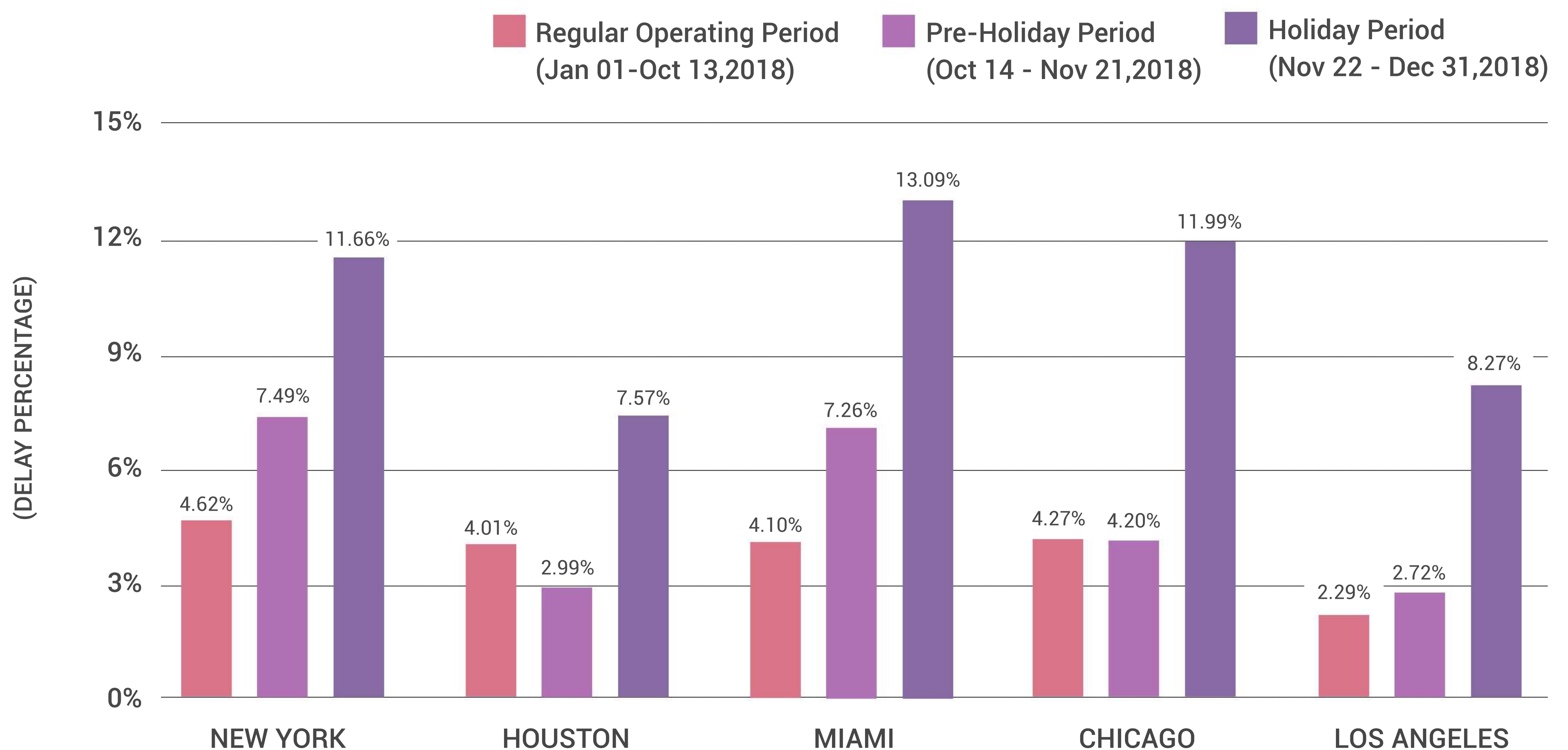
Key cities like New York, Houston and Los Angeles faced significant delays during the 2018 Holiday season for packages shipped through UPS



KEY CITIES WHERE UPS FACED SIGNIFICANT DELAYS DURING THE HOLIDAY SEASON 2018



Key cities like New York, Miami and Chicago faced significant delays during the 2018 Holiday Season for packages shipped through FedEx



KEY CITIES WHERE FEDEX FACED SIGNIFICANT DELAYS DURING THE HOLIDAY SEASON 2018

The Play of Weather

Nobody likes reasons which cause delivery delays, particularly during the Holidays when bad weather often plays a major role in causing delivery delays. Snowstorms up north and hurricanes down south can often determine the fate of your holiday deliveries.

While cities along the coastal areas and other outliers suffer delays due to bad weather, areas in the Central

region face delays due to poor infrastructure while delivering to remote destinations.

In this section, comparative charts show us delays around the East Coast, West Coast and Central Regions for 2018 holiday season.

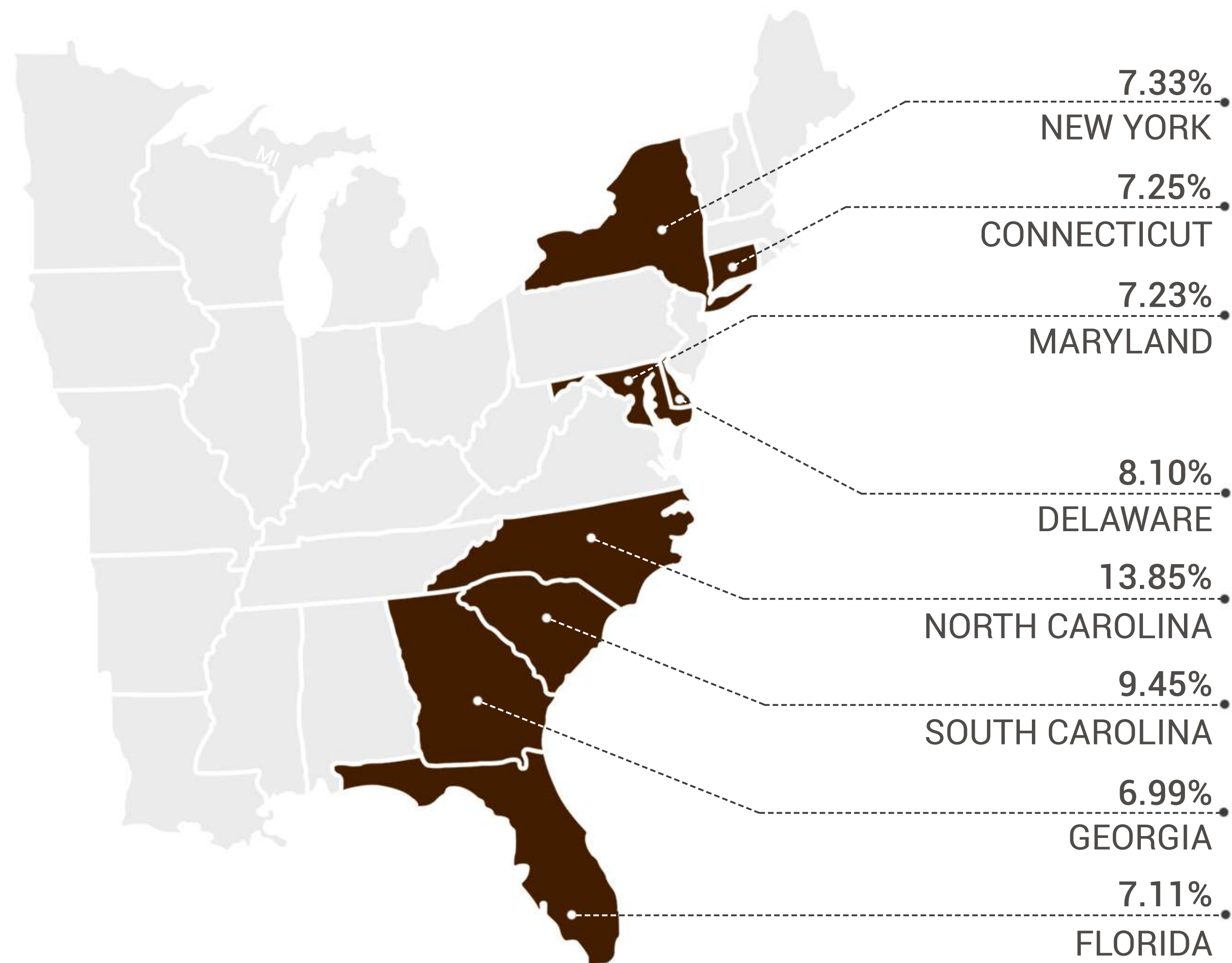
KEY FINDINGS

- ✓ On the East Coast, North Carolina faced the highest delays at **13.85%** with UPS and **18.33%** with FedEx while Florida faced delays at **7.11%** with UPS and **9.96%** with FedEx
- ✓ On the West Coast, California faced the highest delays at **9.55%** with UPS and Washington faced the highest delays at **9.36%** with FedEx
- ✓ In the Central Region, Nebraska faced a delay rate of **11.55%** with UPS and **5.81%** with FedEx

The East Coast Chaos



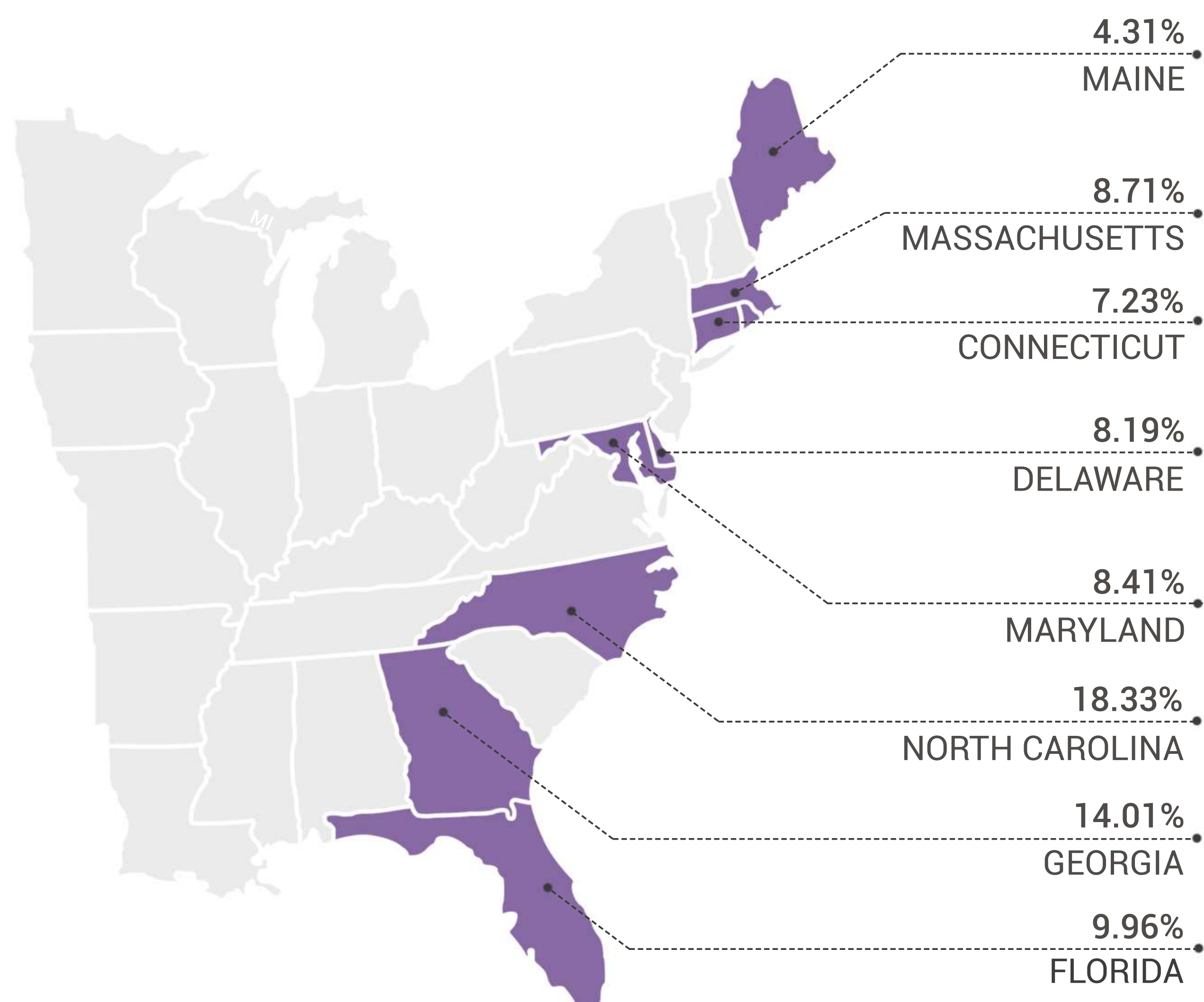
Key states facing a high rate of delays with UPS included North Carolina, New York and Florida



STATES WITH HIGH DELAY RATE ON THE EAST COAST DURING HOLIDAY SEASON 2018



North Carolina, Florida and Georgia faced significant delays for FedEx shipments along the east coast



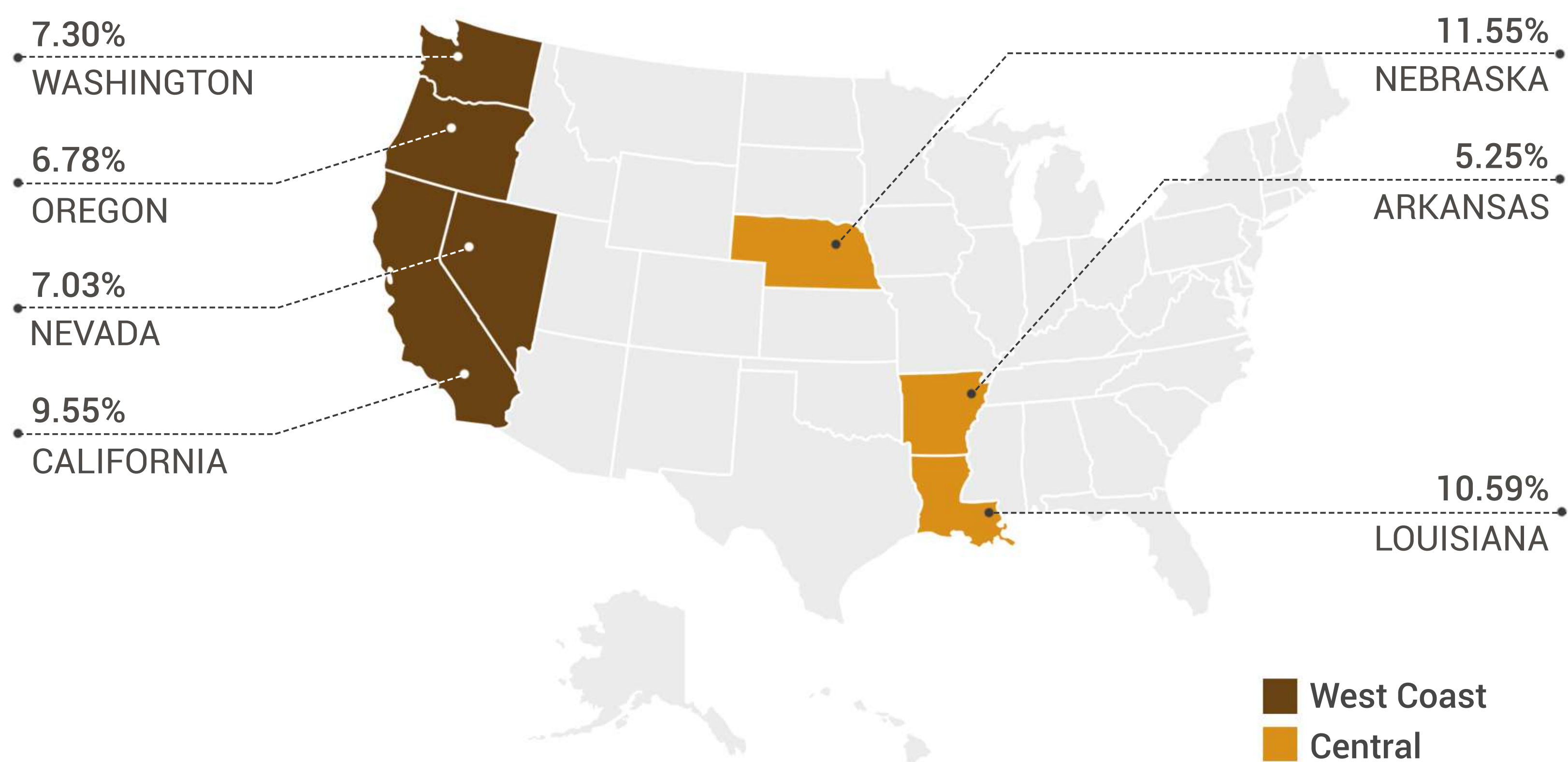
STATES WITH HIGH DELAY RATE ON THE EAST COAST DURING HOLIDAY SEASON 2018

Worries of the West Coast and Central Regions

Even within a specific region, sometimes one carrier performs better than the other. This may be due to infrastructure strengths specific to each carrier. While UPS performed better than FedEx on the East Coast, we notice that FedEx fared slightly better on the West Coast and in the Central Regions. Let's take a look at how UPS and FedEx performed during the 2018 Holidays along the West Coast and the Central Regions.



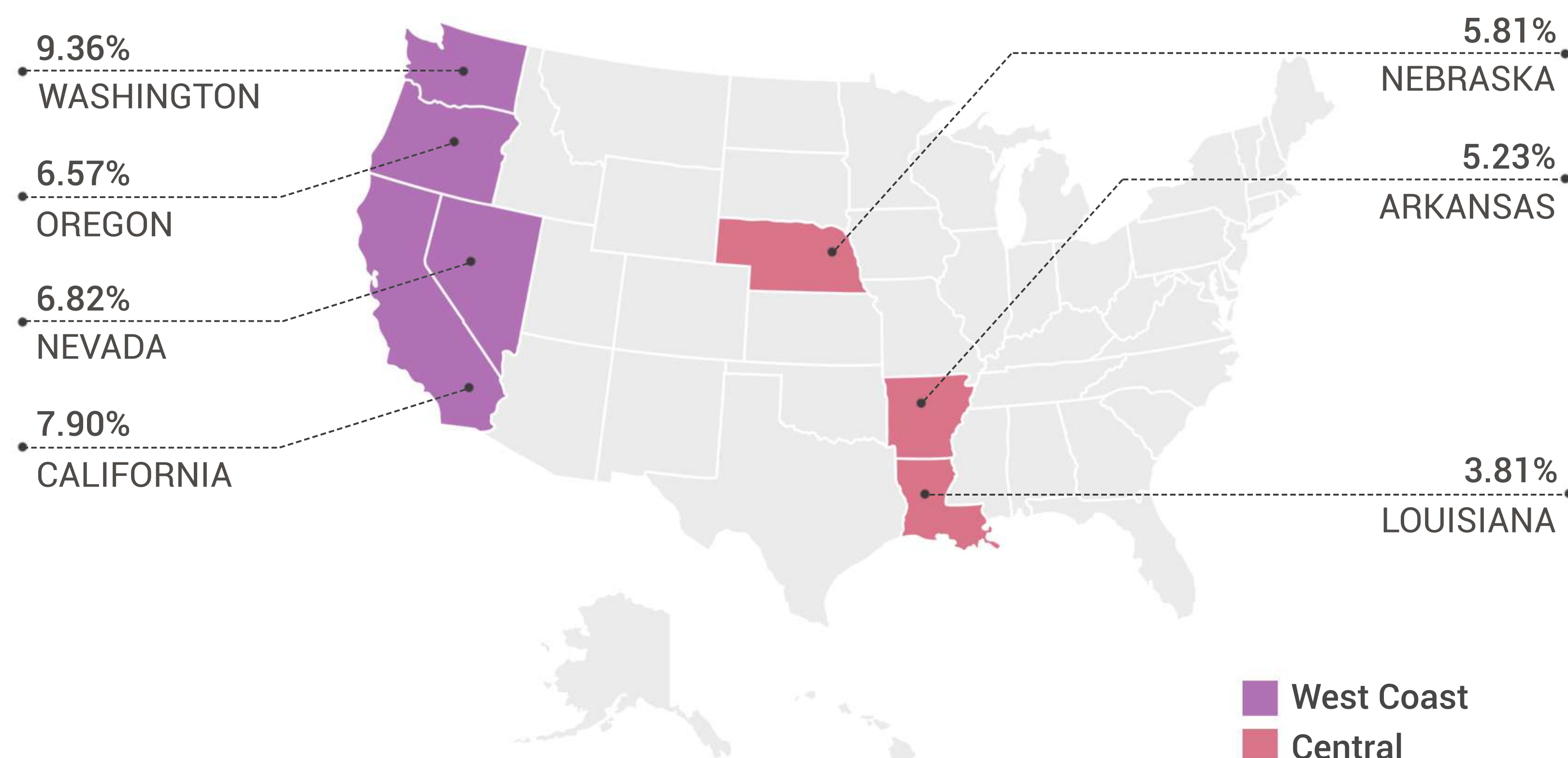
California was affected by the most number of delays with UPS shipments, while Nebraska saw a high delay rate in the Central Region



STATES WITH HIGH DELAY RATE ON THE WEST COAST AND CENTRAL REGIONS DURING HOLIDAY SEASON 2018



Washington was affected by the most number of delays with FedEx shipments, while Nebraska faced high delays in the Central Region



STATES WITH HIGH DELAY RATE ON THE WEST COAST AND CENTRAL REGIONS DURING HOLIDAY SEASON 2018

Delay Distribution By Service-types

An impressive overall growth rate of online retail is due to the flexible shipping options shoppers are offered. With free shipping and 1-2 day delivery times becoming the norm to combat Amazon and Walmart this year, opting for the right service-type, best suited to meet shopper expectations is key.

But, over the years, Express Services show a higher percentage of delays during the holiday season as even a slight modification to a flight's schedule or weather can result in delays by an entire day.

Ground Services on the other hand, often manage to reach the customer by the end of the scheduled delivery day due to it's flexible infrastructure. However, the downside to parcels shipped via Ground Services is that they pass through multiple sorting centers and an issue with even one transit point can cause delays or disruptions to a large volume of packages.

KEY FINDINGS

- ✓ UPS Ground Services saw delays of around **7.6%** during the holiday season while FedEx Ground Services saw delays of around **9.36%** during the 2018 holiday season
- ✓ UPS Next Day Air saw the highest percentage of delays at **20.71%** while FedEx Overnight services faced **18.21%** delays during the 2018 holiday season

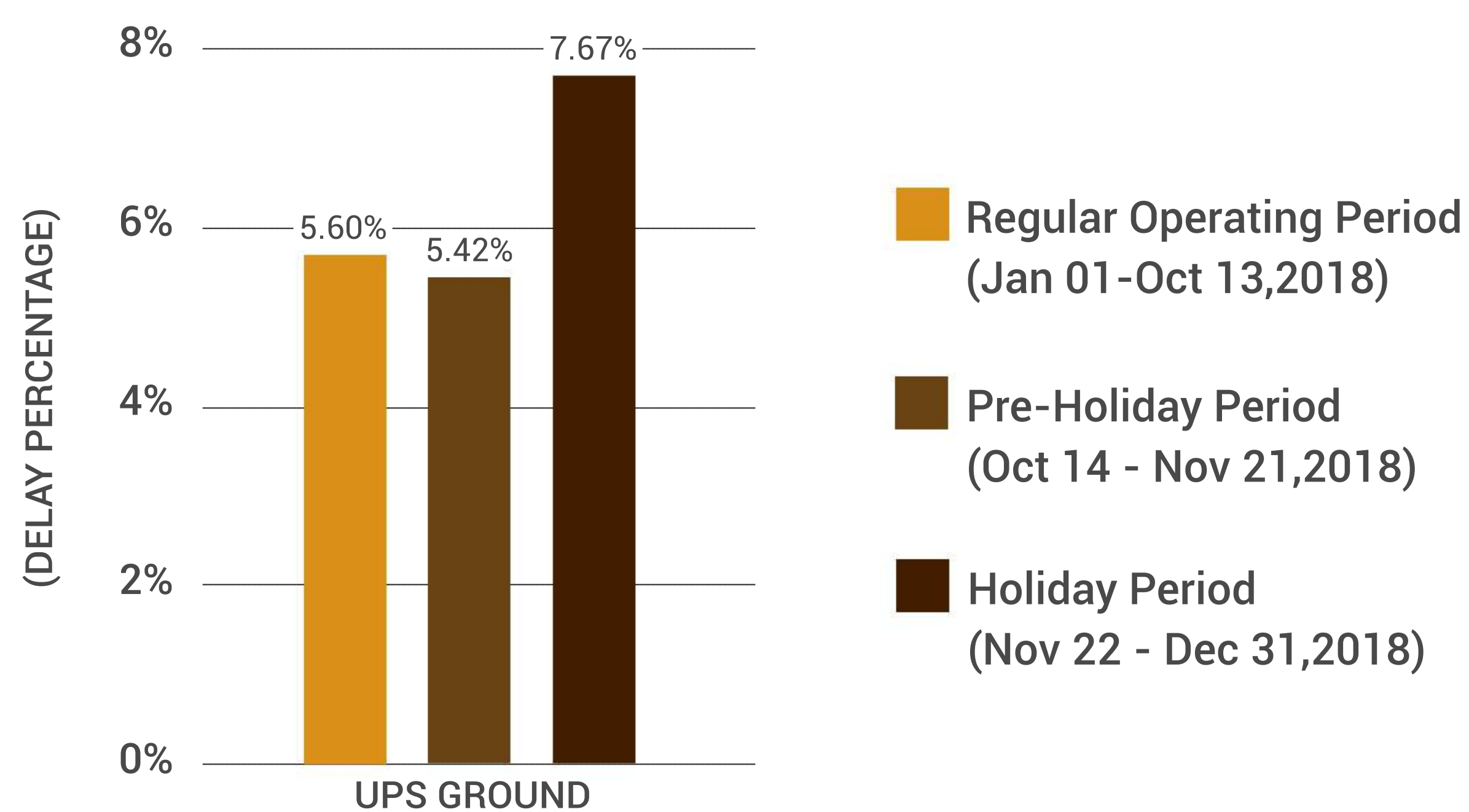
Measuring Delays By Service Types



The following graphs compare delays recorded for UPS Ground and Express Services before and during 2018 holidays

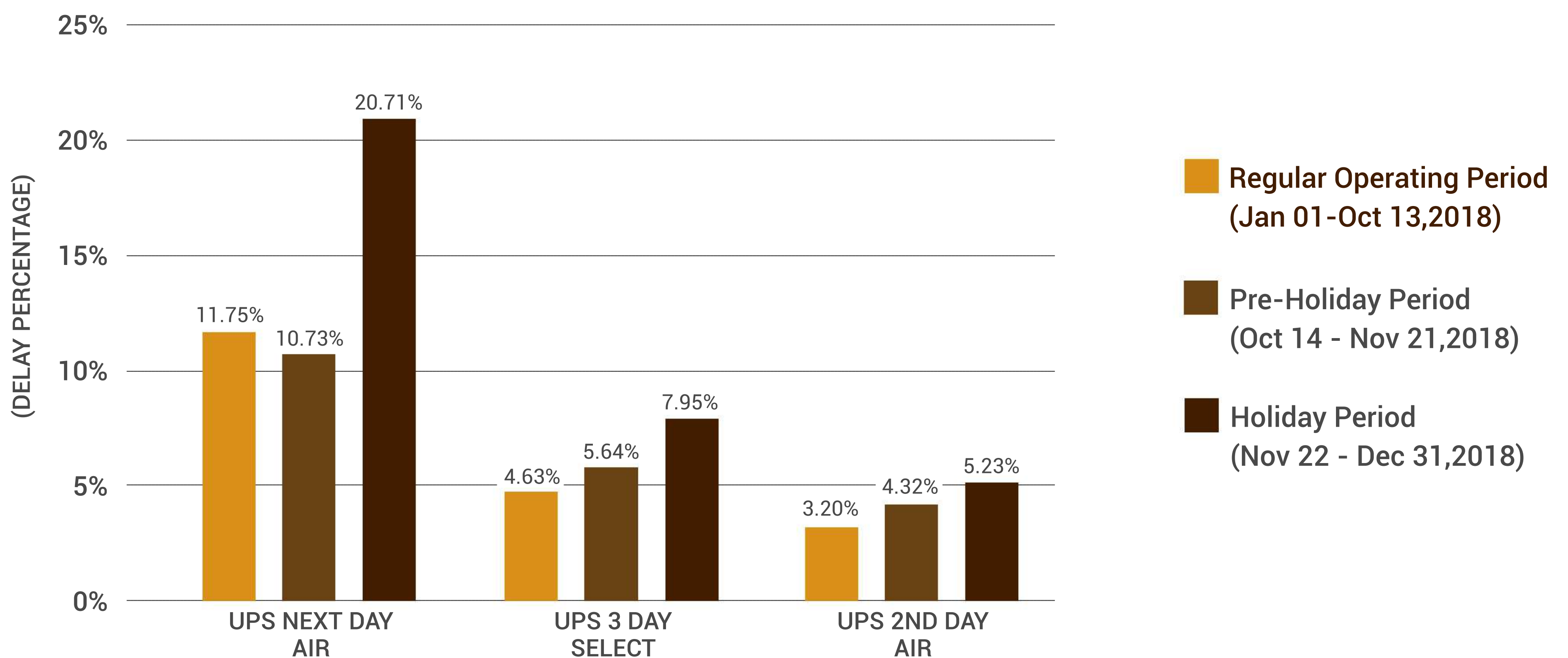
DELAY PERCENTAGE FOR UPS GROUND AND EXPRESS SERVICES BEFORE AND DURING THE HOLIDAY SEASON 2018

UPS Ground Services saw delays of around 7.6% during the holiday season



DELAY PERCENTAGE FOR UPS EXPRESS SERVICES BEFORE AND DURING THE HOLIDAY SEASON 2018

Of the UPS Express services, UPS Next Day Air had the highest delay rate when compared to UPS 3 Day Select and 2nd Day Air during the holiday season 2018

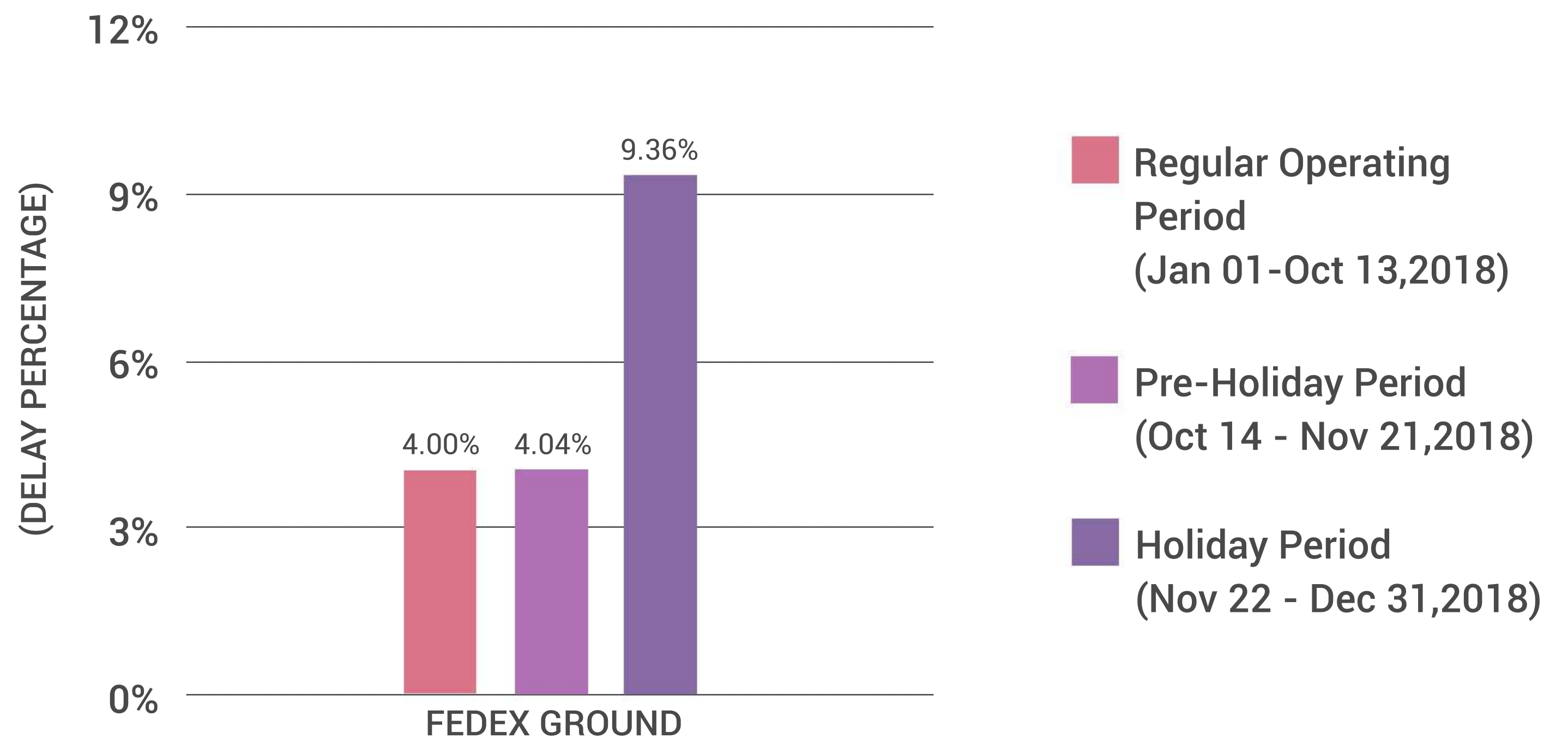




Delay rates for FedEx Ground and Express services are shown here for the period before and during the 2018 holidays

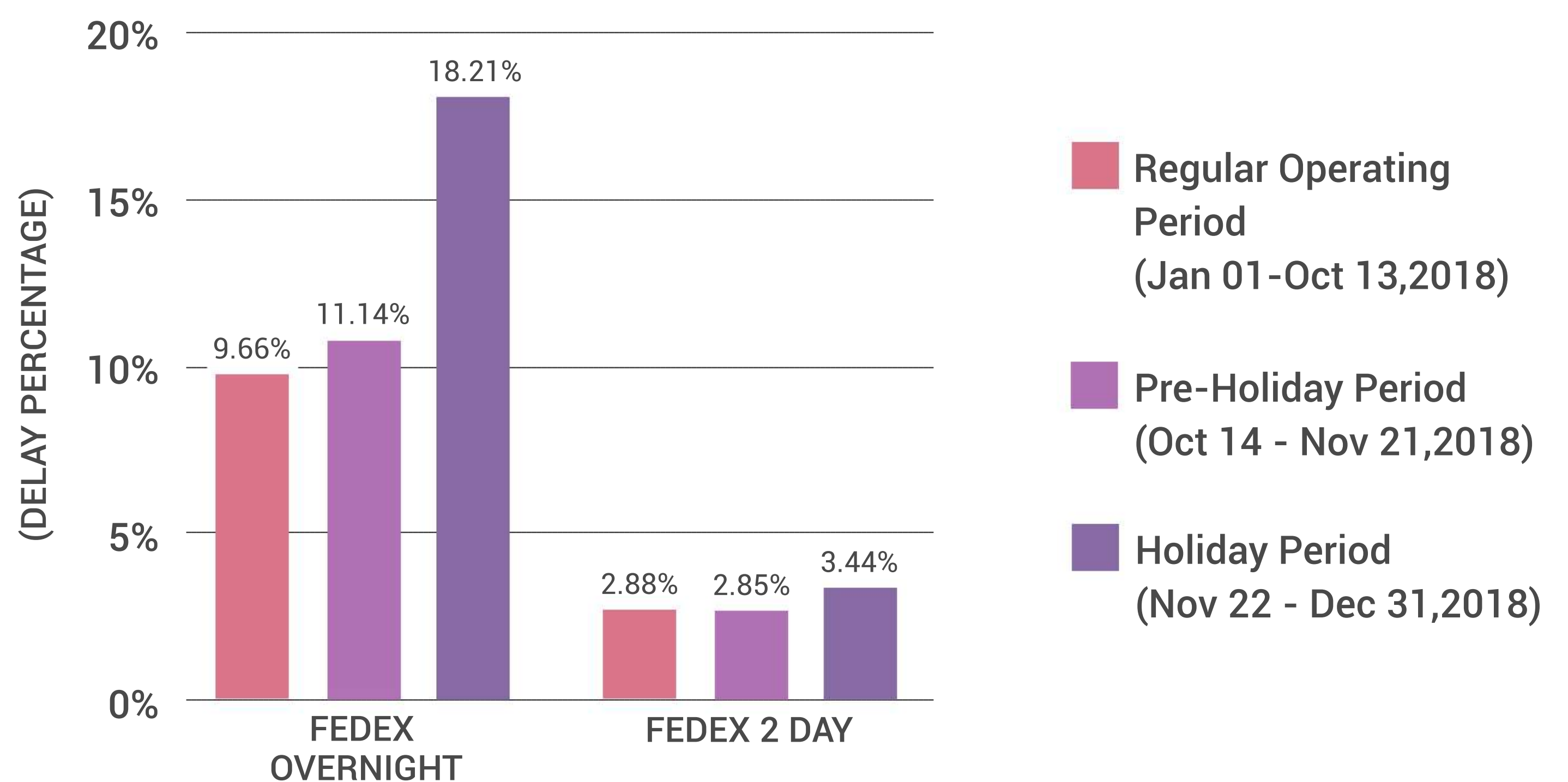
DELAY RATES FOR FEDEX GROUND SERVICES DURING THE HOLIDAY SEASON 2018

FedEx Ground Services saw delays of around 9.36% during the holiday season



DELAY RATES FOR FEDEX EXPRESS SERVICES DURING THE HOLIDAY SEASON 2018

FedEx Overnight service saw a delay rate of around 18.21%, while FedEx 2 day saw a delay rate of only 3.44% during the holiday season



The Ugly Side Of Same-Day Delivery

Shipment delay rates vary considerably between service types. While express shipments may be given priority by carriers, the tighter delivery windows and dependence on air transport often make express shipments more delay prone than than ground shipments. Next day air shipments routinely remains the poorest

performing service type during holiday seasons.

Keeping these factors in mind, businesses need to be careful and strategic when deciding to choose premium shipping options such as next day deliveries.

Holiday Shipping vs. Everyday Shipping

Consumer spending Indicates that the holidays generate more than 35% of a retailers annual revenue, but when the surge in online orders is beyond the ability of the shipping carriers to fulfil orders in a timely manner, high customer frustration and a poor post-purchase delivery experience is inevitable.

Regardless of the reasons for delivery issues during the holiday period, carriers cost businesses millions of dollars in sales and research suggests that 1 in 3 customers choose to never shop with a merchant after a negative delivery experience.

Untold Trick Of the Trade

Did you know that sometimes, shipping carriers deliberately leave behind oversized and heavy packages during holidays to accommodate more smaller sized packages on any mode of transportation?



DID YOU KNOW?

- ✓ Even though the 2019 Holiday season is shorter by six days between Thanksgiving and Christmas, the average shopper is planning to spend **\$1,047.83**, up **4%** from 2018, according to the National Retail Federation (NRF).

Do The Extra Resources Really Help?

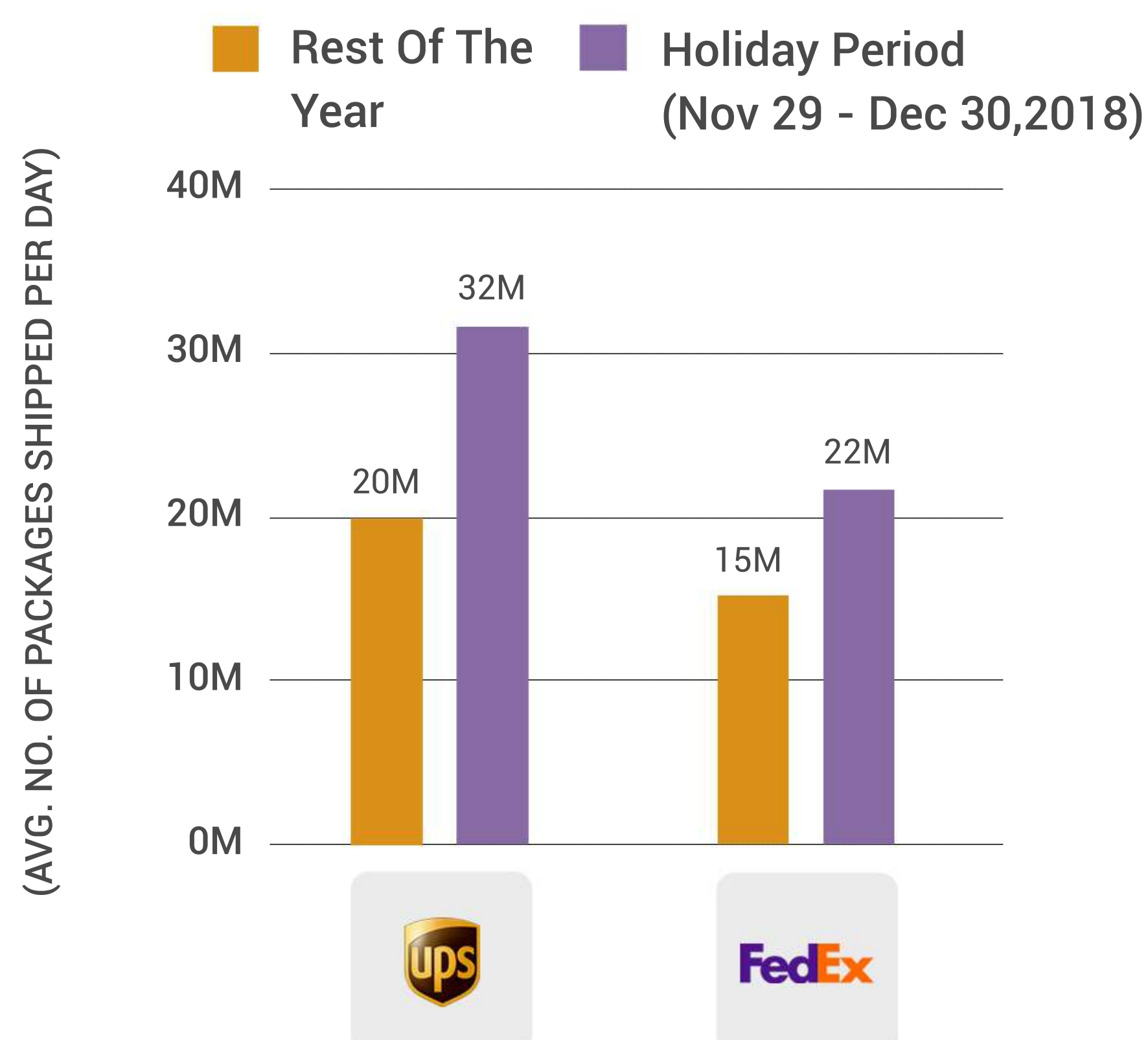
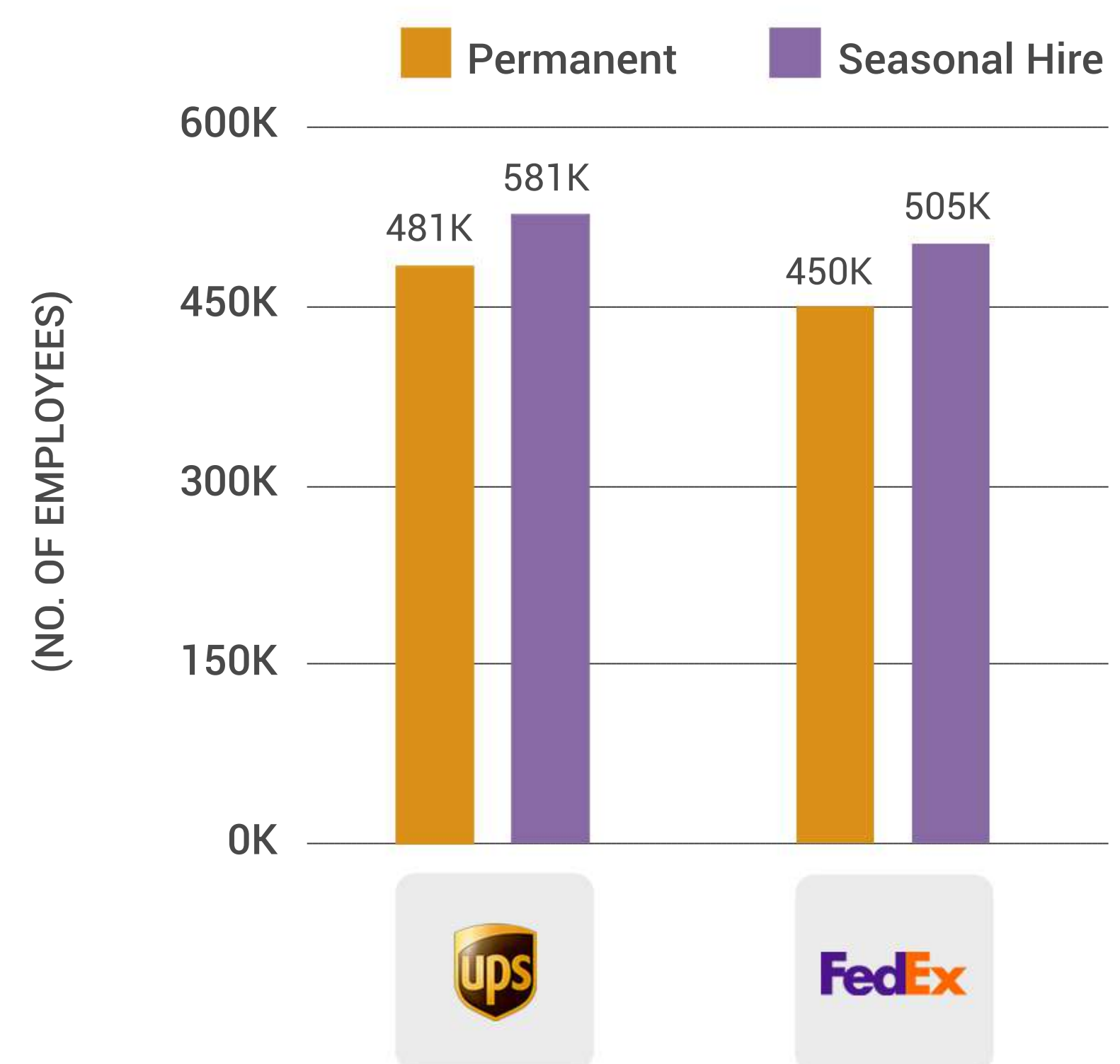
While shipping companies are generally equipped to handle the normal day-to-day volume of packages, there's a gap in their ability to adjust to the 2-3X increase in shipping volume over the holidays. Adding temporary workforce or fleets doesn't always solve the congestion problem as

there is often a gap in the operational level skill and training. Even with the additional hiring, it is nearly impossible to find enough people or resources to cover the enormous rise in volume.

MAPPING THE INCREASE IN WORKFORCE AND SHIPMENT VOLUME DURING THE 2018 HOLIDAY SEASON

EMPLOYEES HIRED BY FEDEX AND UPS FOR HOLIDAY SEASON 2018

This graph displays the number of additional resources employed by FedEx and UPS just for the holiday season



AVERAGE NUMBER OF PACKAGES SHIPPED DURING HOLIDAYS VS NON HOLIDAYS

Packages shipped during the holiday season are 1.5X-2X as much as those shipped during an average day

Delay Distribution By Retail Categories

As shoppers begin scouring stores for holiday specific purchases, retailers need to step up their game on the shipping front because delivery speeds will drive purchasing decisions. The Holiday season brings several shipping challenges as some retail categories will be under pressure to use time sensitive services to ship out their products.

Take industries like wine or apparel for instance, orders need to be shipped out in time during the holidays. A bottle of wine meant for a

Christmas dinner simply cannot be delivered later, and same will be the expectations around a dress meant for Thanksgiving/Christmas. Most packages for such categories are shipped through premium Express services as the product is extremely time sensitive.

Having a better understanding of which carriers or service types are more prone to delays, can help your business choose the right carrier or service type whilst keeping a lid on shipping costs.

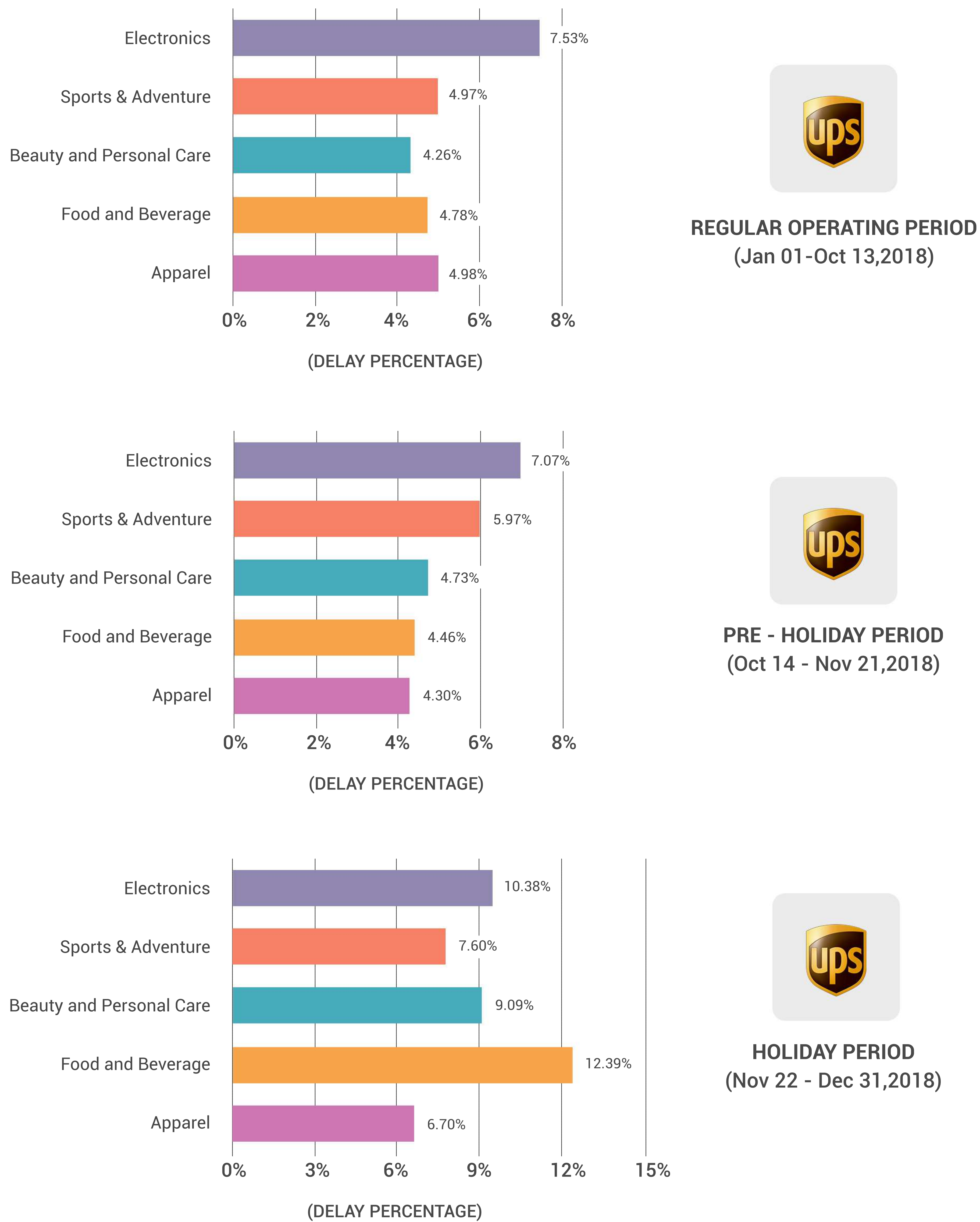
KEY FINDINGS

- ✓ **12.39%** of parcels from the Food & Beverage industry were delayed while shipping through UPS during the Holiday season 2018
- ✓ **22.22%** of parcels from the Sports & Adventure industry were delayed while shipping through FedEx during the Holiday season 2018

The Holiday-Gifts Waiting Game

2018 Holiday season saw a marked increase in delivery delays for certain categories. Packages that required additional handling faced a higher probability of delays and scheduled deliveries were observed to take longer than average during the holidays.

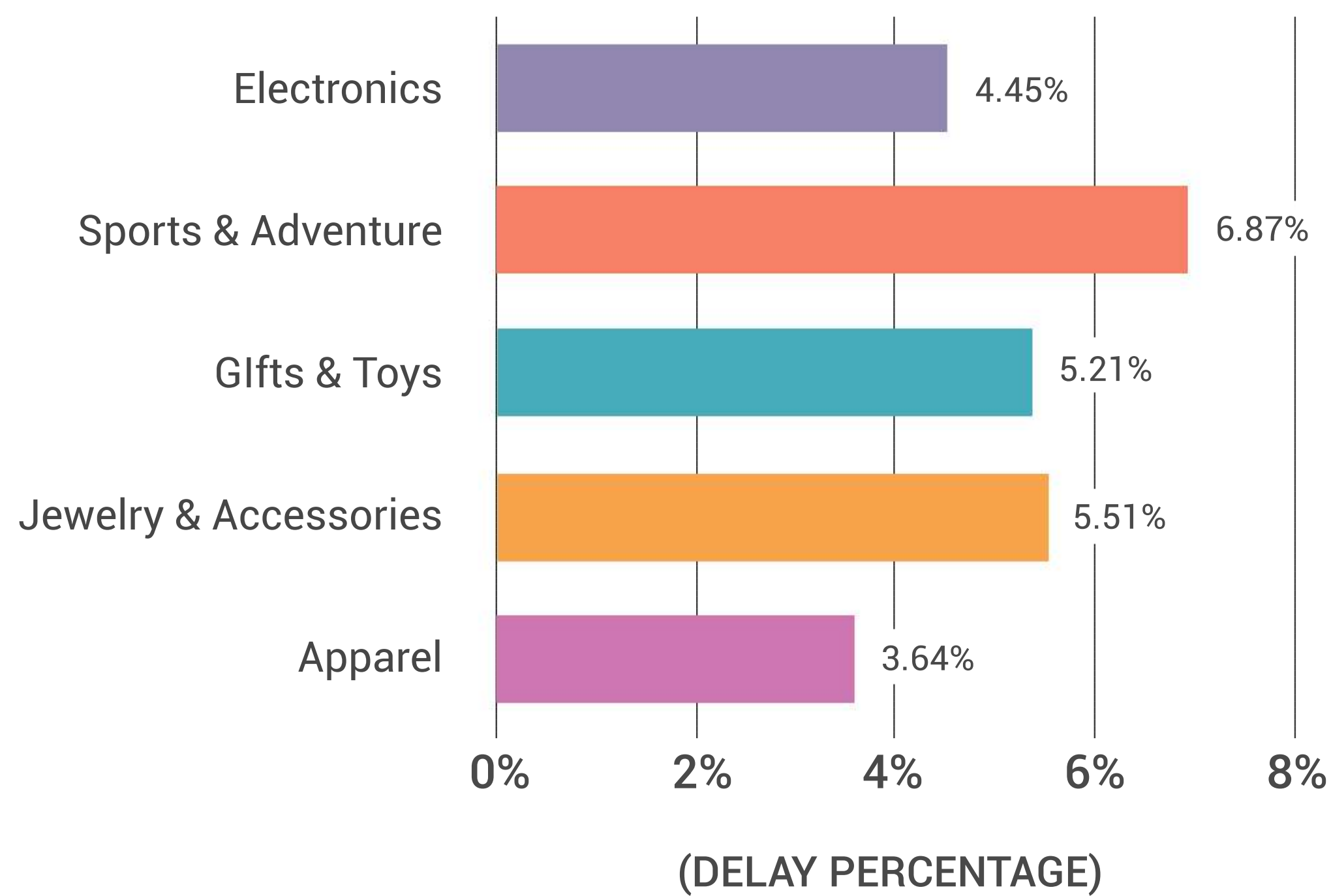
DELAY PERCENTAGE FOR RETAIL CATEGORIES SHIPPING WITH UPS DURING THE HOLIDAY SEASON 2018



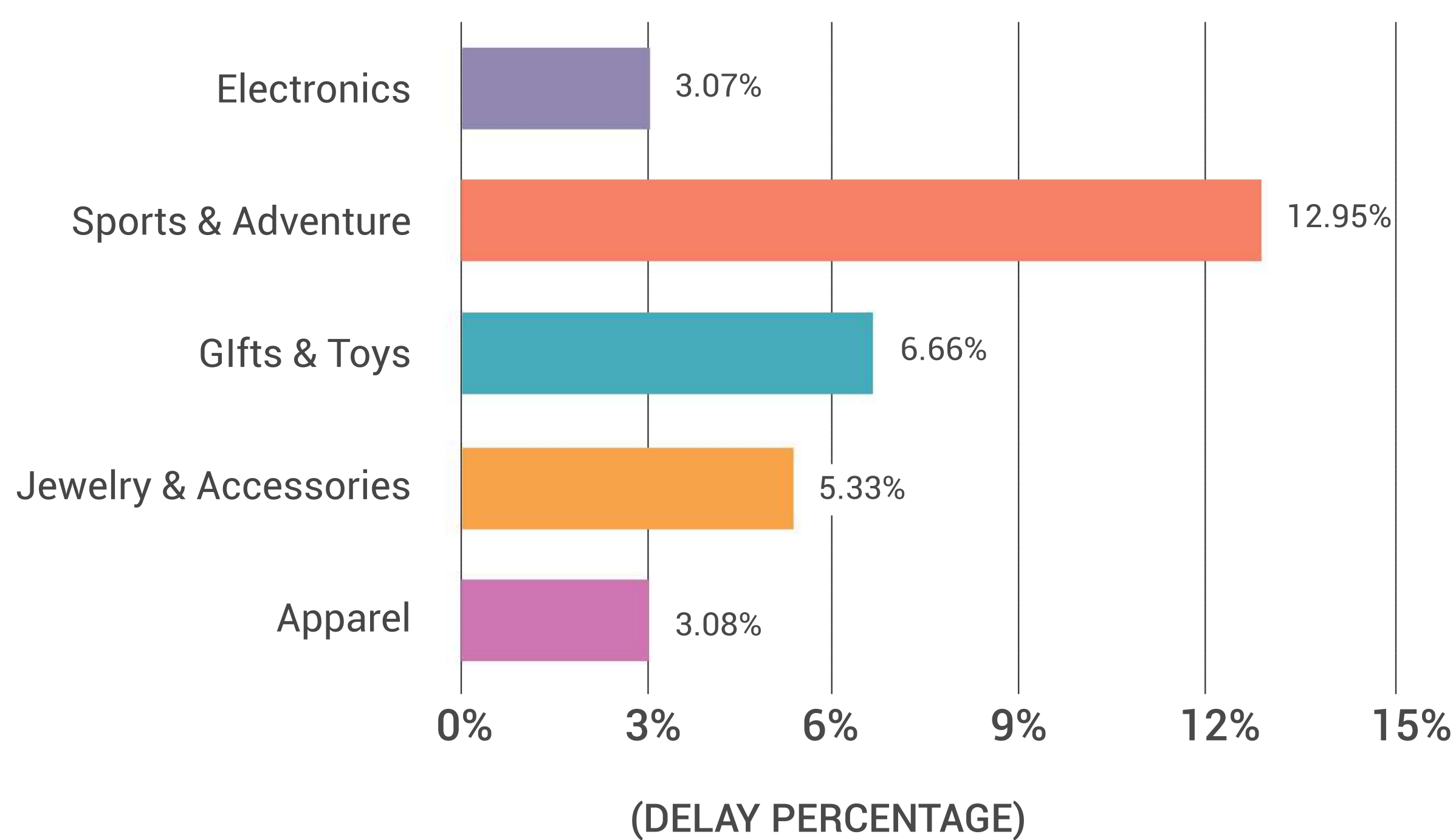
Food & Beverage along with the Electronics industry saw more delays with UPS

The Holiday-Gifts Waiting Game (CONT'D)

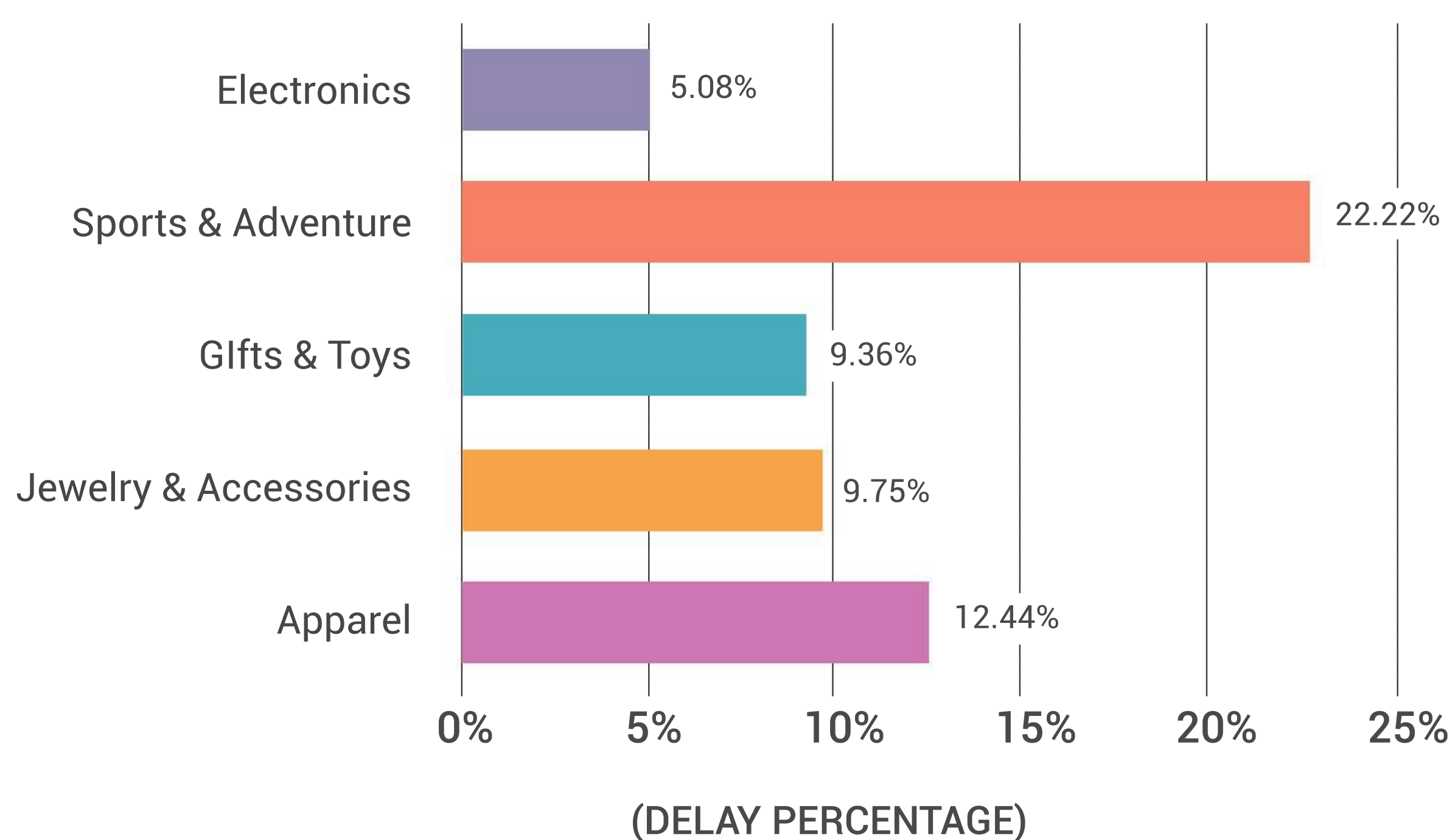
DELAY PERCENTAGE FOR RETAIL CATEGORIES SHIPPING WITH FEDEX DURING THE HOLIDAY SEASON 2018



REGULAR OPERATING PERIOD
(Jan 01 - Oct 13, 2018)



PRE - HOLIDAY PERIOD
(Oct 14 - Nov 21, 2018)



HOLIDAY PERIOD
(Nov 22 - Dec 31, 2018)

Sports & Adventure along with the Apparel industry saw more delays with FedEx



The Bulk Of Holiday Shipping and Mondays

What's So Special About Mondays?

Mondays see more packages shipped out than any other day of the week.

More Monday Blues during the holidays

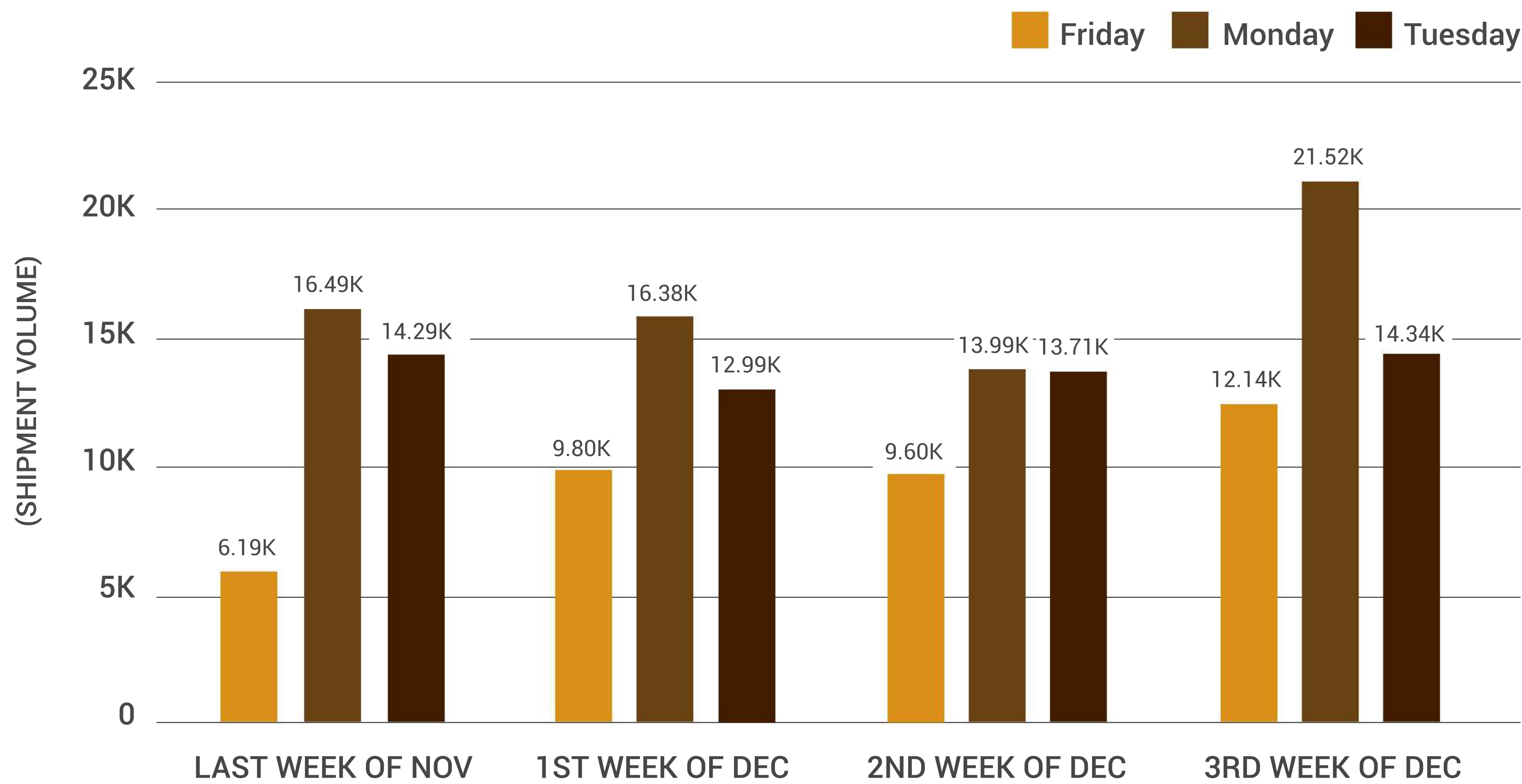
The rapid growth of e-commerce has driven significant shifts in shopper behaviour. Behind the dramatic rise in volume, Mondays stand out in particular. Holiday promotions along with shoppers opting for store pickups has seen a significant increase in demand for

packages to be shipped out on Mondays during peak sales periods. Mondays will see FedEx or UPS operating at their peak threshold since all orders placed on a Saturday or Sunday, will be shipped the following Monday.

Manic Mondays.



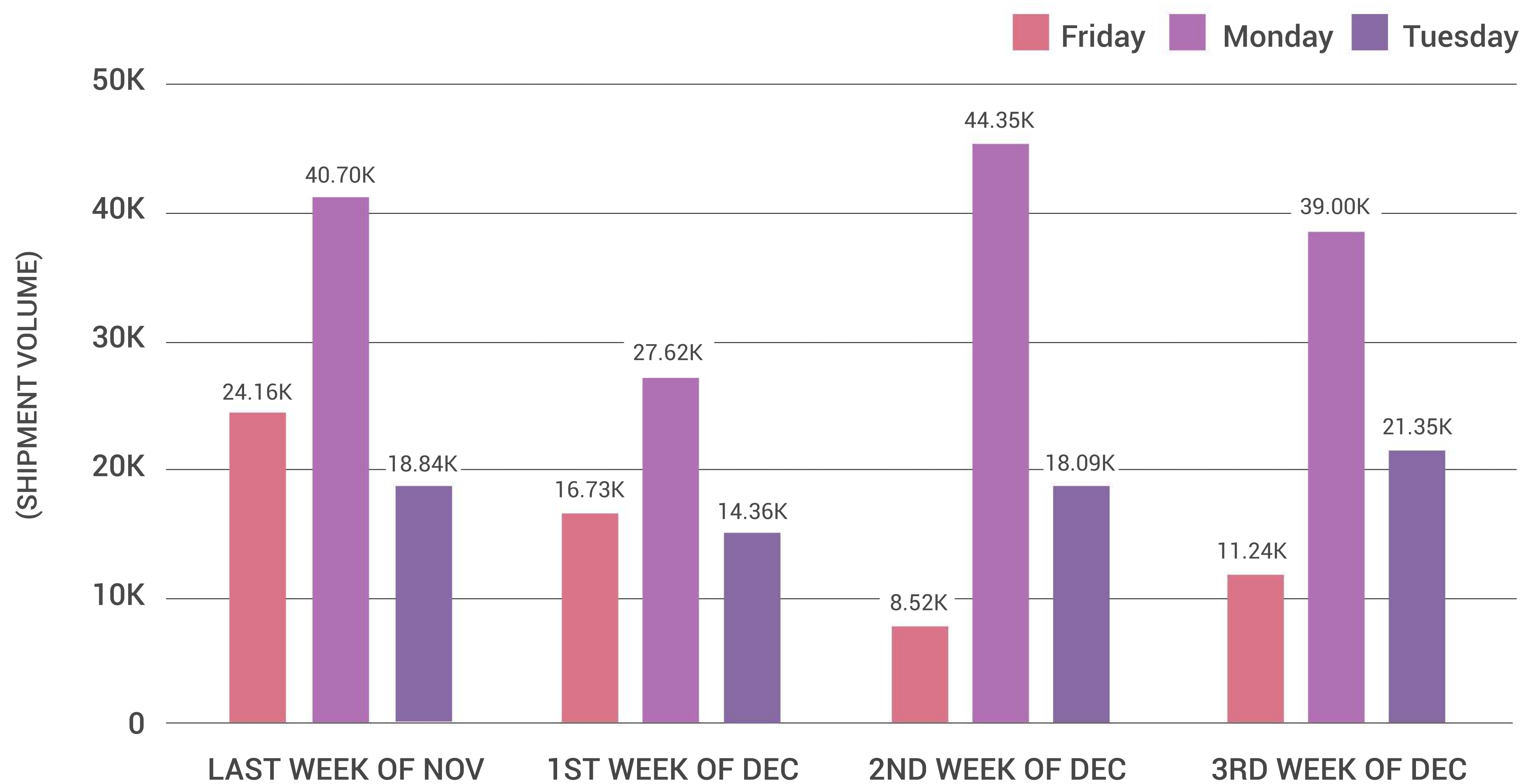
Mondays are the most common days for packages to be shipped out using UPS



UPS SHIPMENT VOLUME FOR KEY SHOPPING DAYS OF THE WEEK DURING THE HOLIDAY SEASON 2018



Mondays see a hike in most packages shipped out through FedEx as well during the holiday season



FEDEX SHIPMENT VOLUME FOR KEY SHOPPING DAYS OF THE WEEK DURING THE HOLIDAY SEASON 2018

HOLIDAY SHIPPING 2019 — THE ROAD — AHEAD

FORECASTING DELIVERY TRENDS AND THREATS FOR THE HOLIDAY SEASON

The holiday shopping season in 2019, which traditionally kicks off on Black Friday, can stretch for more than a month, depending on when Thanksgiving falls. But this year, it's only 26 days until Christmas and a scant 23 until Hanukkah starts.

After investigating how shipping carriers measured up from a delivery performance standpoint in 2018, we see FedEx and

UPS will scramble to keep up with the surge in online orders this year too, compromising shopper expectations around on-time deliveries. With weather conditions worsening by the day, we expect to see a similar amount of delays as the previous years, irrespective of holiday specific investments in fleet sizes, hubs, workforce and technology.

Forecasting Delays By States

Shipping carrier performance across different states depend on various factors, be it congestion, weather or network discrepancies.

For 2019, let's take a quick look at what's changed - and what the performance metrics for these providers suggest. Both UPS and FedEx had an alarmingly high rate of delivery delays during the 2018 holiday season, but here's what 2019 could look like:

THE AVERAGE DELAY RATE
ACROSS STATES WILL BE
AROUND 9%

9%

SOME WORST AFFECTED
AREAS WITHIN THE U.S. WILL
SUFFER DELAYS OF 16.5% OR
ABOVE

16.5%

Highly populated metros and rural areas with limited connectivity can be expected to face a high percentage of delivery delays. We expect overall shipping carrier performance to be slightly worse than what we saw last year as bad weather and quite a bit of snow is expected in December across many parts of the US and this stands to cause an uptick in the frequency of delivery delays.

“

CITIES LIKE NEW YORK AND LOS ANGELES ARE EXPECTED TO
SUFFER A SIGNIFICANT DELAY IN PARCEL DELIVERIES DURING
THE 2019 HOLIDAY SEASON

”

Forecasting Delays By Service-types

With every major shipping carrier services performed 2X to 3X worse than normal shipping periods during the year in 2018. The same is expected to continue in 2019 as well, with increased volume and bad weather conditions being the major cause for delays. However, in 2019, we expect FedEx to perform better overall, especially on the ground shipping side, as their recent decision to stop working with Amazon is likely to reduce volumes and congestion in their delivery network.



PREMIUM SHIPPING OPTIONS LIKE **OVERNIGHT AND EARLY AM** DELIVERIES ARE PREDICTED TO PERFORM WORSE THAN THEIR INEXPENSIVE COUNTERPARTS, DESPITE THE HIGHER COST



FEDEX GROUND SHIPMENTS ARE EXPECTED TO PERFORM BETTER THAN USUAL DUE TO A DECREASE IN VOLUME FOLLOWING THEIR RECENT DECISION TO STOP WORKING WITH AMAZON



HOLIDAY SEASON 2019 IS EXPECTED TO WITNESS UP TO **3X** MORE DELAYS IN ON-TIME DELIVERY FOR MOST SERVICE TYPES THAN ANY OTHER PERIOD OF THE YEAR

“

SHIPPING OVERSIZED PACKAGES?

INDUSTRIES LIKE SPORTS & ADVENTURE, HOME APPLIANCES, ELECTRONICS AND AUTOMOTIVE PARTS THAT SHIP OVERSIZED PACKAGES NEED TO MONITOR SHIPMENTS CLOSELY AS THEY WILL FACE HIGHER DELAY RATES OF UP TO 2X THAN OTHER INDUSTRIES.

”

Final Outlook : Holidays 2019

7 things that will make it or break it

We have seen shipping carriers' delay percentage increase every holiday season, with significant increase in shipment volume and 2019 will not be any different. In today's era of online retail, the 3 P's that influence a purchase the most are pricing, pace (at which an order arrives) and precision (in delivering a package when and where a customer wants it).

But then, when a shipping carrier fails to meet a delivery promise, unforgiving customers always associate their delivery ordeal with

the merchant they purchased from and rarely return to shop with them again thereafter.

This necessitates an active "customer-experience-driven" need for merchants to stay on top of shipments in transit and take proactive responsibility for delivery failures and delays, irrespective of why and how they happen. With this in mind, let us understand the crucial drivers of success during the 2019 Holiday season for retail businesses.

7 things that will make it or break it

01 What the analysis says

Performances of FedEx and UPS were quite close to one another. An avg. of 8.44% of shipments did not reach their destinations on time during the 2018 holiday season. A significant percentage of package delays exist across retail categories irrespective of the carrier and service-type used too. 9% of 2019 holiday deliveries are bound to be delivered late.

02 Exploit data to make decisions

Capturing and analysing your shipping data can put you in the driver's seat of your last mile operations, giving you an edge when you plan growth, optimize your supply chain and negotiate shipping contracts. This will also ensure that your shipping partners are regularly monitored and are held accountable for their performance.

03 Optimize to drive down costs

In some cases, ground shipping is just as fast as air services, hence picking shipping services that are best suited for your business and customers helps in optimizing costs. Additionally, auditing every shipping invoice you receive from your carrier ensures you are paying the right charges and also paying only for services that meet the promised service standards. Do not, under any circumstances, waive off your right to refunds for shipping carrier service failures.

04 Transform with technology

A Delivery Experience Management solution gives you real-time visibility and transparency into shipping activities. It can not only help you monitor parcels right till they reach a customer's doorstep but also help you stay ahead of delivery failures that affect customer experiences. This solution acts as an intersection between your logistics provider, delivery and customer; making it the control tower of your order fulfillment wing.

7 things that will make it or break it (CONT'D)

05 Be proactive, not reactive

Retailers should be hyper-sensitive to actions that can cause customer unhappiness and upset their loyal customer base. With tools to predict delivery delays well in advance, businesses taking proactive measures to counter the ill effects of delivery exceptions in the last mile will be able to forge strong customer relationships and improve retention.

06 Communicate when it matters the most

Communicating with customers, especially in the post-purchase phase builds trust, loyalty and credibility. Customer engagement in the last mile, right from the point of order pickup till its delivery at a customers doorstep demonstrates your commitment to quality customer service. Timely updates about the delivery status or a simple apology/ discount coupon in the event of a parcel delay will go a long way toward creating positive customer experiences.

07 Build immersive experiences

When creating an immersive brand experience, retailers who raise the bar by building a personalized and brand-consistent last mile experience will stir positive emotions within shoppers. With branded order tracking pages, retailers can engage with customers in a way that drives sales and loyalty.

Conclusion

In conclusion, we have seen shipping carriers' delay percentage increase every holiday season, with a corresponding increase in shipment volume, and 2019 will not be any different despite any additional measures taken by the carriers this year. It therefore falls upon retailers to independently monitor and ensure that every package shipped out to customers reaches them on time, or

replacements are sent in on time for time sensitive shipments.

LateShipment.com has put out this report with the aim of bringing to light some of the data held by shipping carriers that never sees the light of day. We hope this will pave the path for more transparency from the shipping industry, so that retailers can create better last mile strategies for their customers.

Disclaimer

The data and information in this report has been solely drawn from shipments tracked by LateShipment.com, on behalf of its customers. While particular care has been taken to ensure that all data sets analyzed are accurate and statistically relevant across the small parcel shipping industry, LateShipment.com is not responsible for any errors or omissions whatsoever.

All company names, logos, product names and trademarks used in this report are the sole property of their respective owners and are used for identification purposes only. Usage of these names and trademarks by LateShipment.com does not imply endorsement in any form.

About LateShipment.com

At LateShipment.com, our paramount mission is to increase transparency in the parcel shipping sector. We are committed to providing businesses with innovative and impactful logistics technology solutions to reduce cost and improve the last mile customer experience they offer.

Trusted by thousands of companies worldwide, at LateShipment.com we have audited and tracked over 100 million packages shipped via 40 different shipping carriers globally. With our unique industry position, we're able to leverage our global shipping data and expertise in fulfilment logistics to produce unbiased and actionable insights aimed at empowering businesses with the information needed to excel in the last mile.

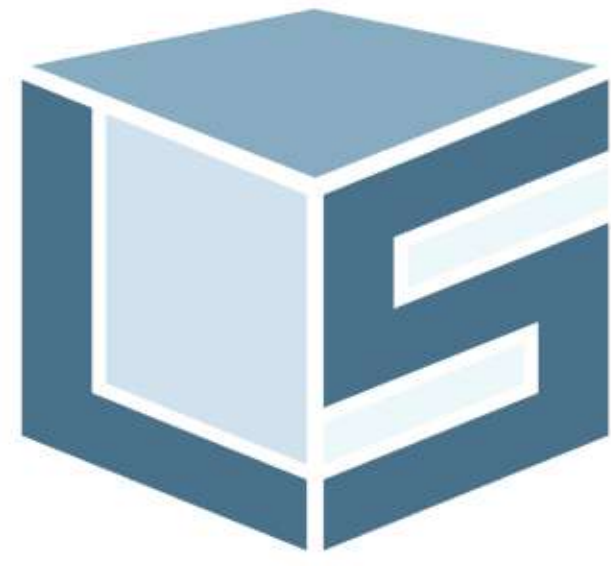
Learn More

LateShipment.com is the world's only logistics cloud tool that helps businesses of every size reduce shipping costs by up to 20% and provide memorable delivery experiences to customers at scale.

Automated Parcel Audit - Our best-in-class parcel audit technology verifies shipping invoices for over 50 service failures and billing errors, including late deliveries, files eligible claims and automatically recovers refunds, thus saving a business's overall shipping costs by up to 20%.

Delivery Experience Management - A real-time parcel tracking and delivery management solution on the cloud. It offers complete visibility of shipments-in-transit across carriers, highlights shipments that require your attention with predictive delivery failure alerts and enables brand-consistent communication with customers about important shipping events in the post-purchase phase.

Visit www.lateshipment.com to find out more.



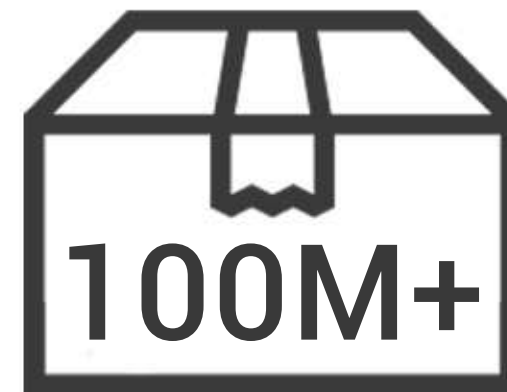
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1000's
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INCLUDING



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www.lateshipment.com



support@lateshipment.com



+1 (888) 930-5934



4855 LB McLeod Road,
Orlando, FL 32811, USA

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