



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



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Table Of Contents

| | | | |
|----|--|----|---|
| 01 | The Why and For Whom | 03 | — |
| 02 | Putting Holiday Shipping 2019 Into Perspective | 04 | — |
| 03 | 2018 Holidays: Crippled By CUPW Strike | 05 | — |
| 04 | Key Highlights of Holiday Shipping 2018 | 06 | — |
| 05 | Slicing Delays By Provinces and Cities | 07 | — |
| 06 | Visualizing The Density Of Parcel Delays | 10 | — |
| 07 | Delay Distribution By Service-types | 11 | — |
| 08 | Delay Distribution By Retail Categories | 13 | — |
| 09 | Holiday Shipping 2019 : The Road Ahead | 16 | — |
| 10 | Final Outlook : Holidays 2019 | 19 | — |
| 11 | About LateShipment.com | 23 | — |
| 12 | Contact Us | 24 | — |



What's this report?

The '2019 State of Holiday Shipping in Canada' report is a comprehensive summarization of the on-time delivery performance in small parcel delivery across Canada by Canada Post and FedEx. 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



1,593 CAD
average holiday spend



1.9%
increase in holiday spending



59%
of holiday shoppers will spend in-store



21%
Increase in cross-border shopping

Source: PricewaterhouseCoopers

This report is designed with the purpose of understanding how 2019 Holiday shipping will really turnout to be by aggregating parcel delivery performance of Canada Post and FedEx 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.

2018 Holidays: Crippled By CUPW Strike



Fast shipping and discounts are two of the most tangible influencers of purchasing decisions during the Holidays. But, with all preparations in place for a successful retail sales season, the Canadian Union of Postal Workers (CUPW) announced a “rotating” strike since October 22nd, which was restored on November 27th, after the Senate passed a back-to-work legislation.

The postal workers’ union strikes at distribution hubs and sorting centres, led to an estimated 30-day backlog, according to the CBC. In fact the strikes impacted the delivery performance of every shipping carrier operating in Canada during the

holidays. Distribution centres in Toronto, Vancouver, Edmonton and Montreal experienced severe backlogs, resulting in a phenomenal 8-10X increase in parcel delay rates during 2018.

Under the circumstances that Canada Post workers were striking during the busiest days of 2018 holidays, one must strictly not hold Canada Post liable to the delivery delays on the basis of delay rates mentioned in this report.

The delivery performance metrics shown here is intended to provide reliable insight into 2018 holiday shipping and to help retailers get a measurable idea of how the CUPW strike impacted delivery delays during the holidays..

Due to the Canadian Union of Postal Workers (CUPW) strike during the 2018 Holiday season, Canada Post faced delays of up to **90%** in some areas.



44%

avg. of parcels shipped
through Canada Post
faced delays due to
rotating labor
strikes

13.8%

avg. of parcels shipped
through FedEx faced
delays during 2018
Holidays

Over

+20%

of Canada Post and
FedEx's ground
shipments
were delayed

Key Highlights Of Holiday Shipping

2018

8.34%

avg. of parcels shipped
through FedEx express
services were
delayed

Apparel,
Automobile and Jewelry
& Accessories were
industries that faced
most delays

Key provinces
like Ontario, British
Columbia and
Quebec faced
high delays

Slicing Delays By Provinces and Cities

Online retail blurs borders for shoppers on one hand but makes it challenging for merchants to meet the delivery demands from customers on the other.

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.

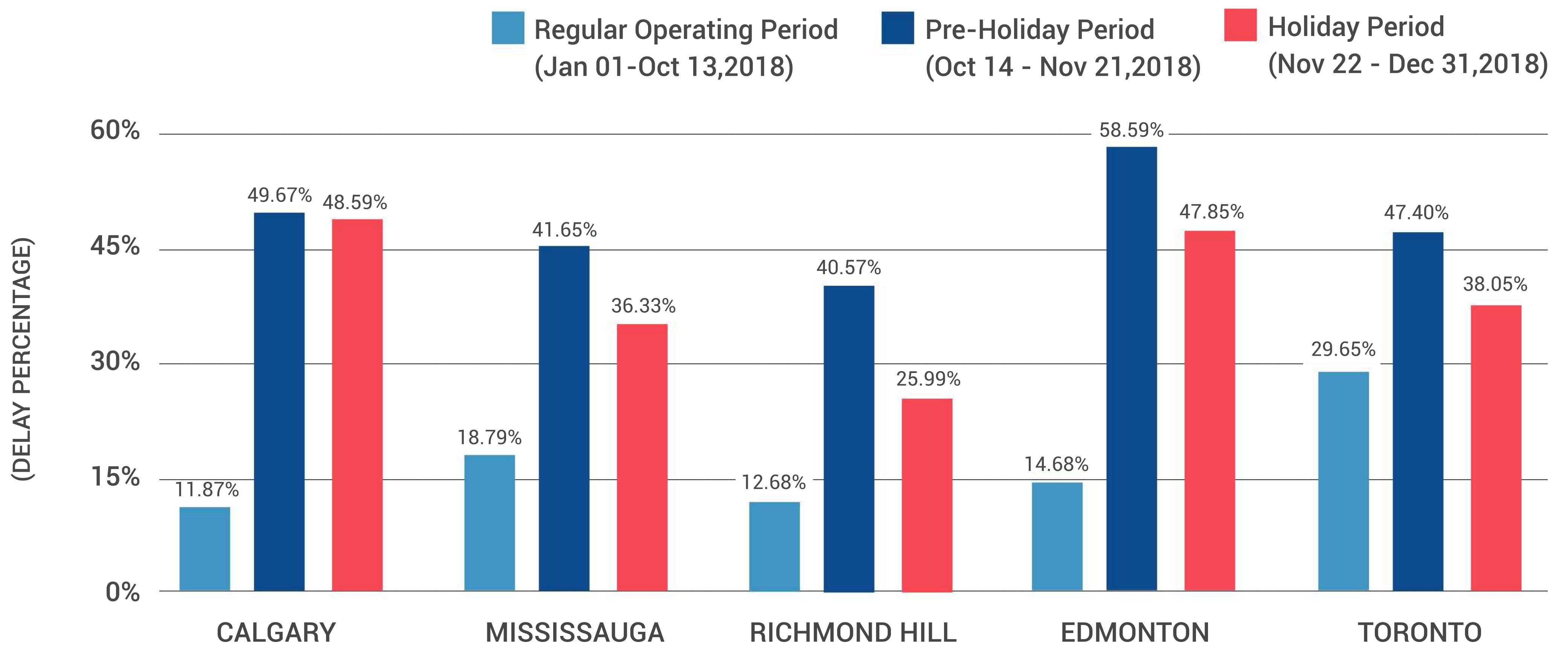
KEY FINDINGS

- ✓ Most cities including Calgary, Edmonton and Toronto experienced a high parcel delay rate during the 2018 Holidays
- ✓ Most provinces including Ontario, British Columbia and Quebec faced very high delays during the 2018 Holiday season

Citing Delays in Top Cities



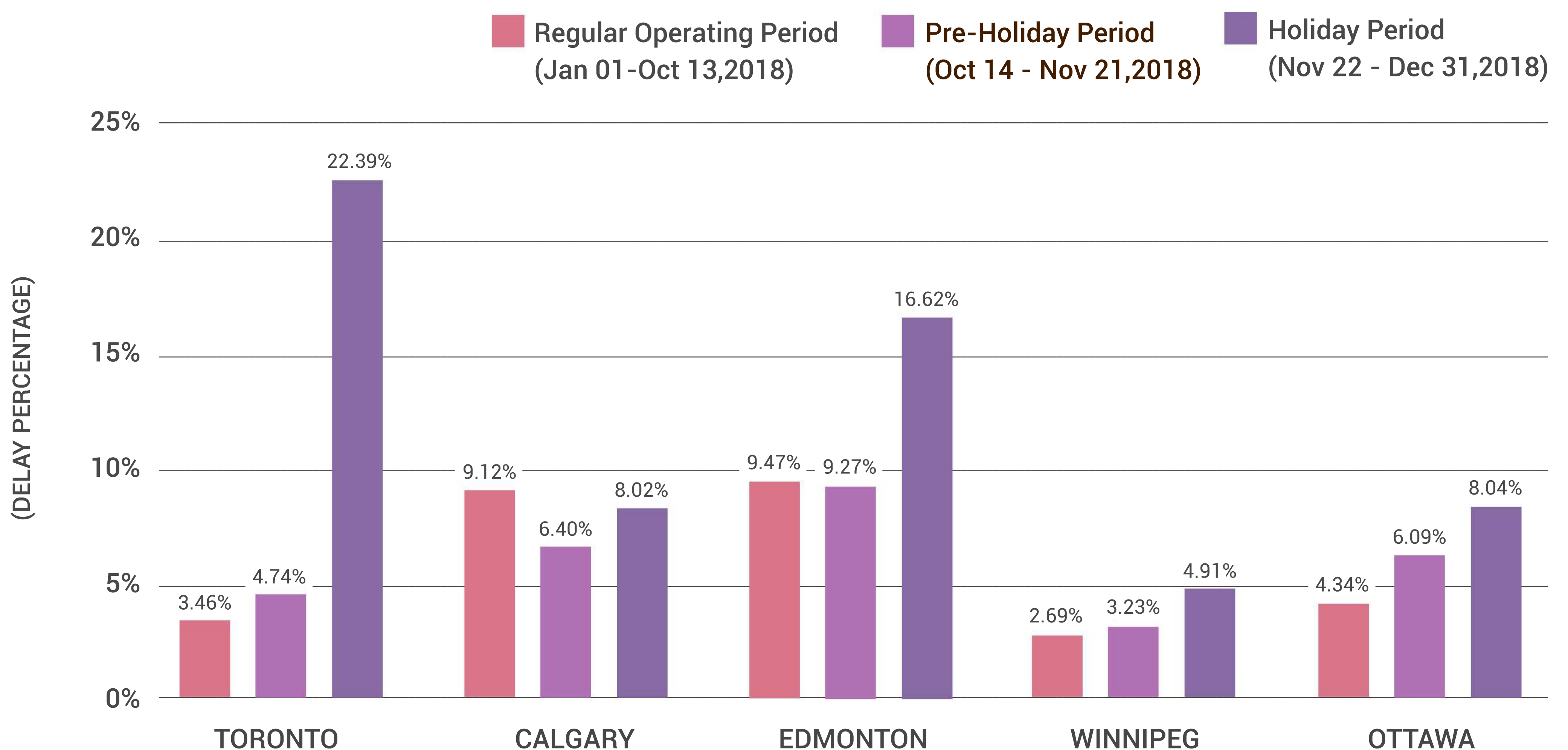
Canada Post - Calgary, Edmonton and Toronto recorded almost 3X increase in delays during the holiday season for packages shipped through Canada Post.



KEY CITIES WHERE CANADA POST FACED SIGNIFICANT DELAYS DURING THE 2018 HOLIDAY SEASON



Densely populated cities like Toronto and Edmonton faced very high delays during the 2018 Holiday season for packages shipped through FedEx

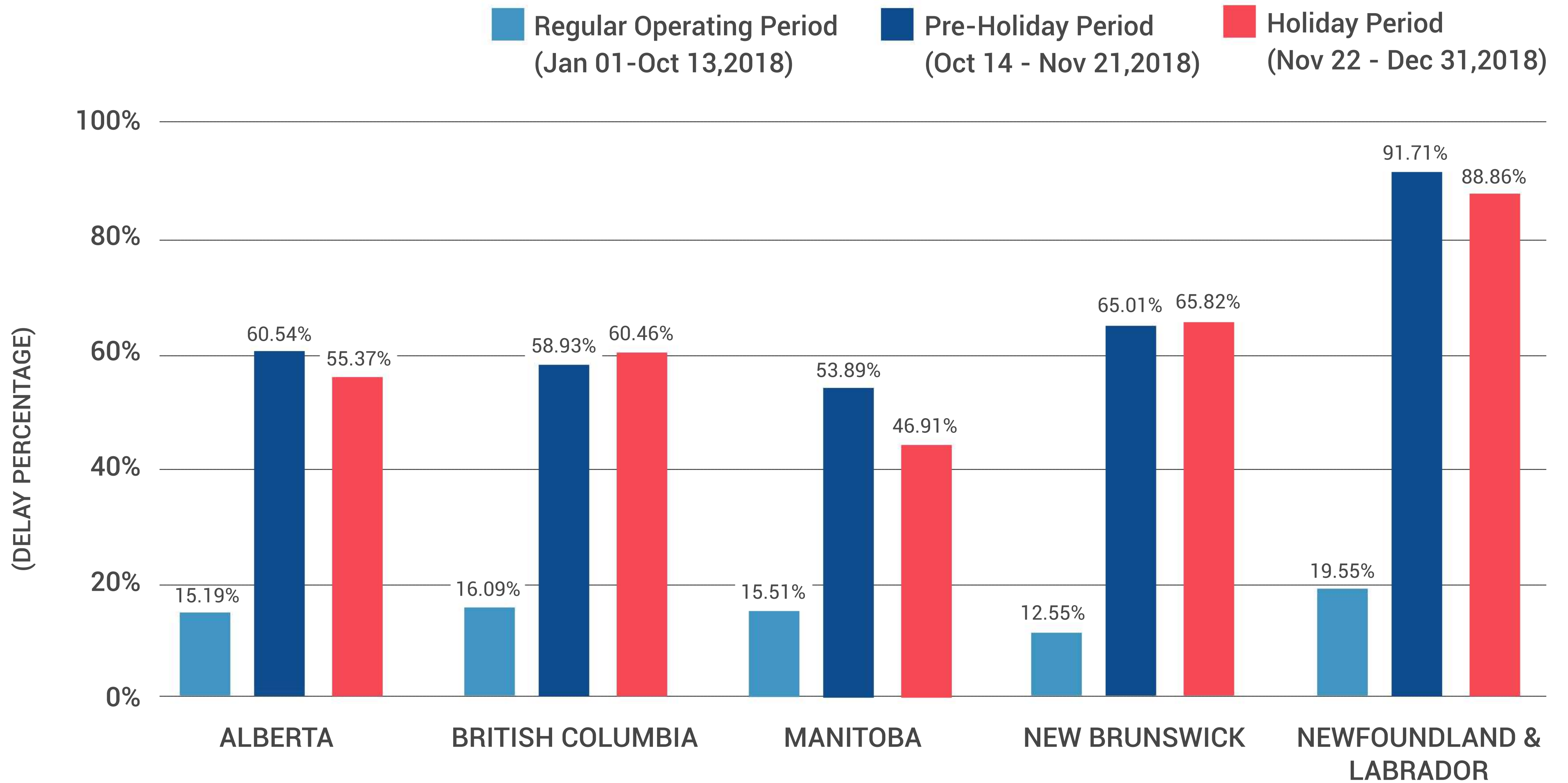


KEY CITIES WHERE FEDEX SHIPMENTS FACED SIGNIFICANT DELAYS DURING THE 2018 HOLIDAY SEASON

State of Delays in Top Provinces



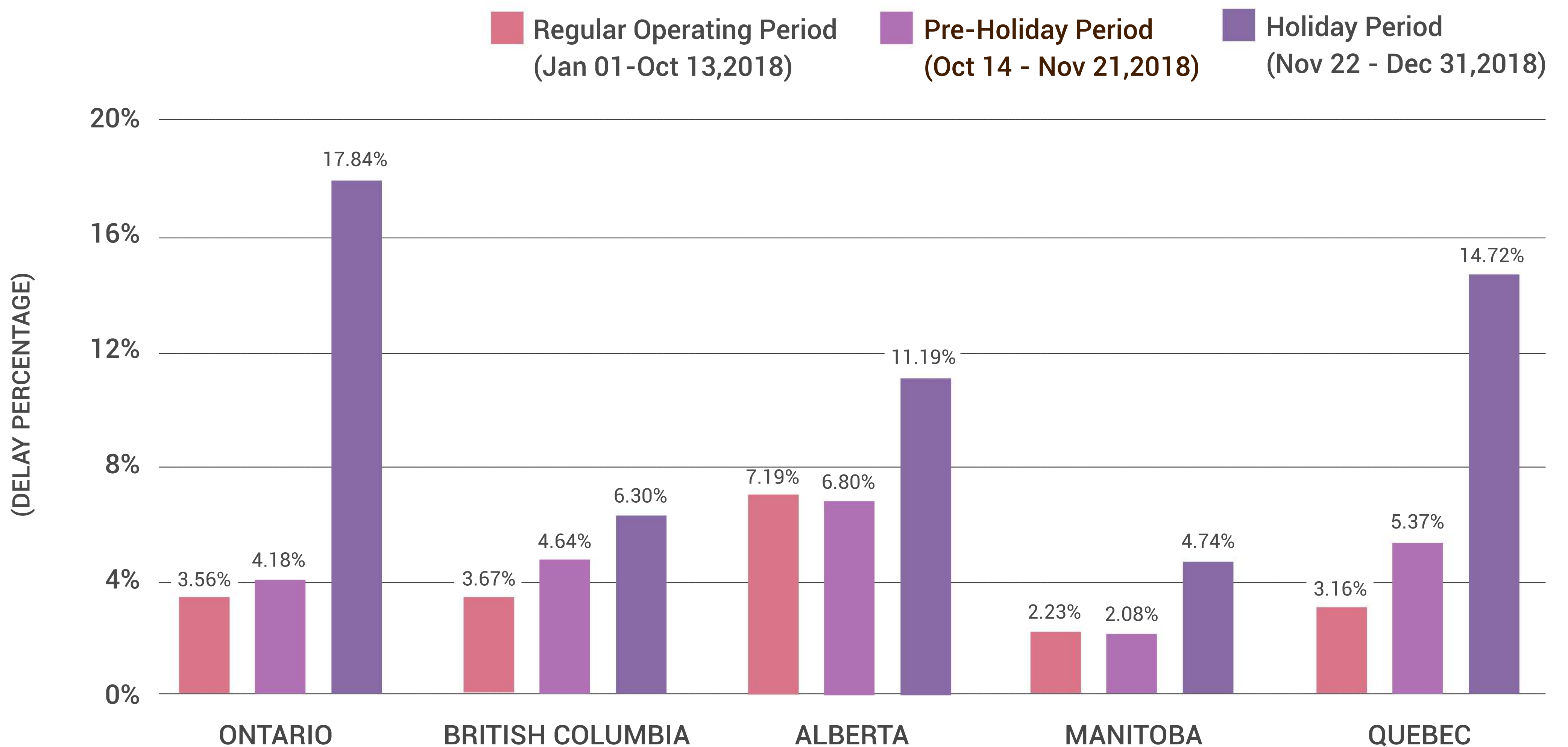
Most provinces faced significant amount of delays during the 2018 Holiday season for packages shipped through Canada Post



PROVINCES WHERE CANADA POST FACED HIGH DELAYS DURING THE 2018 HOLIDAY SEASON



Provinces like Ontario, Alberta and Quebec faced significant delays with packages shipped during the 2018 holiday season



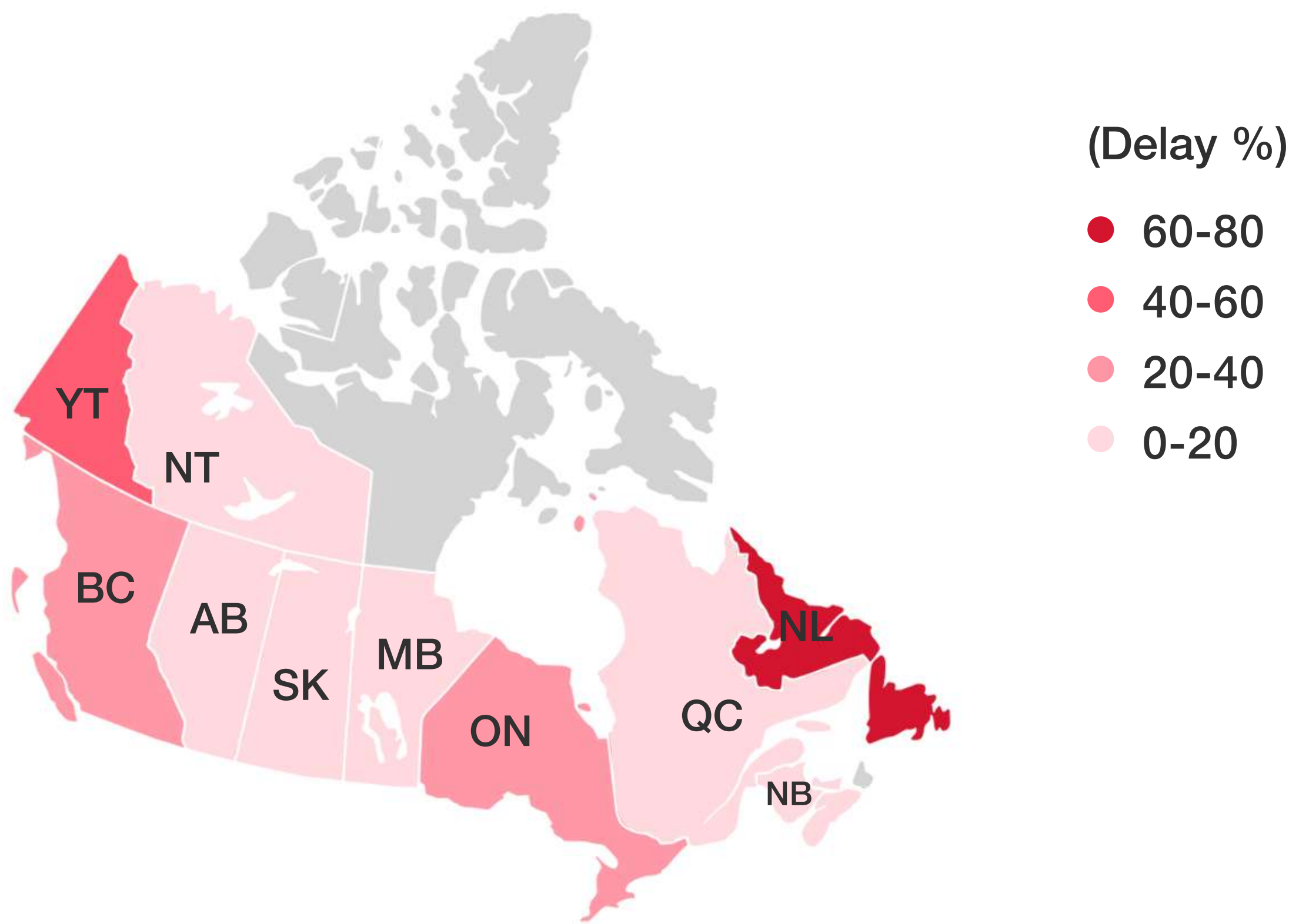
PROVINCES WHERE FEDEX FACED HIGH DELAYS DURING THE 2018 HOLIDAY SEASON

Visualizing The Density Of Parcel Delays

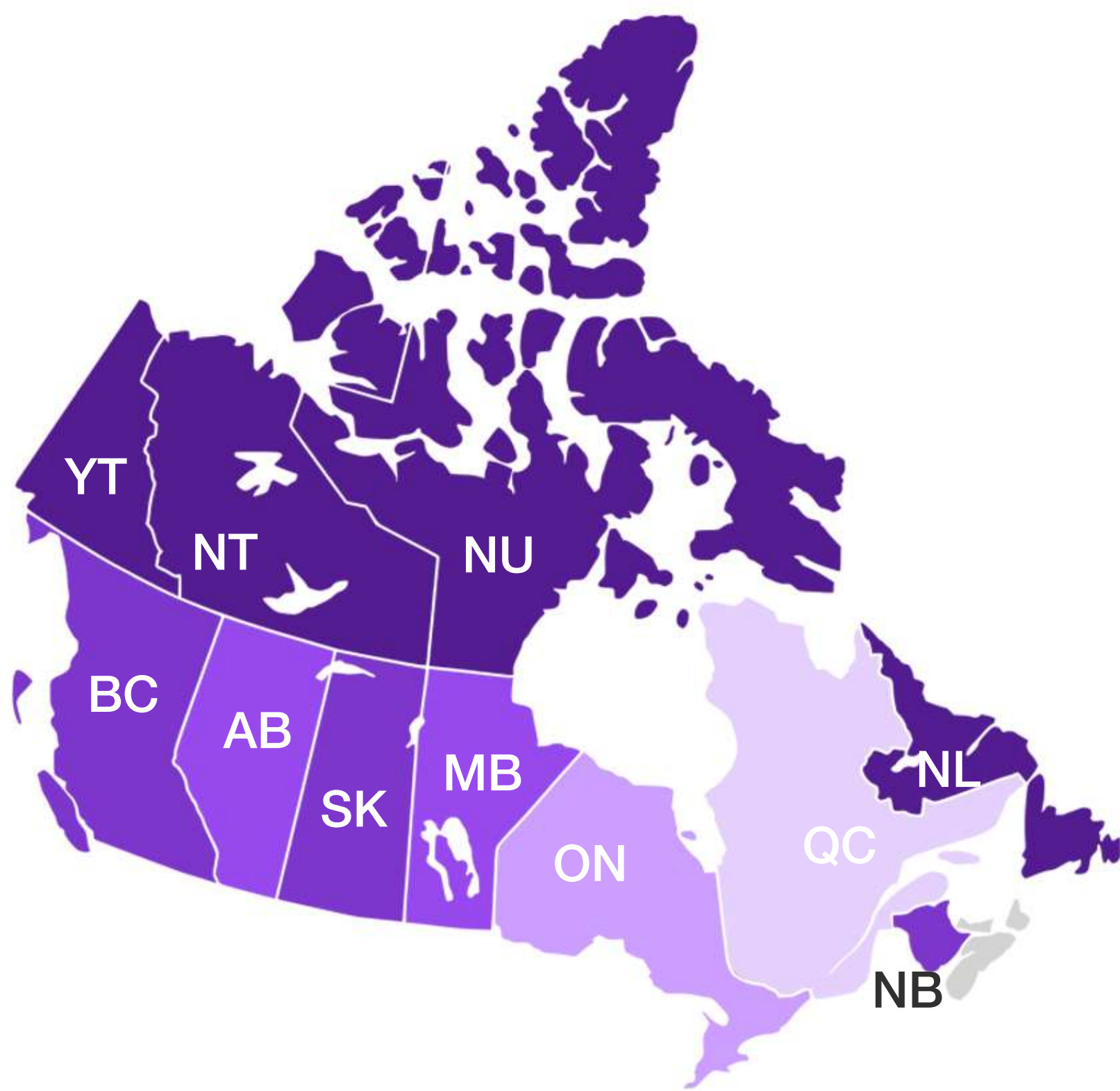
The most oft-mentioned shipping challenge in Canada is that 80% of Canadians live in densely populated areas and shippers are forced to maintain uniform pricing for rural as well as urban customers. Infrastructure limitations and inaccessibility to remote areas besides rough weather conditions are some of the reasons for delivery delays. The postal service disruption, caused due to rotating labour strikes during the 2018 holiday season impacted the delivery networks of both Canada Post and FedEx, resulting in an enormous increase in parcel delays.



Significant delays were recorded throughout Canada during the 2018 Holiday season for packages shipped through Canada Post



DELAY DENSITY FOR CANADA POST SHIPMENTS DURING THE 2018 HOLIDAY SEASON



Newfoundland and Labrador on the east and Yukon in the north faced the highest percentage of delays for FedEx shipments

DELAY DENSITY FOR FEDEX SHIPMENTS DURING THE 2018 HOLIDAY SEASON

| Canada Province and Codes | | | | | |
|---------------------------|----|---------------------------|----|----------------------|----|
| Alberta | AB | Newfoundland and Labrador | NL | Ontario | ON |
| British Columbia | BC | Northwest Territories | NT | Prince Edward Island | PE |
| Manitoba | MB | Nova Scotia | NS | Quebec | QC |
| New Brunswick | NB | Nunavut | NU | Saskatchewan | SK |
| | | | | Yukon | YT |

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 market leaders like Amazon this year, opting for the right service-type, best suited to meet shopper expectations while keeping a check on shipping costs 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 its 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.

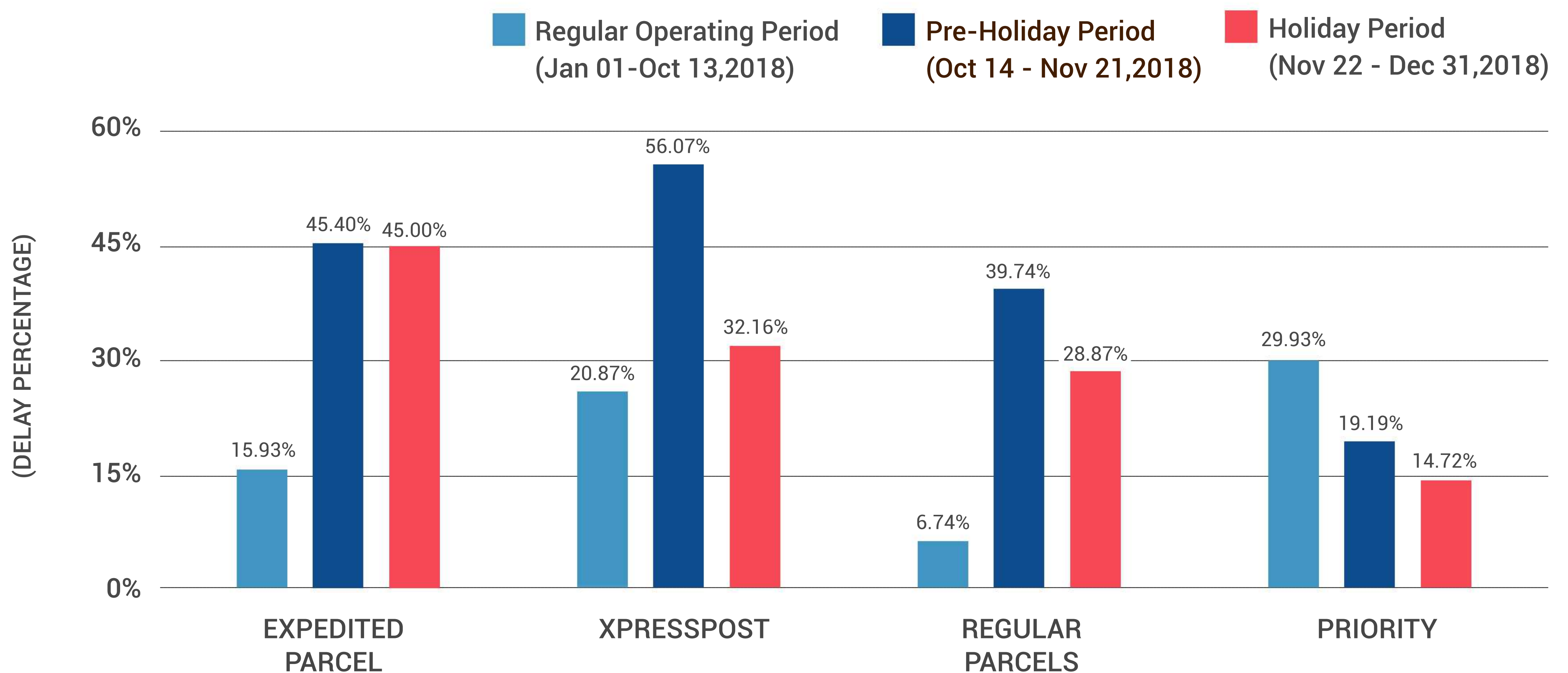
KEY FINDINGS

- ✓ Time sensitive services like **Expedited Parcel** and **Express Post** faced high delays during the holidays, showing how paying a premium does not necessarily guarantee on-time delivery.
- ✓ FedEx Ground and Canada Posts' Regular Parcel service faced delays of over **20%** during the 2018 holidays

Measuring Delays By Service Types



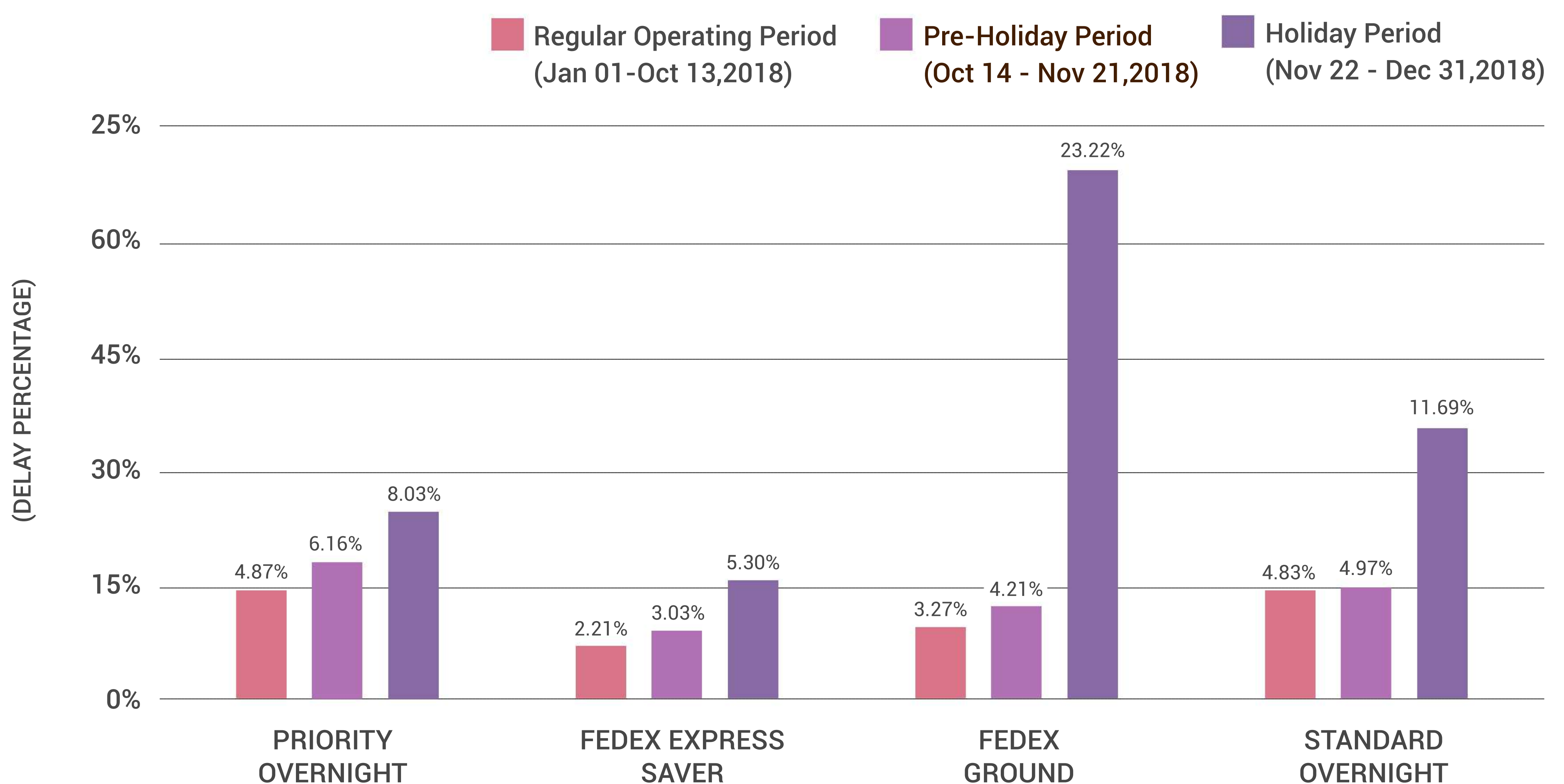
Of services offered by Canada Post, Expedited Parcel service saw a delay rate of around 45% during the holiday season



DELAY RATE FOR KEY CANADA POST SERVICES DURING THE 2018 HOLIDAY SEASON



Of FedEx Ground and Express services, ground service experienced a delay rate of 23.22%



DELAY RATE FOR KEY FEDEX SERVICES DURING THE 2018 HOLIDAY SEASON

Delays 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.

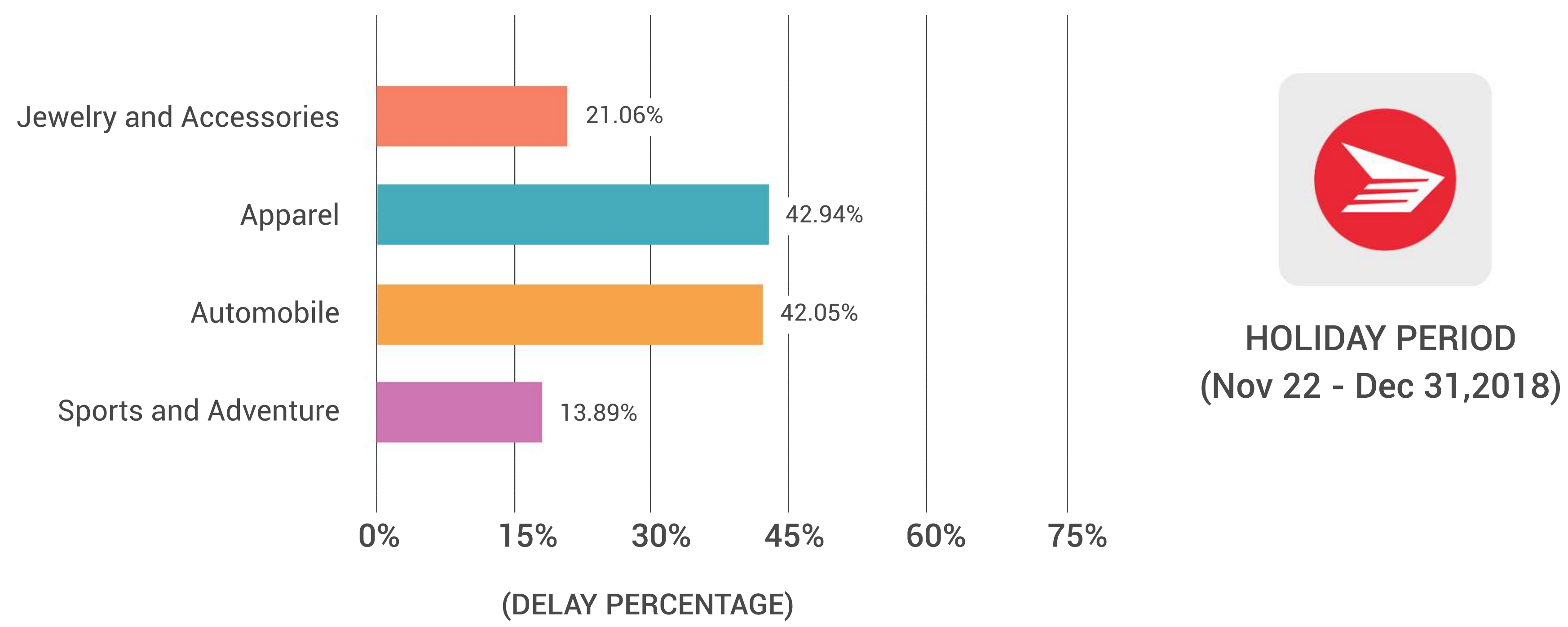
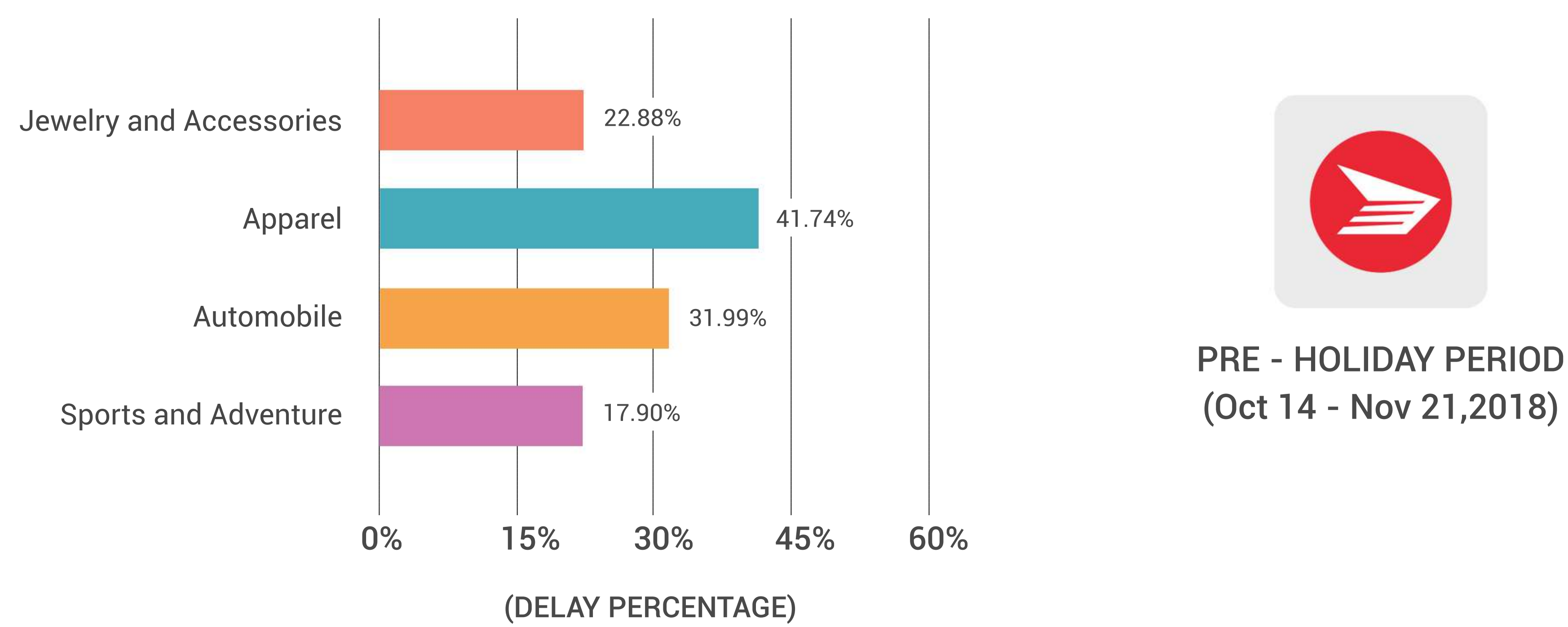
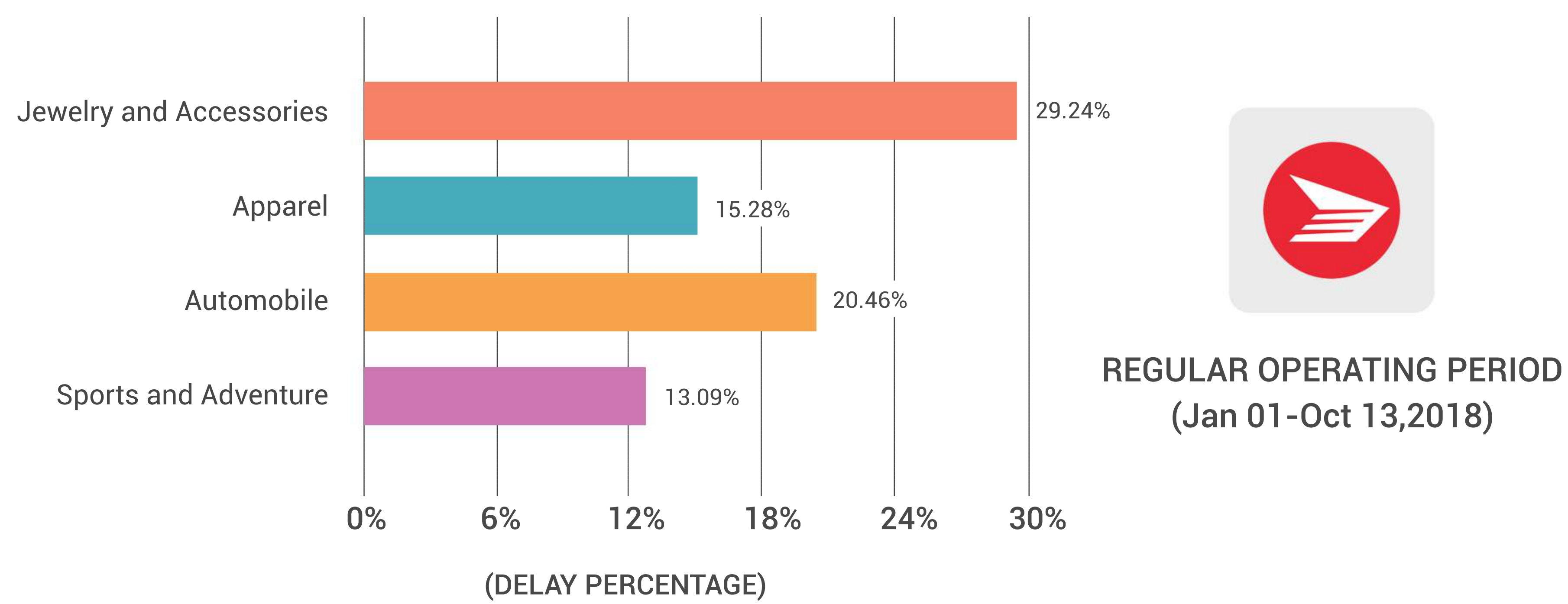
KEY FINDINGS

- ✓ Of all industries, the **Apparel** and **Automobile** industry experienced very high delays during the 2018 holiday season

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.

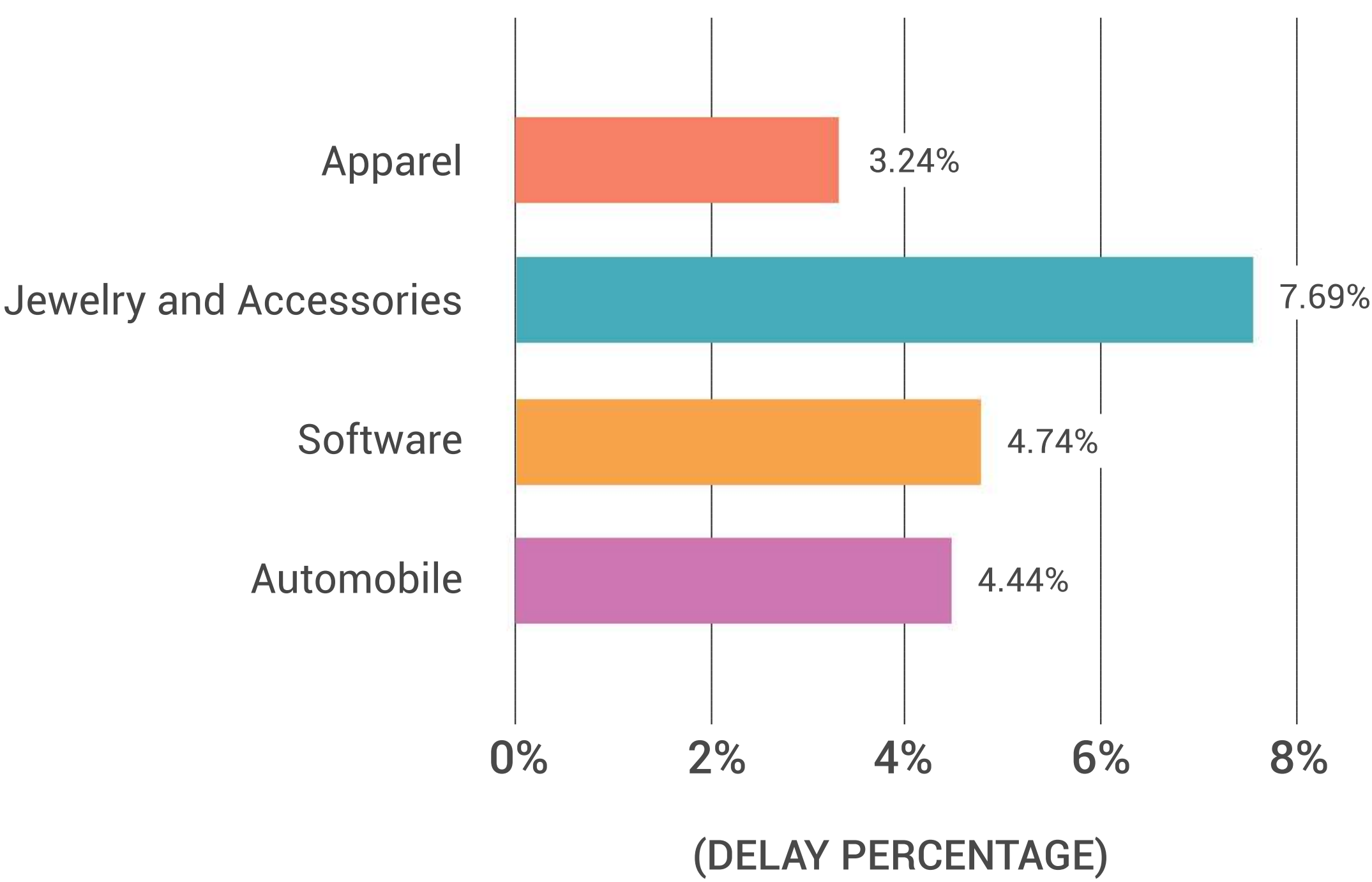
DELAY PERCENTAGE FOR RETAIL CATEGORIES SHIPPING WITH CANADA POST DURING THE HOLIDAY SEASON 2018



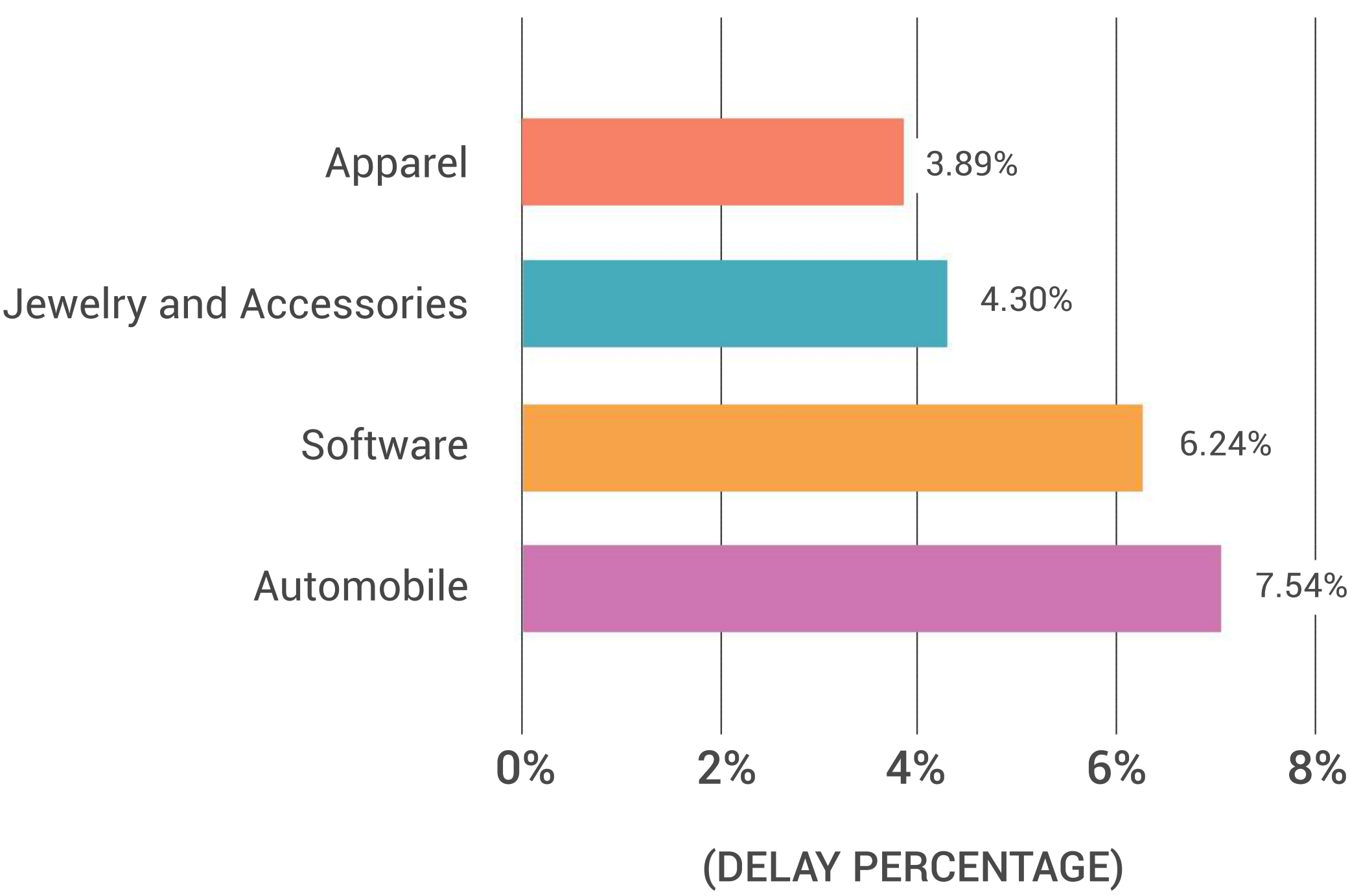
The Jewelry and Accessories industry along with the Apparel industry experienced high parcel delays with Canada Post

The Holiday-Gifts Waiting Game (CONT'D)

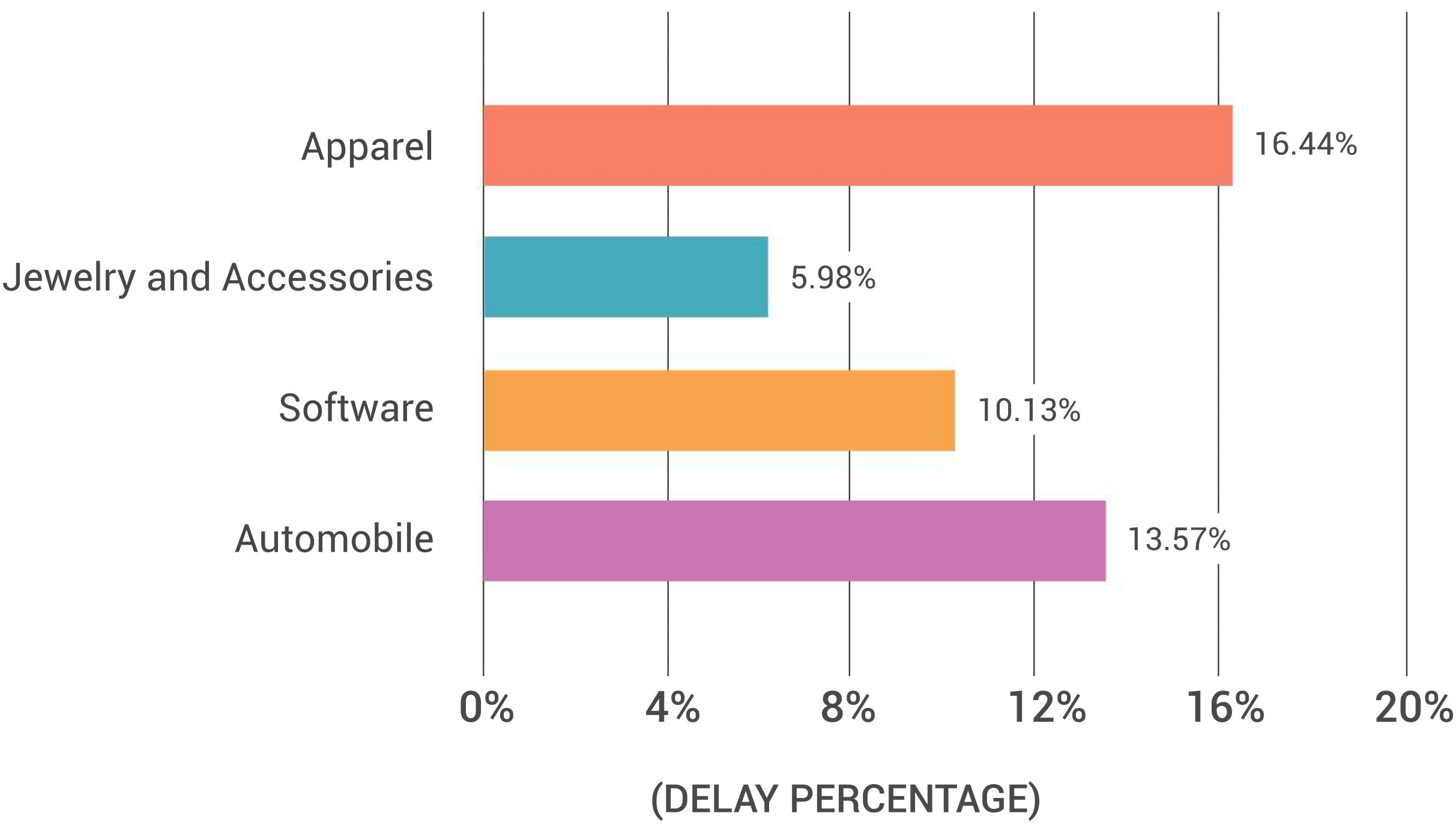
DELAY PERCENTAGE FOR RETAIL CATEGORIES SHIPPING WITH FEDEX DURING THE HOLIDAY SEASON 2018



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



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



HOLIDAY PERIOD
(Nov 22 - Dec 31, 2018)

The Apparel and Automobile industry experienced high parcel delays with FedEx



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.

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

Shipping carrier performance across different provinces depends 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 service providers suggest. Both Canada Post 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 PROVINCES WILL BE
AROUND

12.5%

SOME WORST AFFECTED AREAS
WITHIN CANADA WILL SUFFER
DELAYS OF 20% OR ABOVE

20%

Highly populated metros and outliers with limited connectivity can be expected to face a high percentage of delivery delays. We expect the overall performance of parcel couriers to be better than the 2018 holidays. While weather can be a spoilsport, there are no signs of any major

postal service disruptions due to labour strikes this year. Bad weather and quite a bit of snow is expected in December across many parts of Canada and this will stand to cause an uptick in the frequency of delivery delays during the 2019 holidays.

“

MOST POPULATED CITIES LIKE TORONTO AND MONTREAL ARE ANTICIPATED TO FACE THE MOST NUMBER OF DELAYS DURING THE 2019 HOLIDAY SEASON.

”

Forecasting Delays By Service-types

With every major shipping carrier services performing 2X to 3X worse than other time periods during the year in 2018, the same is expected to continue in 2019 as well, with increased volume and congestion being the major cause for this. However, in 2019, we expect Canada Post and FedEx to perform better overall despite the likelihood of congestion in their delivery network due to a surge in holiday shipments

To help deliver holiday packages, we are seeing more delivery agents and processing employees being hired in addition to increase in vehicles being rented to deliver parcels on time. There are no signs of any labor strikes by the postal workers as well.



PREMIUM SHIPPING OPTIONS LIKE **OVERNIGHT AND 2ND DAY** ARE PREDICTED TO PERFORM WORSE THAN THEIR INEXPENSIVE COUNTERPARTS, DESPITE THE HIGHER COST



WITHOUT THE THREAT OF LABOR STRIKES OR DISRUPTION IN 2019, CANADA POST PERFORMANCE IS EXPECTED TO BE ON PAR WITH FEDEX AND OTHER SHIPPING CARRIERS



HOLIDAY SEASON 2019 IS EXPECTED TO FACE BAD WEATHER, WHICH COULD RESULT IN HIGHER DELAY RATES THAN WHAT IS NORMALLY OBSERVED DURING A TYPICAL HOLIDAY SEASON IN CANADA.

Promote FlexDelivery For Faster & Convenient Delivery

Canada Post offers FlexDelivery for people who won't be home. The service allows packages to be sent to a post office of the customer's choice. With flexdelivery, customers can have their parcels shipped

directly to one of Canada Posts' 6,100 retail postal outlets across the country, making it very convenient to get parcels delivered close to a customers' home or business.

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, 2019 will not be any different despite many additional measures taken by the carriers this year. 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 Performance forecast for 2019 Holidays

Delivery performances of Canada Post and FedEx will be quite close to one another during the 2019 holidays. Over 44% of parcels shipped via Canada Post faced delays due to their rotating labor strike during the 2018 holidays. Due to the strikes, FedEx parcels faced delays too during the 2018 holidays. On an average, a total of 12.5% of holiday shipments are not expected to reach their destination on time during the 2019 holiday season.

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.

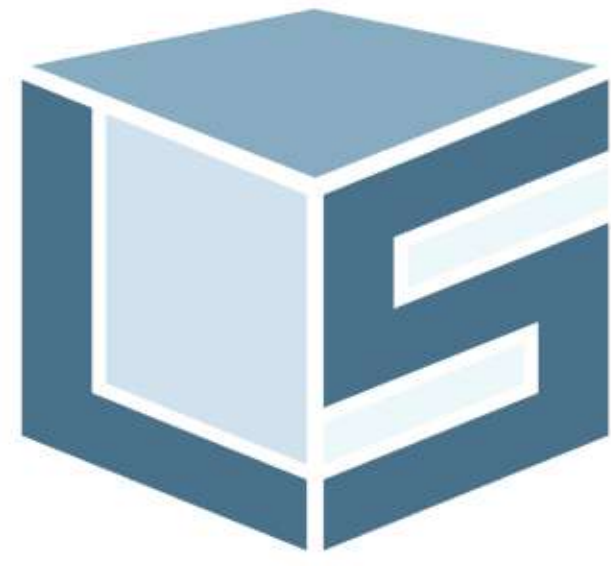
Learn More

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.



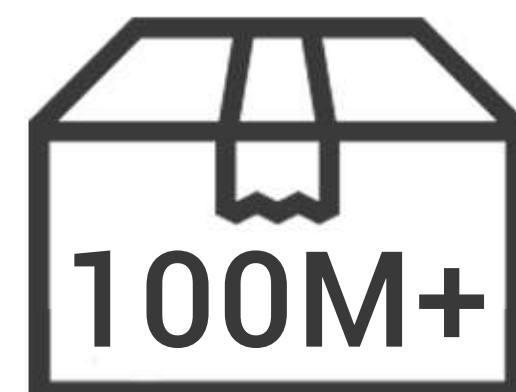
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