

UPS, FedEx fight to stay ahead of gift package deluge

[Charisse Jones](#), USA TODAY 2:15 a.m. EST December 19, 2016



(Photo: ROBERTO SCHMIDT, AFP/Getty Images)

The nation's biggest shippers were struggling – and so far say they are succeeding – at keeping up with a record-breaking onslaught of online-ordered gift packages now that Christmas and the start of Hanukkah are less than a week away.

After a season that has seen record online sales, this is crunch time for FedEx and UPS, the two biggest parcel carriers in the world. Not only are online retailers imposing deadlines for delivery before the holiday Sunday, but they were socked by several cut-rate shipping offers, including Free Shipping Day on Friday, that were likely to increase the load. Already, shippers said they were seeing daily package volumes that are double of a normal day.

FedEx and UPS remained unfazed. The rivals both say they prepared for this holiday season months in advance. To handle the online shopping surge that has hit record highs this year, the shipping companies opened new facilities, tapped into technology and hired tens of thousands of extra workers to make sure that consumers get their toys, gear, perishables and even bulky items like mattresses and tires, on time.

UPS is anticipating it will deliver more than 30 million packages a day next week, almost twice the 16 million deliveries made during a more typical 24-hour-period, says company spokeswoman Susan Rosenberg. UPS opened 15 new or expanded hubs, enlisted technology that allows staffers to better discern items inside trailers that they need to sort through, and planned to hire more than 95,000 temporary employees. FedEx expanded the ranks of drivers, package handlers and other workers with roughly 50,000 new positions.

"The vast majority of UPS customers are receiving their packages on time," Rosenberg says.

Meanwhile FedEx, which has projected deliveries to be roughly 10% higher during the peak holiday shipping season than those weeks in 2015, expects the four Mondays between

Thanksgiving and Christmas to be "among the busiest days in the history of the company," says spokesman Patrick Fitzgerald.

Fitzgerald said that so far, "our service levels are . . . as good as any holiday-shipping season we've ever had."

Yet, so far, both shippers are getting most deliveries to recipients' homes on schedule. ShipMatrix found that between Dec. 4 and Dec.10, 96.2% of packages shipped via FedEx Ground arrived on time, slightly above the rate of 95.3% during that week last year. And UPS Ground had an on-time delivery rate of 93.1% vs. 93.2% during that period in 2015.

"It needs to be kept in perspective that this is not a few thousand packages moving around the country," said ShipMatrix president Satish Jindel. Given the volume of items, he says, the on-time rate "is in my view, remarkable."

From Nov. 1 through Dec. 13, shoppers spent \$66.91 billion online, an 8.31% leap over last year, according to Adobe Digital Insights. And when it comes to delivering those parcels purchased on a computer, tablet or smart phone, UPS is second, and FedEx is third only to the U.S. Postal Service, says Jindel.

"The rise and rapid growth of e-commerce . . . is certainly driving the demand in residential deliveries," Fitzgerald says.

Not only are consumers spending more on line, but the items that they are willing to have dropped off at their front door have also changed. FedEx opened six facilities this year, bringing the total number to eight, specifically to handle heavier packages containing items like tires, mattresses and home gyms. Unlike previous years, those items are increasingly becoming part of the e-commerce supply chain, Fitzgerald says.

Offers of free shipping to entice shoppers, and the influence of Amazon, are also spurring more people to pick out items on their laptops or smart phones, and then wait for them to arrive.

"Free Shipping Day," an annual promotion now in its ninth year, featured more than 1,200 retailers who offered free delivery, without a mandatory minimum purchase, by Christmas Eve. JCPenney, for instance, offered a special online code that day for deliveries at no charge. Normally, free shipping to residences during the holiday season was available only for purchases of at least \$49 (or to a JCPenney store for items costing at least \$25).

While the promotion may have helped some shoppers – and created more of a blizzard of packages for shippers – some retailers offered broader free shipping deadlines that would still get packages delivered in time to tuck under the tree. NerdWallet found shoppers can get a gift from Best Buy until 11:30 a.m. ET on Dec. 21 and have it delivered by Dec. 23.

Toys R Us will cut off free shipping for items costing at least \$19 on Monday. Macy's is offering standard shipping at no charge for purchases of at least \$99. Those standard delivery deadlines at Macy's as well as cut-offs for premium shipping are 5 p.m. ET Wednesday.