

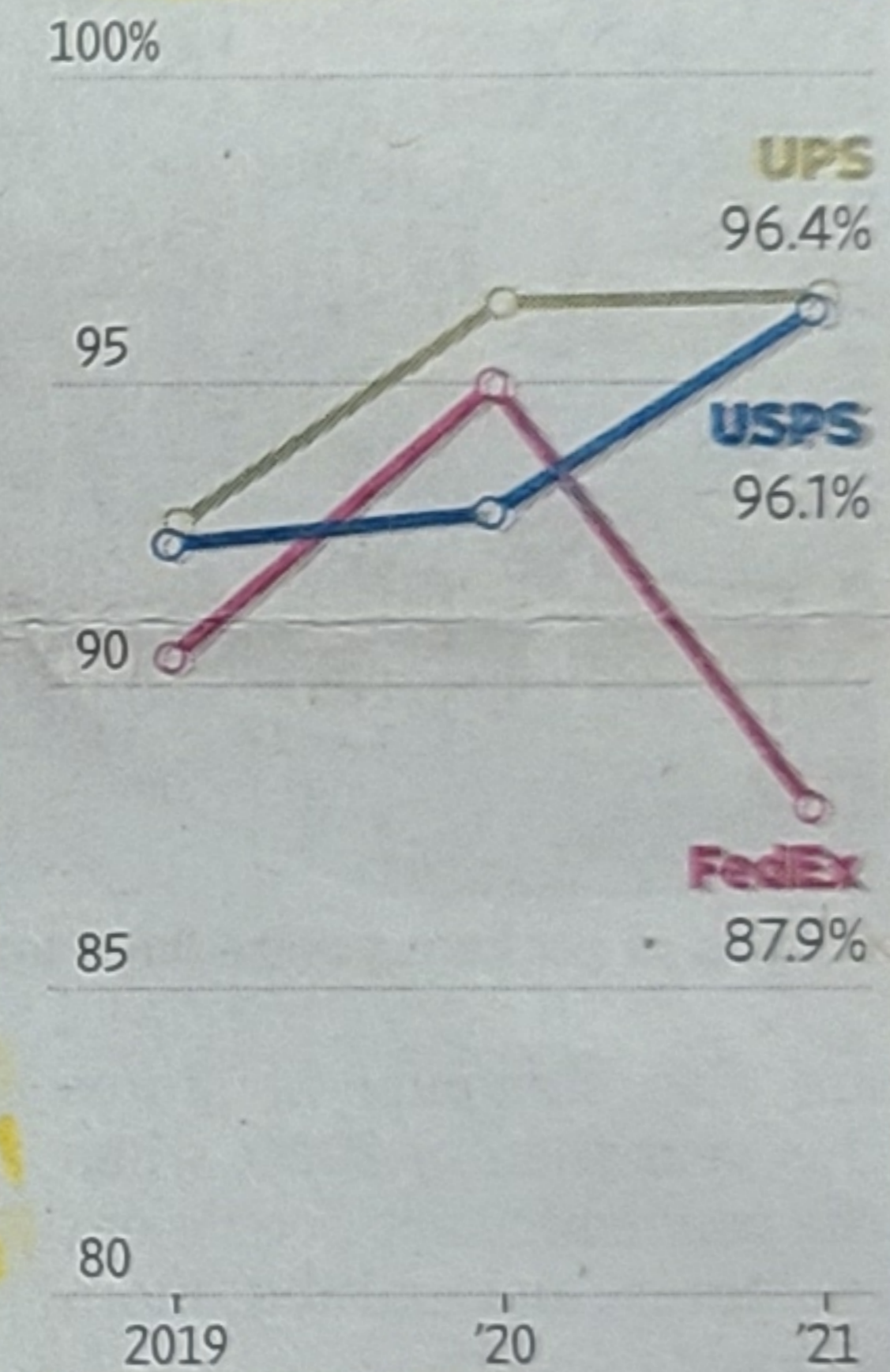
On-Time Deliveries Improve—for Most Part



JAE C. HONG/ASSOCIATED PRESS

A FedEx regional hub at the Los Angeles International Airport on Dec. 7. Like others, FedEx has been grappling with a labor shortage.

On-time delivery rates for the two-week period starting the Sunday before Thanksgiving



Source: ShipMatrix

BY PAUL ZIOBRO

Delivery networks have mostly held up during the first major test of the peak shipping season, industry data show, as earlier shopping and increased in-store purchases have eased the usual late-year congestion.

United Parcel Service Inc. and the U.S. Postal Service have improved on-time deliveries during the weeks of and after Thanksgiving compared with a year ago, according to ShipMatrix Inc., a parcel analytics firm. The two-week period included the heavy shopping days of Black Friday and

Cyber Monday.

FedEx Corp. posted a drop in on-time performance compared with last year, as measured by ShipMatrix, although it is an improvement from recent quarters. FedEx executives have said a continuing labor shortage is causing some orders to take extra time to reach their destinations.

There have been other pockets of problems in the shipping world. Some regional carriers have warned of delays because of the influx of packages and challenges finding workers. Some large retailers such as Target Corp. have been telling customers that

some of their online orders might take an extra day or two to arrive.

"In spite of labor shortages impacting parcel carriers' ability to hire additional workers, they have held up the service levels," ShipMatrix President Satish Jindel said.

The carriers still have a critical two weeks leading up to Christmas to process and deliver hundreds of millions of parcels collectively, with some cutoffs already passed. And factors like weather and natural disasters, such as the tornadoes that swept through parts of states including Illinois and Kentucky, can disrupt

operations.

On-time scores between Nov. 21 and Dec. 4 were 87.9% at FedEx, 96.1% at the Postal Service, and 96.4% at UPS, according to ShipMatrix. That compares with 94.9% at FedEx, 92.8% at the Postal Service, and 96.3% at UPS during a similar time frame last year. The scores measure whether a parcel arrives within the promised delivery time, which can vary by carrier. Mr. Jindel said UPS also added extra transit time for some services during the peak shipping period, which helps on-time performance.

The on-time scores improve

if ShipMatrix includes express shipments that arrive later in the day or ground shipments that arrive within one day of the promised window. By that measure, which ShipMatrix says is more relevant to residential e-commerce deliveries, FedEx's on-time rate rose to 97.4%, UPS's was 99% and the Postal Service came in at 98.6%.

Other shipping consultants also have noted limited problems with the large carriers thus far.

"UPS is operating according to well-orchestrated plans and in close coordination with our

Please turn to page B2

On-Time Deliveries Improving

Continued from page B1
customers," a UPS spokesman said.

A FedEx spokeswoman said the company currently has an average transit time of 2.2 days for ground shipments, and that its published transit times "set a high bar for the industry."

"Data provided by third-party consultants can vary widely based on several factors and does not provide the best or most accurate insight into an unprecedented holiday shipping season," the FedEx spokeswoman said.

Postmaster General Louis DeJoy said the Postal Service is able to handle 13 million more packages each day because of new facilities, new sorting machines, additional hiring and other changes, which are helping with delivery performance so far. "The postal network is running smoothly nationwide," he said.

Consumer awareness of supply-chain issues and shortages of holiday gifts, from electronics to toys, spurred earlier-than-normal shopping, resulting in earlier increases in shipping volume, industry analysts said. More consumers



SPENCER PLATT/GETTY IMAGES

Dozens of packages were lined up along a Manhattan street as a FedEx truck prepared deliveries on Dec. 6 in New York City.

are also shopping in stores this year than in 2020, when the pandemic kept people out of stores and shifted more shopping online.

The shifts, as well as more shipping capacity because of additional sorting machines and facilities, freed up space during a time when delivery networks are most strained. ShipMatrix last month adjusted its estimate of the daily shortfall between the number of packages shipped out and the industry's capacity to handle them to 1.3 mil-

lion parcels between Thanksgiving and the end of the year, down from its September forecast of 4.7 million.

Delivery times are also affected by labor shortages at warehouses and fulfillment centers. Convey Inc., which provides delivery tracking software, said it takes an average of three days from the time an order is placed to when it is picked up, compared with 1.3 days last year.

With capacity tight at FedEx and UPS, more shippers have turned to regional carri-

ers to ship orders to homes. At least two, LaserShip Inc., which operates along the East Coast, and Austin, Texas-based LSO Inc., have told shippers and customers to expect delays.

"We understand the frustrations of our customers," said LaserShip Chief Commercial Officer Josh Dineen, adding that the company has been working to ensure packages move through its network as quickly and safely as possible.

LSO President Sean O'Connor said the carrier expects to

deliver 2.5 million packages in its area, which includes Arkansas, Louisiana and Texas, between Thanksgiving and Christmas, 50% more than any month it has had. The increased volume has caused the company to delay processing packages by about half a day to provide relief to the network.

"They may feel a little pain today, but every Christmas present is going to be delivered by December 25," Mr. O'Connor said. "It's fast and furious right now."