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UPS delivering more holiday shipments on time this year

By: Kelly Yamanouchi, The Atlanta Journal-Constitution

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After building a new regional hub in Atlanta and more facilities around the country, UPS has managed to get more packages **shipped on time for the holidays** this year so far than in the past.

UPS' on-time performance is 98.3 percent for the first four weeks of the **busy holiday season**, according to logistics data firm ShipMatrix Inc. For the week of Dec. 9-15, UPS delivered an estimated 98.6 percent of packages on time.

That's a vast improvement from last year, when consumers were **left frustrated with delayed shipments after UPS was overloaded** with packages in the week after Thanksgiving and struggled to catch up. The debacle ended up taking a \$125 million toll on the company.

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There's still the wild card of severe weather or other mishaps that could cause delays before the holidays, but shipping has been smoother so far this year. On-time rates for FedEx and the U.S. Postal Service in the first four weeks of the holiday shipping season lagged a little behind UPS but also improved from past years, with FedEx at 96.9 percent and the USPS at 98 percent on-time deliveries.

The performance so far this year is "a clear indication that the carriers' networks are finally tuned to handle peak holiday volumes," according to ShipMatrix president Satish Jindel.

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Investments by UPS into more package-handling capacity, including a massive Atlanta regional hub opened this year next to Fulton County's Charlie Brown Field airport and other facilities across the country, are helping to tackle the holiday rush, according to John Haber, CEO of Atlanta-based supply chain consulting firm Spend Management Experts.

"Things are looking much better than last year," Haber said. "They've added a tremendous amount of infrastructure and capacity and really **ramped things up.**" UPS also hired roughly 100,000 temporary workers for the holiday rush.

The company says its Atlanta hub's automated system of conveyor belts can sort more than 100,000 packages an hour — or about 1,700 packages a minute.

UPS, FedEx and the U.S. Postal Service are set to handle 2.5 billion online deliveries between Thanksgiving and Christmas, according to ShipMatrix. Of the total, UPS is expected to deliver 814 million.

All three "seem to be better prepared," Haber said.

But UPS also plans to soon hike its rates for shipping — which one consultant believes means the heyday of widespread free shipping may eventually come to an end.

UPS and FedEx are increasing many of their rates an average of 4.9 percent. UPS is increasing its residential surcharge by nearly 10 percent, Haber said.

"It's a huge cost increase and it happens every year, so over the long term it's just not sustainable to offer free shipping to everyone," he said. "Right now these companies are just subsidizing it and I just don't see how it can continue over a long time period."