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<https://www.wsj.com/articles/ups-passes-early-holiday-season-test-1543441882>

## BUSINESS

# UPS Passes Early Holiday-Season Test

Carrier delivered 98.3% of packages on time over Thanksgiving week after upgrading operations



Cargo jets at a UPS facility in Louisville, Ky. The company has added technology that can reroute packages quickly to avoid backups at facilities that are overwhelmed or to bypass weather problems. PHOTO: LUKE SHARRETT/BLOOMBERG NEWS

By Paul Ziobro

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United Parcel Service Inc. appears to have passed its first stress test of the holiday season, an early sign that billions of dollars of network expansion and upgrades are paying off.

UPS delivered 98.3% of packages shipped during Thanksgiving week on time, according to ShipMatrix Inc., a software provider that analyzes shipping data, with little variation across the different shipping speeds used by customers.

Last year during the same week, 89.2% of parcels shipped through UPS Express were delivered on the day they were promised, meaning about 3.3 million packages a day

arrived late.

UPS declined to comment on the third-party data, but said it is doing well, even with the impact of a winter storm across much of the country. “UPS is off to a good start this holiday season,” spokesman Glenn Zaccara said.

The Atlanta-based package-delivery company is spending billions of dollars upgrading its network with more capacity and automation, as it tries to prove to its customers and investors that it can better handle the spike in parcel volume during the busiest time of the year.

This year, it opened a new “super hub” in Atlanta and other package-sorting centers that together have allowed UPS to process 350,000 more parcels an hour. Last year it expanded capacity by roughly 50,000 packages an hour. The company also has added new technology that can reroute packages quickly to avoid backups at facilities that are overwhelmed or to bypass weather problems.

UPS plans to increase capacity by a similar amount in both 2019 and 2020 as well, in part to meet the continued demand for online shopping, especially around the holidays. From last Wednesday through Black Friday, online sales rose 26% from last year, according to Adobe Systems Inc., estimates, while sales on Cyber Monday rose 19%.

The other major parcel carriers performed about as well as UPS. FedEx’s on-time delivery for all service was 98.9%, about the same as last year, according to ShipMatrix, while the U.S. Postal Service hit an on-time delivery rate of 97.9%. Collectively, it was the best on-time delivery performance since 2013.

The carriers still have a long way to go during the holiday season, where combined they will deliver more than two billion packages to homes. UPS is forecasting peak volume of 800 million packages globally, up from 762 million last year, while the U.S. Postal Service estimates it will deliver 900 million packages, compared with 850 million last year. FedEx, which last year delivered more than 400 million packages, hasn’t disclosed its holiday volume estimate.

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