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BUSINESS

U.S. Postal Service Struggles to Keep Up With Christmas Deliveries

Foot traffic at stores dropped on Super Saturday as more shoppers made holiday purchases online



Postal workers readied deliveries in Brooklyn, N.Y., Dec. 18.

PHOTO: JUSTIN LANE/EPA/SHUTTERSTOCK

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Dec. 22, 2020 9:36 am ET



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Super Saturday wasn't so super for bricks-and-mortar stores, and the U.S. Postal Service is starting to buckle under the flood of holiday orders that shifted online.

The Saturday before Christmas is usually one of the busiest of the holiday season, as last-minute shoppers rush to stores. But with Covid-19 cases mounting and several states tightening restrictions, many people chose to stay home and shop online as they did on Black Friday, according to shopper data.

Foot traffic to physical stores fell 39.1% on Super Saturday and was down nearly 40% for the entire weekend, compared with the same days last year, according to Sensormatic

Solutions, which has cameras and software used to track visits to thousands of malls and shopping centers.

“Super Saturday weekend was perceived to be the beginning of a return to brick-and-mortar due to concerns over online shipping cutoffs,” said Brian Field, senior director of Sensormatic’s global retail consulting practice. “However, many consumers elected to stay home.”

Sensormatic lowered its holiday foot-traffic forecast to a decline of 34% to 36% for the six weeks ending Jan. 2, from a previous estimate of down 22% to 25%. It still expects bricks-and-mortar stores to be busy in the final days before Christmas.



Some opted to shop inside Macy’s in Vernon Hills, Ill., Saturday.

PHOTO: NAM Y. HUH/ASSOCIATED PRESS

The online shift is testing the ability of merchants and delivery giants FedEx Corp. and United Parcel Service Inc. to handle a record volume of packages. The delivery companies have experienced challenges more recently with on-time rates after handling the post-Thanksgiving surge well.

For parcels expected to arrive between Dec. 13 and Dec. 17, on-time scores were 92.1% at FedEx, 94.9% at UPS and 86.1% at the Postal Service, according to ShipMatrix, a software provider that analyzes shipping data. All scores have declined in the previous two weeks.

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How has your holiday shopping changed during the pandemic? Join the conversation below.

Cutoff times for lower-priced ground-shipping service have mostly passed, and shippers are now turning to the higher-priced air networks for last-minute deliveries that could still reach homes before Christmas.

The Postal Service is being taxed as UPS and FedEx limit the volume of packages they accept into their systems. ShipMatrix estimated that about six million extra packages a day were being added to the Postal Service because of the restrictions imposed by the large private carriers. Truckers are waiting up to 48 hours outside some Postal Service facilities to drop off packages, Postal Service employees said on a conference call Monday.

A Postal Service spokesman said record shipping volume combined with employee shortages due to Covid-19 illnesses or exposures is causing the delays and that employees worked throughout the weekend to move packages. “We are accepting all volume that is presented to us, which is adding to our challenges,” he said.

A FedEx spokeswoman said the carrier is executing seven-day delivery and implementing contingencies for weather. A UPS spokesman said because it is operating a faster ground delivery network, some orders can still be placed using that option.

Payments firm Klarna surveyed more than 40,000 U.S. shoppers in mid-December. More than three-quarters hadn't finished their holiday shopping yet. With the window for shipping deadlines for guaranteed Christmas delivery closing, shoppers have fewer options to ensure their gifts arrive on time.

“I'm arranging backup options for my backup options because of the difficulties I've experienced with online ordering,” said Becky Olson, a 38-year-old public-relations consultant.

Insulated mugs she ordered online the Friday after Thanksgiving hadn't arrived by last week, so the Grand Rapids, Mich., resident dashed to Dick's Sporting Goods Inc. to hunt for an alternative set.

“I know that the post office and other carriers are slammed, so I'm trying to visit stores during off-peak hours, either early in the morning or late in the evening, when they won't be so crowded,” Ms. Olson said.

Retailers are rolling out new services intended to make last-minute shopping easier. Since the pandemic prompted temporary closures in the spring, most have offered curbside or

contactless pickup for shoppers who don't feel comfortable browsing inside stores.

Macy's Inc. lowered the price of its DoorDash same-day delivery service to \$5 from \$10 for Dec. 15 through Dec. 23. It is also offering contactless curbside pickup through Christmas Eve, where items are placed directly in car trunks.

Gap Inc. customers who missed the Dec. 20 free-shipping deadline for orders over \$50 can still get their gifts delivered by Christmas Eve if they order by noon Pacific Time on Dec. 22 for a \$22 fee. Orders for curbside pickup can be placed through 2 p.m. local time on Dec. 24.

Walmart Inc. lists items on its website that it says can be picked up from local stores on Christmas Eve, if the order is placed online by 4 p.m. local time on Dec. 23. T.J. Maxx, which has a small online business, sent an email to customers on Dec. 13 urging them to visit its stores for "take home ready-to-give gifts."

Few traditional chains can compete with Amazon.com Inc., which has spent heavily to build its own delivery network, making it less reliant on UPS and other carriers.

Amazon is still promising to ship millions of items in time for Christmas. Prime members can get free shipping on items eligible for one-day delivery if they order by Dec. 23. They can get free same-day delivery on orders over \$35 placed by Dec. 24 in certain areas.

Despite a slowdown in consumer spending in November, the National Retail Federation still expects holiday sales to rise 3.6% to 5.2% compared with last year.

"Sales are still much higher relative to 2019," said Matthew Shay, the trade group's CEO. "Mid- and higher-income households are still spending. And consumers are repurposing spending into retail that would normally flow to travel, entertainment and restaurants."

According to the NPD Group Inc., which tracks point-of-sale receipts, retail sales increased 3% in the week ending Dec. 12, compared with the same week last year. Including the nine prior weeks, holiday sales are up 2% year-over-year.

In-store purchases continue to lag, down 7% in the second week of December compared with a year ago. But online sales for that week were up 33% compared with last year, according to NPD.

Lauren Levy is still looking for last-minute gifts but says she didn't shop in physical stores over the weekend because she was afraid they would be too crowded. The San Francisco resident plans to visit T.J. Maxx, Marshalls and other stores during the week, when she hopes the crowds will be thinner.

"I have a strict rule," the 38-year-old said. "If it looks like there are lots of people and it's not possible to keep a reasonable distance, I leave whatever is in my cart and walk out of the store."

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Appeared in the December 23, 2020, print edition as 'Store Traffic Plunges Ahead of Christmas.'