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<https://www.wsj.com/articles/fedex-ups-are-managing-surge-in-packages-with-strict-limits-on-shippers-11608028201>

BUSINESS

Want Your Gifts Delivered by Christmas (Without Paying Extra)? Now's the Time

FedEx, UPS are managing surge in packages with strict limits on shippers, creating backlogs for Costco and others



Carriers such as UPS are holding a harder line with their shippers on the number of deliveries they will pick up.

PHOTO: CHRISTOPHER DILTS/BLOOMBERG NEWS

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FedEx Corp. [FDX 0.07%](#) ▲ and United Parcel Service Inc. have largely kept up with the record onslaught of packages since Thanksgiving, though that is in part because of efforts to lighten their loads.

Rather than risk having their systems clogged with packages, both FedEx and **UPS** **UPS 0.33%** ▲ are holding a harder line by enforcing a preset limit on the daily number of packages they will pick up. The policy is creating backlogs in some of the shippers' warehouses, affecting retailers as large as **Costco** Wholesale Corp. down to small- and medium-size companies.

For consumers, that means deliveries could arrive late, and anyone determined to get a gift delivered by Christmas needs to order it today without having to pay extra shipping fees.

Richard Galanti, Costco's finance chief, said that some days UPS and FedEx aren't picking up all the packages the retailer wants to ship, which is causing delays. "We, like others, are figuring out other things to do, not on a big scale," he said. Costco recently started using Instacart to ship items like Apple Inc. AirPods and Instant Pots for same-day delivery, instead of just offering grocery items through that service.



WSJ NEWSLETTER

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One order placed with Costco on Black Friday, for instance, showed it being prepared for shipment the next day, according to tracking data reviewed by The Wall Street Journal. However, it didn't reach a UPS facility for 13 days as it sat in limbo in California. The order was scheduled to reach its destination in New York three days later, within the shipping time frame provided by UPS but 18 days from when it was ordered.

THE SHIPPING SURGE

[UPS Slaps Shipping Limits on Gap, Nike to Manage E-Commerce Surge](#) (Dec. 2)

[Holiday Crunch Starts Early With More Packages Than Means to Deliver Them](#) (Oct. 19)

[FedEx Logs Record Revenue on Surge in Packages](#) (Sept. 15)

Mr. Galanti said that while there are some delays, Costco delivers within the time frame promised on its website around 95% of the time.

A UPS spokesman said that the carrier “is picking up and delivering planned volume” and that its on-time performance has led the industry since the beginning of October. “We are adhering closely to collaborative plans we have mutually agreed upon with our customers, and we always strive to provide reliable service,” he said.

Examples like the Black Friday order show that even though packages take longer to arrive, FedEx and UPS can tout delivery scores that are better than a year ago despite [record high package volumes](#) and other challenges related to the pandemic, such as worker illness.

“While this may help the carriers maintain service standards, it leaves retailers frustrated as they’ve scrambled to seek out delivery alternatives,” said Trevor Outman, co-chief executive of shipping consulting firm Shipware LLC.

For the two weeks between Nov. 22 and Dec. 5, on-time scores were 94.9% for FedEx, 96.3% for UPS and 92.8% for the U.S. Postal Service, according to ShipMatrix, a software provider that analyzes shipping data. All were better than last year during a comparable period including Black Friday and Cyber Monday.

ShipMatrix President Satish Jindel said that 2.5 million packages will take an extra day or two to be delivered, and advised shoppers to order items by Dec. 15 to receive them by Christmas without having to pay higher shipping charges. Some retailers are also warning shoppers of delivery delays and to order by that date, or earlier, to ensure arrival by Christmas.



FedEx said it worked with customers to understand their expected shipping volume, but in some cases, volume was significantly higher than projections.

PHOTO: CHRISTOPHER DILTS/BLOOMBERG NEWS

FedEx and UPS, in addition to network upgrades and hiring tens of thousands of workers, have spent months planning with their large customers on shipping forecasts and the carriers have allotted companies certain amounts of packages by the day or week. If shippers exceed that amount, the carriers pause pickups until the network has the ability to take on more.

“In years past, the carriers would take every single package available to them and hope like heck that they could put them through their system,” said James Thibault, who spent 30 years at UPS before joining Intelligent Audit, a freight audit and analytics company. “This year is a marked change.”

Target Corp. is shipping the “vast majority” of packages within the delivery windows shoppers see when they order and promised shipping times are in line with prior holiday seasons, said a spokeswoman. In a small number of cases, the retailer is lightening the load on carriers by making some items available only for same-day delivery or pickup, which use other delivery methods, she said. Target hasn’t set a blanket cutoff date for packages to arrive by Christmas, instead showing ship-by dates for each item online, she said.

Several large retailers, including Gap Inc. and Macy’s Inc., faced temporary restrictions on shipping volumes shortly after Thanksgiving. Other shippers say they were cut off with little notice.

Deliveries poured into goTRG by the thousands in the days after Thanksgiving. The company, owned by the Recon Group LLP, processes returns for major retailers and then resells electronics, sporting goods and other items through various websites, including Walmart.com, [eBay](#) and [Amazon.com](#).

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How reliable have deliveries been for you during this holiday season? Join the conversation below.

Orders averaged 2,500 a day at four of its warehouses until FedEx hit the brakes. The carrier on Dec. 2 told the company that it would only pick up 200 orders a day until further notice.

“We were never told in advance” of shipping limits, said David Malka, goTRG’s chief sales officer. “We were told after the fact.”

The boxes piled up on the company’s loading dock. At one Kentucky warehouse, goTRG has stopped shipping with FedEx and is considering relabeling some of thousands of packages waiting to be shipped with other carriers.

A FedEx spokesman said the company had been working with customers to understand the expected shipping volume but that, in some cases, volume is significantly higher than projections. “We know how important it is to our customers that their packages are delivered on time, and we remain committed to work with them on ways to leverage our network flexibility,” the spokesman said.

Wally Nowinski, chief marketing officer for Collage.com Inc., which makes custom-printed products, said UPS twice in recent weeks skipped pickups for its Mail Innovations service, a lower-cost shipping option that uses the Postal Service for last-mile deliveries. The skipped pickups left 50 pallets of items on its loading dock and stretched delivery times for customers.

“We work really hard to keep the manufacturing part as tight as possible so it’s not something we did that makes the package take longer,” Mr. Nowinski said. “But we’re the ones dealing with disappointed customers.”

The Postal Service acknowledged Monday that record high shipping volumes, employee shortages due to the coronavirus and not enough room on airplanes and trucks have led to some temporary delays, and encouraged everyone to mail their packages early.

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