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The No-Frills Service That's Delivering More and More Packages

E-commerce giant Shein's use of airfreight spawns a U.S. delivery service called SpeedX

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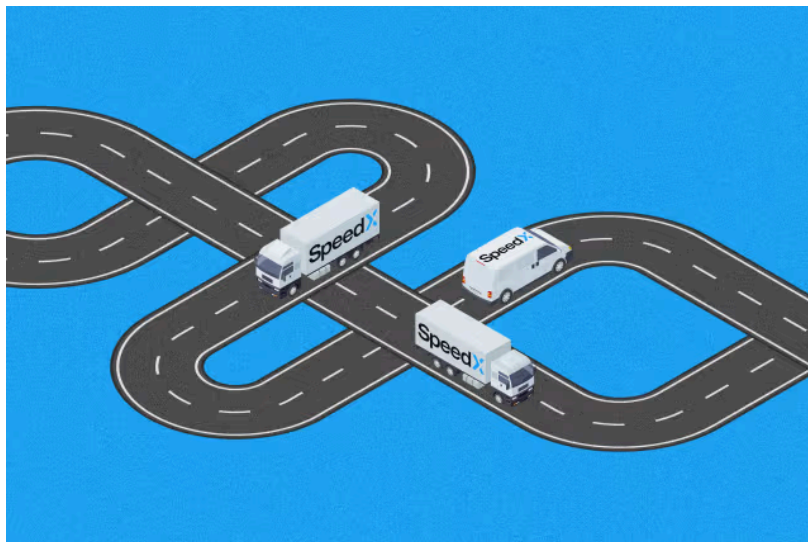


PHOTO: EMIL LENDOF/WSJ, ISTOCK

The growth of the e-commerce giant Shein has spawned a new U.S. delivery service called SpeedX that is leaving packages on the doorsteps of shoppers across the country.

SpeedX specializes in the small international packages that Shein has been using to send low-price dresses and T-shirts directly from China to U.S. homes. SpeedX doesn't hire its own drivers or buy delivery trucks. It uses independent contractors for its last-mile deliveries.

While traditional parcel carriers such as FedEx and United Parcel Service pride themselves on fast shipping and up-to-the-hour delivery updates, SpeedX is focused on keeping costs low and getting bundles of small packages out of the belly of cargo airplanes. Its no-frills approach can leave some customers guessing.

“The tracking number didn’t work, but the item arrived within eight to 12 days,” said Oscar Gladman, who lives in the Cleveland area and said his wife recently ordered a blouse from Shein that was delivered by SpeedX.

SpeedX also handles deliveries from sellers on Amazon.com, Temu, TikTok and other sites. Some customers have complained about missed and late deliveries, and have posted online about their frustration at not being able to reach someone at SpeedX when they discover it has their package.

“They mark it delivered, and it never gets delivered,” said Hunter Moore, who buys printer parts from AliExpress that usually arrive with the U.S. Postal Service. The Concord, N.H.-area resident said he lost \$300 from three orders since September that he said SpeedX never delivered.



A worker at a subcontractor for the e-commerce giant Shein packing T-shirts for delivery. PHOTO: GILLES SABRIÉ FOR WSJ

SpeedX executives said they are investing in resources to avoid missed deliveries, including building more tools to validate addresses and to have consumers specify delivery instructions.

The company, which started in 2022, expects to handle 350,000 to 400,000 parcels a day at the peak of the holiday shopping season. While that is a tiny fraction of the volume of what UPS, FedEx and the U.S. Postal Service handle, the low-cost provider could add pressure to those giants as they battle for packages to fill their trucks.

SpeedX's prices are generally lower than those of FedEx and UPS, which charge around \$12 on average to deliver a U.S. ground package—more than the cost of some Shein products. SpeedX said its pricing is more predictable because it doesn't impose fees such as peak or demand surcharges in the holiday season.

Chris Zheng, the founder and chief executive of SpeedX, said having expertise in expediting border clearance is essential to his company's growth. "Between aircraft arrival to the final mile, that piece we call a black hole," he said.

It sometimes takes two to four days from the arrival of a package by air in the U.S. before it is delivered to a residence if several vendors are involved. Zheng said SpeedX can shorten that time by half and charge lower fees.

"This is our DNA," said Zheng, who moved to the U.S. from China when he was 12 and worked in a freight-forwarding business before SpeedX. "We were always in the international freight-forwarding business, so we know how to seal that hole."

SpeedX first started delivering parcels in New York in 2022. Now it delivers packages that arrive at airports in such cities as Dallas, Miami, Los Angeles and Chicago to nearly a quarter of the country's ZIP Codes.

"Last-mile delivery is a service you can get without a national network like FedEx and UPS," said Satish Jindel, president of ShipMatrix, which analyzes parcel-shipping data. There has been a cottage industry of carriers delivering packages for e-commerce players in China, with names like UniUni and PiggyShip.

ShipMatrix estimates that carriers in the U.S. will deliver 106 million parcels a day during the peak holiday season. Many of those will come from such giants as Walmart and Amazon. It predicts that nearly three million will come from either Shein and Temu, up 35% to 40% from a year earlier.