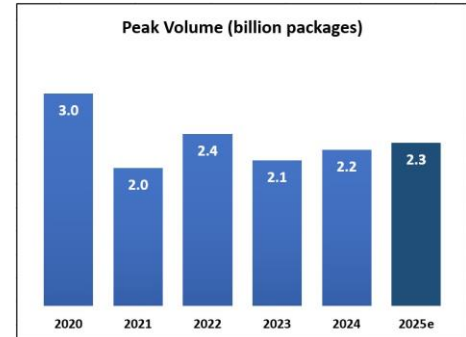


Parcel Market Forecast for Peak 2025

September 29, 2025: Given the economic challenges from trade tariff wars and end of de-minimis, ShipMatrix estimates that 2.3 billion packages will be delivered during the peak season of 2025 for an increase of 5 percent over peak of 2024, resulting mainly from an extra shopping day.

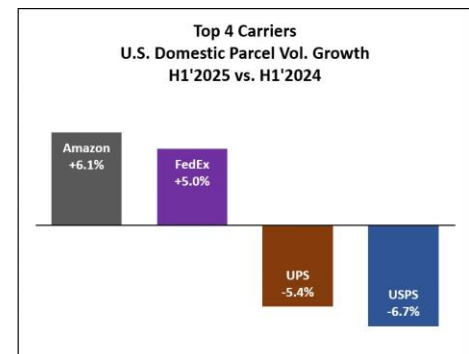
Yet, shippers will continue to face two-part and higher peak surcharges again in 2025 starting Oct 27, 2025 even though the peak volume has been basically flat since 2021.



Peak surcharges were justified and benefited even the shippers prior to 2020 when the peak season volumes in average daily volumes spiked by 50 percent or more. During Christmas week of 2013, the demand exceeded capacity by 97 percent. It was such imbalance and impact of snow blizzards, that the Big 3 (FedEx, UPS and USPS) had raw on-time performance of 80 percent, the lowest ShipMatrix has tracked since 2010. Impact of such spike in volume on carriers' operating cost and delivery performance for retailers and consumers prompted ShipMatrix to recommend to the industry to implement a peak season surcharge with its [commentary on December 31, 2013](#).

While Cyber Monday may still result in a 70 percent increase over ADV, it drops to low double digit increase for the entire peak season. Though these surcharges are great additional revenue generators, but they are also encouraging large retailers to establish their own networks, venture capitalists to fund new startups that use lower cost gig workers and even DoorDash and Uber Eats to deliver parcels.

In the first-half of 2025, the total U.S. domestic parcel volumes increased for Amazon by 6.1 percent and for FedEx by 5.0 percent. However, the volumes decreased for UPS by 5.4 percent and USPS by 6.7 percent. The volume lost by UPS and USPS combined was more than what Amazon and FedEx gained, and that additional volume of 102 million packages was either handled by private networks of large retailers like Wal-Mart, etc. or tendered to other carriers.



Amazon's gain is likely related to its \$4 billion investment in rural America and glide down of volume with UPS. Walmart's growth is reflected in its CEO's statement that through May 2025, the number of deliveries made in less than three hours grew by 91 percent over previous year and even the U.S. store-fulfilled delivery sales are up by 50 percent. Such store to door deliveries by retailers are converting more parcels into same day local deliveries, which is also shrinking the addressable market for the Big 3.

Peak surcharges

The peak season surcharge increases over 2024 that apply to all parcels vary for each of the Big 3. With FedEx Ground surcharge increase by 33 percent and UPS Ground by 60 percent, these charges are now equivalent between the two carriers. And, while FedEx Ground Economy increases by 16 percent and UPS Ground Saver by 60 percent, UPS surcharge is still significantly lower than FedEx.

For express services, FedEx surcharge increases by 5 percent compared to UPS by 10 percent, and with both charges starting from the same baseline in 2024, FedEx express surcharge is lower. And, even though U.S. Postal Service is imposing lower surcharges, it is doing so in spite of its claim to have capacity to handle 85 million packages per day when the demand will not exceed 40 million per day.

While the total market volume is projected to increase by 5 percent from peak of 2024, we expect FedEx and Amazon to experience at 5 to 8 percent increase with UPS and USPS being flat if the developments from first half of 2025 continue into the peak season.

Hopefully Big 3 carriers' experience with peak season volume in 2025 will draw their attention to lower peak surcharges in 2026 to start regaining their lost volume. Alternatively, they could just apply the surcharges during cyber week and Christmas week since the holiday shopping season now starts with Halloween.

If the current levels of peak surcharges continue in future years, Amazon and Walmart, and carriers like OnTrac, Better Truck, Jitsu, DoorDash and Uber Eats will be delivering more parcels than the Big 3 combined by 2027.

(687 words)

About ShipMatrix, Inc.:

Since 2000, ShipMatrix has supported hundreds of customers ship billions of parcels to manage visibility, transportation spend and customer experience, and reported on time performance of the Big 3. And for last several months, UPS home page cited SMx as the source for its best performance in peak for last eight years.

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