



White paper

Closing The Ecommerce Last-Mile Delivery Gap:

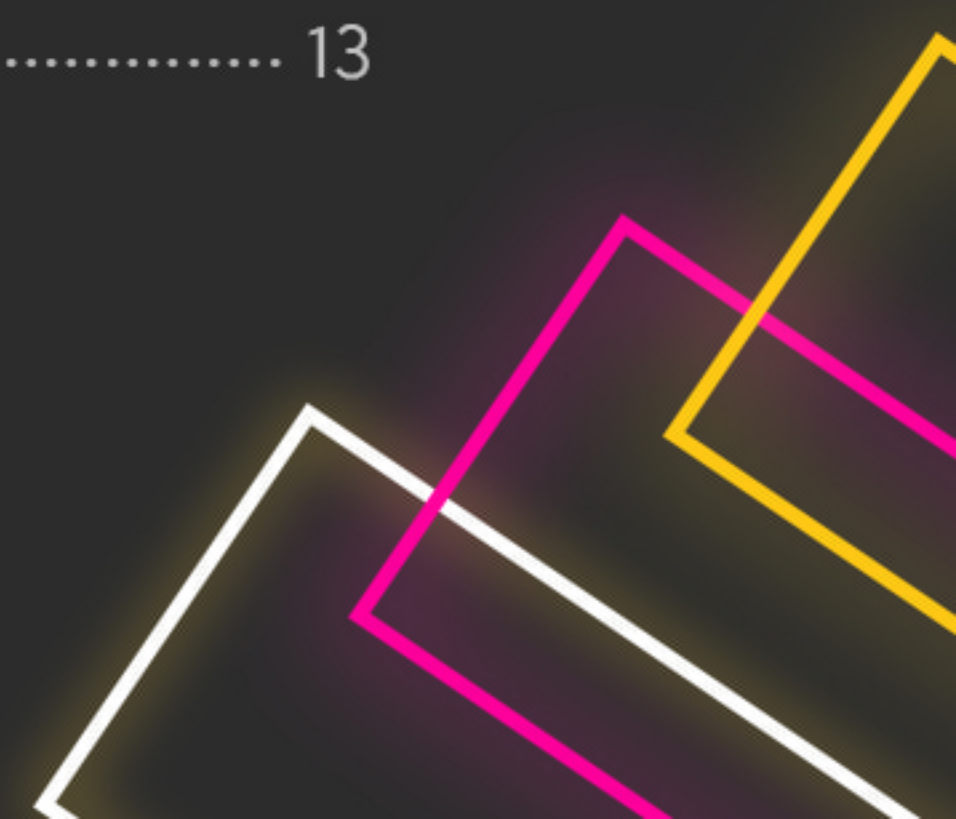
FedEx & UPS BFCM 2019 Delivery Highlights





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Introduction

Holiday Season is undoubtedly the busiest season for retailers. The combined sales during the Black Friday and Cyber Monday 2019 hit a record 9.2 billion dollars in the US alone.

BFCM sales is just a teaser to a cracker holiday season sales ahead of us.

The beauty of the season is the opportunities that it offers eCommerce businesses to serve a larger audience. You consistently provide quality products to amaze your customers. And they keep coming back to soak up in the goodness. However, the only glitch is the final touch point -- the order delivery experience. While all other aspects of age old retail business can be mapped to operational components of an eCommerce store, last-mile is still in its infancy.

There is very little reliable unbiased source of data that can help eCommerce businesses step up their game. Retail giants such as Amazon and Walmart, who own their last-mile chain, are disrupting the Ecommerce universe by setting unbelievably high delivery standards -- Same day delivery or Seven day parcel delivery.

A majority of online store owners have no visibility into their last-mile order fulfillment process. Especially when their orders are fulfilled by UPS or FedEx. That is why we are excited to reveal the findings we discovered by analysing 1 million FedEx and UPS shipments delivered in the weeks leading to Black Friday and Cyber Monday. (Oct 30 – Dec 1st). BFCM sales is indicative of the December Holiday sales, so is the last-mile delivery trend. An extrapolation of the current delivery pattern will help Ecommerce businesses successfully bridge the last-mile delivery gap and win more loyal customers.



Methodology

We analysed over 1 million packages shipped through FedEx and UPS during the weeks leading to Black Friday/Cyber Monday -- between Oct 30th and Dec 1st. AuditShipment's algorithm collects 175 data points for each shipment. AuditShipment's BFCM delivery highlights report was constructed by mining data 130 eCommerce businesses in the US of all shapes and sizes. The report aligns with AuditShipment's mission to be a global data leader and unbiased source of Last-mile delivery insights in the small parcel shipping industry



AuditShipment's algorithm collects **175** data points for each shipment



Mining data from **130** ECommerce businesses in the US



More than **700** million **FedEx** and **UPS** packages shipped between Nov 24th and Dec 31st

UPS and FedEx forecast a record package volume of more than 700 million packages each between Nov 24th and Dec 31st



Performance Overview

On-time delivery is a key indicator of last-mile delivery efficiency of any Ecommerce business. Online shoppers consider delivering orders on the promised day and time more important than offering same day or next day delivery service. A lot of hard work goes into achieving a successful Black Friday or CyberMonday sales. When last-mile is given a short shrift, years of cultivating a trustworthy brand is lost instantly. FedEx and UPS have constantly been struggling to keep up their delivery promise. Besides inclement weather or stringent customs policy causing delay, operational inefficiencies has led to many delivery exceptions

The biggest asset of an ecommerce business is its ability to deliver an exceptional last-touch point in a shopper's journey. A key metric to measure customer delivery satisfaction is On-time delivery performance of shipping partners. Hence we have closely scrutinised FedEx and UPS delivery delays from 4 key perspectives



Location



Shipping mode



Shipping time



Carrier service
breakdown

On-time delivery of orders results in 43% of online shoppers recommending the product



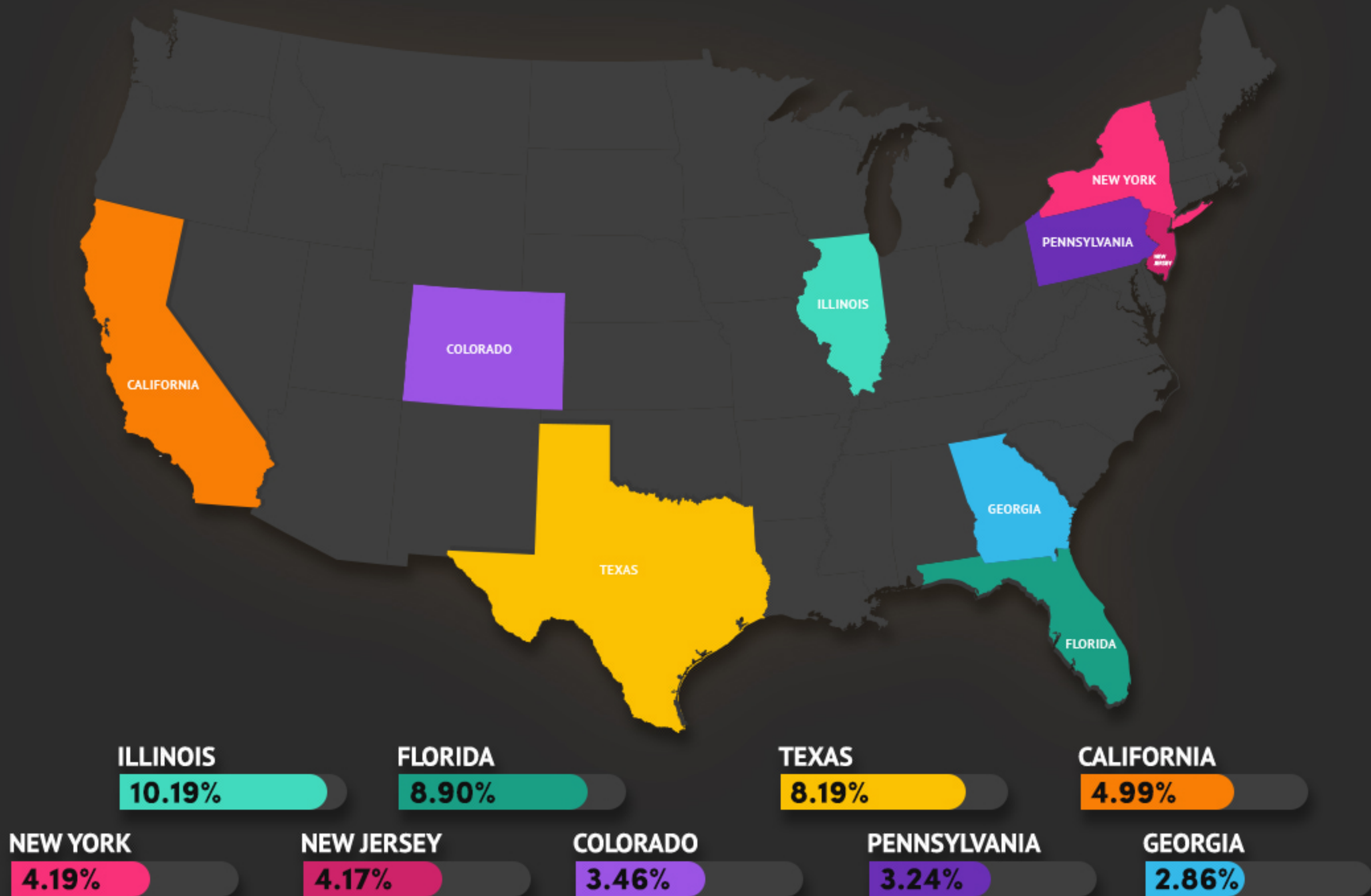
Late deliveries across consignment destination

The time taken to deliver a shipment relies greatly on the location of the destination. The proximity of FedEx or UPS distribution center determines the speed at which an order is delivered. We discovered from our analysis that some destinations had a larger share of shipping volume as well as shipping delays compared to others.



Delivery delay percentage across states in the US : FedEx

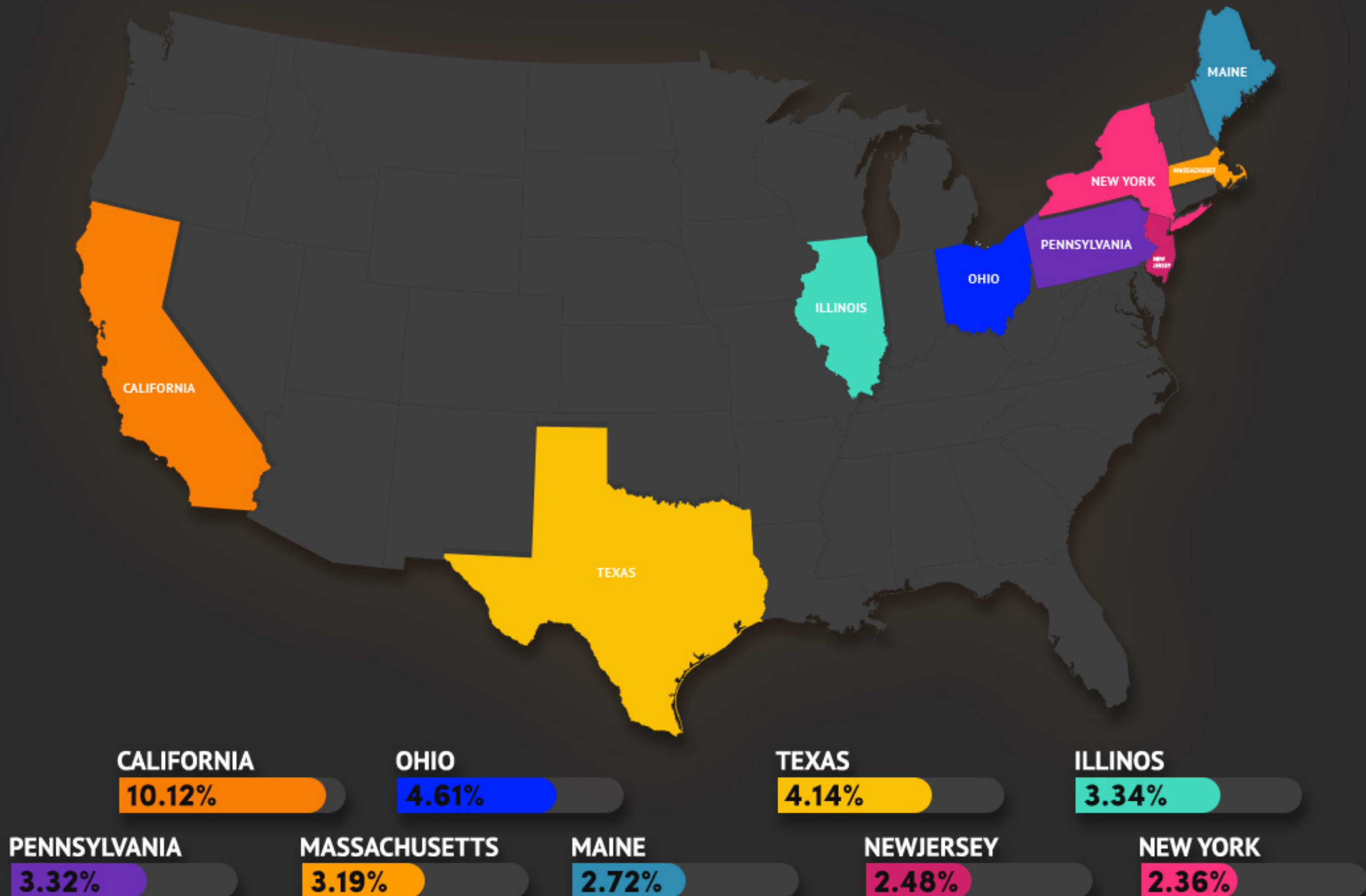
Illinois, Florida and Texas top the shipment destinations that experienced a greater percentage of FedEx package delays. Besides these destinations, the other states averaged around 4% delivery delays





Delivery delay percentage across states in the US : UPS

As for UPS packages, the distribution of delay was far from uniform. Our analysis shows that among the UPS packages shipped to California, 10.12% of them were late.





Delays across service types: **Express Vs Ground**

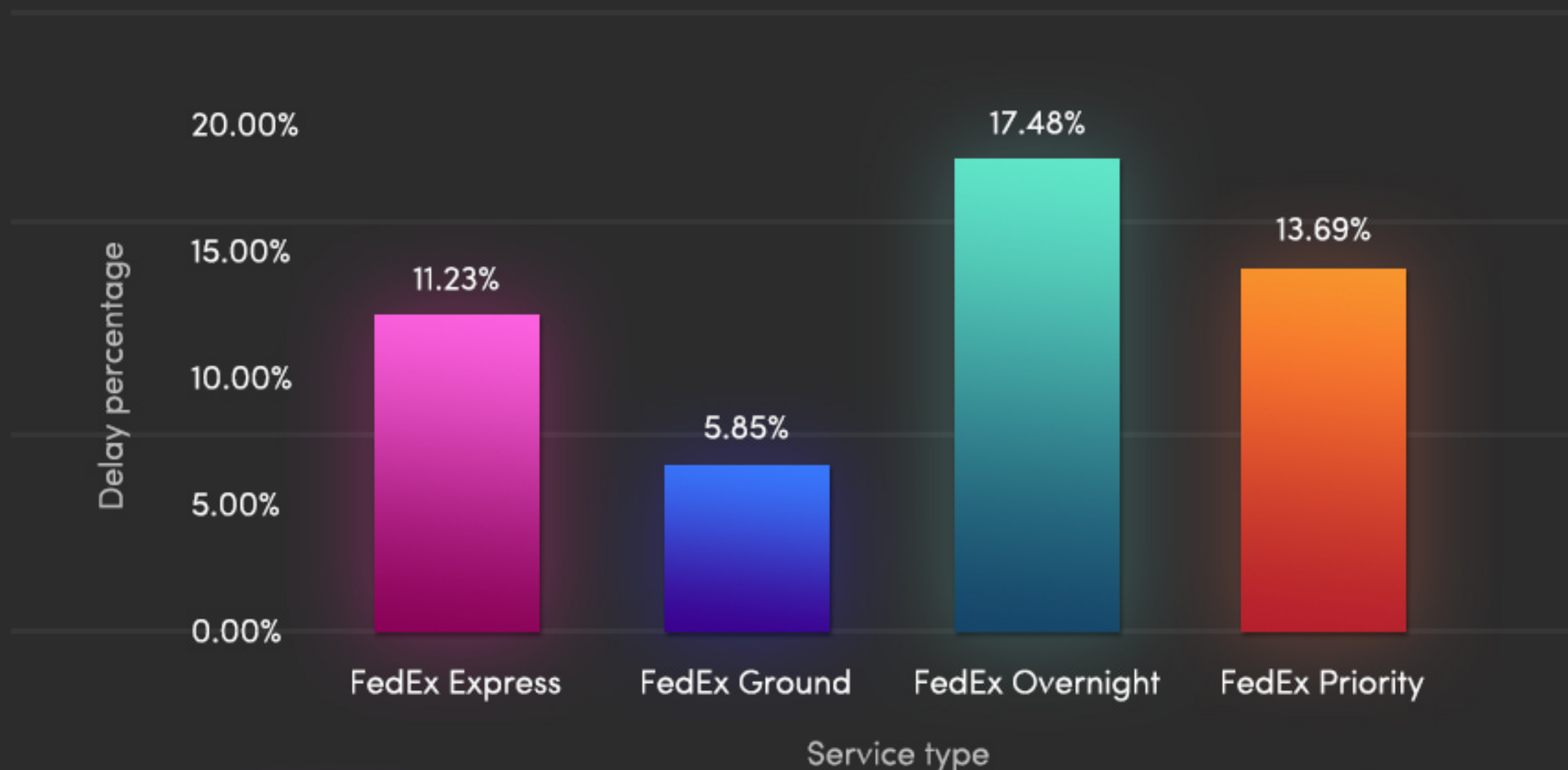
Arguably choosing the right shipping mode is the most challenging part of delivery. Balancing speed and costs is tricky. The time taken for a package to be shipped in express mode may sometimes be equivalent to having it shipped through ground. In the weeks leading to Black Friday and Cyber Monday, express shipments had a higher delay rate compared to ground counterpart.





17.48% of FedEx Overnight packages were late during BFCM

Delay percentage vs Service type

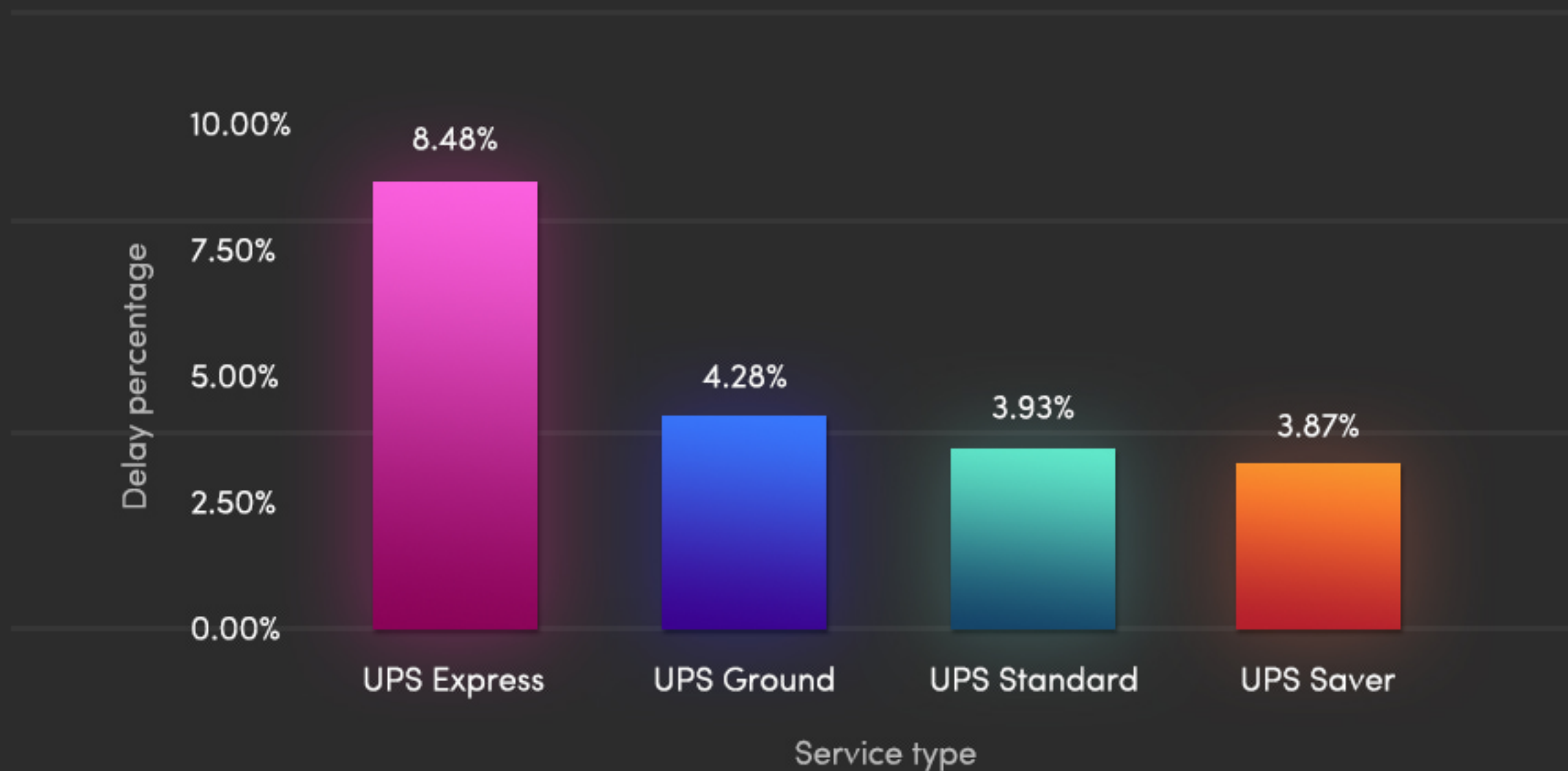


17.48% of FedEx packages were late during BFCM



The story is not very different for **UPS** shipments. We saw a noticeably high delivery delay percentages for express when compared to ground or standard deliveries.

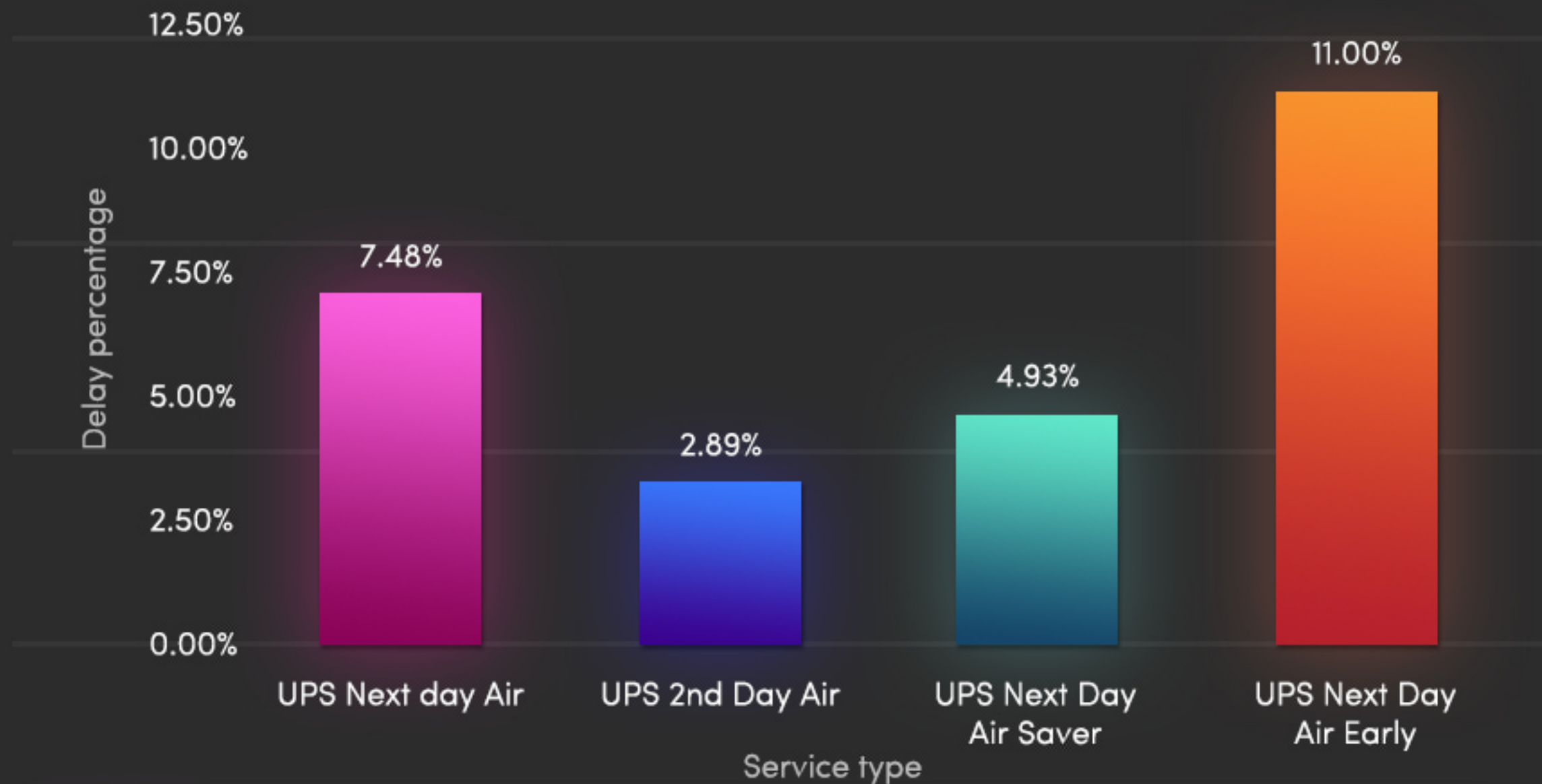
Delay percentage vs Service type





According to our data, Air services had significantly higher number of delays compared to ground

Delay percentage vs Service type



11% of UPS Air Early shipments were late during the BFCM sales period



Rise of Next day deliveries

BFCM 2019 sales season saw an increasing number of retailers offering Next day delivery option. This comes as no surprise when retail giants such as Amazon and Target are shrinking order fulfillment timeline.

A whopping 67% of packages were shipped using FedEx-Next-day-End of day service type



Seven day delivery gives no relief to Monday blues

Both **FedEx** and **UPS** announced their decision to deliver all seven days to meet rising online demands. According to our analysis, packages shipped out on Monday are delayed more than packages shipped out on any other day. While 10% of FedEx packages shipped on Monday were delayed, 5.4% of UPS Packages shipped on Monday were delivered late.



S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Monday shipments faced a higher number of delays



Delivery delays based on shipped day

FedEX

Day	Percentage of delays
Monday	10.01%
Tuesday	6.59%
Wednesday	5.53%
Thursday	4.84%
Friday	4.40%

UPS

Day	Percentage of delays
Monday	5.40%
Tuesday	3.87%
Wednesday	2.50%
Thursday	1.90%
Friday	3.00%



Most delays caused due to service breakdown

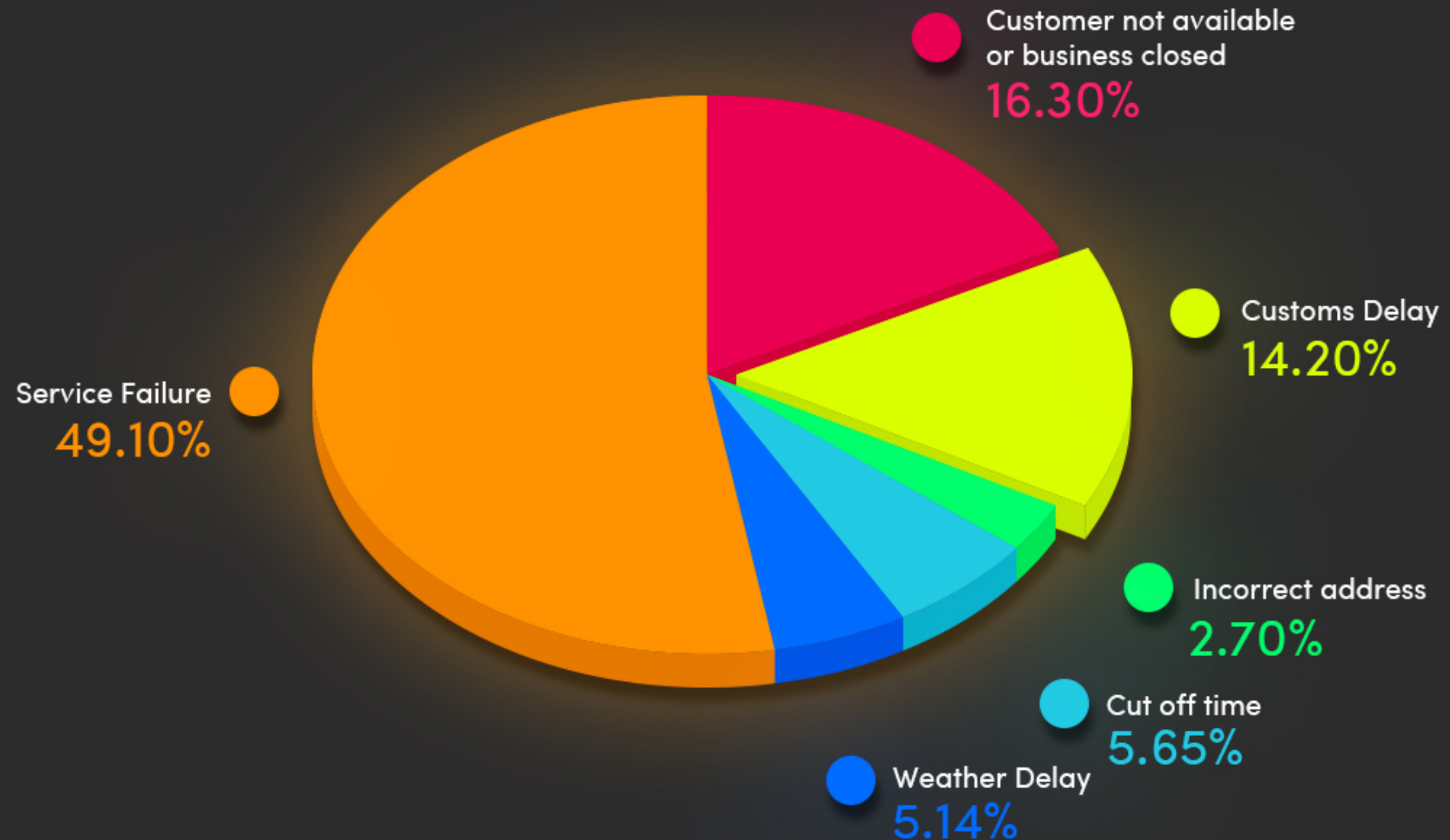


Our study found that almost 50% of the delivery delays are caused due to operational inefficiency of shipping carrier. Although, a package could be delayed due to several reasons, service level breakdown due to carrier performance failure is the top most reason for delay. The good news is that shipping costs can be claimed in the form of refunds from FedEx and UPS.

More than 50% of delays are caused due to service failures

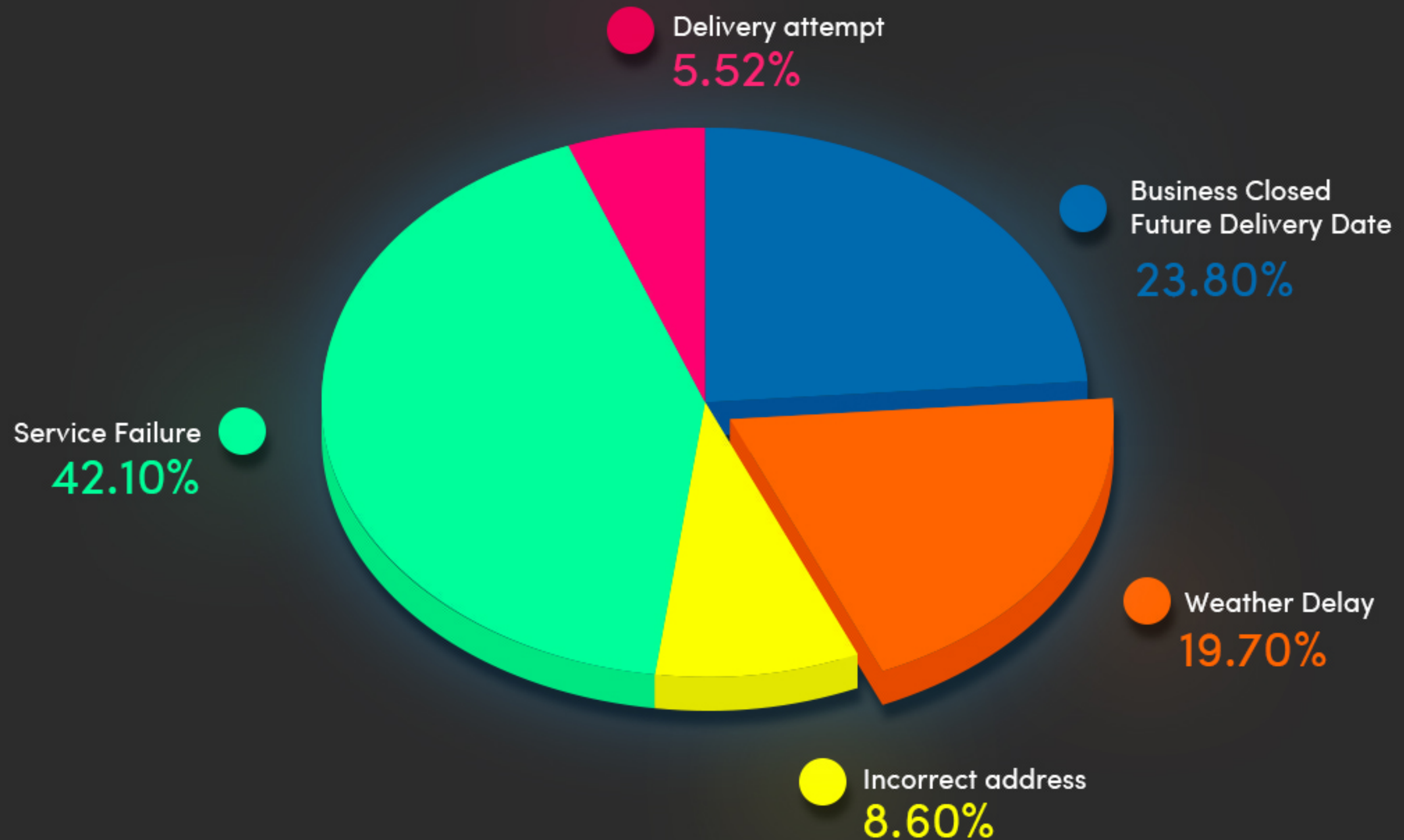


Top 5 delay reasons: FedEx





Top 5 Delay Reasons: **UPS**





Predictions for December Deliveries

With growing number of cities snowed under, a 2%–3% increase in the number of FedEx and UPS package delays is likely

Rise in last minute shopping will result in disproportionate increase in the number of delays in Express and Overnight deliveries

At least 8% of Oversize packages are likely to be delayed during this holiday season



Transforming the last-mile

To capture the holiday moments that matter, retailers must measure key delivery metrics and enhance their on-time order delivery efficiency. Navigating through the maze of order delivery exceptions is a logistics nightmare. But with the right order-delivery insights and continuous incremental changes to your logistics strategy, it could turn into customer acquisition channel.



About us

At AuditShipment, we are on a mission to bring visibility to the world of small parcel shipping. We are passionate about engineering solutions that help businesses gain actionable insights into every aspect of last-mile logistics. We believe that businesses must be empowered by their last-mile strategy. Hence we focus on eliminating gray areas in the last-mile logistics space through technology.



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