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New data shows who's winning and losing as companies like UPS, FedEx, and Amazon battle for fewer e-commerce packages

Emma Cosgrove Mar 27, 2023, 2:18 PM



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Since e-commerce volumes normalized, package-delivery companies have faced a new challenge.

After years of more packages than they could handle, firms are fighting to keep their networks full.

New data from Pitney Bowes shows Amazon was the only major carrier that didn't see a drop in 2022.

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Though Americans aren't shopping online at the frenzied pace they were in 2020 and 2021, reports of a complete reversion back to the pre-pandemic trajectory for e-commerce have been somewhat exaggerated, according to Vijay Ramachandran, a vice president at e-commerce logistics player Pitney Bowes.

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are still well ahead of where we predicted we would be before the
chandran said. In 2022, delivery companies shipped 21.2 billion
less than in 2021 but more than 37% higher than 2019.

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delivery industry — which bore plenty of stress and sacrifice in the last few years trying to ramp up to delivery volumes far beyond their plans to keep up with demand.

Today, firms like UPS, FedEx, the United States Postal Service, and Amazon have the challenge of unwinding some of the capacity they built up over the last three years — and figuring out what to keep depending on how consumers are behaving now.

According to Ramachandran, many consumers have found a middle ground between their behavior before and during the height of the pandemic, mirroring a hybrid work environment in which many adults now find themselves.

"We don't have a set schedule. And as a result, it's not about fast delivery anymore," he said. "For a lot of consumers, it's about 'I just want to be able to know exactly when it's going to get delivered.'"

Many online shoppers have the flexibility to be home to receive an important package, but they need to know when it's coming because they're no longer at home every day. They still shop online, but may opt to grab household staples on a weekly grocery store run.

Which delivery companies are winning in this new reality? Pitney Bowes's US Shipping Index for 2022, to be released March 28, offers some insight.

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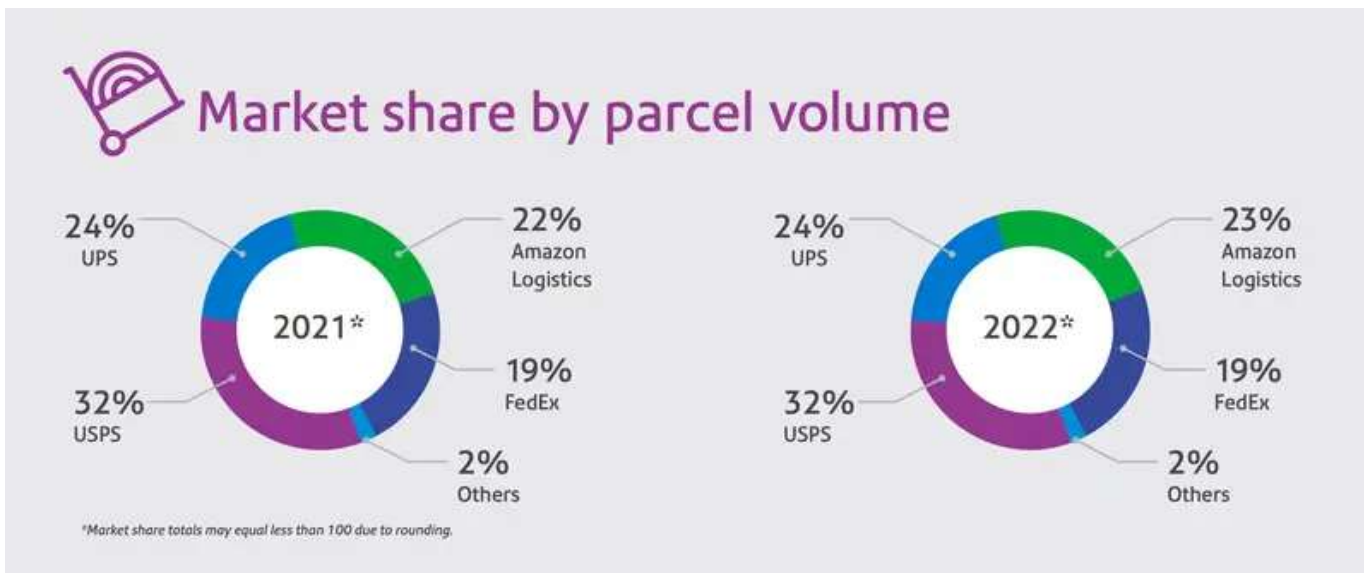
Loser: FedEx and the post office

FedEx lost the most parcel volume in 2022, according to Pitney Bowes. Package volume at the Memphis giant was down 4.8% — though this led to only a slight drop in market share, from 20% in 2021, to 19% in 2022.

The United States Postal Service had the second-largest decrease in parcel volume at 3.2% down. The post office held its market share at 32%.

Though losing volume may seem like bad news, both UPS and FedEx executives have said they aim to choose their packages more carefully than they have in the past — with a focus on the those that bring in the most revenue. UPS has been employing this strategy since Carol Tomé took over as CEO in 2020 and FedEx CEO Raj Subramaniam began espousing similar plans last year.

Some early signs of progress may be emerging, as both parcel giants maintained their market share from 2021 in terms of revenue.



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the little guys... for now

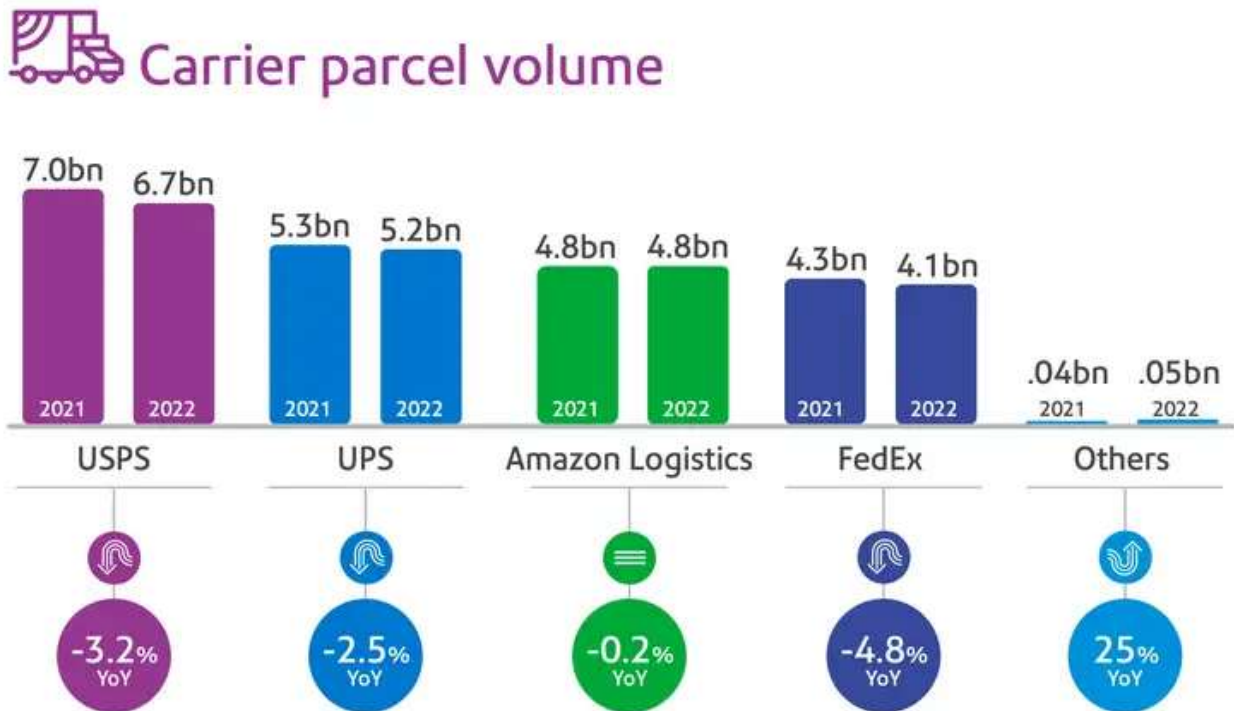
...ory of carriers within the Pitney Bowes Index refers to startups and

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Carriers like Ontrac, Lonestar Overnight, and Spee-Dee Delivery doubled their collective package volume in 2021 and grabbed another 25% growth in 2022, though their totals are still tiny compared to the incumbents.

But that growth trajectory is in question now in 2023. When retailers have less package volume to spread around, the big guys get persuasive with their discounts, Ramachandran said.



Pitney Bowes

Winner-ish: Amazon holding while everyone else ticks down

Amazon has not had an easy time walking back its own pandemic boom. It's been through multiple rounds of layoffs and curtailed warehouse growth plans, so to say it's winning may be too strong. But in terms of package volume, it was the only major carrier to hold its 2021 package volume in 2022.

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"Because Amazon owns both the source of demand, advertising marketplace, and front end it's not surprising to see that their market share hasn't shifted significantly," Ramachandran said. Like UPS and FedEx, Amazon may also strategically choose not to grow package volume, but not by turning down customers. Amazon simply hands off packages it chooses not to deliver to UPS and the postal service.

Ramachandran said the stasis in Amazon's share of parcel volume could be a sign of stabilization.

"I would say what it implies is that we've reached a state of equilibrium," Ramachandran said of Amazon's consistency.

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