

Reflecting on the elongated holiday season and how it helped alleviate 'shipageddon' concerns

Article

Ecommerce supply chain issues—from out-of-stock products to delayed deliveries—have been at the forefront of consumers’ minds since the beginning of the pandemic. Well before the 2020 holiday season, concerns mounted about “shipageddon,” a potential event in which the supply chain wouldn’t be able to adequately meet significantly elevated ecommerce demand between Thanksgiving and Christmas.

The retail industry—and consumers—took action to get ahead of the issue. Amazon Prime Day moving to mid-October was a big driver of an earlier kickoff to the holiday season. With Prime Day’s proximity to the holidays, and the corresponding counterprogramming from competing retailers, consumers began making holiday purchases earlier than they did in the past.

And that momentum continued into early November, as retailers ran promotions earlier and more often. This helped pulled demand forward in a way that doesn’t typically happen, but the anticipated shipping volume increase of 30% or more still posed a challenge.

According to **ShipMatrix**, providers were largely up to the task. On-time delivery rates during the peak Cyber Five period—Thanksgiving Day through Cyber Monday—were 96.7% for UPS, 95.1% for FedEx, and 93.2% for USPS. During the week of Christmas, on-time rates were 97.6% for UPS, 96.5% for FedEx, and 94.7% for USPS. While these levels were down slightly from 2019, they were surprisingly strong considering the unique challenges of 2020.

US Peak Holiday Season On-Time Delivery Rates, by Carrier, Dec 2020

% of total

	Cyber Five (Nov 26-30)	Week of Christmas (Dec 20-26)
FedEx	95.1%	96.5%
UPS	96.7%	97.6%
USPS	93.2%	94.7%

Note: represents activity tracked by ShipMatrix, broader industry metrics may vary
Source: ShipMatrix as cited in press release, Jan 5, 2021

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“In spite of such a huge spike in volume, and faced with COVID-19-related challenges of people calling in sick and having to maintain distance [in warehouses], the industry performed exceptionally well,” said Satish Jindel, founder and president of ShipMatrix, who was interviewed for our report, “**US Holiday 2020 Review and Holiday 2021 Preview**.”

“Challenges [included] limiting the excess volume of many large shippers without creating ill will, but the carriers had no choice,” he said. “To not do so would have shocked the whole

network and caused serious delays—or total gridlock.”

Broad consumer awareness of constrained shipping capacity had an impact on ecommerce shopping habits last year. Consumers’ wariness of shipping delays pulled spending forward, while logistics providers’ throttling of retailers, as well as price increases passed on to consumers, had a dampening effect.

According to **Adobe**, the Cyber Five period saw a 16% increase in shipping fees per order over 2019. Retailers’ average threshold to offer free shipping rose by 13% year over year (YoY), while the percentage of orders they shipped for free declined by 9% YoY.

US Cyber Five vs. Holiday Season Free Shipping Metrics, 2019 & 2020

	2019	2020	% change
Cyber Five			
—Shipping per order	\$10.51	\$12.21	16%
—Free shipping threshold	\$20.16	\$22.86	13%
—Free shipping (% of total)	70%	64%	-9%
Holiday season (Nov 1-Dec 13)			
—Shipping per order	\$11.13	\$12.50	12%
—Free shipping threshold	\$20.72	\$21.68	5%
—Free shipping (% of total)	59%	57%	-3%

Note: represents activity tracked by Adobe, broader industry metrics may vary
Source: Adobe, “Reviewing 2020’s Holiday Shopping Season,” Jan 12, 2021

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Perhaps because higher shipping costs kept order volumes in check, the average click-to-door times for ecommerce orders fared surprisingly well. According to **Rakuten Intelligence**, click-to-door times for both Amazon and other retailers were lower across most weeks of the holiday season in 2020 compared with 2019. Only during the week of November 23 (Thanksgiving week) did click-to-door times creep higher than they did amid the same period a year prior.

Despite concerns regarding shipageddon, shipping delays were nowhere close to what was feared. No doubt the huge volume of orders presented delivery challenges and drove fees higher for retailers and consumers, but logistics appear to have been well managed under the circumstances.

eMarketer PRO subscribers can read more about how the 2020 US holiday shopping season fared and also get an early preview of the 2021 holidays through our recent US retail and ecommerce spending forecast.

Report by Andrew Lipsman Feb 17, 2021

US Holiday 2020 Review and Holiday 2021 Preview



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