

Companies brace for last-mile disruption as potential UPS strike looms

Article

The trend: Companies are increasingly handing off some last-mile fulfillment duties from FedEx and UPS to local carriers and other third-parties as they seek to avoid supply chain

disruption.

A looming threat: While retailers have looked to diversify their last-mile fulfillment operations since the pandemic, the threat of a potential UPS worker strike is intensifying the search for alternatives.

- Some UPS customers entered talks with FedEx to cover any service interruptions arising from the strikes, [per](#) The Wall Street Journal, which the delivery company is taking as an opportunity to lure clients from its main rival.
- Likewise, Texas-based carrier **Lone Star Overnight** has also gotten more business from shippers hoping to avoid strike-related shutdowns, said **Kendra Jackson**, vice president of sales and marketing.

Zoom out: FedEx and UPS have lost share since the pandemic began, not only to regional carriers but also to retailers like **Walmart** and **Target** with their own third-party fulfillment services.

- Regional carriers now account for 8% to 9% of parcel deliveries, up from 6% to 7% pre-pandemic, per ShipMatrix data cited in The Journal.
- And retailers are taking full advantage of the opportunity: **Amazon** rolled out its [Buy with Prime](#) fulfillment service to all US retailers earlier this month, while Walmart quickly followed suit by expanding the reach of its [GoLocal last-mile delivery service](#) via a partnership with **Salesforce**.
- **American Eagle's** logistics business **Quiet Platforms** has also been on an expansion tear, partnering with JLL to open multiple fulfillment centers to increase delivery speeds, [per](#) a company release.

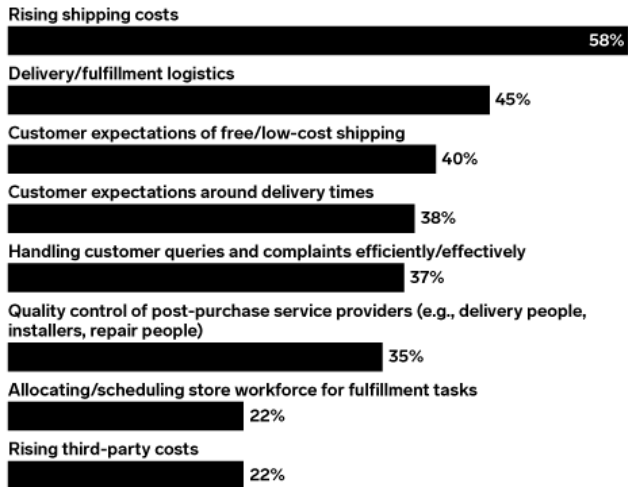
The big picture: For most retailers, diversification is the summation of painful lessons learned during the pandemic, when the rapid shift to ecommerce led to bottlenecks and delays throughout the supply chain. But it can also be used to help retailers compete with Amazon's fulfillment speed, or at the very least improve convenience for shoppers.

- That said, adding more carriers to the mix can reduce consistency and require more sophisticated supply chain management tools, muddying retailers' abilities to manage last-mile delivery efficiently and cost-effectively.

Go further: Check out our latest report on [The Future of Last-Mile Delivery](#).

**Significant Last Mile/Fulfillment Challenges
According to Retailers in North America, Nov 2022**

% of respondents



Note: n=110
Source: Retail TouchPoints, "2022 Omnichannel and Fulfillment Benchmark Survey," Dec 13, 2022

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