

2023

USA E-Commerce Logistics Market Report

How has the country's state of e-commerce evolved in the last couple of years?



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01 About the Report

What to Expect

[The United States](#) holds a major share of the North American e-commerce logistics market owing to its advancement in logistics technologies. Over the past decade, the country's online sales have demonstrated **a steady annual increase of 13% to 18%**, and the market is projected to maintain this upward trend with a **compound annual growth rate (CAGR) of over 6% between 2023 and 2028**. Against this backdrop, let us delve deeper into the U.S. e-commerce logistics, along with the consumer preferences of its shoppers in this report.

Data Methodology

Our benchmarking and carrier performance measurement initiatives involve the collection of **billions of anonymized data points from more than 130 countries** annually. We also harness data from **hundreds of millions of parcels spanning 1,450+ carriers** through our international tracking page, culminating in the creation of high-quality insights.

In addition, our domestic and international data is analyzed on a “trade lane” level, comparing the same combinations of origin and destination to maintain data representativeness. Benchmark data sets have been compiled with strict minimum requirements for data point quantity and comparability.

Want to learn more about our data?

GET IN TOUCH TODAY

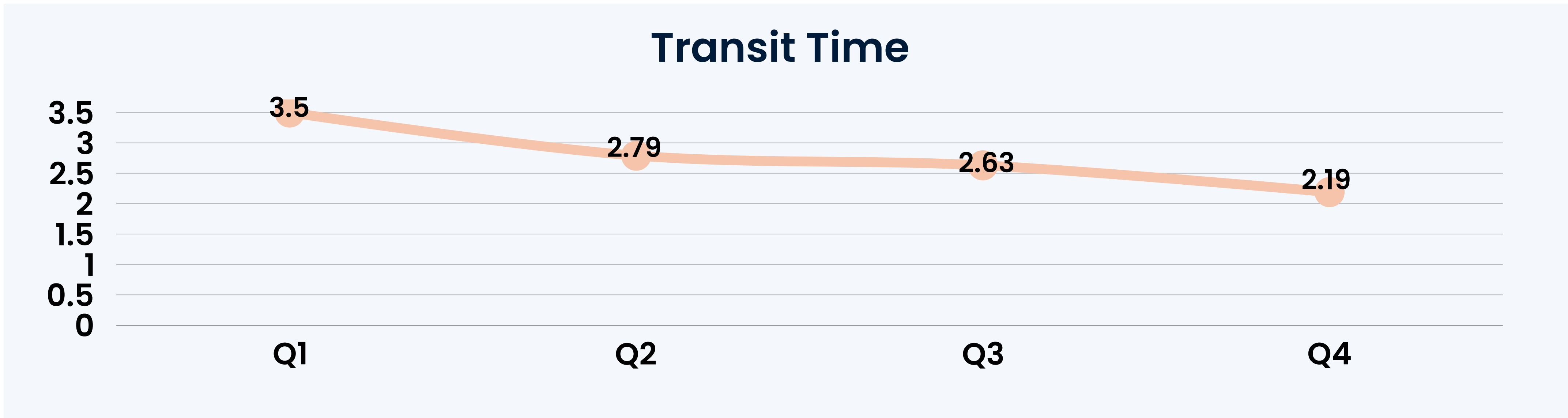


02 E-Commerce Landscape in the United States

While numerous businesses struggled during the challenging lockdown period, one industry managed to thrive and take advantage of the situation: e-commerce logistics. As physical stores were forced to close, **a significant number of former offline customers transitioned to online shopping**, granting e-commerce logistics an unrestricted pathway for growth. This was especially the case in the United States, a country that is home to the second-largest e-commerce market in the world, not far behind [China and Japan](#).

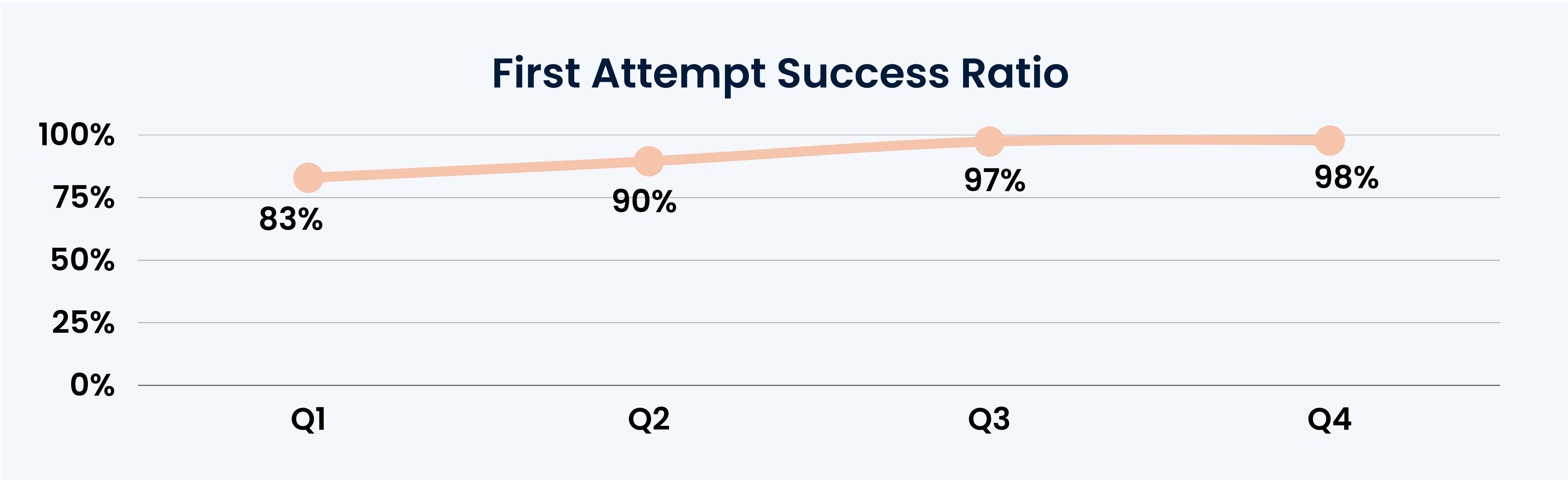
In recent years, the U.S. e-commerce logistics industry has witnessed a rise in the adoption of innovative technologies aimed at enhancing efficiency, reducing costs, and improving the overall customer experience. One such innovation is the [use of automation in warehouses and distribution centers](#), which has led to significant improvements in the speed and accuracy of fulfillment logistics. As per LogisticsIQ's [latest market research study](#), **Warehouse Automation Market will reach the milestone of \$30 billion by 2026**, at a CAGR of around 14% between 2020 and 2026. In addition, several companies have also invested in expanding their fulfillment network and optimizing their delivery routes, which have both contributed to the overall improvement in parcel transit time across the country.

Curious to know what are the busiest shipping routes to and fro the United States?
[Find out here in this article.](#)



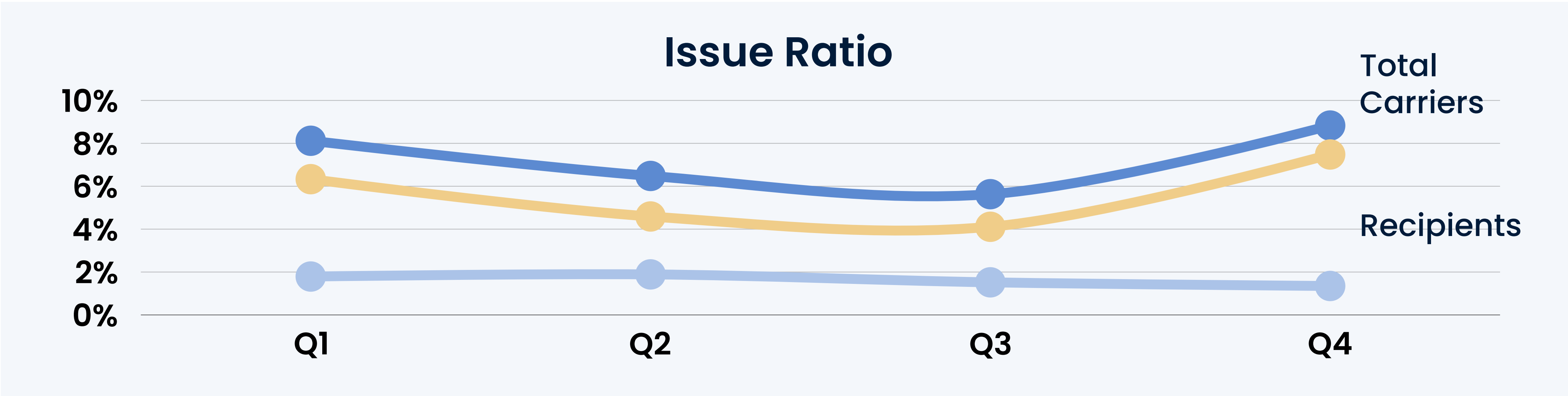
As seen in the chart above, the parcel transit time in the U.S. declined from **3.5 days in the first quarter of 2022**, to **2.19 days in the last**. For customers, shorter transit time means receiving their orders sooner, which can result in higher satisfaction. It can also enhance their overall shopping experience, making them more likely to return to the same retailer in the future. For businesses, shorter transit times can lead to higher order volume, as well as cost savings on transportation and logistics in the long run.

02 E-Commerce Landscape in the United States



Apart from transit times, successful first-time deliveries play an equally crucial role in boosting customer experience and retention in retail and e-commerce. With reference to our in-house data, the **first-attempt success rate of parcel deliveries** experienced **significant progress throughout 2022**, with a steady **increase from 83% in Q1 to 98% in Q4**.

Improved communication with customers could be a contributing factor to the higher first-time delivery success rates observed in the United States. Delivery companies may have enhanced their communication channels by providing more precise estimated delivery dates, more accurate [real-time tracking updates](#), and [timely notifications](#) of any issues or delays that may have arisen at any stage of the order fulfillment process.



Delivery issues typically fall into two categories: either on the recipient's side (e.g. not being present to receive the package) or the carrier's side (e.g. not providing timely notifications about the package's whereabouts). In 2022, **carrier-related factors were responsible for approximately 82% of the delivery issues in the United States**, indicating that there is a dire need for businesses to review their choice of [carriers or third-party logistics providers](#).

[Learn about the importance of partnering with the right logistics carriers.](#)

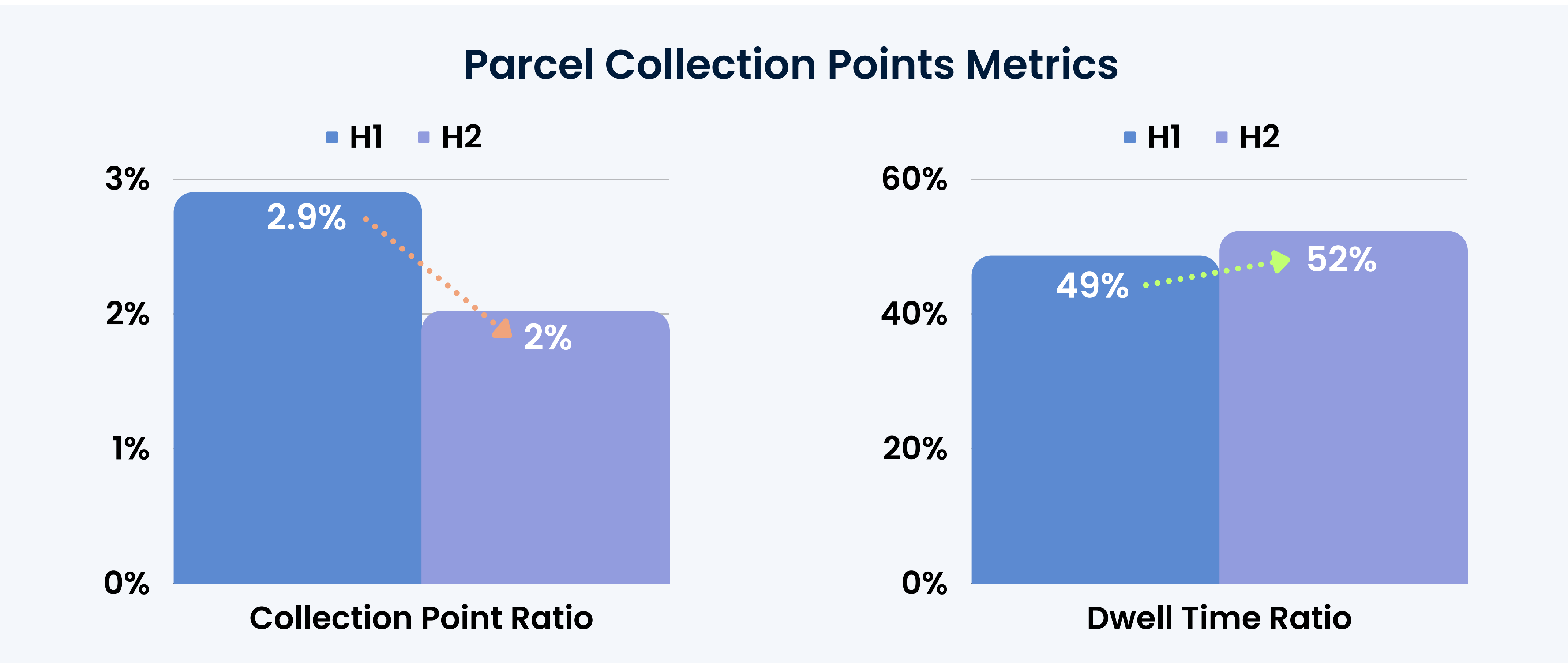
03 Consumer Preferences Among U.S. Shoppers

Sustainability has become a major topic in recent years, particularly within the logistics fulfillment space. An increasing number of companies are recognizing the importance of implementing sustainable practices in their operations – one of them being the uptake of alternative [last-mile delivery methods](#) – to reduce their environmental impact. That being said, there was a **decline in collection point usage** in the U.S. from **2.9% in H1 2022 to 2% in H2 2022**. The **dwell time of parcels** in said collection points, however, rose from **49% to 52% over the same timeframe**.

The aforementioned [shift in consumer behavior](#) could perhaps be linked to a **lack of convenient locations for parcel collection points**. While parcel lockers and collection points offer a more sustainable way to receive packages, their success will ultimately depend on their **accessibility and convenience** for consumers. If collection points are not strategically located, consumers may still prefer traditional doorstep deliveries, even if they are less sustainable.

In order to encourage the use of collection points, logistics companies could consider **collaborating with local businesses or authorities to identify the most suitable locations** based on factors such as the amount of foot traffic or proximity to the nearest train station, etc. Additionally, they could even consider utilizing mobile collection points that can be moved to various areas according to demand.

[Here’s how parcel lockers can help to streamline last-mile delivery.](#)



03 Consumer Preferences Among U.S. Shoppers

According to Rakuten Insight Global's recent survey, consumers in the U.S. tend to **value cost and speed above all else** when it comes to delivery experiences. This suggests that in order to remain competitive and meet the needs of this group, businesses have to prioritize cost and speed while also taking sustainability and convenience into consideration.



When asked about their frustrations when shopping online, **42% of U.S. consumers highlighted "lack of product information" as the biggest issue**. With a vast number of products available on the e-commerce market, it can be challenging for consumers to make informed decisions without adequate product information. This lack of information can potentially lead to purchasing products that do not meet their needs or, in the worst-case scenario, cause harm to their health.

Other notable pain points that U.S. customers face include a **lack of user-friendly websites (38%)**, **limited inventory visibility (38%)**, **inadequate customer support (34%)**, and a **shortage of payment options (17%)**. These challenges can significantly affect the customer experience and result in frustration, leading to lost sales for e-commerce businesses.

Are you a retailer looking for ways to boost customer retention?

[Here are 6 proven methods to encourage returning customers.](#)

How our **global carrier database** can help you excel this peak season

1 Gain In-Depth Analysis of Delivery Performance

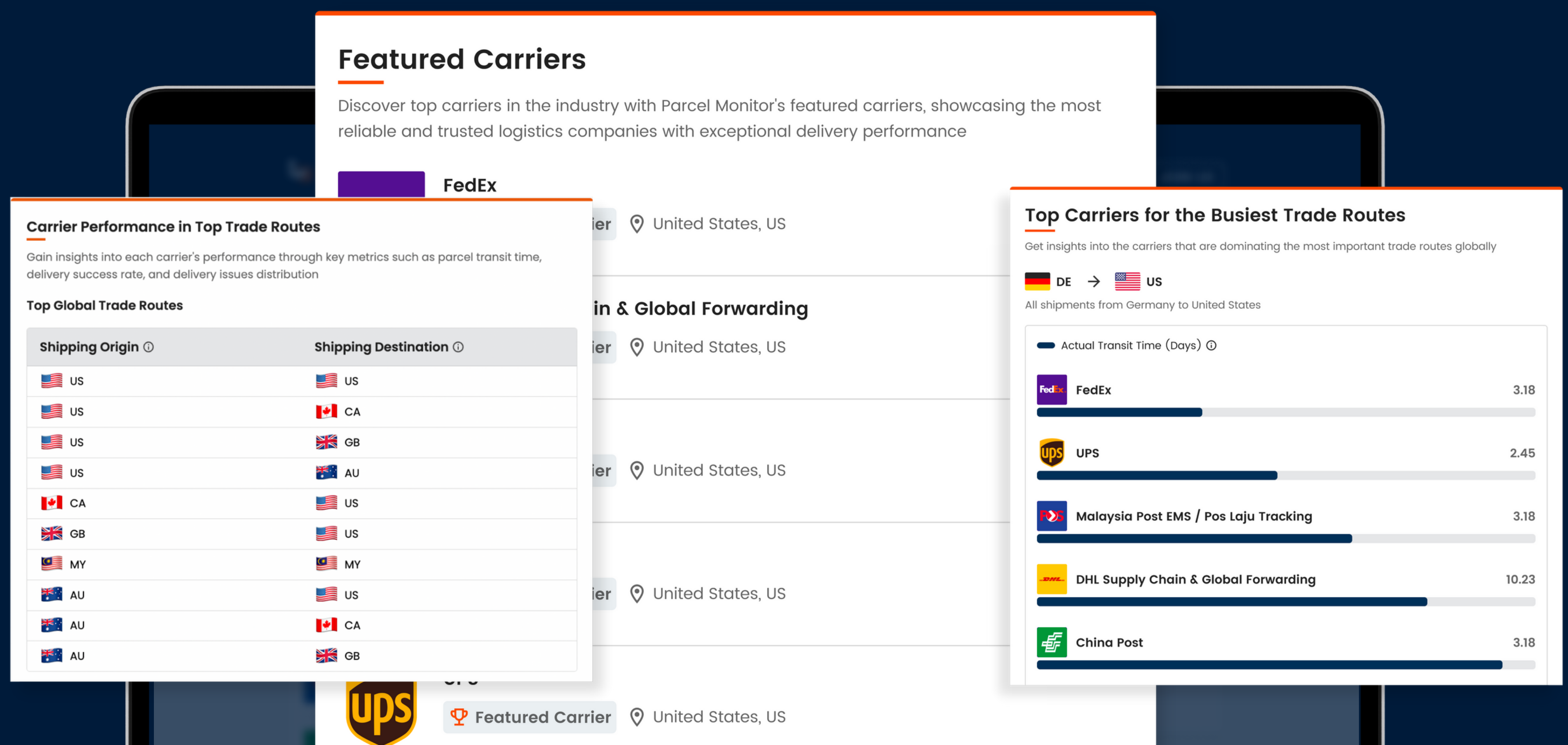
Retailers can utilize our carrier performance data (e.g. parcel transit times) to select the most suitable logistics partners capable of handling the increased e-commerce order volume in the coming months.

2 Unlock Exclusive Access to Market Data

By being our esteemed partner, retailers and logistics carriers can gain access to exclusive market data that can provide them with a competitive edge and facilitate well-informed decision-making this holiday season.

3 Forge Strategic Partnerships With Industry Peers

Businesses can leverage our carrier listings to identify and forge strategic collaborations to achieve operational efficiency, cost savings, and better delivery experiences for end-consumers during the peak season.



04 Peak Season Performance by U.S. Carriers

[Peak season](#) is no doubt the busiest time of the year for those in the e-commerce logistics industry. Carrier performance is especially important during the peak season as it can directly impact the survival and longevity of businesses. If carriers are not performing up to par, it can lead to delayed or lost shipments, which can frustrate customers and cause them to take their business elsewhere.

Hiring Seasonal Workers and Investments in Infrastructure

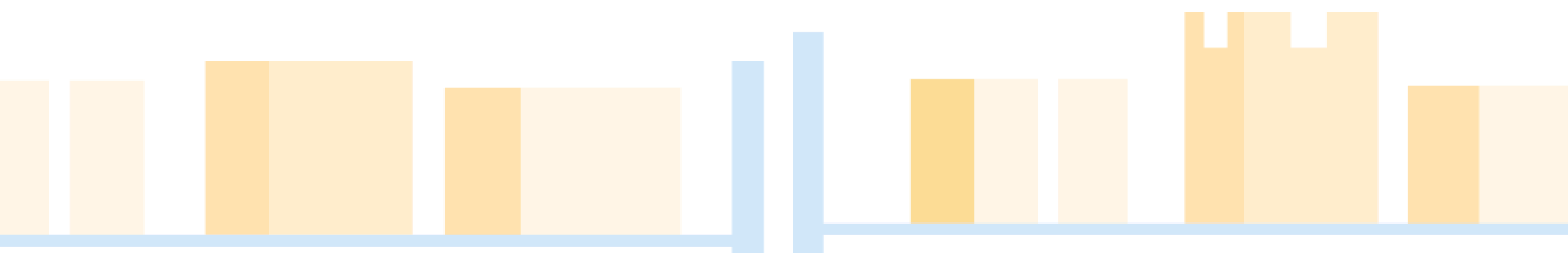
Despite the relatively lower volume projections compared to 2021, many major delivery firms prepared for peak season 2022 by **recruiting seasonal employees to handle the impending surge** in order volumes. For example, [UPS](#) announced plans to hire over 100,000 delivery personnel on par with numbers from the last two years, whereas [USPS](#) hired about 28,000 seasonal workers – slightly lower than the number in 2021.

In addition, efforts were made to strengthen logistics infrastructure and technology to accommodate the anticipated surge in demand. USPS, for instance, invested in new package processing equipment and operational precision enhancements, which were projected to **increase its daily processing capacity to nearly 60 million packages in 2022, up from 53 million in 2021.**

[Find out what some of these carriers have been doing in preparation for holiday sales.](#)

Rising Freight Rates and Commodity Prices

Although demand was slowing down, shipping costs were projected to stay elevated during the most recent peak season and well into 2023. In October 2022, **UPS followed FedEx's lead and declared an average rate hike of 6.9% for its Ground, Air, and International services**, effective from December 27, 2022. Moreover, the company also increased its accessorial charges, such as those for residential deliveries, packages that need extra handling, and deliveries to remote locations. The rationale behind these increases was to offset the rising operating costs and sustain service standards, said UPS in an official statement



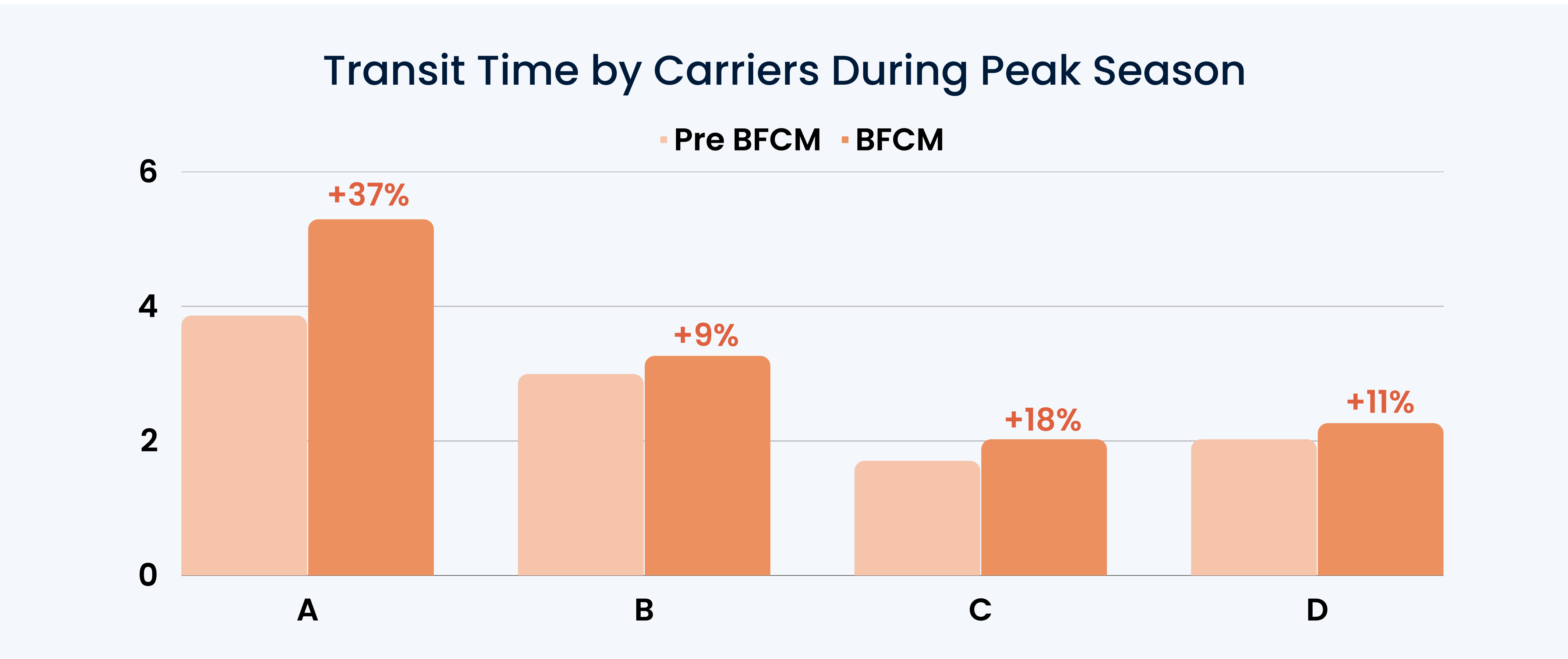
04 Peak Season Performance by U.S. Carriers

Peak Season Parcel Volumes Growth Saw a Decline in the United States

In our post-peak review, we observed a notable slowdown in [e-commerce growth in Europe](#) and the U.S. during the latest peak season. The decline was particularly evident in the U.S., where **parcel volume growth dipped from 42.9% during BFCM 2021 to 18.9% during BFCM 2022**, which came as a surprise to many given the record-breaking retail sales last year.

One possible reason could be that most of the increase in **consumer spending occurred in brick-and-mortar stores** rather than through online retailers' websites or third-party marketplaces. After all, peak season 2022 witnessed a resurgence of physical retail, with 80% of [NIQ survey](#) respondents saying they purchased something in-store during Black Friday. This could perhaps explain why e-commerce parcel volume growth in the U.S. declined despite the significant rise in total retail sales across the country.

U.S. Carriers Experienced a Rise in Parcel Transit Time During BFCM Weekend

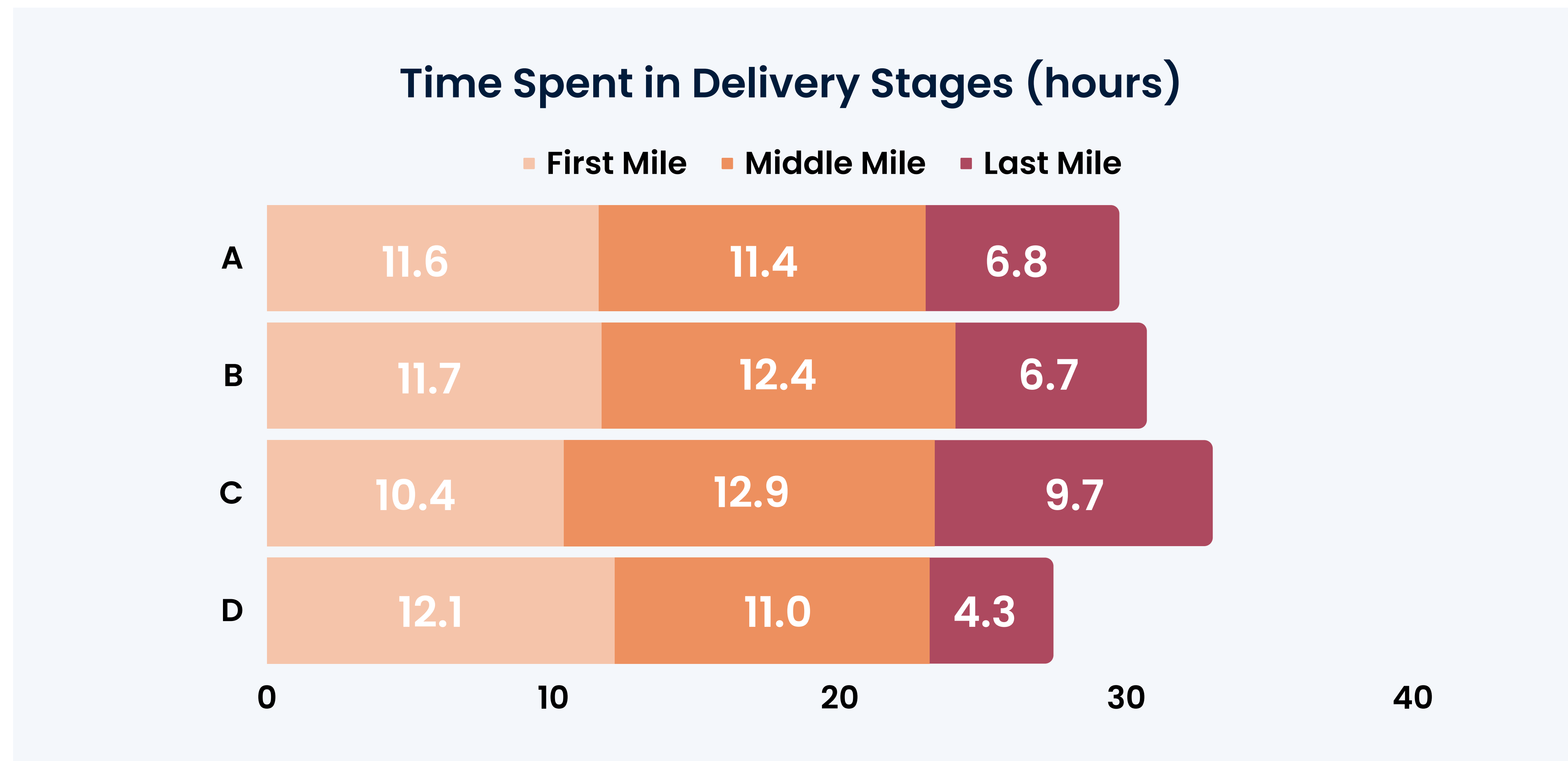


During BFCM 2022, we noticed an **increase in transit time for parcels across all four major carriers in the US**, which was expected given the surge in e-commerce orders around this period. More specifically, **Carrier A had the largest increase in transit time (+37%)** during the peak season, followed by **Carrier C (+18%)**, **Carrier D (+11%)**, and **Carrier B (+9%)**.

Want to know how other e-commerce markets are performing?

[Gain access to exclusive e-commerce market data here.](#)

04 Peak Season Performance by U.S. Carriers



Within the realm of e-commerce logistics, the average duration between the first and final events of an order fulfillment process refers to the time it takes for goods to be transported from a merchant's premises or warehouse until it arrives in the possession of the end consumers. It was interesting to observe that **parcels typically spend a huge portion of time in the first and middle mile of the delivery process (70.6% to 84.3%)**, despite the last mile being widely acknowledged as the most expensive stage.

Among the four U.S. carriers we analyzed, **Carrier B had the longest duration (24.1 hours)** in the **first two delivery stages during peak season 2022**, followed by Carrier C (23.3 hours), Carrier D (23.1 hours), and Carrier A (23 hours). As for the last mile of the fulfillment journey, Carrier C took the longest time to complete the stage at 9.7 hours, whereas Carrier D had the shortest duration of only 4.3 hours.

[Discover the top-performing logistics carriers in the United States and beyond.](#)



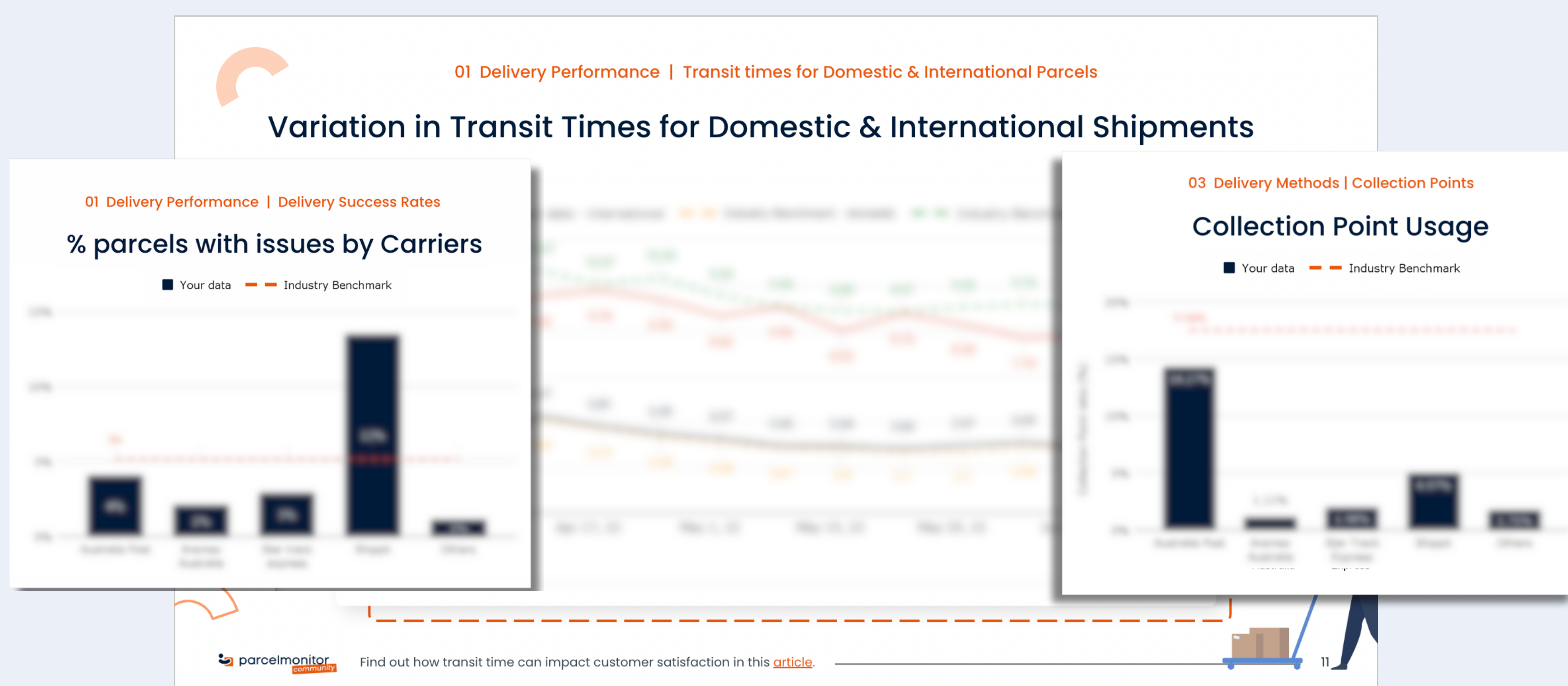
06 Closing Remarks

In conclusion, our report has provided a comprehensive overview of e-commerce landscape in the United States, including the latest consumer behavior trends, and the peak season performance of top logistics carriers in the market. As we navigate the ever-evolving digital age, where consumer expectations continue to shift and innovations continually emerge, we trust that the insights shared in this report will empower retailers, e-commerce businesses, logistics companies, and industry professionals with the knowledge needed to make informed decisions and steer the course of e-commerce logistics in the United States.

Cheers,

The Parcel Monitor Team

Looking for more data insights?



Discover growth opportunities & make data driven decisions with:

- ✓ Peak season performance benchmarks
- ✓ Shipment transit times
- ✓ Delivery success rates...and more!

REQUEST FOR CUSTOMIZED REPORT

An E-Commerce Logistics Community

Initiated by e-commerce logistics enthusiasts at Parcel Perform, Parcel Monitor is a community that aims to inspire the e-commerce logistics ecosystem to create a better delivery experience for everyone.



For Industry Professionals

E-commerce logistics professionals leverage our data and resources to derive market insights while forming meaningful collaborations across the entire industry.

For Consumers

Millions of consumers rely on Parcel Monitor's free parcel tracking to monitor the status of their parcels across 1045+ carriers globally on a single platform.



About Parcel Monitor

Parcel Monitor was launched in 2016 as a free parcel tracking platform out of our belief that everyone deserves an outstanding delivery experience. We capture consumer trends, provide market visibility, and derive data insights while fostering collaboration across the entire e-commerce logistics industry.

Whether you are a retailer seeking inspiration from fellow e-commerce businesses, or a professional wanting to pursue in-depth knowledge on specific topics (e.g. cutting-edge retail & logistics technologies and top customer retention strategies), Parcel Monitor has something for everyone.