

In the Fast Lane:

The Rapid Growth of U.S. Parcel Shipping and its Transformative Impact on the Logistics Landscape

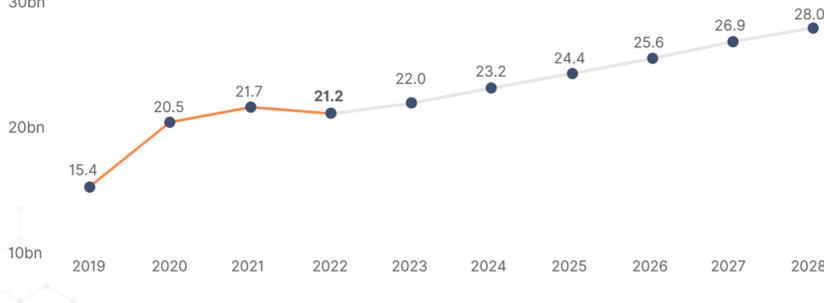
The rise and exponential growth of e-commerce, no doubt expedited by the impact of the pandemic (yes, even today), has led to a rapid increase in parcel shipments across the globe. According to [Pitney Bowes](#), and as shown in the graph below, **U.S. parcel volume is expected to hit 28 billion by 2028**, increasing at a 5% CAGR between 2023 to 2028. As e-commerce continues to grow at an exponential rate, we expect the demand and cost of parcel shipping to increase.

U.S. parcel volume is expected to hit 28 billion by 2028.

2019-2028

Actual & Projected U.S. Parcel Volumes

by Pitney Bowes



What Does this Rapid Growth Mean for Parcel Shippers?

You know the phrase “more money, more problems”? The same (kind of) goes for parcel shipping, except the phrase, in this case, is more like “more demand, more competition,” which does create more problems for shippers.

As the demand for parcel shipping increases, the less capacity big-name carriers have. As a result, shippers are likely to experience rising shipping costs, such as:

General Rate Increases (GRI)



FedEx’s current GRI is **6.9%**, but with surcharges, the rate increase feels well over

10%



According to [FreightWaves](#), UPS is likely to implement double-digit GRIs in 2024, around

11% - 12%

Inflation-Impacted Shipping Cost Increases



In July 2023, [USPS](#) raised the cost of First-Class Mail prices by approximately **5.4%** to offset the cost of inflation.



Inflation has caused carriers of all sizes to increase their shipping costs. Until inflation stabilizes, we don’t expect these shipping costs to slow down.

A Rise in Surcharges & Accessorials

According to [Parcel](#), the average accessorial and surcharge fees **increased 15% to 30%** from 2020 to 2023.



With Challenges Come Triumph

While these cost increases can cause strife for parcel shippers of all sizes, they also make way for new shipping opportunities and avenues. In fact, these challenges are changing the landscape of logistics. It’s time to follow suit and develop a logistics strategy that remains agile so your organization can maintain a competitive edge.

The Regional Carrier Landscape is Growing



UPS and FedEx operate much like a duopoly, which allows them to exercise complete control over the pricing levers in the small package industry. Because there are two main players, both companies raise their rates in “lockstep” with each other year over year. The duopolistic structure ensures every shipper is locked into paying a premium.

Yet, with capacity issues and the loss of business UPS recently experienced during their negotiations with the Teamsters, switching to a multi-carrier model with regional carriers has become a popular (and smart) choice.

We expect this trend to continue to grow throughout the rest of the year and into 2024, as regional carriers often offer more cost-effective shipping options.

It’s best to be flexible and ready to ship with a diverse fleet of carriers. Why? Here are a few benefits:



Prepare for Low Costs and High Success with LynnCo Parcel Services

You don’t have to accept shipping overages, damaged shipments, subpar pricing agreements, and inefficient accounting processes as a cost of doing business. LynnCo brings regional carriers and unparalleled cost savings to your parcel shipping needs.

With LynnCo Parcel Services, **our audit customers typically save 1-3% of total annual spend and negotiation customers save on average 17% of total annual spend.** The best part? We only charge a portion of the savings we’re able to secure, so everyone wins.

[Learn more about LynnCo Parcel Services](#)

About LynnCo

LynnCo is a global leader in supply chain analytics and operational solutions. For over 25 years, we have quietly built a leading supply chain platform of solutions and technology for high-growth companies. Proven across dozens of industries and hundreds of companies, LynnCo delivers supply chain value creation through CFO-level analytics, supply chain assessments, performance engineering, and transformational execution for companies of all sizes who are committed to a growth philosophy.