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Congress should allow FedEx, UPS to deliver small parcels to mailboxes



The US Postal Service recently proposed a service change to make it more competitive, but it will still have numerous shortcomings to be a full-scale competitor to FedEx and UPS, writes Satish Jindel. Photo credit: Jonathan Weiss / Shutterstock.com.

[Satish Jindel, president, SJC/ShipMatrix](#) | Jun 8, 2023, 12:22 PM EDT

The US Postal Service (USPS) recently announced changes to its parcel services whereby the first-class package service will merge with its Parcel Select Ground and branded as a new service called “Ground Advantage,” allowing it to handle parcels weighing 1 ounce to 70 pounds.

While this proposed change is intended to make the Postal Service more competitive, it will still have numerous shortcomings to be a full-scale competitor to FedEx and UPS. For example, it does not own a private fleet of aircraft for express service and cannot extend credit to shippers.

For decades, the Postal Service has been the only parcel carrier with rates for parcels weighing in ounces, and that is partly a result of it having a monopoly on delivering those lightweight and small-size parcels to mailboxes.

And, if the Postal Service had to deliver lightweight parcels (under 1 pound) to all front doors, it would be at a much higher cost and put it at an even greater cost disadvantage to FedEx, UPS and many other private parcel carriers.

This recent move by the Postal Service should alarm lawmakers on Capitol Hill who have questions about its financial viability even after being granted relief from prefunding of pensions.

Congress should amend legislation passed in 2006 that segmented the Postal Service into market dominant products and competitive products and gave power to the Postal Regulatory Commission to limit USPS from using its network of market dominant products to subsidize the cost of competitive parcel services.

So, for the Postal Service's parcel services to be a truly competitive product, it should either be limited to handling parcels that fit in mailboxes, or private carriers should be granted access to the mailboxes for delivery of their lightweight parcels.

Postal Service letter carriers and parcel delivery drivers should have to get out of the van at each address and place packages outside the doors of suburban homes, apartments, and rural homes similar to what Amazon, FedEx and UPS drivers have to do.

Because the Postal Service has to deliver mail to mailboxes six days a week, it is best suited from a cost perspective to deliver lightweight parcels to mailboxes.

And, if the Postal Service is prohibited from handling large parcels, its cost for first-class parcels will be barely more than that for a large envelope which will benefit the online retailers and the millions of consumers who would not have those parcels damaged or stolen.

Benefits to limiting USPS to small parcels

Limiting the Postal Service to only parcels that fit inside a mailbox has numerous benefits, even for the Postal Service. According to ShipMatrix data on billions of parcels, the huge growth in online retail sales has resulted in about 65% of all parcels now being delivered to residences.

And of those business-to-consumer (B2C) parcels, over 65% are of lighter weight and smaller size which would fit in mailboxes. The result is that it would allow the Postal Service to own this segment of the parcel market and generate billions of dollars in revenue, and at a lower cost to produce a higher-contribution margin.

In addition, all postal unions would be happy with such a move because their members would not have to experience injuries from handling bulky and heavy parcels, which would also reduce the Postal Service's expense for injury-related workers compensation.

No other private industry in the US faces competition from a government-controlled entity. While there may have been reasons in the past for the Postal Service to deliver parcels weighing up to 70 pounds, those reasons are no longer valid.

If Congress is not ready to privatize the nation's postal service, as has been done in European countries, it must level the playing field for all parcel industry competitors by either limiting the Postal Service to handle only parcels that fit in mailboxes or allowing competitors such as Amazon, FedEx, UPS and others to deliver parcels to mailboxes.

Contact Satish Jindel at info@shipmatrix.com.