Evolving Last Mile Delivery in the United States

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Executive Summary

The last-mile delivery market is undergoing substantial disruption. Historically dominated by the U.S. Postal Service (USPS), the United Parcel Service (UPS) and Federal Express (FedEx), in recent years, the last-mile ecosystem has quickly evolved to include many new players, offering a variety of services and utilizing innovative business models. Notably, Amazon surpassed the Postal Service as the largest parcel carrier by volume in 2025. As a result, the combined market share of the three legacy carriers dropped from 85 percent of volume in 2019 to just over 60 percent in 2025.

A perfect storm of surging ecommerce volumes, major regulatory and trade policy changes, and the emergence of on-demand (gig) labor models created a market opportunity for alternative carriers. These alternative providers include physical and online retailers expanding their own delivery networks such as Walmart's Spark and Target's Shipt; cross-border ecommerce specialists handling international ecommerce shipments mostly from China such as GOFO, UniUni, and SpeedX; and regional, tech-driven logistics providers such as OnTrac, Veho, and Better Trucks. These alternative providers nearly tripled their collective volume market share between 2022 and 2025.

To understand the impacts of increased competition in the last-mile market on the Postal Service, the U.S. Postal Service Office of Inspector General (OIG) conducted interviews with industry experts and analyzed trends in the last-mile delivery market since 2020, with a focus on alternative carriers and the factors that have contributed to their rise.

Highly competitive rates, "asset-light" operational models enabled by innovative technologies and lower-cost gig labor, investment capital availability, and tech-enhanced customer experiences have enabled new entrants to rapidly capture market share, particularly in the lightweight e-commerce segment that represents the core of USPS's package volumes.

However, these fast-evolving, low-cost operating models can involve trade-offs in workforce stability, safety, service quality, and operational resilience. Issues such as inadequate driver vetting, unsafe driving driven by quota pressures, labor misclassification and resulting inadequate pay, data breaches, delivery failures, and overreliance on external funding all pose risks.

Furthermore, certain cross-border ecommerce logistics providers face escalating regulatory scrutiny across federal and state jurisdictions over trade, labor, and financial compliance, alongside concerns regarding predatory pricing and foreign subsidies. The extent to which these practices are widespread is still being evaluated, and determining their full scope was outside the focus of this study. Importantly, they do not represent the entire market. Even so, establishing a level playing field through consistent compliance enforcement across all industry participants remains essential to ensuring a fair and competitive marketplace.

These evolving market dynamics place significant competitive pressure on legacy providers like the Postal Service, which operate within stricter regulatory environments and maintain extensive physical infrastructure.

The Postal Service's response strategy to the fast-changing last-mile market has centered on expanding its customer base by pursuing long-term, higher-margin partnerships and strengthening its technological capabilities to improve efficiency and delivery visibility. Interviews we conducted with industry experts, stakeholders and the Postal Service highlighted key areas that make USPS's value proposition stronger as it develops its competitive strategy: its unmatched nationwide reach and price parity, a stable and vetted career workforce and a law enforcement infrastructure, and ongoing efforts to modernize its last-mile delivery through technological innovation and operational enhancements. Pairing operational modernization and efficiency efforts with a focus on supply chain trust and compliance can help preserve the Postal Service's position as a competitive and dependable player amidst significant industry change.

Observations

Introduction

For decades, the U.S. last-mile delivery market was predictable and highly consolidated, with a small group of legacy carriers, including the U.S. Postal Service (USPS), the United Parcel Service (UPS) and Federal Express (FedEx), dominating parcel shipping. In recent years, however, their collective share of total U.S. parcel volume has declined significantly. Amazon surpassed the Postal Service as the volume leader in 2025, and a wave of agile alternative carriers carved out a sizable share of the market. Today, when a customer orders a product online, it could be delivered by any of the dozens of delivery companies now serving the last mile.

The Postal Service, UPS, FedEx, and Amazon still accounted for 89 percent of the package volumes delivered in 2025, but other regional and emerging last-mile carriers are rapidly growing, nearly tripling market share since 2021. While these other "alternative" carriers have different services, products, networks, geographic coverage, and business models, they all aim to provide delivery service that is cheaper, faster, and more reliable than the large incumbents. They also usually employ gig or hybrid labor models, as well as digital technology and automation which allow them to operate at lower costs.

To assess the quickly evolving last-mile landscape and the implications, the U.S. Postal Service Office of Inspector General (OIG) analyzed trends in the last-mile delivery market since 2020, with a focus on alternative carriers and the factors that have contributed to their rise. The OIG reviewed the business models and strategies of 14 alternative carriers to better understand their competitive position relative to the Postal Service. This white paper outlines the findings and explores the Postal Service's strategies for navigating the evolving last-mile landscape, including potential strategies to strengthen the agency's competitive position.

See Appendix A for more details on this project's objectives, scope, and methodology.

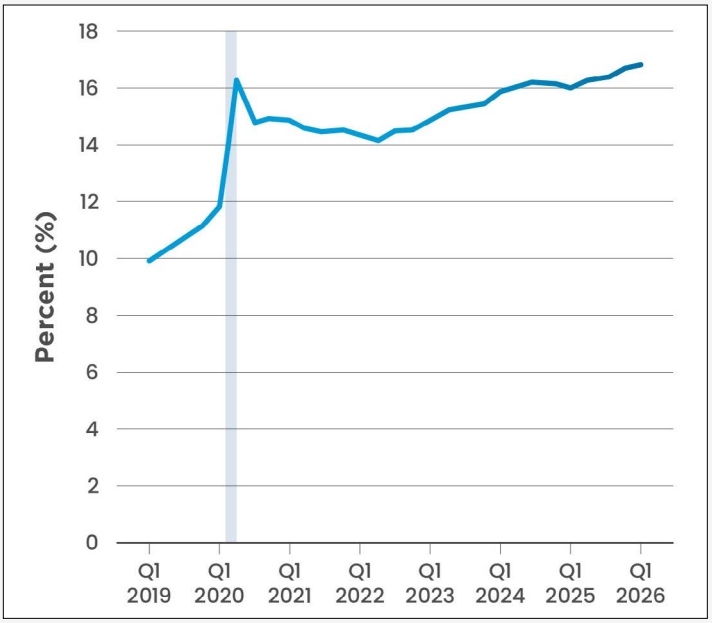
Redistribution and Fragmentation in the Last-Mile Delivery Market

Driven by sustained ecommerce expansion, the U.S. last-mile delivery landscape is undergoing a structural shift defined by fragmentation and heightened competition. The ongoing rise of ecommerce has opened opportunities for new players to enter the market, with operating models and services tailored to the evolving needs of shippers.

Healthy Package Market Growth Expected to Continue

The COVID-19 pandemic created an ecommerce shockwave, spiking consumers' demand for online goods, and creating space for new entrants in the parcel delivery market. In the decade prior to the pandemic, ecommerce in the United States gained roughly one percent of total retail share annually. However, from 2019 to 2020, ecommerce growth outpaced overall retail growth, driving its share of total retail sales from about 10 percent to more than 16 percent. (See Figure 1 below.)

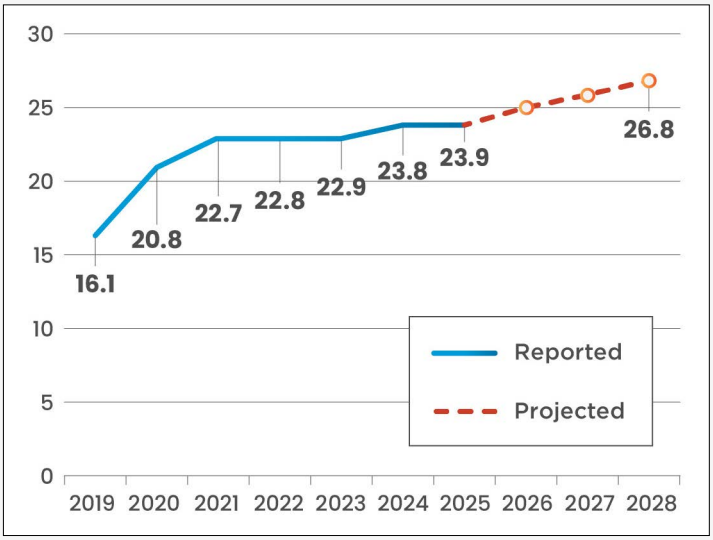
Figure 1: Ecommerce Retail Sales as a Percentage of Total Retail Sales



Source: U.S. Census Bureau via Federal Reserve Economic Data (FRED).

Ecommerce growth tapered post-pandemic, but its growth now matches overall retail growth. From 2026 through 2028, U.S. domestic package volume is projected to grow 3.9 percent annually, reaching 26.8 billion in 2028. (See Figure 2 below).[1]

Figure 2: Total U.S. Domestic Parcel Volume 2019–2028

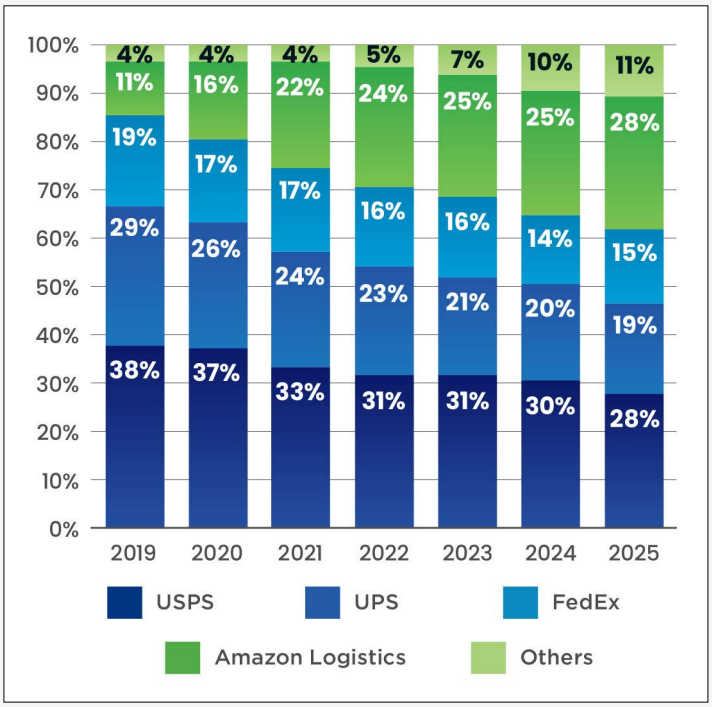


Source: USPS OIG analysis of data from ShipMatrix's U.S. Domestic Parcel Market Reports for 2024 and 2025.

Market Share Has Redistributed Among the Largest Carriers

UPS, FedEx, and the Postal Service's combined share of domestic parcel volume decreased from roughly 85 percent in 2019 before the COVID-19 pandemic to a little over 60 percent in 2025. In 2025, for the first time, Amazon surpassed the Postal Service in market share by volume, delivering an estimated 6.7 billion packages compared to 6.6 billion for USPS. Overall, USPS's share in revenue and volume has decreased. The Postal Service's share of parcel volume was 38 percent in 2019 before the pandemic, and then progressively fell to approximately 28 percent in 2025. (See Figure 3.)

Figure 3: U.S. Domestic Parcel Volume Market Share (%) by Traditional and Alternative Carriers from 2019–2025



Note: the 'others' category includes all alternative carriers, including but not limited to those identified in Table 1. USPS volumes include last-mile deliveries for other carriers (e.g., Amazon, FedEx, UPS, DHL).
Source: USPS OIG analysis of ShipMatrix's U.S. Domestic Parcel Market Reports for 2024 and 2025.

Rapid Growth of Alternative Carriers Creates Market Fragmentation

The market share by volume for alternative carriers grew from about 4 percent in 2020 to nearly 11 percent in 2025; their volume grew 13 percent in FY 2025 alone. These carriers made up just over 6 percent of market share by revenue in 2025.[2] The reported annual 2025 revenues of these delivery businesses range from $2.8 million (United Delivery Service) to $488 million (OnTrac).

Table 1 groups the main alternative carriers in three broad categories, New Integrators, Regionals, and Cross-border Ecommerce Specialists, and highlights their areas of focus.

1 ShipMatrix Press Release, "Amazon Delivered More Parcels than the Big Three in 2025," March 16, 2026, https://shipmatrix.com/wp-content/uploads/2026/03/SMx-Press-Release-on-2025-Parcel-Market-3.16.2026.pdf.
2 ShipMatrix, U.S. Domestic Parcel Market Report for 2025, "Amazon delivered more parcels in 2025 than the Big Three," March 16, 2026, https://shipmatrix.com/wp-content/uploads/2026/03/SMx-Press-Release-on-2025-Parcel-Market-3.16.2026.pdf.

Table 1: Types of Alternative Carriers Serving the U.S. Last-Mile Delivery Market

Category	Strategy & Focus	Company Examples (not an exhaustive list)
New Integrators	Large retailers who have acquired/built last-mile delivery networks and are competing primarily for domestic volume, and large logistics companies extending to last-mile delivery.	Maersk E-Commerce Shipt (Target) Spark (Walmart)
Regional	Regional and tech-focused carriers leverage strong ground networks in their regions/urban areas and innovative technology to offer competitive pricing and customer experience.	Better Trucks CDL Last Mile Solutions GoBolt Jitsu LSO OnTrac UDS Veho
Cross-border Ecommerce	New entrants focused on serving high-density areas and high-volume, international shippers (e.g., Temu and SHEIN). For example, GOFO reportedly receives half of its package volume from Temu and SHEIN.[3]	GOFO SpeedX UniUni

Source: OIG Analysis.

Key Trends Driving the Evolution of Last-Mile Delivery

Factors driving recent changes in the last-mile delivery landscape include regulatory and trade policy shifts, tech-driven innovations adapted by alternative last-mile carriers, expansion of large retailers into last-mile delivery, and the strategic shift of UPS and FedEx toward higher margin parcels.

Trade Policy and Regulatory Changes Impacted Cross-Border Commerce

Trade policy and regulatory changes over the last few years have disrupted cross-border commerce. Their compound effect has pushed ecommerce away from international postal channels, diminishing the convenience and cost savings those networks once provided. These changes favored the expansion of alternative shipping models, such as bulk commercial shipping[4], nearshoring[5], domestic warehousing[6], and localized direct-to-consumer shipping, all aimed at lowering transit costs, bypassing trade barriers, and reducing shipping times, while also driving the rise of new players catering to the demand for cheaper U.S. domestic delivery alternatives.

Terminal Dues Reform

Starting in 2019, the Universal Postal Union (UPU) initiated new reforms of the terminal dues system, allowing postal operators to issue self-declared rates on inbound packages. Terminal dues are fees that postal operators charge each other for delivery of inbound international post, including documents and goods, weighing less than 2 kilograms (4.4 pounds). In response to the new UPU rules, the U.S. Postal Service raised their terminal dues rates to cover their costs and the price advantage of the postal channel over alternative shipping options decreased.[7]

U.S. Tariffs

Tariffs, and the threat of future tariffs, have raised the cost of imported goods to the United States. Across

3 Blythe Zhao, "GOFO Express has daily order volume surpassing 2.5mil," *The Low Down (TLD)*, December 5, 2025, https://thelowdown.momentum.asia/GOFO-express-has-daily-order-volume-surpassing-2-5mil/.
4 In bulk commercial shipping, high volumes of individual packages are aggregated into a single master shipment for international transit.
5 Relocating business operations - such as manufacturing or warehousing - from a distant offshore country to a nearby country that shares a border or region with the target market,
6 Storing goods in facilities based in the consumer country – in this case, in the United States - prior to distribution to retailers or customers.
7 For more information on impacts of terminal dues reform, see USPS OIG, *The International Package Market: Trends and Opportunities for the Postal Service*, Report No. RISC-WP-23-006, May 15, 2023, https://www.uspsoig.gov/sites/default/files/reports/2023-05/risc-wp-23-006_0.pdf.

the past three Administrations, the United States has imposed tariffs on hundreds of billions of goods imported from China, incentivizing shippers to seek cost savings throughout the supply chain.

The Elimination of the *De Minimis* Exemption

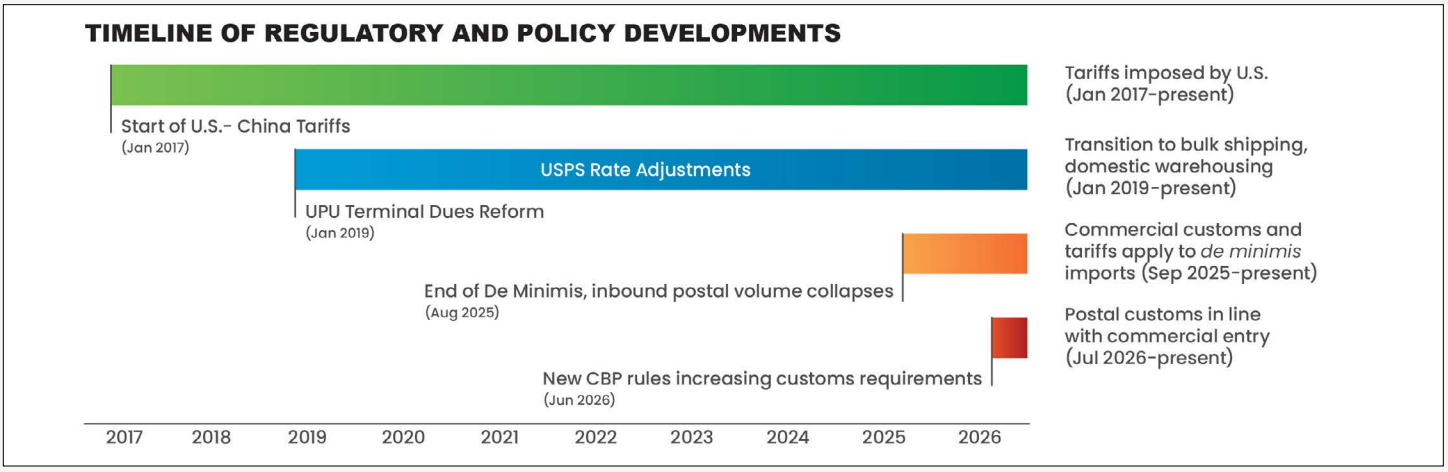
In August 2025, the United States ended the *de minimis* exemption that allowed international goods valued under $800 to enter the country duty and tax free and with expedited clearance. The exemption had allowed almost 1.4 billion packages into the United States duty free in 2024. On August 29, 2025, all inbound international ecommerce shipments became subject to import duties, taxes, and fees. Additionally, inbound postal shipments were required to go through more complex customs clearance, which accelerated a dramatic drop in inbound postal package volumes. As a direct result of these changes, U.S. inbound Postal Service volumes dropped 81 percent on August 29, 2025, compared to the week before the *de minimis* exemption ended.[8]

Compounded with increased terminal dues and tariffs, the end of *de minimis* reinforced the shift toward bulk shipping and domestic warehousing and further incentivized cross-border ecommerce shippers to find cost cutting opportunities along the supply chain. Prior to these reforms, shipping goods directly to consumer via international post was often the more economical choice, owing to waived tariffs and easier customs procedures for lower value, low weight items. Following the reforms, bulk shipping consolidating goods in single shipments became more efficient and cost effective than shipping individual parcels. By pairing well-established commercial clearance processes with domestic warehousing, shippers avoided the new friction and higher costs of per-package postal clearance.

Consequently, the Postal Service saw inbound international package volumes drop 58 percent for the first half of FY 2026 compared to the corresponding period of FY 2025.[9]

On June 24, 2026, U.S. Customs and Border Protection (CBP) released a new Interim Final Rule confirming the permanent elimination of the *de minimis* exemption and establishing more complex customs clearance requirements for mailed shipments to the United States valued at $2,500 or less. The new postal customs processes brought postal customs and duties in line with existing commercial entry requirements.[10]

Figure 4: Timeline of Regulatory Changes Impacting Cross-Border Ecommerce Shipments



Source: USPS OIG Analysis

8 Universal Postal Union Press Release, "UPU launches solution to move mail as postal flows to US reach near standstill," September 6, 2025, https://www.upu.int/en/press-release/2025/press-release-upu-launches-solution-to-move-mail-as-postal-flows-to-us-reach-near-standstill.

9 U.S. Postal Service, Revenue, Pieces & Weight (RPW) Quarter II FY 2026, May 11, 2026, https://about.usps.com/what/financials/revenue-pieces-weight-reports/fy2026-q2.pdf, p.10.

10 Key features included new documentation and data reporting requirements, including the 10-digit Harmonized Tariff Schedule of the United States (HTSUS) tariff classification — a full product code identifying every imported good. Additionally, only the importer of record or a licensed customs broker can file postal customs entries. CBP also announced it is testing a new electronic entry system that will collect enhanced data on international mail shipments to strengthen its monitoring and enforcement. See CBP Customs Bulletin, Vol 60, No. 18, July 8, 2026, https://www.cbp.gov/sites/default/files/2026-07/260708_bulletin_vol_60_no_18.pdf and CBP Press Release, "CBP modernizes low-value shipment process," June 24, 2026, https://www.cbp.gov/newsroom/national-media-release/cbp-modernizes-low-value-shipment-processing.

Technology Transforms Use of Shipping Platforms and Behavior

By allowing easy integration between multiple intermediaries, Application Programming Interfaces (APIs) have multiplied the options available to shippers to fulfill, ship, and track packages. For example, an ecommerce merchant may use an inventory API that routes an order to the specific regional warehouse closest to the customer. Tracking APIs act as a bridge between the merchant's ecommerce platform and multiple carriers, allowing the merchant to track shipments across different delivery companies and keep customers updated on their order status.

Similarly, multi-carrier shipping platforms[11] have evolved from simple label-generation tools into sophisticated hubs for orchestrating logistics.[12]Although delivery carriers – including the Postal Service – have their own shipping APIs, multi-carrier platforms allow shippers to manage deliveries across dozens of carriers simultaneously. Ecommerce shippers can access a range of delivery options in a single platform and select the best carrier for each shipment, optimizing for cost, speed, and reliability.

This far greater flexibility in comparing and selecting delivery carriers has changed shipper behavior, resulting in more rate shopping and increased use of sophisticated logistics tools embedded in multi-carrier shipping platforms. These tools allow them to develop a multi-carrier strategy, no longer limiting their deliveries to traditional carriers. In practice, they are assembling portfolios of carriers to minimize risk, protect coverage during peak demand periods, optimize costs, and meet different service level needs.[13]

Market Squeeze: Vertical Integration Limited the Volume Available to Traditional Players

A decade ago, top retailers including Amazon, Walmart, and Target began developing their own delivery networks, asserting more control over their last-mile operations rather than shipping their products through carriers such as the Postal Service. This allowed them to reduce delivery costs and offer specialty delivery services such as same and next-day delivery to support their growing ecommerce business. All three have relied on Delivery Service Providers (DSPs) and gig drivers to maintain operational flexibility and manage costs. As these networks have grown, they have begun building density and capturing new volume by opening delivery services to third-party shippers.

Market Trend: Demand for Faster Deliveries

As the ecommerce market has expanded and matured, consumer demand for faster deliveries has increased localized fulfillment and shipments. Consequently, product inventories have moved closer to the customer and packages now "travel less."

Amazon Logistics, through its Delivery Service Partners Program, has increasingly insourced deliveries. Additionally, it has recently opened its delivery network to external merchants and third-party sellers for business-to-business or direct-to-consumer deliveries. Finally, in May 2025, it announced a $4 billion investment to triple its delivery network, expanding to smaller towns and more rural areas while offering faster deliveries to those areas.[14]

Retailers Walmart and Target have followed Amazon's lead, acquiring or developing their own last-mile delivery operations (Spark and Shipt, respectively) and shifting toward insourcing logistics and deliveries from their retail stores and local warehouses. Both Spark and Shipt offer same-day last-mile deliveries to other retailers.

11 A shipping platform is a digital system that helps to streamline logistics, connecting online stores with carriers to automate and manage the shipping process, including label generation, tracking, and carrier selection.
12 A shipping API is a software interface connecting shipping platforms with delivery carriers to automate manual shipping processes such as label generation, tracking, and rate calculations.
13 Retail Dive, "How retailers are building more resilient delivery networks in 2026," June 10, 2026, https://www.retaildive.com/spons/how-retailers-are-building-more-resilient-delivery-networks-in-2026/822310/.
14 Max Garland, "Amazon to invest $4B toward rural delivery expansion by 2026," *Supply Chain Dive*, May 1, 2025, https://www.supplychaindive.com/news/amazon-rural-delivery-expansion-ups-postal-impact/746922/.

Traditional Carriers Focused on Margin Over Volume

UPS and FedEx have both adjusted to the evolving ecommerce and package delivery landscape by shifting their business strategies to focus on higher margin deliveries and network consolidation. UPS stated it is taking "deliberate actions to remove lower-yielding ecommerce volume," and FedEx reported it would ease "its pursuit of general ecommerce volume," focusing instead on high-margin deliveries for the healthcare, aerospace, automotive and high-tech sectors, as well as high-end ecommerce.[15] As FedEx's Chief Customer Officer explained it at the company's 2026 Investor Day, "If you're shipping T-shirts, FedEx might not be for you."

From 2024 to early 2026, as part of its "Delivering for America" Plan, the Postal Service also adjusted its approach to lightweight packages. The Postal Service ended discounts for parcels under one pound, as well as for parcels injected close to the end delivery point, with the goal of forcing parcels further upstream in the USPS network to realize more revenue and operational efficiency. A portion of this low-margin, lightweight package volume likely shifted to cheaper alternative carriers. However, in 2026, the Postal Service has moved to win back downstream volume injection by auctioning last-mile delivery capacity and negotiating new partnership agreements with DHL and Amazon to leverage its last-mile capabilities.

Strategies of Alternative Carriers

While the rise of Amazon and other large logistics players in the last-mile delivery market is well-documented, less is known about other companies that compete with the traditional carriers. To better understand the business models and strategies of alternative carriers, the OIG completed an analysis of 14 last-mile delivery companies. (For a short description of each of them, see Appendix B.) Across the board, these carriers aim to attract retail, ecommerce, and B2B shippers by offering faster, more flexible, and cheaper options. Most of the companies profiled utilize innovative delivery models and technologies to position themselves as scalable, cost-effective alternatives to traditional carriers.

Highly Competitive Pricing Challenges the Postal Service's Traditional Comparative Advantage

Historically, the Postal Service has been the low-cost leader for lightweight business-to-consumer package delivery. However, alternative carriers are directly threatening that advantage by advertising significantly lower rates to high-volume shippers, particularly in high-density urban areas. Regional and asset-light carriers advertise cost savings of 10 to 40 percent compared to national carriers. Industry experts told the OIG that cross-border ecommerce carriers charge even lower rates – as low as $2.00 to $2.50 per package for lightweight (sub-pound) local deliveries, with no surcharges. Those experts believe such low rates are below cost and that those carriers likely are losing money on those deliveries in order to gain market share and scale fast. As a point of comparison, USPS Ground Advantage commercial rates started at $5.50 per package in January 2026.

> "Package delivery is $4 in the real market, but they (alternative carriers) might be charging $2.50, significantly lower than everybody else. If I'm a merchant, I'd have to look three to four times at that before I turn it down – it's way below market price."
>
> – Logistics Industry Expert

Some regional carriers offer dynamic pricing options that balance price and service, and help "fill the truck" for a lower rate. For example, Veho's Ground Plus Suite, powered by their AI platform, allows shippers to trade fast delivery times for lower rates.

15 UPS 2025 4th Quarter Investor call and Max Garland, "FedEx narrows e-commerce delivery focus to 'specialized' shipments," *Supply Chain Dive*, February 13, 2026, https://www.supplychaindive.com/news/fedex-2026-investor-day-e-commerce-delivery-strategy/812202/.

Flexible Labor Models Provide Significant Cost Savings

Seeing opportunities in the growing ecommerce market, alternative carriers emerged and expanded using tech-enabled, asset-light delivery models that allow them to crowdsource deliveries and fleets to gig labor. By eliminating the need for heavy capital investment, technology lowered barriers to entry for emerging alternative carriers. This asset-light model first appeared in the United States in the late 2010s, primarily to provide same-day delivery of food and groceries and eventually expanding to merchandise.[16]

Uber-like proprietary or third-party applications allow carriers to contract with gig workers using their own vehicles. Gig drivers have the flexibility to select their preferred delivery routes and choose the types of trips they make – curbside pickup, shopping and delivery, or returns – through these crowdsourcing platforms. In other instances, carriers rely on delivery service providers (DSPs), independent businesses or contractors that partner with retailers and other companies to handle last-mile package deliveries that also often use gig labor.

All of the alternative carriers we reviewed relied on gig labor or DSPs for deliveries. These labor models allow carriers to access a highly flexible workforce while providing cost savings on transportation, fuel, insurance, and labor (particularly employment benefits). For carriers using gig labor, significant costs are shifted to the driver, who generally supplies their own vehicle, pays for the fuel, maintenance, car insurance, and does not receive health insurance, paid leave, or other benefits from the carrier that a directly employed driver typically would receive.

In some cases, the federal government and U.S. taxpayers may implicitly subsidize gig labor models through benefit programs aimed to support low-income households. In fact, a 2026 Government Accountability Office study found that food delivery and ridesharing platforms, as well as Amazon and Walmart, were among the employers with the highest number of employees receiving federal Supplemental Nutritional Assistance Program benefits and Medicaid health insurance benefits.[17]

Of the alternative carriers reviewed, gig worker gross wages ranged from $13 to $25 per hour. Real wages were substantially lower when accounting for costs associated with personal vehicle use. This is a stark contrast from the traditional carriers who also bear the costs of their delivery fleets. For example:

- **The Postal Service** relies on more than 624,000 federal workers, the majority of which are unionized career employees who receive competitive salaries and are eligible for full benefits. The national average salary of a postal carrier in 2025 was about $30 per hour. Labor represents nearly 80 percent of USPS's operational costs.
- **UPS** full-time delivery drivers earn an average wage of approximately $45 per hour. Their average total compensation package is $145,000 per year, and includes health insurance, retirement, paid leave, and other benefits.
- **FedEx** courier drivers earn an average wage of $25 per hour and FedEx Ground drivers earn between $19 – $28 per hour.

Alternative Carriers Offer a Range of Delivery Speeds

Alternative carriers offer a wider variety of delivery speeds compared to the Postal Service, particularly when it comes to same-day delivery.[18] Most of these carriers offer a mix of next-day and three – to five-day delivery options, with some offering specialized same-day services. Next-day or overnight is a premium standard offered by nearly all of the alternative carriers we reviewed for this paper. Many

16 For more information on the emergence of crowdsourced delivery companies, see USPS OIG, *Same Day Delivery: Implications for the Postal Service*, Report No. RISC-WP-20-002, January 8, 2020, https://www.uspsoig.gov/sites/default/files/reports/2023-01/RISC-WP-20-002.pdf.

17 Government Accountability Office, "Federal Social Safety Net Programs: Millions of Workers, Including Many Employed by Large Employers, Continue to Rely on Medicaid and SNAP," July 22, 2026, https://www.gao.gov/assets/gao-26-108703.pdf.

18 Competitively priced USPS parcel delivery options range from Priority Mail, which offers two- to three-day delivery, to Ground Advantage which delivers within two to five days. USPS business partners that have a Negotiated Service Agreement can access its Priority Mail Next Day service in 60 markets.

of the carriers also offer an economy ground option in the three-to five-day delivery range for nationwide cost-sensitive shipments. Carriers operating in dense urban areas or using local retail hubs, including Target's Shipt, Walmart's Spark, Jitsu, CDL Last Mile Solutions, UDS, LSO, and Better Trucks, offer same-day or faster delivery for some products. For instance, Walmart reports that its GoLocal service has cut delivery times to under three hours for more than 90 percent of customers.

Other carriers, such as Veho, Jitsu, and GoBolt emphasize reliability as much as speed by investing in quality control technology and boasting 99 percent on-time delivery rates.

Innovative Technologies Generate Efficiencies

Modern alternative carriers leverage a suite of advanced technologies, including dynamic route optimization, AI-powered quality control, and automated warehouse systems to enhance efficiency and accuracy across the entire delivery lifecycle. By integrating these automated and real-time solutions, these companies claim to be able to improve delivery speeds, reduce costs, and elevate the overall customer experience.

Several regional carriers claim they achieve very high on-time delivery rates of 98 percent or above by using AI-powered dynamic routing. Because their platforms constantly adjust routes based on real-time data, they minimize delays, improve cost efficiency, and enhance customer experience even with unexpected weather disruptions or last-minute changes in volume. While FedEx and UPS also utilize route optimization, the market disruption is driven by newer entrants applying these technologies in concentrated geographic areas using highly flexible labor – a model that traditional networks are not built to replicate. This is especially true for the Postal Service network, which is designed around carriers delivering along the same routes, to every delivery point, six days a week. The agency's universal service obligation as well as strict union agreements protecting carrier assignments limit its ability to adjust routing in real time.

In-house, AI-powered systems also enhance quality control. These systems incorporate multiple cross-checks to standardize addresses and correct typos before packages are delivered. During deliveries, geofencing prevents drivers from delivering to the wrong address, while picture proof of delivery can show when a package is delivered to the correct location.[19] Postal Service officials told the OIG they are developing tech-enabled systems such as picture proof of delivery to strengthen quality controls and customer experience, but they have not yet been implemented. Many alternative carriers have invested in automated sorting systems, allowing them to process tens of thousands of packages hourly at major hubs while high-tech storage and retrieval systems automate routine tasks. The Postal Service is making similar investments in massive automated sorting systems, most recently as part of its "Delivering for America" plan. In 2025, the Postal Service unveiled its new Matrix East/West Sorter, which the Postal Service says can process up to 50,000 packages per hour or more than 1 million packages daily.

Table 2 below highlights select advanced technology use cases from alternative carriers.

19 Geofencing uses Global Position System (GPS), Radio Frequency Identification (RFID), and Wi-Fi, or cellular data to set a digital perimeter around customer locations. When a driver crosses the perimeter, that action is logged in delivery management software and customers can receive real-time notifications. Delivery tracking systems can flag or prevent items from being marked as delivered outside of the digital perimeter. This also allows managers to track driver movement and measure punctuality.

Table 2: Select Advanced Technology Use Cases from Alternative Carriers for Last-Mile Delivery

Type of Technology	Use Cases
Route optimization	• Proprietary AI-powered platforms apply dynamic clustering to calculate the most cost-effective and low-emission delivery route, supporting a reported very high on-time delivery rate.
Quality control (QC)	• A multilayered address verification tool proactively identifies and corrects address errors, improving bad address rates to 0.5 – 1.5 percent compared to the 3 – 5 percent industry average. • Geofencing within a five-meter radius helps achieve a low average package loss rate of 0.02 percent. • AI models support driver proof of delivery verification.
Robotics	• While robotics is widely used to automate storage and retrieval tasks, some companies utilize Robotics-as-a-Service (RaaS). By leasing robotic hardware, AI software, and support through subscriptions or pay-per-task feeds, RaaS converts robotics into a flexible operating expense.

Source: USPS OIG analysis.

Partnerships Extend Reach

Alternative carriers primarily focus on moving high volumes in high-density urban markets where delivery costs are lowest, effectively creating "islands" of delivery efficiency. Many have large hubs based in major U.S. cities such as Los Angeles, New York/Newark, Chicago, and Dallas. However, several alternative carriers have the explicit goal of rapidly expanding network coverage throughout the U.S. For instance, GOFO announced plans in April 2026 to expand coverage to 80 percent of the U.S. population before the end-of-year (2026) peak season. Carriers such as UniUni and SpeedX are expanding to mid-sized towns and less-populated regions by opening local warehouses and contracting gig drivers and DSPs. In 2026, UniUni opened new hubs in Michigan, Minnesota, and Idaho, and is reportedly building density into adjacent states and less populated areas of the Midwest and Mountain West.

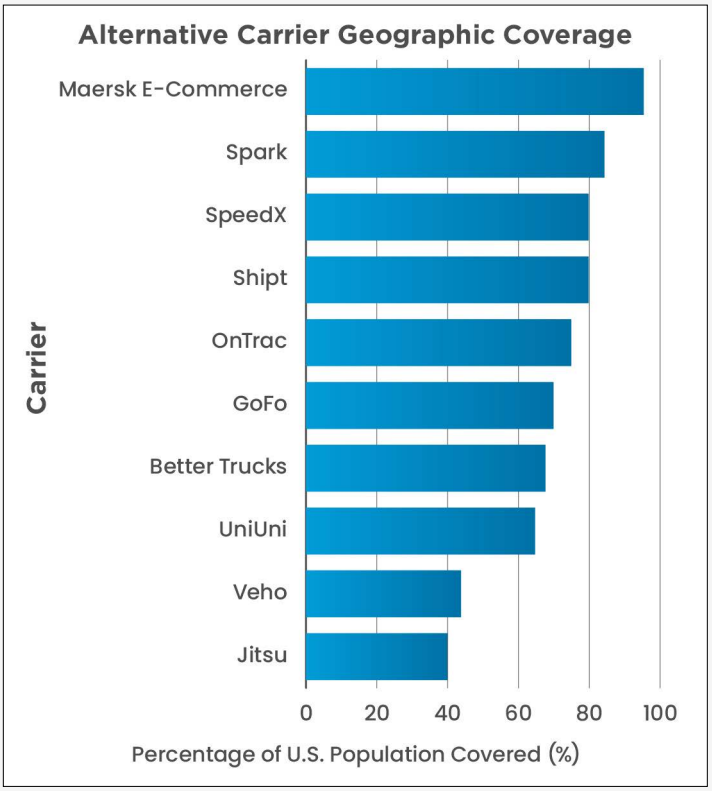
Many of the alternative carriers we reviewed extend their geographic coverage through strategic partnerships and consolidations. For example, in 2021, A.P. Moller – Maersk acquired Visible Supply Chain Management, an ecommerce logistics and parcel delivery company, to build out its last-mile parcel delivery network.[20] With the acquisition, Maersk was able to claim last-mile coverage of 95 percent of the U.S. population. Likewise, the merger of OnTrac and LaserShip in 2021 extended OnTrac's consolidated coverage to over 75 percent of the population.

While geographic coverage of regional carriers is limited, several, including LSO and Better Trucks, rely on strategic partnerships with each other to inject parcels outside of their territory for broader reach. In addition, retail integrators are leveraging their own logistics infrastructure to expand delivery coverage, using their stores as micro-fulfillment centers. Walmart's Spark and Target's Shipt have evolved into "delivery-as-a-service platforms," opening their delivery networks to partner retailers. Still, these carriers do not have the widespread coverage of the traditional carriers, including the Postal Service. (See Figure 5.)

20 Maersk E-Commerce reports that it achieves 95 percent coverage by using a multi-carrier system that blends its own ground freight assets with massive national carriers and specialized regional carriers.

Figure 5: U.S. Geographic Coverage by Alternative Carriers

COVERAGE OF ALTERNATIVE CARRIERS RANGES FROM 15 PERCENT OR LESS OF THE U.S. POPULATION FOR REGIONAL CARRIERS TO 80-85 PERCENT FOR RETAIL INTEGRATORS AND LIGHTWEIGHT E-COMMERCE SPECIALISTS.



Source: USPS OIG analysis.

External Funding Drives Competitiveness

Alternative carriers including regionals and cross-border ecommerce specialists receive substantial venture capital and private equity investments. In the last-mile delivery industry, start-ups often grow by raising seed money and capital injections from venture capital and private equity firms. For example, as food delivery start-ups emerged around 2014, investors poured more than $730 million to quickly scale-up operations. Several of the alternative carriers the OIG reviewed followed suit.

Altogether, the 14 carriers reviewed by the OIG raised a total of at least $1.9 billion since 2014 from both domestic and foreign investors.[21] For instance, OnTrac has raised more than $1 billion in external funding since 2014, and Veho has raised nearly $300 million since 2019. GOFO and UniUni, which have grown rapidly as the primary last-mile delivery partners to Chinese ecommerce platforms such as Temu, SHEIN, and TikTok Shop, have raised $42 million and $285 million, respectively, including some investments from China-based firms.

External capital investments can help alternative carriers scale and grow market share by subsidizing low prices, infrastructure expansion, and strategic acquisitions – all while deferring profitability requirements for several years. Some industry analysts the OIG spoke to questioned the sustainability and reliability of carriers dependent on venture capital funding, particularly if carriers are offering below-cost rates. They pointed to the case of alternative carrier Sendle, which closed and ended deliveries overnight when a key investment backer froze funding. (See Figure 6.)[22]

Figure 6: Sendle Bankruptcy Notice Due to Lack of Funding

sendle

Dear Customer,

We appreciate you reaching out. Our team is no longer available to respond to inquiries, and this email account is no longer being monitored.
We sincerely apologize for any inconvenience or disruption this may cause to your business or personal shipping needs.

For Existing Orders
If you have a parcel currently in transit, you can still monitor its progress via our tracking tool to see the latest status of your delivery.

For New Bookings
Please be advised that our platform is no longer accepting new bookings. It is no longer possible to place new orders or schedule pickups through the Sendle dashboard.

Thank you for your support over the years. We appreciate your understanding during this difficult transition.

Sincerely,
The Sendle Team

21 We pulled financial data from sources including PitchBook and S&P Capital IQ. Not all the carriers in our sample had financial information available.
22 Ecommerce Logistician, "Sendle's Sudden Shut Down", February 2, 2026, https://www.ecommercelogistician.com/p/sendles-sudden-shut-down.

Certain Practices of Alternative Carriers Raise Concerns

While the OIG was only able to speak with one alternative carrier, the analysis of multiple public sources including job postings, Better Business Bureau complaints, government agency reports, media releases, and recent lawsuits and investigations as well as interviews with industry experts revealed concerns over the business practices of these alternative carriers. While our research was not designed to determine the materiality, prevalence, or scale of these concerns, these findings point to risks around unfair competition, non-compliance with labor, safety, financial regulations, package security, and consumer protection.

Areas of Risk in Gig-Based Delivery Models

Worker Vetting and Safety

Gig worker models may face vulnerabilities with vetting and background checks, and training to ensure driver safety and security of packages, particularly compared to traditional carriers. For instance, "account renting" appears to be a common practice where gig workers either rent or sell access to their account on a gig platform to those who might not have a long enough driving history or be able to pass a background check.[23]

Drivers are sometimes under pressure to meet delivery quotas, which can result in non-compliant delivery behavior: speeding and unsafe driving, parking in unsafe areas, or marking inconvenient or challenging delivery addresses as 'undeliverable.'[24] In addition, a 2025 report from the City of New York Comptroller highlighted increased traffic accidents near last-mile package distribution facilities, as well as worker injuries at these facilities three times higher than the national average.[25]

Compensation Structure

Gig workers and alternative carrier drivers have reported practices that diminish or obscure their earnings. Common allegations include:

- **Pay Transparency**. Companies have faced actions and allegations over misleading pay structures. In February 2026, Walmart agreed to pay a $100 million settlement after the Federal Trade Commission (FTC) and eleven states alleged the company systematically misled gig drivers about projected base pay, illegally reduced driver tips via "batched orders" without notification, and withheld promised incentive pay.[26] Additionally, a driver at another delivery company alleged they were paid through peer-to-peer apps, making it difficult to confirm if earnings were accurate.[27]
- **Wage Security**. Drivers across multiple platforms have reported unpaid overtime, wage theft, or being forced to absorb operational expenses. For instance, lawsuits involving Amazon Flex drivers alleged systematic wage theft and unlawful cost shifting,[28] [29] while CDL Last Mile Solutions drivers claimed in a proposed class action that they experienced wage theft, were deprived of overtime, and were forced to pay for their own equipment.[30]

23 Jasmine Browley, "New Data Shows Gig Workers "Are Renting Out Their Accounts As Financial Pressure Mounts," Forbes, January 20, 2026, https://www.forbes.com/sites/jasminebrowley/2026/01/20/new-data-shows-gig-workers-are-renting-out-their-accounts-as-financial-pressure-mounts/.

24 Jencap, "2023 Last Mile Delivery Trends and Risks," August 2, 2023, https://jencapgroup.com/insights/transportation-auto-garage/2023-last-mile-delivery-trends-and-risks/.

25 Office of the New York City Comptroller Brad Lander, Bureau of Policy and Research, "Fast Shipping: Slow Justice: Traffic, Worker, and Climate Hazards in Last Mile Delivery," November 2025, https://comptroller.nyc.gov/wp-content/uploads/documents/Last-Mile-Report-edit-2.pdf.

26 Federal Trade Commission Press Release, "Walmart Agrees to $100 Million Judgment to Settle FTC, States' Charges Over Deceptive Earnings Claims Related to the Company's Spark Driver Delivery Service," February 26, 2026, https://www.ftc.gov/news-events/news/press-releases/2026/02/walmart-agrees-100-million-judgment-settle-ftc-states-charges-over-deceptive-earnings-claims-related.

27 In response to the allegations, GOFO stated that they pay a third-party contractor who is responsible for distributing payroll and GOFO offboarded that company for failing to follow GOFO standards. See Katelyn Barker, "GOFO responds to delivery drivers' claim about pay," WREG, https://wreg.com/news/local/GOFO-delivery-drivers-claim-they-only-received-80-of-pay/amp/.

28 Amazon paid more than $61.7 million in 2021 to settle Federal Trade Commission charges that it failed to pay Amazon Flex drivers the full amount of tips they received from Amazon customers. See Federal Trade Commission Press Release, "Amazon To Pay $61.7 Million to Settle FTC Charges It Withheld Some Customer Tips from Amazon Flex Drivers," February 2, 2021, https://www.ftc.gov/news-events/news/press-releases/2021/02/amazon-pay-617-million-settle-ftc-charges-it-withheld-some-customer-tips-amazon-flex-drivers.

29 New Jersey Department of Labor & Workforce Development, "Attorney General Platkin, Labor Commissioner Asaro-Angelo Sue Amazon for Exploiting Delivery Workers," October 20, 2025, https://www.nj.gov/labor/lwdhome/press/2025/20251021_Amazon.shtml.

30 Aguirre v. CDL Last Miles Solutions, LLC, March 2, 2023, https://static1.squarespace.com/static/603c5012a5f33a68970b1666/t/649c7239bad1f81e15234586/1687974458103/CDL+complaint+for+posting.pdf.

Worker Classification

Several lawsuits and class actions have highlighted another labor risk: the systemic misclassification of drivers as independent contractors rather than employees. Misclassification allows companies to bypass standard labor protections. Examples include:

- **OnTrac (formerly LaserShip)** reached settlements in worker misclassification cases.[31]
- **UniUni** has faced class action lawsuits centered on underpayment and worker misclassification.[32]
- **CDL Last Mile Solutions** was sued in a proposed class action alleging worker misclassification alongside wage violations.[33]
- **Amazon** is facing litigation over the classification of Amazon Flex drivers. Amazon disputes the misclassification claims.[34]
- **Veho** faced a class action complaint filed on June 10, 2026, alleging violations of the Fair Labor Standards Act (FLSA).[35]

Safety and Legality of Labor Practices

Beyond financial disputes, alternative carriers have faced serious allegations regarding physical safety and labor abuses. For example, according to a news report, local police discovered delivery drivers sleeping overnight inside a UniUni warehouse. The local authorities referred the case to the U.S. Federal Bureau of Investigation for a potential human trafficking investigation.[36]

Areas of Risk in Delivery Operations

The per-parcel compensation structure used by many alternative carriers can incentivize speed over quality, creating security risks for consumers and unstable conditions for workers. Because many drivers are paid per parcel rather than an hourly wage, completing a delivery in a challenging location may not be worthwhile if it causes delays. These circumstances also may lead to rushed, unsecured drop-offs that leave packages vulnerable to theft, loss, or damage.

The Better Business Bureau documented approximately 5,000 complaints across 14 alternative carriers over the past three years from both consumers and gig drivers. Consumer reports centered on missing inventory, unreliable proof of delivery, and poor support, while driver complaints reported non-transparent base pay, last-minute route cancellations, and automated account deactivations.

Data Privacy Issues

Alternative carriers are not immune from data privacy risks. For example, gig drivers for carrier SpeedX recently had their personal information and driver's license photos leaked in a large data breach, which also included hundreds of millions of files of shipment and customer data.[37]

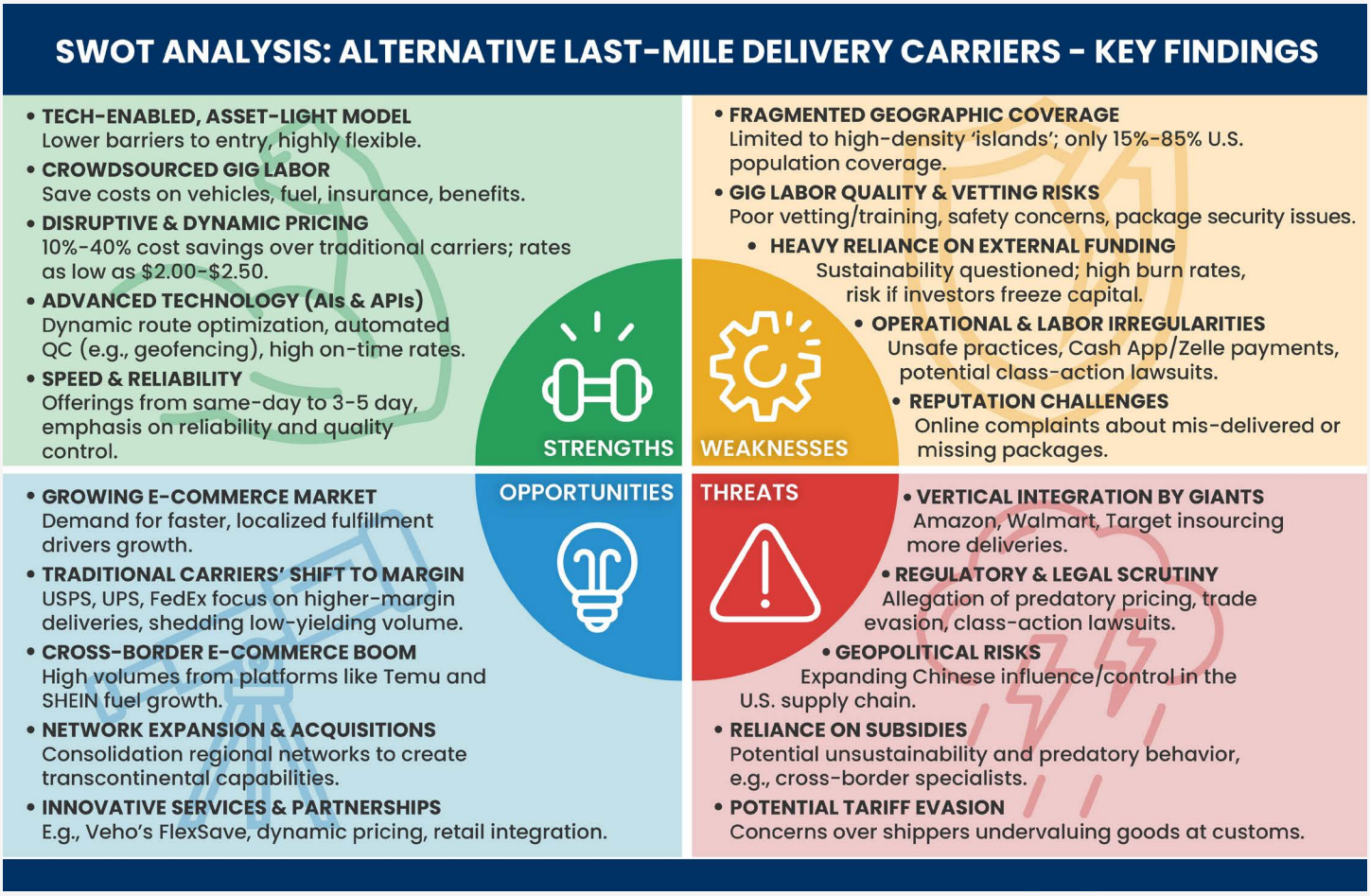
Customs and Financial Compliance Risks

Alternative carriers — in particular those that have customs brokerage capabilities — may face increased scrutiny from elected officials. As highlighted in a July 2026 report by the Trade Fraud Task Force, customs broker fraud often involves misclassifying imported goods or underreporting quantities and values to reduce owed taxes and duties.[38] In a May 19, 2026, letter to the Department of Justice (DOJ), U.S. Senator Tom Cotton asked the DOJ to review, among other issues, whether alternative carriers are committing tariff evasion and customs fraud, receive foreign subsidies, and engage in predatory pricing in violation of U.S. antitrust law.[39]

31 Mark Solomon, "Long controversial and now cooking, LaserShip rides the parcel-delivery wave," FreightWaves, June 9, 2021, https://www.freightwaves.com/news/long-controversial-and-now-cooking-lasership-rides-the-parcel-delivery-wave.
32 Alex Riehl, "Last-mile delivery startup UniUni to continue North American expansion with $95.4-million CAD Series D round," *BetaKit*, July 2, 2025, https://betakit.com/uniuni-series-d-round/.
33 Aguirre v. CDL Last Miles Solutions, LLC, March 2, 2023, https://static1.squarespace.com/static/603c5012a5f33a68970b1666/t/649c7239bad1f81e15234586/1687974458103/CDL+complaint+for+posting.pdf.
34 Chris Marr, "NJ Amazon Suit Vies to Build on States' Limited Gig Worker Wins," Bloomberg Law, November 12, 2025, https://news.bloomberglaw.com/daily-labor-report/nj-amazon-suit-vies-to-build-on-states-limited-gig-worker-wins.
35 Igwedimma v. Veho Tech, Inc., No. 1:2026cv00684, (D. Del. June 10, 2026), https://dockets.justia.com/docket/delaware/dedce/1:2026cv00684/93444.
36 The FBI reportedly did not pursue the investigation. Len Besthoff, "Rocky Hill business vacates premise after multiple violations found," *NBC Connecticut*, January 13, 2025, https://www.nbcconnecticut.com/investigations/rocky-hill-business-vacates-premises-multiple-violations/3473027/.
37 Vilius Petkauskas, "Delivery mega leak: 840M+ files exposed as US delivery company leaks massive file storage," Cybernews, May 27, 2026, https://cybernews.com/security/speedx-delivery-data-leak-840-million-exposed/.
38 The Task Force is a partnership between the Department of Justice and the Department of Homeland Security. See Trade Fraud Task Force, "A Resource Guide to Trade Fraud Enforcement," July 2026, https://www.justice.gov/fraud/media/1452331/dl?inline, pp.20-23.
39 See Sen.Tom Cotton, letter to Acting Attorney General Todd Blanche, Office of Senator Tom Cotton, May 19, 2026, https://www.cotton.senate.gov/imo/media/doc/05_19_26_blanche_letter.pdf.

The various alternative carrier strategies and risks described above, and the strengths, weaknesses, opportunities, and threats they present are summarized below in Figure 7.

Figure 7: Analysis of Strengths, Weaknesses, Opportunities, and Threats (SWOT) of Alternative Carriers



Source: USPS OIG Analysis.

Implications for the Postal Service

Traditional providers, such as the Postal Service, face intensifying pressure on price and service levels. Industry experts told the OIG that Chinese marketplaces shifted significant lightweight parcel volume to Chinese-affiliated competitors in the last few years. USPS revenue from some [redacted] also declined from 2021 to 2025. Overall, USPS's domestic package performance in the first three quarters of FY2026 reflected a 3.5 percent revenue increase alongside a 6.2 percent drop in volume.[40] This performance may signal broader shifts toward higher-value shipments.

40 Domestic package volume includes Priority Mail Express, USPS Ground Advantage, Priority Mail, and Parcel Select & Parcel Return Service Mail.

The Postal Service is Addressing Shrinking Market Share

Postmaster General David Steiner has noted that low-cost last-mile carriers using gig drivers are creating "a dramatic change in how that market is being served."[41] In his remarks at a March 2026 Congressional hearing, PMG Steiner explained that the Postal Service will continue to pursue lightweight ecommerce packages but emphasized the need to go after higher-value, higher margin shipments.[42] Postal Service leadership also highlighted in presentations at the 2026 National Postal Forum several strategies to strengthen their competitive position including in the package market.[43] (See Figure 8.)

Figure 8: Overview of the Postal Service's Competitive Strategies

Strategies to Strengthen the Postal Service's Competitive Position			
1) Establishing exceptional service performance as the new normal.	2) Modernizing the postal network through major investments in processing, logistics, and transportation capabilities.	3) Strengthening mail and shipping offerings to better support the customer journey in an increasingly digital and AI-shaped marketplace.	4) Building more transparent, market-responsive ways of working with customers and partners to better align its network to their business needs.

Source: OIG summary of Postal Service's statements.

In addition, the OIG interviewed the Postal Service to understand how it is operationalizing the broad priorities outlined above to address the increased competition in the package delivery market, especially from new entrants. The key initiatives described focus on strategic partnerships and technological modernization.

Customer Profile Expansion

The Postal Service is expanding its base of customers, pursuing both shippers that deliver lightweight, low-cost packages as well as heavier-weight, higher margin volumes. Their strategy is to capture a broader mix of parcels and reduce their reliance on lightweight parcels as their volume continues to decline. This effort also includes plans to continue expanding their Negotiated Service Agreements and explore more flexible pricing options to better align with industry standards.

Technological Modernization

The Postal Service is modernizing its technology infrastructure by implementing changes aimed at reducing technology gaps, eliminating data silos, and regaining end-to-end operational visibility and control over the shipping experience through:

- **API Adoption and System Control**. The Postal Service has been phasing out its legacy platform and requiring ecommerce marketplaces and shipping platforms to integrate directly with USPS APIs.[44] Operating on a cloud-based platform allows for accelerated data processing and enhanced security, granting the Postal Service greater visibility and control over label generation and delivery estimates.
- **Enhanced Last-Mile Customer Experience**. The Postal Service is developing new capabilities to keep pace with popular consumer-facing features offered by competitors, including:
  - photo proof of delivery to reduce package loss complaints, disputes, and fraud;
  - expansion of parcel lockers networks to lower last-mile delivery costs, reduce failed delivery attempts, and enhance consumer convenience in high-density areas,[45] and

41 Max Garland, "USPS must win higher-value, heavier packages, CEO says," *Supply Chain Dive*, March 18, 2026, https://www.supplychaindive.com/news/postal-service-heavier-packages-fedex-ups-strategy/815062/.
42 Congress.gov, "Oversight of the U.S. Postal Service: The Financial Future Under Postmaster General Steiner," September 22, 2026, https://www.congress.gov/event/119th-congress/house-event/LC75446/text.
43 USPS Press Release, "Postmaster General David Steiner Highlights USPS Progress, Growth Strategy and Foundational Role in American Commerce," May 5, 2026, https://about.usps.com/newsroom/national-releases/2026/0505-postmaster-general-david-steiner-highlights-usps-progress-growth-strategy-foundational-role-in-american-commerce.htm.
44 USPS's legacy Web Tools APIs platform was officially retired on January 25, 2026.
45 The Postal Service launched USPS Local XChange in July 2026, a smart lockers service aimed at facilitating local ecommerce.

- deeper integration and leverage of the Informed Delivery platform to increase tracking visibility for customers.[46]

Stakeholders Underscore the Postal Service's Market Advantages

To gather a broader perspective on the Postal Service's distinct market advantages, the OIG conducted interviews with industry stakeholders, postal and logistics experts, as well as USPS officials. These discussions highlighted the core strengths of the Postal Service's value proposition in an increasingly competitive last-mile market.

Safety, Reliability, and a Vetted Workforce

Stakeholders emphasized that the Postal Service differentiates itself from competitors with its primary operational strengths: safety, reliability, affordability, and a vetted career workforce. For shippers focused on service consistency, the Postal Service stands out as a stable partner supported by established labor protections, security protocols, and a dedicated law enforcement arm. In contrast, some alternative carriers heavily relying on gig-based labor are viewed by stakeholders as vulnerable to high turnover, service inconsistency, and shifting labor regulation which makes them more prone to operational and regulatory disruptions.[47] The Postal Service's permanent workforce and secure handling of parcels and customer data protection bring value to commercial shippers seeking to mitigate supply chain risks.

Nationwide Reach and Universal Pricing

USPS maintains an unmatched geographic footprint, serving every U.S. address under its universal service obligation. With more than 33,000 post offices – over half in rural ZIP codes – the Postal Service provides consistent commercial delivery pricing to both urban and remote areas. While some alternative carriers, as well as Amazon, are rapidly expanding their geographic reach, their models are primarily focused on density and delivering a high volume of packages in urban areas. Stakeholders view the Postal Service's ability to offer comprehensive, nationwide reach without rural surcharges as a superior value proposition for commercial shippers requiring reliable, national coverage.

Evolving Consumer and Shipper Expectations

Trust and convenience continue to shape ecommerce behavior. According to DHL's 2026 ecommerce trends report, 76 percent of consumers in the United States say they would not shop with a brand if they did not trust the delivery or returns provider.[48] Ecommerce customers in the United States highly value convenience, including fast and free delivery, and easy returns. Another priority for both ecommerce shoppers and businesses is more parcel shops and locker locations. To align with these consumer priorities and broader market trends, key opportunities identified by USPS and industry experts include:

- Build deeper, long-term relationships with large shippers whose growth investments require a dependable logistics partner that offers long-term infrastructure certainty and low operational risk;
- Continue to open access to its last-mile network to remain the primary final-delivery partner for shippers, logistics integrators, and third-party logistics providers managing middle-mile supply chains;
- Emphasize secure handling of parcels and customer data as an integral part of the Postal Service's offers;
- Continue investing in technology and process improvements, such as AI-driven route optimization and offering smart lockers to lower last-mile delivery costs, reduce failed delivery attempts, and provide secure, 24/7 self-service options for consumers; [49] and

46 Informed Delivery is a free service from the Postal Service that provides status updates to customers about their incoming mail and packages. Customers can access Informed Delivery notifications via email, the USPS web site, and since October 2025 through an app. For example, the customer receives immediate push updates when an incoming package's delivery status changes.

47 A single change in labor regulations could drastically impact gig-based operators. For example, New York City is considering a local law that would require companies that deliver merchandise from local warehouses to customers, such as Amazon, to directly employ delivery drivers rather than relying on third-party contractors or DSPs. This bill aims to ensure delivery workers receive standard employment benefits and protections. See Intro. No. 518-2026, § 20-566.3 – Direct employment, https://legistar.council.nyc.gov/View.ashx?M=F&ID=15188100&GUID=AC681A1B-646E-4112-BB96-DBF37A1FCEDA, p.6.

48 DHL eCommerce, "2026 e-commerce trends by country: Global shopper and business insights," https://www.dhl.com/global-en/microsites/ec/ecommerce-insights/insights/reports/2026-country-reports.html.

49 See USPS OIG, *Postal Applications of Artificial Intelligence*, Report No. RISC-WP-26-003, August 3, 2026, https://www.uspsoig.gov/sites/default/files/reports/2026-08/risc-wp-26-003.pdf.

- Monitor and adapt to emerging technological trends, such as "agentic commerce", where AI agents autonomously evaluate merchant options, compare delivery/return terms, and complete selections and transactions on behalf of customers.

While the Postal Service refines its market strategies to adapt to competitors with greater operational flexibility and access to private capital, market imbalances can arise when emerging business models operate outside established regulatory structures. While not representative of the broader logistics industry, the practices of certain carriers have recently come under state and federal review regarding compliance with labor, operational, and safety standards. Because strategic adjustments alone cannot counter unfair practices, ensuring consistent compliance across all carriers remains key to a healthy, competitive marketplace.

Conclusion

The rapid expansion of tech-enabled alternative carriers is driving significant fragmentation in the U.S. last-mile delivery market, causing the Postal Service to lose market share in low-weight ecommerce packages, a segment that represents a vital portion of its total parcel volume. The competitive advantage of these emerging providers stems from flexible business models that leverage aggressive pricing, access to venture capital, efficiency-boosting technologies, and gig-based labor. This agility and capital availability exerts substantial competitive pressure on traditional carriers like the Postal Service, which operate within a strict regulatory framework and rely on extensive legacy infrastructure.

To navigate these shifting market dynamics, the Postal Service's strategy is focusing on expanding its customer base by pursuing higher-margin partnerships, upgrading technological capabilities to improve data visibility and system integration with shipping partners, and expanding last-mile delivery options to enhance consumer convenience while reducing operational costs.

Interviews we conducted with industry experts, stakeholders and the Postal Service highlighted strategic strengths that can increase USPS's competitiveness in a fast- changing market:

- **Capitalize on its Universal Reach:** Leverage its unmatched nationwide reach and price parity across urban and remote regions to position itself as a reliable delivery partner for large shippers seeking consistent nationwide coverage.
- **Emphasize Workforce Stability and Security:** Differentiate against gig-based delivery models by promoting its permanent, vetted career workforce and law enforcement infrastructure that safeguard parcel integrity and customer data.
- **Modernize Infrastructure and Service Delivery:** Drive technological innovation by expanding smart parcel lockers, integrating direct shipping APIs, and deploying AI-driven route optimization to match modern ecommerce convenience expectations.

While these internal strategies and operational strengths enhance competitiveness, the broader market environment remains challenging. Market dynamics may be further complicated by the behavior of some emerging carriers whose potentially unfair labor, safety, and business practices have recently drawn government scrutiny. Ultimately, establishing a level playing field through consistent compliance enforcement across all industry participants will be essential to ensuring an equitable, competitive marketplace.

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Appendix A: Additional Information

Objective(s) and Scope

The three objectives of this white paper were to:

- Describe the current competitive landscape of the domestic last-mile ecommerce package delivery market, its evolution over the past five years, and the key factors driving changes in this market.
- Profile the strategies deployed by emerging and new ecommerce platforms and delivery companies.
- Analyze the implications that the growth of these new and emerging carriers has on the Postal Service's ecommerce package delivery business.

This paper covers the key trends and players in the last-mile delivery landscape in the U.S. since 2020 which marks the boom of ecommerce during the COVID-19 pandemic and the implementation of the UPU rules on self-declared rates. For key players, the Postal Service, UPS, FedEx, and Amazon were included in the analysis as well as the following 14 alternative carriers: Better Trucks, CDL Last Mile Solutions, GoBolt, GOFO, Jitsu, LSO (Lone Star Overnight), Maersk E-Commerce, OnTrac, Shipt, Spark, SpeedX, United Delivery Service (UDS), UniUni, and Veho. In selecting the 14 alternative carriers, the OIG sought a mix of new integrators/large retailer carriers, regional carriers, and emerging cross-border specialists, as well as a diversity of business models, competitive strategies, and/or technologies.

Methodology

To accomplish our objectives, the OIG applied a mixed-methods approach combining desk research, stakeholder interviews, and data analysis.

Desk research involved analyzing legal, regulatory, technological, and other changes impacting last-mile delivery in the U.S. The OIG also evaluated the business strategies employed by alternative carriers to compete against the Postal Service and other traditional delivery providers. Available financial data on both legacy and alternative carriers were obtained from public and private sources.

To complement this research, the OIG conducted semi-structured interviews with industry experts and leaders regarding last-mile delivery market changes and key players. The Postal Service leadership was also interviewed about USPS's current strategies and potential opportunities in the last-mile delivery space.

The OIG also analyzed internal USPS data to assess the impact of changes in the last-mile delivery market on the Postal Service's package delivery business.

The inspection was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation. We discussed our observations and conclusions with management on September 18, 2026 and included their comments where appropriate.

Prior Coverage

Title	Objective	Report Number	Final Report Date	Monetary Impact
The International Package Market – Trends and Opportunities for the Postal Service	Identify the key factors driving change in the international package market and their impact on the Postal Service. Analyze the Postal Service's strategic response, in comparison with other carriers, and identify opportunities for the USPS to strengthen its international package business.	RISC-WP-23-006	May 15, 2023	$0
Implementing Advanced Electronic Data: Challenges and Opportunities	Review the challenges surrounding AED requirements and their potential solutions. Examine potential strategies for meeting AED compliance. Examine the potential ways USPS can handle non-compliant items.	RISC-WP-20-010	September 30, 2020	$0
Same-Day Delivery: Implications for the U.S. Postal Service	Assess current customer interest in same-day delivery products. Discuss the hurdles to and drivers of future growth of same-day delivery market. Draw conclusions regarding the potential value of same-day delivery to USPS and its customers.	RISC-WP-20-002	January 8, 2020	$0
Technological Disruption and Innovation in Last Mile Delivery	Examine four innovations expected to influence last-mile delivery in the next five to seven years – advanced algorithms and analytics, drones, robots, and driverless vehicles – and key market entrants leveraging these technologies and their emerging business models.	RARC-WP-16-012	June 6, 2016	$0
Terminal Dues in the Age of Ecommerce	Examine concerns and assess the impact of terminal dues distortions in the international small package market.	RARC-WP-16-003	December 14, 2015	$0

Appendix B: List of Alternative Carriers Reviewed

Company	Year Founded	Geographic Area(s) in the U.S.	Company Information
Better Trucks	2019	Greater Midwest region and parts of the Northeast, Southwest, and Texas	Specializes in residential deliveries with a mission to build a faster, tech-first, and radically transparent last-mile network.
CDL Last Mile Solutions	1955	Northeast to the Mid Atlantic	Operates as a family-owned company that began as a trucking and messenger service for the Tri-State area. Offers time-critical delivery across diverse industries.
GoBolt	2017	12 major metro cities in North America including Houston, Los Angeles, Miami, and New York.	Launched as a Toronto-based consumer self-storage startup before it pivoted to fulfillment and last-mile logistics for ecommerce. Aims to build the largest sustainable supply chain network, offering carbon-neutral deliveries.
GOFO	2023	47 states, including 58 out of the top 60 metro areas	Aims to become the trusted last-mile partner for every local journey, combining innovative technology with local expertise. Delivers for ecommerce and local businesses across the U.S. with its early growth fueled by serving major Chinese ecommerce platforms Temu and SHEIN.
Jitsu	2015	The most densely populated metro areas across the U.S. including the West Coast, Midwest, Southwest, and Northeast	Built on innovative technology and an asset-light model, with flexibility to scale for surge capacity and quickly onboard new businesses. Its mission is to provide the most efficient and sustainable last-mile delivery.
LSO (Lone Star Overnight)	1991	Southwest	Provides a broad range of parcel delivery services across Texas and the Southwest (its HQs is in Austin, TX). Claims customers receive the same service and reliability as a national carrier for up to 40 percent less.
Maersk E-Commerce	2021	Full national coverage	Became part of A.P. Moller – Maersk, a global integrated container logistics company, via a strategic acquisition in 2021. Uses a multi-carrier system that mixes national giants with regional specialists, allowing it to flex capacity.
OnTrac	1986	35 U.S. states and Washington D.C. including 48 of the top 50 U.S. metro areas	Operated in the western U.S. until merging in 2021 with LaserShip, an established regional carrier covering the East and Mid-west. Advertises as the #1 alternative carrier network for ecommerce shippers.
Shipt (Target)	2014	In all major metro areas and throughout most of the U.S.	Founded in 2014 as a same-day grocery delivery service provider. Acquired by Target in 2017 to accelerate the retailer's digital fulfillment and same-day capabilities.
Spark (Walmart)	2018	In all 50 U.S. states	Launched by Walmart for delivering groceries and essentials directly to customers' doors. Introduced Walmart GoLocal, its white-label, delivering-as-a-service offering in 2021, offering same-day, next-day, and scheduled delivery.

Company	Year Founded	Geographic Area(s) in the U.S.	Company Information
SpeedX	2022	Major U.S. cities, including New York, Los Angeles, Miami, Dallas, and Chicago	Began next-day and second-day delivery service in New York City in response to pandemic demand. In 2024, SpeedX acquired the cross-border logistics provider Accelerated Global Solutions to expand its domestic air zone-skipping service across the U.S., Canada, and Puerto Rico.
UDS (United Delivery Service)	1972	Midwest	Operates as a family-run business offering a comprehensive range of services spanning overnight, regional overnight, next day, and same day delivery. Advertises delivering faster than national carriers.
UniUni	2019	More than 500 cities across North America including Atlanta, Chicago, Dallas, Denver, Los Angeles, Miami, New York, Salt Lake City, San Francisco, and Seattle	Founded in Vancouver and expanded to the U.S. in 2022. Delivers for ecommerce giants like Temu and has reduced delivery times for SHEIN from 10-14 days to just four – five days across North America. Aims to become an end-to-end national competitor.
Veho	2016	Across the U.S. including the western, southern, midwestern, and eastern parts	Built its end-to-end logistics infrastructure powered by technology to meet the needs of everyday customers and ecommerce. Offers five delivery speeds including next-day and two-day delivery and a promise date on every shipment.

Source: USPS OIG analysis.

Appendix C: Alternative Carrier Revenue

Table 3: Most Recently Reported Annual Revenue of Alternative Carriers

Company	Annual Revenue (in millions)
OnTrac	$488
GoBolt	$100
LSO (Lone Star Overnight)	$65
GOFO	$18
Veho	$12
UniUni	$7
Better Trucks	$5
Jitsu	$5
United Delivery Service	$3

Source: USPS OIG analysis of PitchBook and S&P Capital IQ.

Appendix D: Management's Comments

UNITED STATES POSTAL SERVICE

October 13, 2026

PAOLA PISCIONERI
RESEARCH DIRECTOR
RESEARCH AND INSIGHTS SOLUTION CENTER

SUBJECT: Management Response: Evolving Last-Mile Delivery in the United States (WP 2026RISC007)

Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG's) white paper, *Evolving Last-Mile Delivery in the United States.*

We found the paper to be informative on the status of the market, the Postal Service's position, and the competitive pressures affecting last mile delivery. While, overall, well-presented, there were a couple of areas in the paper that are either misleading, too broad, or not clearly tied to last-mile delivery.

- Under the section titled "Traditional Carriers Focused on Margin Over Volume", the paper gives a broad characterization about ending discounts for parcels under one pound. Published pricing changes for commercial rates for some products, in July of 2026, did result in changes to ounce-based rates, however, Negotiated Service Agreements do vary and are based on specific terms between USPS and the merchant.

- Under the section "Implications for the Postal Service" the statement that since USPS' overall revenue increased, USPS is signaling a broader shift towards higher value shipments. There are several factors that lead to an increase in revenue not simply a focus on higher-value shipments.

As the Postal Service continues to pursue cost-effective delivery options, we also agree that ensuring consistent regulatory enforcement will be important to ensure fair competition.

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cc: *Corporate Audit Response Management*

Brooke Hobbie, Lauren Yeom, John Althen, and Jean-Philippe Ducasse contributed to this report.

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