

# Promises to Keep

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Have you heard this FedEx commercial? “You don’t want your GI Joes wearing dresses, do you? If your package absolutely, positively, needs to be delivered on time, ship it with FedEx.” UPS is currently running this marketing blitz: “Relax. ‘Brown’ can get your shipments to your customers when they need it, where they need it.” Both FedEx and UPS tout their money-back service guarantee. Sounds great, right? It is—until you try to collect. Several industry audit sources claim that 5% of guaranteed deliveries arrive late each year. That amounts to over \$2 billion in shipping revenue. Although millions of dollars are paid in refunds every year, the carriers don’t exactly make it easy.

## Is it late?

Both FedEx and UPS guarantee on-time delivery of packages shipped via air express (one-day, two-day, or three-day) and commercial ground. FedEx Home Delivery guarantees residential ground shipments—a big plus for business-to-consumer catalogs. Forget about any service guarantee on UPS residential ground shipments; they are not covered.

Each carrier’s guaranteed delivery commitments vary slightly—by service, by delivery area, and by address type (commercial or residential; see the FedEx chart on page 73). Ground service commitments can be obtained directly from carrier Web sites. Go online and print a U.S. transit time map from your shipping location. Additional information on service commitments can be found on each carrier’s Web site.

To determine if packages are late, first track shipments and compare them to the carrier’s delivery commitment. For most shippers, this is a difficult and time-consuming process. It usually involves keying tracking numbers into a Web site and analyzing the results. By definition, if your package is 60 seconds or more late, you’re entitled to a refund.

## But wait, not so fast.

Once you have determined that the shipment is actually late according to the terms of the commitment, you have to see if the carrier had a valid excuse for being late—and the list of exceptions and fine print is lengthy. For example, is the label bad? Is the address incorrect? Was the item returned or undeliverable? Is the shipper on credit hold? Are there any customs or other regulatory delays? Is the shipment outside the service area? Was a person unavailable to accept delivery? Even if you authorize your carrier to release packages without a signature, the carrier is still not liable for service refunds if a package is late because it was not released. The exemptions continue—carriers may change delivery commitment times or suspend the money-back guarantee in the event of flight delays, earthquakes, volcanoes, bad weather, civil unrest, labor unrest, mechanical problems, or anything “beyond our control.” The carrier is the final judge of whether a shipment is late.

One final exception is for holiday shipping. Both UPS and FedEx suspend or modify money-back guarantees several weeks before Christmas. Last year, FedEx did not suspend the guarantee on express shipments, a welcome bonus for catalog shippers.

Once you have tracked your shipments and checked to see if your carrier had valid excuses for being late, it is time to request refunds on late shipments.

### **State of the case**

If you want to obtain refunds on late shipments, time is money. FedEx requires claims to be filed within 15 calendar days of the original invoice date or ship date. Do you like to talk (800-GOFEDEX) or would you rather input data over the Internet? Pick your poison. Online, go to [www.fedex.com/us/account/](http://www.fedex.com/us/account/) and click on the invoice adjustment link. You will need to type in your invoice number and tracking number for every late shipment. FedEx also allows claims to be made in writing. Notification must include your account number, tracking number, shipment weight, and ship date.

UPS requires notification in writing or by telephone (800-PICKUPS) within 15 calendar days of the scheduled delivery date. Be prepared to provide the UPS tracking number, consignee's name and address, date of shipment, and package weight. Each claim must be processed one shipment at a time. UPS does not offer an easy method of entering claims on its Web site.

### **No trouble**

If you haven't done enough already, here is the final zinger. Tariff item 478 provides that UPS may assess a shipper an additional charge for tracking more than 20% of its packages. UPS can also charge you for requesting a refund on a package that arrived on time. This so-called "excessive tracking, tracing, and refund request" charge is \$3 per shipment up to 2% of your total weekly volume.

UPS apparently wants to use this tariff provision to discourage shippers from requesting refunds. I'm aware of at least one company that was prevented from tracking its own shipments and requesting refunds by the threat of this charge. A UPS representative told the company that to avoid the fee it should limit tracking to packages about which customers complain.

This kind of advice makes the UPS money-back guarantee appear to be more fiction than fact. UPS doesn't really want you to track your packages. "Brown" would rather keep your money. It's time to fight back. Shippers need to address this issue in carrier negotiations and consider using carriers that allow them to track packages and provide "real," hassle-free refunds on late shipments. With this kind of system, it seems that only well-educated shippers or professional audit firms can successfully navigate the maze of rules and regulations.

And there are several such firms with whom you can work. If you still feel used and confused in regard to the carriers, seek outside help. Professional audit firms can help you claim refunds due for service failures. These firms generally work on a contingency basis and get paid a percentage of your refunds. Many such companies have booths at this year's National Conference on Operations and Fulfillment in Nashville, TN. Feel free to contact me if you have questions or need assistance. I hope to see you at NCOF.