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INVESTIGATING WHAT'S NEXT FOR SHIPPERS

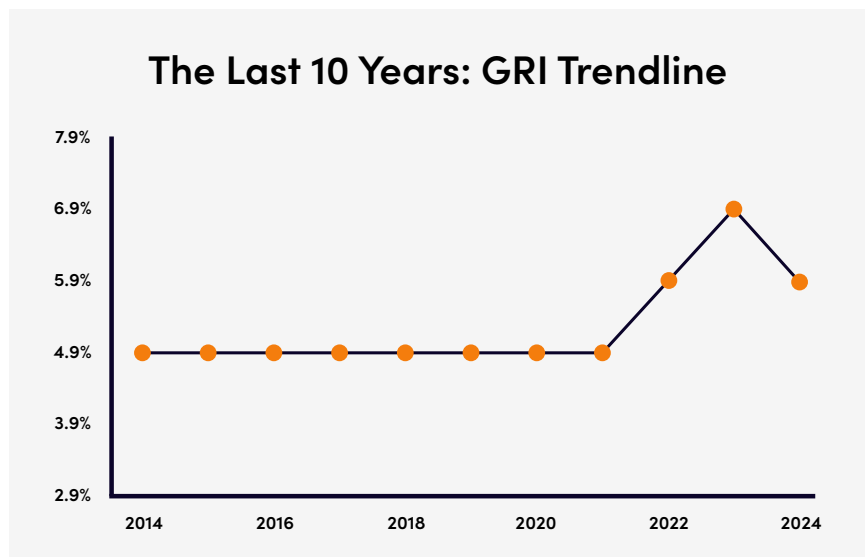
2024 FedEx and UPS GRI Analysis



5.9%

It's General Rate Increase (GRI) season once again. In true duopoly fashion, **FedEx** and **UPS** have announced the same GRI for 2024 at **5.9%**. Down 1% from 2023's 6.9% increase.

But remember 5.9% is just an average. The impact to your business could be much higher.



Before we dive into the rate details, here are some key takeaways:

- Both carriers are hitting express over zone 5 the hardest
- Packages greater than 50 lbs will see the biggest increases

As expected, they are driving home their message that they only want to ship the most profitable packages: Small, lightweight and delivered to urban areas.

2024 GRI Highlights

Surcharge	GRI %
Announced GRI	5.9%
FedEx Residential Surcharge, Express	6%
FedEx Residential Surcharge, Ground	1%
FedEx Additional Handling	18.9%+
FedEx Oversize	18.5%+
UPS Residential Surcharge, Express	6%
UPS Residential Surcharge, Ground	7.6%
UPS Additional Handling	18.2%+
UPS Large Package Surcharge	18.5%+



THE DETAILS

2024 UPS GRI

Base Rate Increases

Some express services are hovering in the 7% range – well over the 5.9% announced average.

For example, let's take a look at a 1lb package shipped in Zone 2 for the following services:

UPS Services	2022 Rate	2023 Rate	2024 Rate	2023- 2024 Increase
UPS® Ground	\$9.36	\$10.10	\$10.70	5.9%
UPS 3 Day Select®	\$13.57	\$14.59	\$15.25	4.5%
UPS 2nd Day Air®	\$21.23	\$22.82	\$24.07	5.5%
UPS 2nd Day Air AM®	\$23.13	\$24.95	\$26.68	6.9%
UPS Next Day Air Early®	\$64.50	\$67.44	\$70.40	4.4%
UPS Next Day Air®	\$34.50	\$37.44	\$40.40	7.9%
UPS Next Day Air Saver®	\$31.54	\$34.33	\$36.79	7.2%

UPS Additional Handling & Large Packages

Domestic charges are zone-based for additional handling and large packages. *Last year, these increases started at 13% and now they start at 18%.*

UPS Surcharges	2022 Rate	2023 Rate	2024 Rate	2023 - 2024 Increase
Additional Handling (Weight)				
Zone 2	\$25.25	\$29	\$34.50	19%
Zone 3-4	\$27.50	\$31.50	\$37.50	19%
Zone 5+	\$30.50	\$34.50	\$41.50	20.3%
Additional Handling (Dimension)				
Zone 2	\$15.75	\$18.50	\$22	18.9%
Zone 3-4	\$17.50	\$20.50	\$24.50	19.5%
Zone 5+	\$20.50	\$23.50	\$28.25	20.2%
Additional Handling (Packaging)				
Zone 2	\$14	\$16.50	\$19.50	18.2%
Zone 3-4	\$16	\$19	\$23	21.1%
Zone 5+	\$17.50	\$20.50	\$24.50	19.5%

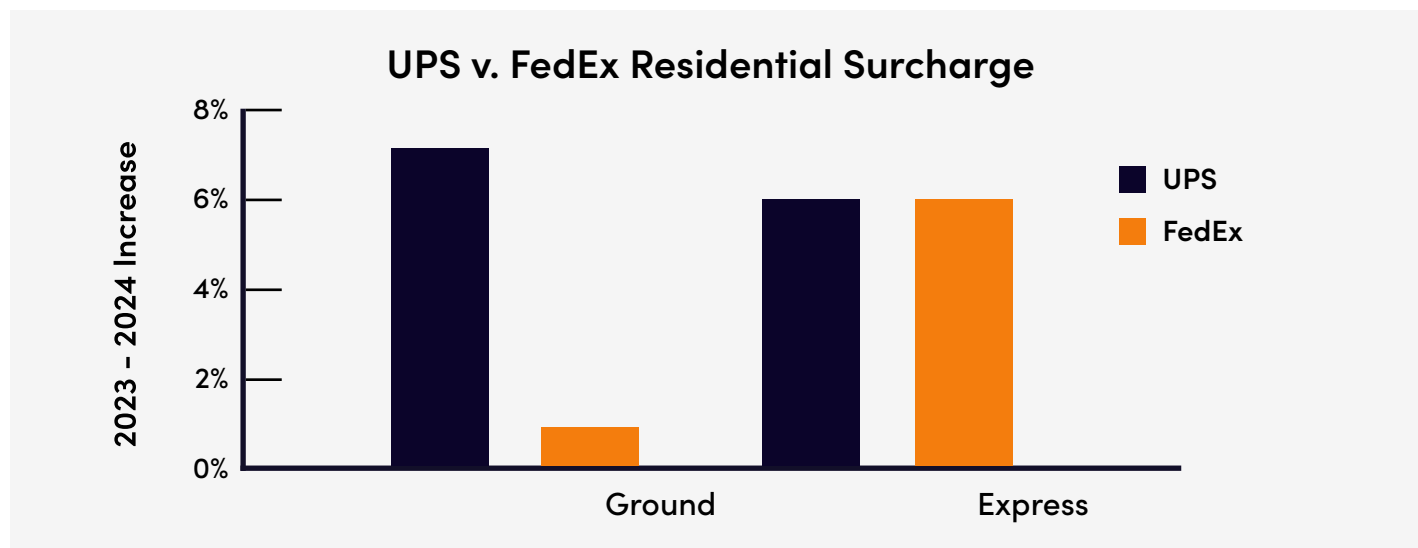
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UPS Surcharges	2022 Rate	2023 Rate	2024 Rate	2023 - 2024 Increase
Large Package (Commerical)				
Zone 2	\$110	\$135	\$160	18.5%
Zone 3-4	\$120	\$145	\$175	20.7%
Zone 5+	\$140	\$165	\$197	19.7%
Large Package (Residential)				
Zone 2	\$135	\$160	\$190	18.8%
Zone 3-4	\$145	\$179	\$205	20.6%
Zone 5+	\$165	\$196	\$235	20.5%

UPS Residential Delivery Surcharge

A key difference in FedEx and UPS increases this year is in this category. UPS increased their residential surcharges/fees by 7.6% for Ground and 6% for Air. FedEx matched them on Air/Express® at 6%, but they only increased their Ground® Residential Fee by 1%. UPS is making it clear that Ground® residential packages aren't efficient for them.

UPS Residential Surcharge	2022 Rate	2023 Rate	2024 Rate	2023- 2024 Increase
UPS® Ground	\$4.85	\$5.25	\$5.65	7.6%
UPS® Air	\$5.35	\$5.85	\$6.20	6%



UPS Delivery Area Surcharges

UPS Delivery Area Surcharges (DAS) will increase at a minimum of 6.8% for Ground services and up to 5.5% for Air.

UPS Delivery Area Surcharge	2022 Rate	2023 Rate	2024 Rate	2023- 2024 Increase
UPS® Ground (Commercial)	\$3.40	\$3.70	\$3.95	6.8%
UPS® Ground (Residential)	\$4.80	\$5.30	\$5.70	7.5%
UPS® Air (Commercial)	\$3.55	\$3.70	\$3.95	6.8%
UPS® Air (Residential)	\$5.20	\$5.55	\$5.85	5.5%

DAS's are billed based on which zip codes each package is delivered to. It's one of those 'destination-based' charges, and while you can't control where your customers want packages shipped, you can make some adjustments on your end to help lower the cost.



THE DETAILS

2024 FedEx GRI

Base Rate Increases

Some express services are hovering in the 7% range – well over the 5.9% announced average.

For example, let's take a look at a 1lb package shipped in Zone 2 for the following services:

FedEx Services	2022 Rate	2023 Rate	2024 Rate	2023- 2024 Increase
FedEx Ground® & FedEx Home Delivery®	\$9.36	\$10.10	\$10.70	5.9%
FedEx Express Saver®	\$19.57	\$21.03	\$21.97	4.5%
FedEx 2 Day®	\$21.02	\$22.59	\$23.83	5.5%
FedEx 2 Day® AM Package	\$23.52	\$25.37	\$27.12	6.9%
FedEx Priority Overnight®	\$34.14	\$37.04	\$39.96	7.9%
FedEx Standard Overnight®	\$31.22	\$33.87	\$36.41	7.5%

Zone-Based Additional Handling & Oversize Surcharges

If you ship heavy packages, weight and dimensions-based fees are up as much as 21%.

Zone-based charges to calculate additional handling and oversize fees are here to stay. And anything being shipped to zone 7+ or higher will get tacked with charges that pack an extra punch. Zones 7+ will see price increases of 20%.

On average, the Additional Handling Surcharge is going up 19.6%. Oversize fees are up 19.6% for Express/Ground and 20.1% for Home Delivery.

FedEx Services	2022 Rate	2023 Rate	2024 Rate	2023 - 2024 Increase
Additional Handling (Weight)				
Zone 2	\$25.25	\$29	\$34.50	19%
Zone 3-4	\$27.50	\$31.50	\$37.50	19%
Zone 5-6	\$29.50	\$33.50	\$40	19.4%
Zone 7+	\$31.50	\$36	\$43.50	20.8%
Additional Handling (Dimension)				
Zone 2	\$15.75	\$18.50	\$22	18.9%
Zone 3-4	\$17.50	\$20.50	\$24.50	19.5%
Zone 5-6	\$19.50	\$22.50	\$27	20%
Zone 7+	\$21.50	\$25	\$30	20%

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FedEx Services	2022 Rate	2023 Rate	2024 Rate	2023 - 2024 Increase
Additional Handling (Weight)				
Zone 2	\$14	\$16.50	\$19.50	18.2%
Zone 3-4	\$16	\$19	\$23	21.1%
Zone 5-6	\$17	\$20	\$24	20%
Zone 7+	\$18	\$21	\$25	19%
Oversize (Express/Ground)				
Zone 2	\$110	\$135	\$160	18.5%
Zone 3-4	\$120	\$145	\$175	20.7%
Zone 5-6	\$135	\$160	\$190	18.8%
Zone 7+	\$145	\$170	\$205	20.6%
Oversize (Home Delivery)				
Zone 2	\$135	\$160	\$190	18.8%
Zone 3-4	\$145	\$170	\$205	20.6%
Zone 5-6	\$160	\$190	\$230	21.1%
Zone 7+	\$170	\$200	\$240	20%

FedEx Residential Delivery Surcharge

The average Residential Delivery Surcharge for FedEx Ground® is lower than the announced average at 1%. But Express shippers aren't so lucky. They'll see a 6% increase.

FedEx Residential Delivery Fees	2022 Rate	2023 Rate	2024 Rate	2023- 2024 Increase
FedEx Ground®	\$5.20	\$5.50	\$5.55	1%
FedEx Express®	\$5.30	\$5.80	\$6.15	6%

FedEx Delivery Area Surcharges

DAS fees for Express shippers are up 5.3%+. 7.5% for FedEx Ground®.

The 2023 Delivery Area Surcharge Remote Fee® has a massive \$14.25 price tag for Ground and Express. \$71.25 for Maximum charge with Ground/Express Multiweight Pricing!

See table on the next page.

FedEx Delivery Area Surcharges	2022 Rate	2023 Rate	2024 Rate	2023- 2024 Increase
U.S. Express Package Services (Residential)	\$5.20	\$5.55	\$5.85	5.4%
U.S. Express Package Services (Commercial)	\$3.55	\$3.70	\$3.95	6.8%
U.S. Ground Services (Residential)	\$4.80	\$5.30	\$5.70	7.5%
Maximum Charge with FedEx Express Multiweight Pricing (Commercial)	\$17.75	\$18.50	\$19.75	6.8%
Maximum Charge with FedEx Express Multiweight Pricing (Residential)	\$26	\$27.75	\$29.25	5.3%
Maximum Charge with FedEx Ground Multiweight Pricing (Residential)	\$24	\$26.50	\$28.50	7.5%
Maximum Charge with FedEx Ground Multiweight Pricing (Commercial)	\$17	\$18.50	\$19.75	6.8%



What You Can Do

How to Reduce Your Shipping Costs From the 2024 GRI

Step #1: Get an Accurate Picture of What the GRI Means for You

The 5.9% average general rate increase is just that. General. An average of the rates across the board. So if you're taking 5.9% and running with it for budgeting, it won't be accurate. You need to dive into the data to see how the rate hikes will affect your shipping profile.

*Start with comparing your current **landed cost** against your landed cost after the 2024 general rate increases.*

This is the total amount it costs to create a product, transport it, and have the customer receive it.

A few essential metrics you need:

- Average zone
- Average price/pack
- Total accessorial charges
- Shipping charges by service type
- Spend trends
- Carrier agreement terms & discounts

These costs add up quickly. Especially when it comes to accessorial charges.



For example, with FedEx, to ship a one-pound package express, you could incur base transportation costs, plus:

- **A residential surcharge (6% higher in 2024)**
- **A dimensional weight charge (higher than your actual weight charge would be)**
- **A delivery area surcharge (5.4% higher in 2024)**

Heads up. Your carriers are tracking these metrics and using them to their advantage. They know your profile well and have their own profits in mind.

If you want to ease the blow of these increases, you need to think as the carrier thinks and ship like they want you to ship.

If you're feeling overwhelmed or crunched for time, you're not alone. Software like **Sifted Logistics Intelligence** can model these changes for you.

Step #2: Build a Plan to Minimize Impact

Don't give carriers the upper hand. While you can't hide your shipping profile from them, you can use your data to identify inefficiencies and make changes.

View Your Carrier as an Ally during Negotiations

You can **work together with your carrier representative**

to find how you can help them be more efficient so they can help your efficiency in return. Use step #1 to run the numbers and find where the GRI will hit you the hardest. Then identify areas of leverage and negotiate based on your shipping profile.

Analyze Your Carrier Agreement for Hidden Fees and Surcharges. (Read the Fine Print!)

Sift through your agreement to find any minimum spending clauses. You may have negotiated a discount that decreases your shipping costs, but does it offset the deal if there's a shipping minimum?

Consider Internal Adjustments to Offset Costs

- Pass additional shipping costs onto your customers
- Downgrade to cheaper shipping with longer transit times
- Work with regional carriers and expand your carrier mix
- Explore other ways to offset surcharges like box optimization or zone skipping
- Find ways to maximize in-region fulfillment

Get Ahead of the GRI Before it Gets Ahead of You

With Sifted Logistics Intelligence, you can analyze exactly how the GRI increases will affect you.

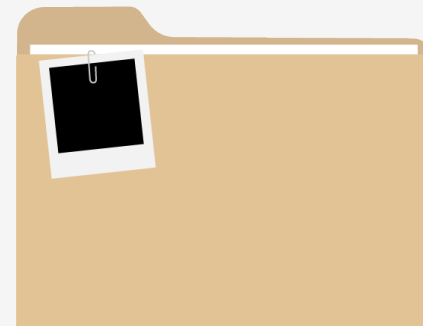
There is an entire dashboard dedicated to doing just that.

To take it a step further, use Sifted decision support tools to run advanced modeling scenarios. It will help you recognize when to:

- **Open a new Distribution Center**
Your origin optimization has to be a top priority with additional handling and oversize surcharges zone-based
- **Add regional or LTL carriers to your mix**
You shouldn't rely solely on UPS and FedEx
- **Re-evaluate appropriate packaging**
Are you getting hit hard with accessories? Looking at you, large packages.

Don't let the GRI slow you down – or catapult you deep into the red. Sifted has the insights you need to stay ahead of the carriers and your competition.

Ready To See Your Real GRI Impact?



[Schedule a Free Analysis](#)

