



## **AFMS Breakdown of 2021 UPS Rate Increase Announcement More rate increases coming from UPS in 2021**

### **4.9% Higher Rates for UPS Shippers in 2021 Accessorial Increases continue at a blistering pace UPS to re-shuffle deck on DAS zip codes.**

United Parcel Service unleashed their 2021 General Rate Increase on Friday, October 29<sup>th</sup>. Overall, UPS Ground, Air and International rates, will increase an average of 4.9%. Remarkably similar to increases set by FedEx last month. Accessorials, fees and surcharges will see an increase of 4.84% -9.82%. While base freight rates mirror last year's rate increase of 4.9%, Accessorial fees and surcharges will continue to add to the company's coffers. SurePost service increases have yet to be posted.

UPS saved the best for last and imposed additional increases on top of the multitude of Peak and accessorial charges we have been telling you about since they started applying them back in May. No doubt that these series of "revenue enhancements" make it more challenging to figure out 2021 transportation budgets. If COVID wasn't enough to consider this year, many shippers were told to limit daily volumes, hedge for the possibility of engaging with Regional carriers (who by the way were also at capacity) to take the overflow and in some cases a desperate scramble to keep current agreements intact. . As we enter the stretch run of the 2020 season, we do know that UPS has made some bold moves to ensure they can successfully deliver current packages flowing into the network. While hiring 100,000 temporary employees may seem daunting to some organizations (not to mention making a serious dent in 4QTR profits) to handle, UPS will no doubt be tested in both its' reliability and on time performance.

Perhaps a befitting end to a year riddled with mid calendar fee adjustments and Peak surcharges. As we all watched both UPS and rival FedEx carve out for their collective slice of the "over-capacity" laden market.

#### **GROUND**

UPS has announced that overall Ground rates will increase by 4.9%.

- **Residential Delivery Surcharge:** The Residential Surcharge will increase \$0.35 (8.53%) to \$4.45.
- **Delivery Area Surcharge:** Ground Commercial DAS will increase by \$0.15 (5.08%) to \$3.10 while Ground Commercial-Extended DAS will increase by \$.25 (7.24%) to \$3.70. Ground Residential DAS will increase by \$0.30 (7.50%) to \$4.30, while Ground Residential-Extended will be bumped up by \$.50 (9.25%) to \$4.30. Close to double digit increases continue to signal an area of concern for "Big Brown".

Continued focus on lightweight packages continues for 2021. Ground, Zone 2, 1lb package (the ground minimum) has increased at slightly higher rate (6.44%) than the announced 4.9% while packages in the 1-5lb category increased on average 5.96% -7.04%. Mirroring FedEx Ground rate hikes.

**AFMS specializes in helping companies get best in class shipping rates with UPS and FedEx. AFMS employees all previously worked at UPS & FedEx overseeing the pricing and sales departments for these global carriers. If you're looking for price benchmarking intelligence - Contact AFMS for a detailed analysis at 800-246-3521, email us at [info@afms.com](mailto:info@afms.com) or visit us at [www.afms.com](http://www.afms.com)**



	2	3	4	5	6	7	8
1	6.44%	5.09%	5.99%	6.05%	6.04%	5.97%	5.97%
2	5.96%	5.97%	6.99%	7.02%	7.00%	7.00%	6.96%
3	7.03%	6.98%	6.99%	6.97%	7.03%	7.04%	7.02%
4	7.04%	6.01%	7.04%	7.01%	6.98%	7.00%	6.98%
5	5.98%	6.02%	5.99%	6.04%	6.01%	6.00%	7.01%

A breakdown of Ground weight-breaks (see tables below) will further illustrate the focal point for 2021. A higher than average rate increase for the 1-5 lb. weight ranges will continue to draw the attention of the lightweight ground market shipper. Although a slightly higher rate increase can be seen in the short zone (2-4) weight breaks, longer zones (5-8) illustrate a tapering off with the exception of topping the 7.0% mark for a Z8, 5 lb. package. Consistent application of the rate increase can be seen throughout the rest of the chart.

Average Increase 1-70lbs. Z 2-8	5.09%
All 2-8	4.88%
1-5 lbs.	6.53%
6-15 lbs.	4.89%
16-20 lbs.	4.91%
21-30 lbs.	4.71%
31-70 lbs.	5.08%
71-150 lbs.	4.71%

Weight Break (s)	2	3	4	5	6	7	8	Overall Zones 2-8
1-150 lbs	5.03%	4.91%	4.95%	4.90%	4.74%	4.79%	4.86%	4.88%
1-5 lbs	6.49%	6.01%	6.60%	6.62%	6.61%	6.60%	6.79%	6.53%
1-70 lbs	5.42%	5.13%	5.27%	5.16%	4.83%	4.84%	4.97%	5.09%
71-150 lbs	4.70%	4.71%	4.68%	4.68%	4.67%	4.75%	4.76%	4.71%

**Contact AFMS for a detailed cell by cell rate impact analysis**

**Ground and 3 Day Select Hundredweight** will be increasing as follows: Ground (3.61%-10.03%) and 3 Day Select (5.44%-18.19%) depending on the tier classification. A similar application as Air CWT. Consistency evident across all zones and weight breaks. (see table below).

Hundredweight Service (Z2-Z8)	From	To
Ground CWT	10.00%	10.61%
3 Day Select CWT	5.44%	18.19%

**Ground and 3 Day Select Hundredweight Shipment Minimums** will be increasing as well. Ground (4.41%-5.49%) and 3 Day Select (5.00%-5.18%). Consistent with all zones and weight breaks. (see table below).

Ground CWT-Minimum Charge Increase										
Tier/Zone	2	3	4	5	6	7	8	44	45	46
1 to 5	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.45%	5.45%	4.41%
6	5.08%	5.08%	5.08%	5.08%	5.08%	5.08%	5.08%	5.56%	5.56%	5.06%
7	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.95%	5.95%	5.49%

3 Day Select CWT-Minimum Charge Increase								
Tier/Zone	2	3	4	5	6	7	8	
1-5	5.18%	5.18%	5.18%	5.18%	5.18%	5.18%	5.18%	
6	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
7	5.09%	5.09%	5.09%	5.09%	5.09%	5.09%	5.09%	



**UPS Air & International:**

UPS has announced both Air and International rates will increase by 4.9%, same as in 2020.

- **Air Residential Surcharge:** The Residential Surcharge will increase \$0.30 (6.38%) to \$5.00, compared to 3.3% in the previous year. A larger than average uptick (hitting the \$5.00 mark) should serve as a reminder that the cost to service residential markets continues to surge. High cost to serve + low delivery density=higher than average rate increases.
- **Delivery Area Surcharge:** Air Commercial DAS will increase by \$0.15 (4.84%) to \$3.25. Air Residential DAS will increase by \$0.30 (6.82%) to \$4.70, while Air Residential DAS – Extended will increase by \$0.50 (9.26%) to \$5.90. Matching FedEx, Rural and Super Rural extended delivery areas continue to bear the brunt of higher cost to serve destinations. In addition to the increase, UPS re-shuffled the DAS zip codes by moving over 1,000 DAS zips from Extended DAS to DAS, as well as adding over 1,200 “new” DAS and DAS Extended zips. (see table below).

UPS DAS / DAS Extended Changes - 2021

Added to US 48 DAS	711
Added to US 48 DAS Extended	515
Moved from DAS to DAS Extended	121
Moved from DAS Extended to DAS	1,082
Removed from DAS	433
Removed from DAS Extended	9

**Next Day Air** overall average increase is 4.71% (Zones 102-108). Slightly lower than last year’s 4.90%. Next Day Air Letter will incur a higher than average increase at 6.30% vs. 4.04% for package. NDA package will see a lower than average rate increase (4.04%) while we see a trend that short zone shippers (2-4) receive some breathing room in 2021 by taking (2.00%-2.83%). Lower increases in short zone shipments may offset an average increase. Shifting short zone premium air packages to the Ground network can also be a viable and less expensive option, assuming there is minimal importance placed on time sensitivity. Longer zone (5-8) NDA packages will pay more (5.12% to 7.51%).

**Next Day Saver** shows a slightly lower average increase of 4.24% (Zones 132-138) vs the announcement but lower than last year’s increase of 4.90%. NDA Saver letters will take a 5.71% hit. NDA Saver packages short zone (2-4) see a much lower than average increases ranging from (1.0% to 4.42%).

**Second Day Air** packages will increase an average of 5.19%. a full percentage point higher than both Next Day Air and Next Day Air Saver services. Application of the increase is consistent from a weight perspective, with longer zone packages receiving a slightly higher increase of approximately 5.23%-5.97%.

**Second Day Air A.M** packages will jump off the charts boasting the highest average rate increase of all Domestic air products coming in at 7.09%. Heavier packages (71-150 lbs.) will see a 7.39% average increase and longer zones (5-8) can expect ranges up to 8.57%.

**3 Day Select** clocks in at a slightly higher than average increase of 5.4%. Notice an uptick in the heavier weight cells in 5.9%-7.07% range. However, there are pockets (10-100 lbs.) offering lower than average increases in 2.91% range. This may be an indicator that UPS wants to encourage ground upgrades to the 3Day Select product as they narrow the gap between ground and 3DS published rate cards.



**Air Hundredweight** will be increasing 3.05%-16.47% depending on service and tier classification. Application looks to be consistent across all zones and weight breaks. A better view can be found in the table below.

The following tables outline the Air rate increases by service, zone, and weight breaks. Letter, 1 – 70 lbs., and 70 – 150 lbs.

Overall	2	3	4	5	6	7	8	Overall Zones 2-8
Next Day Air	2.18%	2.22%	3.64%	4.48%	4.15%	5.90%	5.79%	4.05%
Next Day Air Saver	3.47%	3.08%	3.51%	3.83%	3.61%	6.23%	5.97%	4.24%
2nd Day Air	4.85%	5.10%	4.81%	5.54%	5.29%	5.28%	5.47%	5.19%
2nd Day A.M.	6.09%	5.99%	6.05%	7.36%	7.46%	8.27%	8.40%	7.09%
Three Day Select	4.73%	5.32%	5.21%	4.83%	4.90%	5.91%	6.87%	5.40%

AK/HI Metro	AK/HI Rural	AK/HI Origin
6.65%	5.62%	6.48%
-	-	-
5.81%	7.08%	5.48%
-	-	-
-	-	-

Letters	2	3	4	5	6	7	8	Overall Zones 2-8
Next Day Air	3.87%	4.90%	5.80%	6.90%	6.88%	7.89%	7.89%	6.30%
Next Day Air Saver	4.20%	5.25%	4.92%	5.89%	5.90%	6.91%	6.91%	5.71%
2nd Day Air	4.85%	4.85%	4.84%	5.89%	5.88%	5.90%	5.87%	5.44%
2nd Day A.M.	4.95%	4.90%	4.98%	5.94%	5.94%	6.94%	6.94%	5.80%
Three Day Select	-	-	-	-	-	-	-	-

AK/HI Metro	AK/HI Rural	AK/HI Origin
7.90%	4.58%	9.11%
-	-	-
5.88%	7.10%	5.90%
-	-	-
-	-	-

1-70 lbs.	2	3	4	5	6	7	8	Overall Zones 2-8
Next Day Air	2.26%	2.36%	4.37%	4.90%	4.61%	5.90%	5.88%	4.33%
Next Day Air Saver	3.29%	3.43%	4.44%	3.91%	3.67%	6.09%	5.68%	4.36%
2nd Day Air	4.89%	4.89%	4.89%	5.89%	5.72%	5.39%	5.52%	5.31%
2nd Day A.M.	5.72%	5.47%	5.58%	7.05%	7.18%	8.11%	8.24%	6.76%
Three Day Select	4.61%	3.97%	4.10%	3.59%	3.52%	5.06%	6.65%	4.50%

AK/HI Metro	AK/HI Rural	AK/HI Origin
6.47%	5.36%	6.61%
-	-	-
5.81%	7.13%	5.29%
-	-	-
-	-	-

71-150 lbs.	2	3	4	5	6	7	8	Overall Zones 2-8
Next Day Air	2.09%	2.06%	2.98%	4.09%	3.71%	5.86%	5.68%	3.78%
Next Day Air Saver	3.61%	2.75%	2.68%	3.73%	3.52%	6.35%	6.22%	4.13%
2nd Day Air	4.81%	5.28%	4.75%	5.23%	4.91%	5.17%	5.42%	5.08%
2nd Day A.M.	6.42%	6.45%	6.47%	7.65%	7.74%	8.43%	8.57%	7.39%
Three Day Select	4.84%	6.51%	6.18%	5.91%	6.11%	6.66%	7.07%	6.18%

AK/HI Metro	AK/HI Rural	AK/HI Origin
-	-	-
6.70%	-	1.22%
5.80%	7.04%	5.64%
-	-	-
-	-	-

### Air Hundredweight

Hundredweight Service (Z2-Z8)	From	To
Next Day Air CWT	3.65%	14.05%
Next Day Air Saver CWT	3.05%	13.18%
2nd Day Air CWT	6.31%	16.47%
2nd Day Air A.M. CWT	5.26%	12.98%



Contact AFMS for a detailed cell by cell rate impact analysis

**UPS Worldwide Express Export** services will incur an overall increase of 3.80% which is slightly lower than the general announcement of 4.9%. While some cells may actually be lower than last year, one can generally expect to see increases ranging from 1.0% to 6.9%. Holding the line on International Express packages further “flags” their importance in the network. Carrying an extremely high revenue per piece no doubt plays a role in improving profitability. As always, the rates will depend on individual package characteristics as well as destination country/zone. Application of the increases seem to be evenly spread over all weight breaks.

	Canada	Canada	Mexico	UK, France, Italy, Germany, Netherlands, Belgium	St. Lucia, St. Kitts, Bermuda, Dominican Republic	Norway, Denmark, Greece, Finland, Portugal, Spain, Switzerland	Australia, Vietnam, Thailand, Malaysia, Indonesia	Brunei, Cyprus, Egypt, Saudi Arabia	Argentina, Brazil, Colombia, Honduras	Poland, Russia, Czech Republic, Bulgaria	Armenia, Cambodia, Albania, Micronesia	Hong Kong, Japan	India, Nepal, China	Korea			
Wt. Break	81	82	84	901	902	903	904	905	906	907	908	909	911	912	913	920	921
Letters	3.70%	4.13%	5.06%	3.73%	5.64%	3.62%	5.30%	5.15%	5.01%	5.96%	5.74%	5.07%	4.35%	4.83%	5.01%	5.89%	7.30%
1-5 lbs.	4.25%	5.00%	5.34%	4.61%	4.98%	4.68%	4.92%	5.11%	4.17%	3.20%	3.81%	4.50%	5.36%	4.96%	5.68%	3.97%	5.78%
1-100 lbs.	4.55%	5.20%	5.99%	5.33%	4.77%	5.57%	5.88%	2.25%	1.90%	5.18%	5.39%	5.76%	3.39%	5.51%	6.10%	2.60%	4.61%

**UPS Worldwide Saver Export** services will see an overall increase of 3.93% which falls in line with Worldwide Express. Enjoying a smaller than average rate increase of 4.9%. Letters will increase an average of 5.25%, while packages fall in line with 4.76%. Similar increases to Express ranging from (1.63% to 6.90%), with variable application depending on package characteristics and destination country/zone.

	Canada	Canada	Mexico	UK, France, Italy, Germany, Netherlands	Aruba, Barbados, Bermuda	Greece, Finland, Austria, Denmark, Spain	Australia, Guam, Indonesia, New Zealand	Brunei, Cyprus, Egypt, Saudi Arabia	Argentina, Brazil, Colombia, Honduras	Poland, Russia, Czech Republic, Bulgaria	Nigeria, Malta, Cambodia	Hong Kong, Japan	India, Nepal, Pakistan, China	Korea			
Wt. Break	481	482	484	401	402	403	404	405	406	407	408	409	411	412	413	420	421
Letters	4.26%	4.45%	4.99%	4.85%	3.22%	5.02%	5.04%	2.55%	0.93%	4.49%	4.65%	5.01%	2.23%	4.65%	5.52%	1.08%	3.89%
1-5 lbs.	4.37%	4.73%	5.40%	4.39%	4.97%	5.20%	5.08%	5.28%	4.01%	3.20%	3.81%	4.56%	5.47%	4.60%	6.30%	3.97%	5.57%
1-100 lbs.	4.91%	5.15%	5.98%	5.78%	4.81%	6.07%	6.03%	2.28%	1.97%	5.21%	5.43%	6.02%	3.42%	5.48%	6.46%	2.61%	4.60%

**UPS Worldwide Expedited Export** services will carry an overall increase of 3.64%. Expect to see increases in the range of 1.00%-6.80%. Lower weights (1-5lbs) take a slightly higher increase (4.46%) than expanded range (1-100lbs) at (4.25%). Application of rate increase has no discernable pattern. Both lower increases than posted in general announcement.

	UK, France, Italy, Germany, Netherlands	Bahamas, Aruba, Bermuda	Greece, Finland, Austria, Denmark, Spain	Australia, Guam, Indonesia, New Zealand	Brunei, Cyprus, Egypt, Saudi Arabia	Argentina, Brazil, Colombia, Honduras	Poland, Russia, Czech Republic, Bulgaria	Nigeria, Malta, Cambodia	Hong Kong, Japan	India, Nepal, Pakistan, China	Korea			
Wt. Break	601/631	602/632	603/633	604/634	605/635	606/636	607/637	608/638	609/639	611/641	612/642	613/643	620	621
1-5 lbs.	5.80%	1.77%	5.78%	5.60%	5.56%	3.22%	5.42%	3.74%	5.80%	2.25%	5.58%	5.64%	1.83%	4.90%
1-100 lbs.	5.62%	0.54%	5.85%	6.37%	5.88%	2.44%	6.15%	4.21%	3.72%	2.10%	6.28%	5.61%	0.54%	4.25%

**UPS International Worldwide Import Express** services rate increase appears to be linear in application. Zonal distribution will play a big role in actual average. Expect to see increases ranging from 2.90% to 7.90%. Lower weight ranges (1-5lbs.) will take on 5.21% while wider ranges (1-100 lbs.) will incur 4.87% hike. Falling in line with general announcement of 4.9%.

Wt. Break	91	94	951	952	953	954	955	956	957	958	959	961	962	963	970	971
1-100 lbs.	2.90%	5.89%	5.40%	7.90%	3.90%	5.25%	5.34%	5.90%	2.62%	4.82%	4.90%	5.96%	5.90%	2.87%	7.90%	5.90%



## Key Accessorial Changes

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### Changes in Miscellaneous Charges from the **UPS 2021 Daily Rates Announcement:**

<u>Accessorial/Fee/Surcharge</u>	<u>Increase</u>	<u>% Change</u>
Air Delivery Area Surcharge Commercial:	+\$0.15 to \$3.25	4.84%
Air Delivery Area Surcharge Commercial Extended:	+\$0.25 to \$3.85	6.94%
GRD Delivery Area Surcharge Commercial:	+\$0.15 to \$3.10	5.08%
GRD Delivery Area Surcharge Commercial Extended:	+\$0.25 to \$3.70	7.25%
Air Delivery Area Surcharge Residential:	+\$0.30 to \$4.70	6.82%
Air Delivery Area Surcharge Residential Extended:	+\$0.50 to \$5.90	9.26%
Air Residential Delivery Charge:	+\$0.30 to \$5.00	6.38%
Ground Residential Delivery Charge:	+\$0.35 to \$4.45	8.54%
Additional Handling:	+\$1.00 to \$16.00 (Dimensions-Length, Width, Length+Girth)	6.67%
	+\$1.00 to \$15.25(Packaging)	7.02%
	+\$1.50 to \$25.50 (Weight)	6.25%
Address Correction:	+\$1.00 to \$18.00	5.88%
Dangerous Goods (Hazardous Materials)	Air-Accessible: +\$10.00 to \$115.00	9.52%
	Air-Inaccessible: +\$3.00 to \$54.50	5.83%
	Ground + \$2.00 to \$39.00	5.41%
Large Package Surcharge-Commercial (Domestic):	+\$5.00 to \$105.00	5.00%
Large Package Surcharge-Residential (Domestic):	+\$10.00 to \$130.00	8.33%
Over Maximum Limits:	+\$45 to \$920	5.14%
C.O.D.:	+\$1.00 to \$16.50	6.45%
Delivery Confirmation:	+\$0.30 to \$5.55 for Signature Required	5.71%
	+\$0.35 to \$6.70 for Adult Signature Required	5.51%

**\*\*\*It is important to realize that these announced rate increases are only averages and the impact to your company could vary greatly.** If you have any questions on this market report, on the 2021 rate increase, including a complete cell by cell analysis by service, or if you are looking for details that were not covered here, please contact AFMS at (800) 246-3521 or email us at [info@afms.com](mailto:info@afms.com).