



UPS Goes Big with 6.9% Increase Matching FedEx

Expect to See Larger Increases Across the Board Accessorials Up Big

United Parcel Service announced their 2023 General Rate Increase taking effect December 27, 2022. Overall, UPS Ground, Air, and international rates, will increase an average of 6.9%.

However, there will be some key changes within the accessorials, fee, and surcharge categories. Shippers with larger packages will be in for quite a sticker shock. Most notably, domestic Additional Handling will see an average increase of 16.2% and Large Package Surcharge rates will incur an average increase of 19.2%.

In addition, there will be a new Remote Area Surcharge (\$12) applied to select zip codes within the US.

UPS Daily Base Freight rates are even higher than last year's increase and will mirror that of FedEx's 6.9% for 2023.

SurePost rates have not yet been posted. We will let you know as soon as they become available.

As always it is important to keep in mind these increases are only service level averages. A Company's unique characteristics and shipping patterns will determine the true impact. Let the pros at AFMS help you sift through these changes and assist you in mitigating these cost increases to your transportation budgets.

AFMS has helped 1000's of company's benchmark and get best-in-class transportation contracts. The AFMS team has over 500 years of combined industry experience consisting of former carrier executives & pricing directors from companies like UPS, FedEx, DHL, TNT, CEVA and more, helping companies negotiate their carrier contracts

AFMS will provide a NO COST evaluation of the impact that either UPS and/or FedEx may have on your bottom line. For a detailed analysis contact AFMS at 800-246-3521 or visit us at www.afms.com.

GROUND

UPS has announced that overall Ground rates will increase by 6.9%.

Residential Delivery Surcharge: The Residential Surcharge will increase \$0.40 (8.2%) to \$5.25.

Delivery Area Surcharge: Ground Commercial DAS will increase by \$0.30 (8.8%) to \$3.70 while

Ground Commercial-Extended DAS will increase by \$.40 (9.8%) to \$4.50.

Ground Residential DAS will increase by \$0.50 (10.4%) to \$5.30, while Ground Residential-Extended will be bumped up by \$0.65 (10.0%) to \$7.15. Close to double digit increases will continue to be applied to "out of area" packages.

Lightweight packages will continue to take a slightly higher increase than the announced 6.9%. Ground, Zone 2, 1lb package (the ground minimum) will incur a higher increase (7.91%) than the announced 6.9%. And higher than last year's 6.85% increase. Packages in the 1-5lb weight category will increase on average 6.57% -7.91%.



	2	3	4	5	6	7	8
1	7.91%	7.57%	7.61%	7.64%	7.56%	7.56%	7.60%
2	7.60%	6.57%	7.64%	7.63%	7.62%	7.57%	7.59%
3	6.58%	6.57%	6.62%	7.63%	7.62%	7.58%	7.63%
4	6.58%	6.62%	7.63%	7.59%	7.59%	7.58%	7.61%
5	6.58%	6.57%	6.57%	7.60%	7.50%	7.62%	7.53%

Ground weight-breaks (see table below) will help paint a clearer picture when shipping a Ground package in 2022.

Average Increase 1-70lbs. Z 2-8	7.08%
All 2-8	7.05%
1-5 lbs. Z 2-8	7.34%
6-15 lbs. Z 2-8	7.03%
16-20lbs. Z 2-8	6.87%
21-30lbs. Z 2-8	6.85%
31-70lbs. Z 2-8	7.14%
71-150 lbs. Z 2-8	7.02%

While higher than the average rate increases levied in 2022, companies who ship in the 1-5 lb. weight ranges will continue to face cost challenges in 2022. Higher rate increases can be seen across all zones (2-8) in the 1-15 lb weight ranges.

Ground CWT will see increases (depending on tier classification) averaging **6.9%** zones 2-5 and depending on tier longer zones will see increases of 7.4%.

UPS Air & International:

UPS has announced both Air and International rates will **increase by 6.9%** in 2023. Slightly higher than in 2022 (5.9%).

Air Residential Surcharge: The Residential Surcharge will **increase \$0.50 (9.3%)** to \$5.85, compared to 7.0% in the previous year.

Delivery Area Surcharge: Air Commercial DAS will **increase by \$0.25 (4.2%)** to \$3.70. Air Commercial Extended DAS will increase by \$0.25 (5.9%) to \$4.50. Air Residential DAS will increase by \$0.25 (6.7%) to \$5.55, while Air Residential DAS – Extended will increase by \$0.65 (10.0%) to \$7.15.

Next Day Air overall average **increase is 7.08%** (Zones 102-108). A bit higher than last year’s 6.24%. Next Day Air Letter will incur the general average at 6.9% for zones 4-8, but take a 7.9% increase in zones 2-3. NDA packages will generally see higher than average increases (8.50%) in short zones (2-3), while still seeing an above average increase of (7.3%) in the longer zones (5-8).

Next Day Saver seems to be following NDA by applying **similar increases** across the board.

Second Day Air packages will increase an **average of 7.64%**. Considerably higher than last year’s 4.9% average increase. Every zone will increase approximately 7.4-7.5%, with the exception of zone 5, which will see



increases of 8.9%.

3 Day Select takes the highest increase for the longer zones that are most used for this service at an **average of 11.9%** increase (Zones 5-8). The shorter zones take a 7.5% increase, still higher than average.

UPS International Worldwide Export

UPS International Worldwide Express services will incur a wide range of increases depending on shipping lane. Overall, the **increase is 5.94%**, considerably higher than last year's 3.5%. The 1-5 lbs range and the over 100 lb range take the largest increases, ranging from **2.5% to 15.8%**. International Express package volume continues to play a major role in keeping the carrier's high revenue per piece targets in the crosshairs. Recommendations include a strategy to gain understanding of a company's most used countries/lanes to determine the impact.

UPS International Worldwide Saver services will see an **overall increase of 5.63%** which falls in line with the general announcement of 5.9%. Like express, there is a large range of increases by weight and lane. Package characteristics as well as destination country/zone will determine impact.

UPS International Worldwide Expedited services will carry an **overall increase of 5.47%**. Continued consistency apparent in the application of these increases to all zones/lanes.

UPS Standard Ground to Canada services will increase an average of **5.49%** across all weight and zones. Zones 51, 54, and 55 will increase **6.3%** on average, while zones 52 and 53 will incur a lower average increase of **4.74%**.

UPS International Worldwide Import

UPS International Worldwide Express will see an average increase of **5.92%**, with increases ranging from **3.2%-8.2%**. **Saver** services will see an **average increase of 6.28**, ranging from **3.9%-8.8%**.

UPS International Worldwide Expedited services will see **average increase of 5.53%**. Ranging between 3.1%-10.9%. However, there are some higher weight cells in zone 659/689 that will see massive increases upwards of 27.15%.

Contact AFMS for a detailed analysis at 800-246-3521 or visit us at www.afms.com.