



SHIP SMARTER AND SAVE

## MAY 2014 WHAT ARE THE DIMENSIONS?

FedEx Ground quietly announced that effective January 1, 2015, they will apply dimensional weight pricing to all shipments. Currently, FedEx Ground applies dimensional weight pricing only to packages measuring three cubic feet (5184 cubic inches) or greater. This change will align the FedEx Ground dimensional weight pricing with FedEx Express by applying it to all packages. While dimensional weight pricing is a common industry practice that sets the transportation price based on package volume—the amount of space a package occupies in relation to its actual weight—is a change that can have a back impact on your transportation costs.

For shipments within the U.S. and shipments between the U.S. and Puerto Rico, dimensional weight is currently calculated by FedEx as follows:

- ✓ Multiply the length by width by height of each package in inches, dividing the total by 166.
- ✓ If the dimensional weight exceeds the actual weight, charges may be assessed based on the dimensional weight.
- ✓ Dimensions of one-half inch or greater are rounded up to the next whole number; dimensions less than one-half inch are rounded down.
- ✓ The final calculation is rounded up to the next whole pound.
- ✓ Dimensional weight applies per package or per shipment.

It is likely that the same formula will be applied in 2015.

FedEx is keenly focused on their bottom line. Their zone based rates allow them to factor in distance when pricing their services. They are now looking to improve the utilization of the limited space within their vehicles. In 2011 FedEx announced the dimensional divisor change from 194 to 166. Now they are going one step further and will apply their dimensional weight pricing to all packages. We would not be surprised if UPS makes a similar announcement before the end of the year.

It is imperative that you take action quickly. You will have the most leverage in negotiating with FedEx before UPS makes a similar announcement. Shippers need to get out their tape measures and apply the above formula to the most frequently used box sizes. You should apply an average weight if you do not know the actual weight of the boxes. You will then be able to gage the effect this may have on your business and develop a strategy that will allow you to lessen its financial impact on your transportation costs.

*Our Professional Services team stands ready to support you in controlling your transportation expenses and freight cost analysis. Please contact Leif Holm-Andersen, Executive Director of Professional Services at [Leif.holm-andersen@data2logistics.com](mailto:Leif.holm-andersen@data2logistics.com) or +1 239 425 8050.*