



## THE REAL FINANCIAL IMPACT

Both FedEx and UPS have announced their General Rate Increase (GRI) for 2017. The FedEx changes will take effect on January 2, 2017 and UPS will take effect on December 26, 2016.

FedEx has announced an average Express increase of 3.9% and an average Ground increase of 4.9%. They are also indicating a change to the dimensional factor from 166 to 139. They are also making changes to their fuel surcharge calculations. Now fuel surcharges will be calculated weekly not monthly as they have been in the past. In addition there are increases to several of their additional surcharges and fees.

UPS has announced an average increase of 4.9% to both Air and Ground services, along with increases to several surcharges. UPS has not yet announced any changes to the dimensional factor, but we will continue to monitor this and advise if they do make any adjustments.

### Average Rate Increase

*Sources of Rate Information: fedex.com and ups.com*

Description	FedEx	UPS
GRI - Air/Express	3.9%	4.9%
GRI - Ground	4.9%	4.9%
GRI - Freight/Heavyweight	4.9%	4.9%

So, does this mean that your parcel increase for 2017 with FedEx is 3.9% for Express/4.9% for Ground, and 4.9% for Air and Ground services with UPS? The likely answer is **NO**. We find that in many cases the impact to our clients is higher due to their individual shipping patterns.

The parcel carriers use an average when calculating their percent increases, but in reality the impact to you will vary based on your specific zones, weights, service type and packaging. You will find below a summary of the average rate changes to the primary surcharges that will soon be effective. We are also providing information regarding FedEx’s change in their dim factor.

For our clients, we can rerate your shipment data and leverage our advanced analysis tools to help quantify the real cost; better preparing you for your 2017 planning process. If you are not a client but would like to learn the real impact of this year’s GRI on your bottom line contact our Professional Services Team.

Please contact us at [ProfServices@data2logistics.com](mailto:ProfServices@data2logistics.com), (239) 425 8050, or contact your Data2Logistics Client Relationship Manager today.

**Top Impacted Accessorials**

Description	Application	FedEx			UPS		
		2016	2017	% Change	2016	2017	% Change
Dimensional Factor - US Domestic	Per Package	166	139	(a)	166	TBD	TBD
Additional Handling	Per Package	\$10.50	\$11.00	4.8%	\$10.50	\$10.85	3.3%
Address Correction	Per Correction	\$13.00	\$14.00	7.7%	\$13.00	\$13.40	3.1%
Delivery Area Surcharge-Air (Residential)	Per Package	\$3.70	\$3.90	5.4%	\$3.70	\$3.80	2.7%
Delivery Area Surcharge-Ground (Residential)	Per Package	\$3.70	\$3.90	5.4%	\$3.15	\$3.25	3.2%
Delivery Area Surcharge-All (Extended Res.)	Per Package	\$4.00	\$4.20	5.0%	\$4.00	\$4.20	5.0%
Delivery Area Surcharge-Air (Commercial)	Per Package	\$2.45	\$2.60	6.1%	\$2.45	\$2.55	4.1%
Delivery Area Surcharge-Ground (Commercial)	Per Package	\$2.30	\$2.45	6.5%	\$2.30	\$2.40	4.3%
Delivery Signature	Per Package	\$4.25	\$4.50	5.9%	\$4.25	\$4.50	5.9%
Weekly Pickup Fee/Scheduled Pickup	Per Week	\$12.50	\$13.00	4.0%	\$12.50	\$12.90	3.2%
Oversize Charge/Large Package Surcharge	Per Package	\$67.50	\$72.50	7.4%	\$67.50	\$70.00	3.7%
Residential Delivery-Air	Per Package	\$3.65	\$3.85	5.5%	\$3.65	\$4.00	9.6%
Residential Delivery-Ground	Per Package	\$3.65	\$3.85	5.5%	\$3.25	\$3.40	4.6%
Dangerous Goods-Air (Inaccessible)	Per Package	\$42.50	\$45.00	5.9%	\$42.50	\$42.50	0.0%
Hazardous Materials-Ground	Per Package	\$30.00	\$32.00	6.7%	\$30.00	\$30.00	0.0%

(a) Impact of dim factor change can vary greatly depending on package dimensions:

- Example Shipment 1: 12" x 12" x 12" package, actual weight = 10 lbs. Chargeable weight = 11 lbs (dim 166), 13 lbs (dim 139)  
 Impact of going from 11 to 13 lbs using FedEx 2017 list rates provided in Dim Example below
- Example Shipment 2: 12" x 10" x 10" package, actual weight = 10 lbs. Chargeable weight will be 10 lbs at dim 166 and 139

Example of a 12" x 12" x 12" package & dim (using FedEx 2017 list rates):

Service	Dim	Weight	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
FO	166	11	\$73.88	\$92.24	\$139.28	\$152.67	\$161.81	\$165.83	\$165.92
FO	139	13	\$76.37	\$96.78	\$144.30	\$164.32	\$167.98	\$181.67	\$181.72
		\$Diff:	\$2.49	\$4.54	\$5.02	\$11.65	\$6.17	\$15.84	\$15.80
		%Diff:	3.4%	4.9%	3.6%	7.6%	3.8%	9.6%	9.5%
PO	166	11	\$44.88	\$63.24	\$110.28	\$123.67	\$132.81	\$136.83	\$136.92
PO	139	13	\$47.37	\$67.78	\$115.30	\$135.32	\$138.98	\$152.67	\$152.72
		\$Diff:	\$2.49	\$4.54	\$5.02	\$11.65	\$6.17	\$15.84	\$15.80
		%Diff:	5.5%	7.2%	4.6%	9.4%	4.6%	11.6%	11.5%
SO	166	11	\$39.59	\$55.42	\$100.45	\$109.65	\$117.79	\$121.24	\$126.56
SO	139	13	\$41.36	\$61.16	\$111.03	\$119.99	\$128.56	\$134.60	\$139.75
		\$Diff:	\$1.77	\$5.74	\$10.58	\$10.34	\$10.77	\$13.36	\$13.19
		%Diff:	4.5%	10.4%	10.5%	9.4%	9.1%	11.0%	10.4%
2DAM	166	11	\$26.33	\$31.38	\$39.04	\$52.85	\$76.06	\$86.65	\$86.66
2DAM	139	13	\$29.69	\$36.03	\$44.12	\$62.84	\$92.70	\$99.35	\$104.10
		\$Diff:	\$3.36	\$4.65	\$5.08	\$9.99	\$16.64	\$12.70	\$17.44
		%Diff:	12.8%	14.8%	13.0%	18.9%	21.9%	14.7%	20.1%
2D	166	11	\$23.60	\$28.14	\$35.01	\$49.26	\$70.24	\$76.82	\$80.03
2D	139	13	\$26.61	\$31.32	\$38.36	\$55.16	\$80.60	\$86.39	\$90.52
		\$Diff:	\$3.01	\$3.18	\$3.35	\$5.90	\$10.36	\$9.57	\$10.49
		%Diff:	12.8%	11.3%	9.6%	12.0%	14.7%	12.5%	13.1%
3D	166	11	\$22.17	\$25.67	\$31.07	\$35.55	\$47.53	\$52.08	\$60.27
3D	139	13	\$24.70	\$29.67	\$34.15	\$39.84	\$53.61	\$58.32	\$67.54
		\$Diff:	\$2.53	\$4.00	\$3.08	\$4.29	\$6.08	\$6.24	\$7.27
		%Diff:	11.4%	15.6%	9.9%	12.1%	12.8%	12.0%	12.1%
Ground	166	11	\$10.30	\$10.72	\$11.62	\$12.49	\$13.49	\$15.74	\$17.10
Ground	139	13	\$10.72	\$11.43	\$11.99	\$13.03	\$14.41	\$17.54	\$19.24
		\$Diff:	\$0.42	\$0.71	\$0.37	\$0.54	\$0.92	\$1.80	\$2.14
		%Diff:	4.1%	6.6%	3.2%	4.3%	6.8%	11.4%	12.5%

In addition to providing clients with timely and accurate freight bill processing, Data2Logistics wants our clients to be advised about issues that affect their business. If you have questions on this matter please contact Harold B. Friedman, Senior Vice President Global Corporate Development at: [harold.friedman@data2logistics.com](mailto:harold.friedman@data2logistics.com) or +1 609.577.3756.