



LOGISTICS STRATEGIES

November 30th 2011

**IT'S OFFICIAL; YOUR
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UPS has announced their 2012 General Rate Increase which will become effective on January 2, 2012. This is certainly not a surprise as these General Rate Increases almost always become effective on the first business day of the New Year, Happy New Year everyone!

This year's increase UPS says will "enable UPS to continually expand and improve our portfolio of solutions, helping us serve you and making the service you offer your own customers even better."

According to UPS, the Ground Service increase will equate to a "net" increase of 4.9% through a combination of an across the board 5.9% increase in base rates, coupled with a 1% percentage point reduction in their Ground Fuel Surcharge. UPS' Air and International rates will also increase a net of 4.9% with a 6.9% across the board increase coupled with a 2 percentage point reduction in their air and international Fuel Surcharge. UPS Next Day Air Freight and UPS 2ND Day Air Freight rates for shipments within and between the US, Canada and Puerto Rico will increase 5.9% and their UPS 3 Day Freight rates will not be increased at all.

UPS is also publishing a number of increases in their service fees, some of which are highlighted below.

- COD (Collect on Delivery) charges will increase \$0.50
- Delivery Area Surcharges to Commercial Addresses will increase \$0.15, no increase is scheduled for Ground Residential Surcharges
- Delivery Area Surcharges for Air services to residences will increase by \$0.25
- Delivery Area Surcharges for UPS Hundredweight Shipments will increase \$0.75
- The Large Package Surcharge will increase \$5.00
- US Import shipments which are delivered to certain US Postal Codes will be subject to additional surcharges ranging from \$2.00 to \$15.00 for shipments delivered to certain Alaska Zip Codes



UPS will be sending notices to their customers in the coming days and will also have the entire freight rate change information published on their website. For those shippers that utilize FedEx, as tradition tells us, be prepared for similar if not identical increases from the Number Two Parcel Carrier and their General Rate Increase announcement will follow shortly.

Of great importance to all shippers is that fact that the overall impact of these increases will far exceed 4.9%. It behooves shippers of all sizes to review the services they utilize when shipping with their parcel carriers and determine the overall impact these increases will have on their business in the short and long term. In the past many companies were able to pass these General Rate Increases onto their customers however in this economic climate we do not believe that will be the case any more.

Shipper's need to be "EDUCATED CONSUMERS" when it comes to the freight rates they pay to their transportation and logistics service providers. In the true sense of partnerships it may be time for shipper's to have a "heart to heart" conversation with their parcel carrier(s) to see what can be done to reduce the impact of this latest round of increases. Shippers do have a say you know, they just have to take the time to say it.

Please take a moment to check out ICC's Blog @ <http://www.logisticsstrategies.com> to check out previous articles.