



[MGN Logistics FedEx 2022 Rate Increase Review](#)

Effective January 3rd, 2022, FedEx service rates will increase by an *average* of 5.9% for FedEx Ground and Express. When it comes to carrier increases, it is very important to understand that they affect all shippers differently. The true impact you experience will depend on your business's unique shipment characteristics. As illustrated below, some service levels will see up to almost a 10% increase in rate base adjustments alone!

In addition to the general 5.9% rate increase, FedEx has announced that various Accessorial Charges and Value-Added Services will be increasing.

Customers that ship larger packages may also feel another impact this year. The Ground Unauthorized Package Charge, which consists of packages measuring more than 108 inches in length, measuring more than 165 inches in length and girth combined, weighing more than 150 lbs, may be refused or returned to the shipper. However, at FedEx Ground's sole discretion, they may accept and deliver the package at rate of \$1,025 from \$920 last year, a whopping 11.4% increase.

Another noteworthy change is the increase to their Minimum Ground Package charge. For 2022, the minimum published charge will be increasing to \$9.36, in comparison to \$8.76 in 2021. That equates to a 6.85% increase.

In this analysis, **MGN Logistics** will outline and illustrate percentage increases for each service. Key factors including package size, shipment weight, service selected, zones shipped to, and accessorial fees will determine the real impact to your business in 2022.

Now more than ever, you need a partner dedicated to parcel analysis and management, who has the technology and expertise to help you understand how these "average" increases will truly impact your specific shipping profile. That is exactly what we do. Knowledge is power and understanding the complexities of carrier pricing agreements is precisely why you need us. Level the playing field in your next negotiation and contact us today.

MGN Logistics – Technology, Innovation, Dedication! For more information, please visit us at www.mgnlogistics.com, or email us at sales@mgnlogistics.com



Average Ground Service Rate Increase - Historical

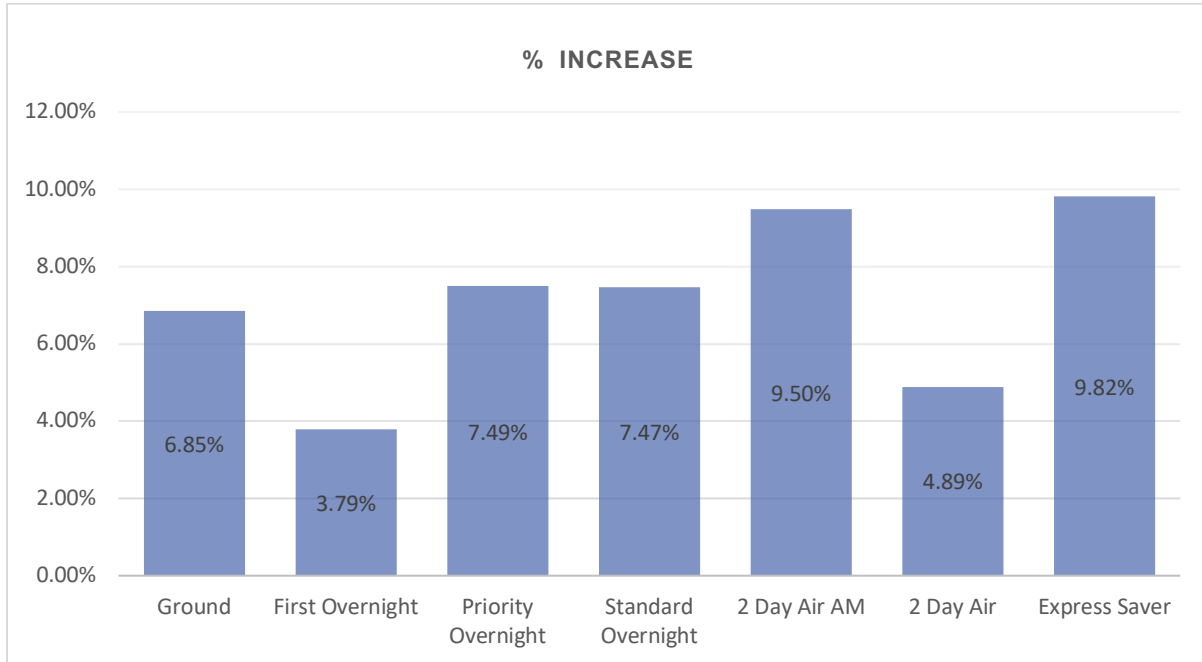
Ground Service								
Average Rate Increase								
WT	2015	2016	2017	2018	2019	2020	2021	2022
1-5 lbs.	6.36%	5.79%	4.88%	5.04%	3.86%	4.52%	6.56%	7.46%
6-10 lbs.	5.96%	5.54%	5.37%	5.40%	4.72%	5.29%	5.04%	6.49%
11-20 lbs.	5.72%	5.16%	5.27%	5.35%	5.04%	5.07%	4.82%	6.25%
21-30 lbs.	5.31%	4.73%	5.32%	5.24%	5.59%	4.98%	4.70%	5.94%
31-70 lbs.	3.29%	4.42%	4.95%	4.80%	5.58%	5.35%	5.07%	5.91%
71-150 lbs.	1.88%	3.21%	4.18%	4.04%	4.68%	4.69%	4.74%	5.82%

Average Express Services Rate Increase - Historical

Express Services								
Average Rate Increase								
Service	2015	2016	2017	2018	2019	2020	2021	2022
First Overnight	5.15%	4.33%	3.64%	5.26%	5.78%	5.27%	4.65%	5.72%
Priority Overnight	5.78%	4.83%	3.61%	5.46%	6.44%	5.53%	4.76%	6.33%
Standard Overnight	5.90%	6.12%	4.03%	9.30%	5.74%	5.04%	4.46%	6.45%
2 Day AM	6.60%	7.61%	5.03%	6.41%	7.56%	4.73%	7.31%	8.24%
2 Day	6.60%	7.34%	5.48%	4.74%	7.17%	5.94%	5.04%	5.06%
Express Saver	7.66%	7.34%	3.60%	6.05%	7.28%	7.10%	5.43%	9.49%



2022 UPS Minimum Charge Rate Increase



5 Year Historical Minimum Charge Overview

Service	Min Net 2016	Min Net 2017	Min Net 2018	Min Net 2019	Min Net 2020	Min Net 2021	Min Net 2022	\$ Increase	% Increase
Ground	\$6.94	\$7.25	\$7.58	\$7.85	\$8.23	\$8.76	\$9.36	\$0.60	6.85%
First Overnight	\$54.09	\$55.59	\$57.69	\$59.18	\$60.31	\$62.76	\$65.14	\$2.38	3.79%
Priority Overnight	\$26.09	\$26.59	\$27.69	\$29.18	\$30.31	\$31.76	\$34.14	\$2.38	7.49%
Standard Overnight	\$23.83	\$24.59	\$25.79	\$27.18	\$28.24	\$29.05	\$31.22	\$2.17	7.47%
2 Day Air AM	\$18.04	\$18.41	\$19.13	\$19.71	\$20.47	\$21.48	\$23.52	\$2.04	9.50%
2 Day Air	\$15.69	\$16.50	\$17.52	\$18.22	\$19.11	\$20.04	\$21.02	\$0.98	4.89%
Express Saver	\$14.83	\$14.83	\$15.45	\$16.07	\$16.85	\$17.82	\$19.57	\$1.75	9.82%



FedEx Accessorial Changes – Overview

Additional Handling (US 48 Ground and Express)	Zone	2021	2022	% Increase
Dimension	2	\$16.00	\$15.75	-1.56%
Dimension	3-4	\$16.00	\$17.50	9.38%
Dimension	5-6	\$16.00	\$19.50	21.88%
Dimension	7+	\$16.00	\$21.50	34.38%

Dimension Avg **16.02%**

Weight	2	\$25.50	\$25.25	-0.98%
Weight	3-4	\$25.50	\$27.50	7.84%
Weight	5-6	\$25.50	\$29.50	15.69%
Weight	7+	\$25.50	\$31.50	23.53%

Weight Avg **11.52%**

Packaging	2	\$14.00	\$14.00	0.00%
Packaging	3-4	\$14.00	\$16.00	14.29%
Packaging	5-6	\$14.00	\$17.00	21.43%
Packaging	7+	\$14.00	\$18.00	28.57%

Packaging Avg **16.07%**

Delivery Area Surcharge	2021	2022	% Increase
Express Residential	\$4.70	\$5.20	10.64%
Express Extended Residential	\$5.90	\$6.50	10.17%
Express Commercial	\$3.25	\$3.55	9.23%
Express Extended Commercial	\$3.85	\$4.25	10.39%
FedEx Ground Residential	\$4.40	\$4.80	9.09%
Ground Extended Residential	\$5.90	\$6.50	10.17%
FedEx Ground® Commercial	\$3.10	\$3.40	9.68%
FedEx Ground Extended Commercial	\$3.70	\$4.10	10.81%
FedEx Home Delivery Residential	\$4.30	\$4.80	11.63%

Avg Increase **10.20%**



Residential	2021	2022	% Increase
Express	\$4.95	\$5.30	7.07%
Ground & Int'l Ground	\$4.80	\$5.20	8.33%
FedEx Home Delivery	\$4.35	\$4.75	9.20%
Avg Increase			8.20%

MGN Logistics Technology

Leveraging Technology to Optimize Parcel Shipping Costs

Parcel shipping and carrier agreements have become very complex. With pages and pages of varying rates, discounts, surcharges and multiple zones, understanding these agreements can be nearly impossible for most shippers. Even the most sophisticated corporate shippers require specialized software to analyze these agreements and make sense of them. This is where MGN Logistics can help. MGN Logistics is a leading provider of IT solutions for the freight management and transportation industry. Their Transportation Management Software or TMS platform has been the backbone of some of the country's largest 3PLs for many years. Now, this innovative technology is being made available to individual private companies to assist in improving operational efficiencies. Imagine having on-demand technology that can definitively illustrate the potential impacts to changes in your UPS or FedEx carrier pricing agreements. Data driven technology that you can leverage, to level the playing field for effective carrier negotiations that produces results!

We call it "RAMS"

RAMS (Rating Agreement Management System) is a proprietary technology that provides on-demand parcel rate comparisons based on your actual shipment history. It allows re-rating across carrier agreements, pricing proposals, and year to year carrier base rate changes. RAMS eliminates the guess work and allows informed decision making. This technology was only available to the largest corporate entities, but it is now available to shippers of all sizes.

How does RAMS benefit you?

During a bid or agreement restructuring, your newly proposed carrier agreement data is uploaded to the RAMS system, thereby determining how the proposed changes will impact your parcel spend. The



RAMS system provides the ability to re-rate every individual historical shipment during a given time frame. Therefore, giving complete and accurate visibility of the impact of proposed service options, assessorial fees, fuel surcharges, and even DIM rated shipments. Unlike the carriers or any of MGN's competitors, they do not use averages to determine your projected bottom-line results, rather, they use actual shipment data detailing costs to the penny.

This sophisticated technology benefits shippers by providing actionable intelligence. For example, prior to signing any carrier agreement, the client knows exactly what the impact of the proposed pricing changes will be, and how it will affect their bottom line. Once the new agreement is published, MGN can then provide a weekly, monthly or quarterly savings report. This report illustrates savings achieved by service levels and surcharges, throughout the lifetime of the agreement.

Additionally, the RAMS system provides an annual General Rate Increase (GRI) Impact Analysis. Each year, the carriers announce changes to their base rates, minimum charges and surcharges or assessorial fees. Carriers typically state this general rate increase as a flat percentage; however, this is really an "average" of all increases across all weights and services. Depending on your company's unique shipping profile, your true increase could be significantly higher than that "average". Understanding exactly how a carrier rate increase effects your business is powerful information. Having on-demand access to our proprietary technology is exactly the LEVERAGE your business needs to effectively navigate carrier negotiations and optimize your rates.

Summary

The overall analysis of the 2022 GRI increase concludes that all services will be impacted. Your specific shipping profile will determine the true impact of these increases to your company.

To truly understand what impact this has on your business, MGN Logistics can provide you with a thorough and detailed analysis.

Our unique industry **Knowledge**, combined with our superior web-based **Technology** will provide you with the **Leverage** needed to optimize your carrier agreements.

For a no-obligation consultation and business review, please email us at sales@mgnlogistics.com.

