



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

2021 has been a challenging year for parcel shippers and a year of historical growth for the parcel carriers. Despite this record growth and profitability, UPS announced another 5.9% average general rate increase for 2022, which will make this the largest jump since 2013. 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' unique shipment characteristics. 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, UPS has announced that various Accessorial Charges and Value-Added Services will be increasing. For example, this year the minimum charge for UPS Ground Service is going up to \$9.36, or increasing 6.85%. This could translate to an even bigger increase depending on your shipping profile.

Customers that ship larger packages will also feel another impact this year. The large package surcharge will increase within a range of 8%-16.7% and the additional handling charge for weight and dimensions will increase from 5.2%-13.9% depending on zone. The over maximum charge will greatly increase to \$1,025 from \$920, a whopping 11.4%.

Also noteworthy to mention is that UPS will be adding hundreds of new zip codes that will now be impacted by Delivery Area Surcharges and Delivery Area Surcharge Extended. Let us not forget that the Remote Area Surcharge (RAS) which was previously reserved for Alaska and Hawaii will also now apply to hundreds of zip codes within the continental US at \$12 for each package that applies.

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.

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](http://www.mgnlogistics.com), or email us at [sales@mgnlogistics.com](mailto:sales@mgnlogistics.com)



### Average UPS Ground Rate Increase – Historical

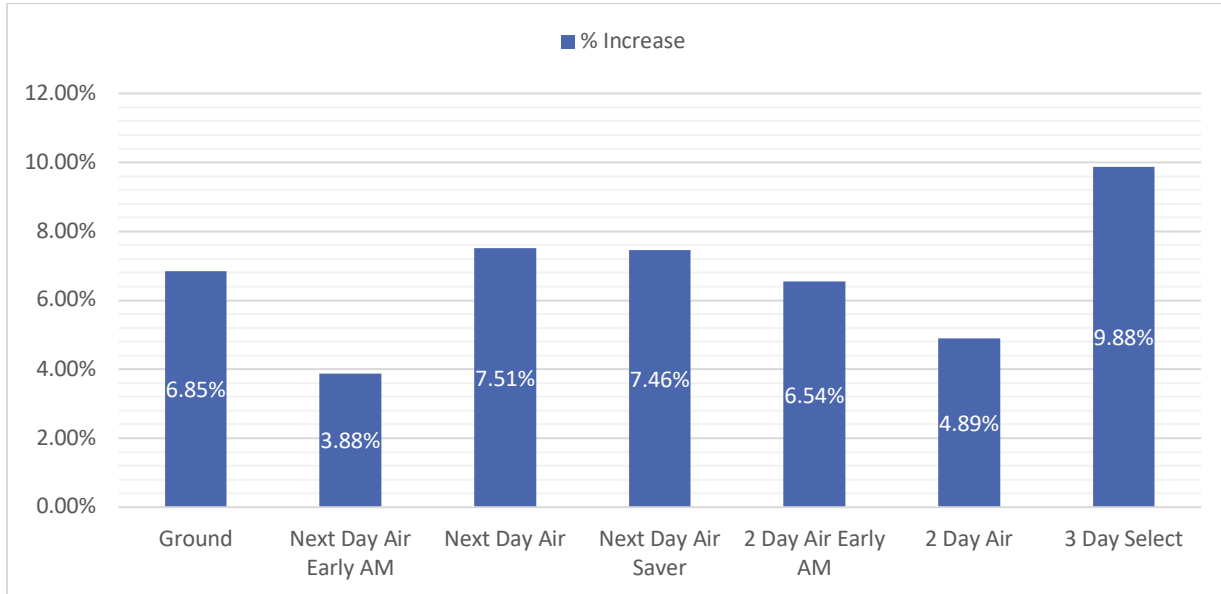
Ground Service								
Average Rate Increase								
WT	2015	2016	2017	2018	2019	2020	2021	2022
1-5 lbs.	6.30%	5.80%	5.50%	4.50%	4.20%	4.24%	6.53%	7.46%
6-10 lbs.	5.90%	5.50%	5.40%	5.40%	5.00%	5.05%	5.04%	6.48%
11-20 lbs.	5.70%	5.20%	5.30%	5.40%	5.00%	5.07%	4.83%	5.89%
21-30 lbs.	5.40%	4.70%	5.60%	5.20%	5.50%	4.99%	4.71%	5.80%
31-70 lbs.	3.80%	4.40%	5.50%	4.20%	5.60%	5.37%	5.08%	5.81%
71-150 lbs.	2.70%	3.20%	4.40%	4.20%	4.90%	4.70%	4.71%	5.63%

### Average UPS Air Services Rate Increase – Historical

Air Services								
Average Rate Increase								
Service	2015	2016	2017	2018	2019	2020	2021	2022
Next Day Air	6.00%	5.90%	4.80%	4.60%	6.16%	5.52%	4.71%	6.21%
Next Day Air Saver	6.20%	6.40%	4.70%	5.10%	5.86%	4.92%	4.24%	6.09%
2nd Day Air AM	7.20%	8.50%	5.30%	5.90%	7.49%	4.64%	7.09%	6.50%
2nd Day Air	6.90%	8.00%	5.90%	5.30%	7.24%	6.09%	5.47%	5.17%
3 Day Select	7.10%	6.80%	5.80%	5.80%	5.10%	5.90%	5.40%	9.50%



## 2022 UPS Minimum Charge Rate Increase



## UPS Historical Minimum Charge Rate Increases

Service	Min Net 2015	Min Net 2016	Min Net 2017	Min Net 2018	Min Net 2019	Min Net 2020	Min Net 2021	Min Net 2022	\$ Increase	% Increase
Ground	\$6.61	\$6.94	\$7.32	\$7.57	\$7.85	\$8.23	\$8.76	\$9.36	\$0.60	6.85%
Next Day Air Early AM	\$55.15	\$56.09	\$57.45	\$57.97	\$58.97	\$60.62	\$62.09	\$64.50	\$2.41	3.88%
Next Day Air	\$25.15	\$26.09	\$27.45	\$27.97	\$29.47	\$30.62	\$32.09	\$34.50	\$2.41	7.51%
Next Day Air Saver	\$22.25	\$23.83	\$24.95	\$25.91	\$27.32	\$28.39	\$29.35	\$31.54	\$2.19	7.46%
2nd Day Air AM	\$16.85	\$18.04	\$19.08	\$19.32	\$19.91	\$20.68	\$21.71	\$23.13	\$1.42	6.54%
2nd Day Air	\$14.65	\$15.69	\$16.66	\$17.69	\$18.40	\$19.30	\$20.24	\$21.23	\$0.99	4.89%
3 Day Select	\$8.60	\$9.25	\$9.90	\$10.63	\$11.23	\$11.67	\$12.35	\$13.57	\$1.22	9.88%



## UPS Accessorial Changes – Overview

DAS	2021	2022	% Increase
Air Comm	\$3.25	\$3.55	9.23%
Air Comm Ext	\$3.85	\$4.25	10.39%
Gnd Comm	\$3.10	\$3.40	9.68%
Gnd Comm Ext	\$3.70	\$4.10	10.81%
Gnd Resi	\$4.30	\$4.80	11.63%
Gnd Resi Ext	\$5.90	\$6.50	10.17%
Air Resi	\$4.70	\$5.20	10.64%
Air Resi Ext	\$5.90	\$6.50	10.17%

**Avg Increase 10.34%**

Additional Handling	Zone	2021	2022	% Increase
Weight	2	\$24.00	\$25.25	5.21%
Weight	3-4	\$25.50	\$27.50	7.84%
Weight	5+	\$27.00	\$30.50	12.96%

**Weight Avg Increase 8.67%**

Dimensional	2	\$15.00	\$15.75	5.00%
Dimensional	3-4	\$16.00	\$17.50	9.38%
Dimensional	5+	\$18.00	\$20.50	13.89%

**Dimensional Avg Increase 9.42%**

Package	2	\$14.00	\$14.00	0.00%
Package	3-4	\$15.00	\$16.00	6.67%
Package	5+	\$16.00	\$17.50	9.38%

**Package Avg Increase 5.35%**

Residential	2021	2022	% Increase
Ground	\$4.45	\$4.85	8.99%
Air	\$5.00	\$5.35	7.00%

**Avg Increase 7.99%**



## 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](mailto:sales@mgnlogistics.com).

