



Below you will find a brief summary of the impact of the carrier rate increases and continued policy for 2020 and beyond. As always; this is expected but continues to magnify its effect on shippers and your customers. The single largest reason for shopping cart abandonment is still and has always been shipping costs. The carriers clearly must protect their businesses and profitability in all environments, but so do shippers. The last quarterly earnings report (Q3 2019) showed UPS profits soar to record Operating Profits; the carriers once again proving that they can still perform in any environment; especially one where organic growth in e-commerce continues to drive efficiencies. Rate increases as well as improved carrier efficiencies have fueled these results. The customer must also seek to protect their business. Being aware of the impact of rate increases; having the visibility of your shipping personality, while understanding the direct impact to you, and shipping smarter, are the necessities of navigating through these incessant increases. The continued increase in e-commerce has projected UPS and FedEx to unprecedented growth. You hardly ever see them advertise anymore as e-commerce does their marketing for them.

As the carriers continue to raise prices, as much as double digit percentages (depending on your shipping personality) in January 2020 (see below for the most significant carrier rate increase areas), we recommend that, when it comes time for carrier negotiations, you seek our assistance. Over the last several years, we have demonstrated savings through contract/rate analysis and RFP insights; without compromising carrier service standards.

The largest impact again for many shippers will continue to be evident from dimensional weight rules for ground services, additional handling charges and other package “size” related costs. Our job, as your freight reconciliatory, is to keep you informed of any and all “happenings” with regards to your freight circumstances. Amazon in its’ quest for super-stardom in the logistics arena has pushed UPS and FedEx to penalize shippers for its’ horrible shipping practices. This will continue as Amazon continues to feel the pain of building their own infrastructure without the package density and marriages to make it work. For example; PMAC is headquartered in Long Island, NY; 60,000 Amazon packages hit one sort center on LI every evening; Long Island is 1,401 square miles 42.82 boxes per square mile coupled with their 2.6% margins will be sending them back to UPS and FedEx in short order (who may not want them at all). Call us to learn more. The UPS impact will be greater than the FedEx.

We will continue to update you so that you stay informed on the carrier changes and we will make certain that you have the information necessary to work constructively and closely with your carriers.

Best wishes for wonderful 2020.
Best regards,
Parcel Management Auditing and Consulting, Inc.



PMAC Rate Analysis Notes:

1. Carriers are continuing to discount heavier packages more because essentially the costs are the same; only incrementally higher at best.
2. Longer air zones are raised higher than shorter zones. Less regional and ground competition.
3. Residential deliveries are increasing due to less packages going to stores and directly to consumers. Average package weights are decreasing also for this reason. We are seeing UPS experimenting with services such as Access Point and My Choice in an attempt to reduce the amount of possible residential attempts on deliveries
5. Continual overlap in GDS and air services allow the carriers to keep the air services within GDS zones higher.
6. DIM factors need to be offset by standardizing box sizes. PMAC can help

DIMENSIONAL FACTORS continue to have a tremendous impact on your shipment weight valuations.

Example: 2019 weighting for 35x13x25 package @166(factor) = 68.52 lbs.

2020 weighting for 35x13x25 package @139 (factor) = 81.83 lbs. NET weight increase of 19.42%!

Give us a call and have PMAC evaluate the complete cost impact; specific to your freight personality.

DIM Weight Rules- “The Weight of Air”

UPS and FedEx in January of 2015 and thereafter have been re-defining the laws of physics and declaring that “air has weight”. It is surely a justifiable assertion when you are in the business of shipping toilet paper and paper towels; these items are large and bulky and take up more room in the line haul; this extra room could have been used for smaller and larger revenue generating parcels. However, if you are not in the business of shipping these items the slap on the wrist may not be justified on your wrist. Here’s how it will work. See below:

Let’s say this box is:

12 x 10 x 8, this would = 960 cubic inches; we calculate the cubic inches by multiplying the length (12), the width (10) and the height (8). $12 \times 10 \times 8 = 960$ cubic inches.

Today for any ground packages shipped with UPS and FedEx that are under 5184 cubic inches will not be subject to any dimensional weight pricing;

what is dimensional weight pricing?

Dimensional weight pricing is being billed for the higher of the dimensional weight of the package or the actual weight of the package. Dimensional weight is determined by calculating the cubic inches and dividing by a “dimensional factor” or denominator. The current UPS and FedEx standard published DIM divisor (factor) is 139 on domestic packages.

So, back to our sample box; our sample box is 960 cubic inches; we divide this by 139 and we get 6.90 DIM weight. $960/139 = 6.90$ pounds; this will round up to 7 pounds as dimensional weight. Previous to 2015 DIM Rules this package would have simply gone out at the actual weight of the package; since 2015 it will now be billed at the greater weight of the DIM weight or the actual weight.





FedEx/UPS Dimensional Rules Continue to Have a Significant Impact

Continued Additional Handling and Large Package Surcharge Criteria have become extremely complicated. Please call PMAC to see how it affects you.

Sample of Impact of DIM Factor difference of 139 to 166 on ground packages

Freight Impact of 139 DIM from 166 Ground Packages. Both shipments are based on 2020 ground rates zone 8.		
	DIM Weight 166	DIM Weight 139
L	25	25
W	16	16
H	9	9
Cubic Inches	3600.00	3600.00
Actual Weight	10.00	10.00
DIM Weight	21.68	25.89
DIM Weight Rounded	22	26
Published Rate	\$32.83	\$38.30
Net Freight Charge at 30% Discount	\$22.98	\$26.81
Difference in Freight Charges	\$3.83	
% Difference in Freight Charges	*Note: based on 2020 published rates this difference was 16.67%	



The Real Impact Analysis

<https://www.ups.com/us/en/shipping/rates-update.page>

<https://www.fedex.com/en-us/shipping/current-rates.html>

UPS Largest Rate Increases

Next Day Air

Over 50 pounds in some cases almost 10%. Highest overall increases are in zones 7 and 8 for all weights. The average increases are between 6.87% and 7.90%.

Next Day Air Saver

Highest overall increases are in zones 7 and 8 for all weights. The average increases are between 6.86% and 7.92%.

2nd Day Air

Between 1 and 50 pounds the average rate increases range from almost 5% to almost 7%. After 50 pounds are the highest rate increases. The largest overall increases over 50 pounds are zones 3 and 7 where they average between 7.74%.

Ground

Rate increases are as random as they get, designed to further confuse shippers increasing the difficulty of analyzing the largest areas of increase. Deciphering problem areas require the guidance of a consultant. The carrier ground networks are so efficient that shippers are being exploited.



UPS Ground Rate Increases

Zones	2			3			4			5			6			7			8		
	2020	2019	% change	2020	2019	% change	2020	2019	% change	2020	2019	% change	2020	2019	% change	2020	2019	% change	2020	2019	% change
1 Lbs.	\$8.23	\$7.85	4.84%	\$8.65	\$8.65	0.00%	\$9.35	\$8.96	4.35%	\$9.76	\$9.36	4.27%	\$10.10	\$9.68	4.34%	\$10.22	\$9.80	4.26%	\$10.39	\$9.96	4.32%
2	\$8.89	\$8.65	2.77%	\$9.89	\$9.48	4.32%	\$10.59	\$10.15	4.33%	\$10.82	\$10.37	4.34%	\$11.29	\$10.82	4.34%	\$11.72	\$11.24	4.27%	\$11.92	\$11.43	4.29%
3	\$9.25	\$8.87	4.28%	\$10.32	\$9.89	4.35%	\$11.16	\$10.70	4.30%	\$11.62	\$11.14	4.31%	\$12.09	\$11.59	4.31%	\$12.50	\$11.98	4.26%	\$13.11	\$12.57	4.30%
4	\$9.52	\$9.13	4.27%	\$10.48	\$10.05	4.28%	\$11.51	\$11.24	2.40%	\$12.26	\$11.75	4.34%	\$12.60	\$12.08	4.30%	\$13.42	\$12.87	4.29%	\$14.05	\$13.47	4.31%
5	\$9.87	\$9.37	5.34%	\$10.96	\$10.41	5.28%	\$12.03	\$11.67	3.08%	\$12.92	\$12.27	5.30%	\$13.48	\$12.80	5.31%	\$14.17	\$13.46	4.99%	\$14.97	\$14.22	5.27%
6	\$10.19	\$9.68	5.27%	\$11.26	\$10.69	5.33%	\$12.32	\$12.01	2.58%	\$13.30	\$12.63	5.30%	\$13.79	\$13.10	5.27%	\$14.54	\$13.81	5.02%	\$15.25	\$14.48	5.32%
7	\$10.77	\$10.23	5.28%	\$11.53	\$10.95	5.30%	\$12.64	\$12.21	3.52%	\$13.72	\$13.03	5.30%	\$14.05	\$13.34	5.32%	\$14.93	\$14.18	5.04%	\$15.98	\$15.18	5.27%
8	\$10.98	\$10.43	5.27%	\$11.84	\$11.24	5.34%	\$12.97	\$12.51	3.68%	\$13.98	\$13.28	5.27%	\$14.47	\$13.74	5.31%	\$15.38	\$14.61	5.03%	\$16.52	\$15.69	5.29%
9	\$11.15	\$10.59	5.29%	\$12.00	\$11.40	5.26%	\$13.14	\$12.62	4.12%	\$14.10	\$13.39	5.30%	\$14.78	\$14.04	5.27%	\$16.02	\$15.21	4.97%	\$17.40	\$16.52	5.33%
10	\$11.41	\$10.84	5.26%	\$12.12	\$11.51	5.30%	\$13.27	\$12.75	4.08%	\$14.49	\$13.76	5.31%	\$15.09	\$14.33	5.30%	\$16.95	\$16.10	5.02%	\$18.55	\$17.62	5.28%

Additional Rate Comparisons (based on Zone 8 Rates)

UPS Service	2019 Rate Increase	2020 Rate Increase	2019 Vs 2020
Next Day Air	7.25%	7.21%	-0.04%
Next Day Air Saver	7.25%	6.89%	-0.36%
2Day AM	7.79%	5.51%	--2.28%
2Day	7.72%	6.48%	-1.24%
UPS 3 Day Select	5.38%	7.90%	2.52%
	GROUND Service by Weight	GROUND Service by Weight	GROUND Service by Weight
1-5 Lbs	4.05%	4.50%	0.45%
6-10 Lbs	5.01%	5.30%	0.29%
11-15 Lbs	4.56%	5.30%	0.74%
16-20 Lbs	4.47%	5.18%	0.71%
21-50 Lbs	5.19%	5.02%	-0.17%
51-70 Lbs	5.04%	4.97%	-0.07%
71-100Lbs	5.13%	4.80%	-0.33%
101-150Lbs	4.68%	4.60%	-0.08%



Surcharge Name	Applicable Services	2020 Increase	2019 Cost	2020 Cost
Additional Handling Surcharge	U.S. express package services and U.S. and international ground services	\$0.75	\$14.25	\$15.00
Address Correction	U.S. express package services; international express package and freight services; and U.S. and international ground services	\$0.60	\$16.40	\$17.00
COD	All Service	\$1.00	\$14.50	\$15.50
Delivery Area Surcharge			Ground	Air
	Commercial		\$2.95	\$3.10
	Residential		\$4.00	\$4.40
	Commercial Extended		\$3.45	\$3.60
	Residential Extended		\$5.40	\$5.40
	Import:			
	– Delivery Area Surcharge: \$2.40			
	– Delivery Area Surcharge Extended: \$2.40			
Delivery Confirmation Fee	<p>-Confirmation of delivery is sent by mail, and includes the delivery date, either the name of the recipient or the package disposition, and in the event of a return, the reason for the return.</p> <p>-Similar information, including the ability to view a signature, is available for no charge when you track your package at ups.com.</p> <p>UPS will obtain the necessary signature on delivery, and include it with the mailed Delivery Confirmation information. For Signature Required packages only, UPS may obtain, at its discretion, an electronic authorization to release the package without a signature on delivery.</p> <p>To confirm delivery of your shipment, a UPS representative will call the preferred contact telephone number listed on your UPS Next Day Air® Early package</p> <p style="text-align: right;">Signature Required: \$5.25 Adult Signature Required: \$6.35</p>			

Most Common Accessorial Charge Increases

ACC Charge	ADC	AHC	DAS RES Air	DAS COM Air	DAS RES Ground	DAS COM Ground	RES Air	RES Ground
Rate	\$17.00	Weight \$24.00 Length/Width/ Packaging \$15.00	\$4.40	\$3.10	\$4.00	\$2.95	\$4.70	\$4.10

UPS 2020 Rate Change Information

Additional Handling Surcharge

- The Additional Handling charge for any U.S. Domestic package exceeding 50 pounds in actual weight will be assessed; previously 70 pounds



Address Correction

- The Address Correction charge will increase \$0.60. The per shipment maximum will increase \$4.20.

Area Surcharges

- The Delivery Area Surcharge applied to commercial addresses for Ground and Air Services will increase \$0.15.
- The Delivery Area Surcharge applied to commercial extended addresses for Ground and Air Services will increase \$0.65.
- The Delivery Area Surcharge applied to residential addresses for Ground Services will increase \$0.20.
- The Delivery Area Surcharge applied to residential addresses for Air Services will increase \$0.05.
- The Delivery Area Surcharge applied to residential extended addresses for Ground and Air Services will increase \$0.55.
- The Delivery Area Surcharge applied to commercial addresses for UPS Hundredweight Service® Air and for UPS Hundredweight Service® Ground will increase \$1.25.
- The Delivery Area Surcharge applied to residential addresses for UPS Hundredweight Service® Air will increase \$1.00.
- The Delivery Area Surcharge applied to residential addresses for UPS Hundredweight Service® Ground will increase \$1.75 per shipment.
- The Delivery Area Surcharge applied to residential extended addresses for UPS Hundredweight Service® Air and for UPS Hundredweight Service® Ground will increase \$3.75 per shipment.
- The Remote Area Surcharge for Alaska will increase \$2.00.
- The Remote Area Surcharge for Hawaii will increase \$1.00.
- For international import packages, the Delivery Area Surcharge and Delivery Area Surcharge Extended will increase \$0.10.
- For international packages with non-US origins or destinations, the Extended Area Surcharge and Remote Area Surcharge will increase \$2.00 per shipment or \$0.02 per pound.
- For a complete listing of eligible U.S. postal codes and to determine which charge may be applied, refer to the 2020 Delivery Area Surcharge and Extended Area Surcharge files.

Collect on Delivery (C.O.D.)

- The charge for Collect on Delivery will increase \$1.00.

Chargeback for Consignee Billing Shipments

- The chargeback for Consignee Billing Shipments will increase \$0.60.

Delivery Confirmation

- The charge for Delivery Confirmation Signature Required will increase \$0.25.
- The charge for Delivery Confirmation Adult Signature Required will increase \$0.30.

UPS Delivery Intercept

- The charge for UPS Delivery Intercept® request will increase \$0.60 for web requests and \$1.00 for phone requests.

Dry Ice

- The charge for Dry Ice will increase \$0.30.

Electronic Export Information (E.E.I)

- The charge for Electronic Export Information will increase \$2.00.



Large Package Surcharge

- The Large Package Surcharge for U.S. Domestic commercial packages will increase \$5.00.
- The Large Package Surcharge for U.S. Domestic residential packages will increase \$5.00.
- The Large Package Surcharge for International packages will increase \$5.00.

Missing/Invalid Account Number or Refusal Fee

- The charge for Missing/Invalid Account Number or Refusal Fee will increase \$0.60

Over Maximum Limits and Oversize Pallet Handling Surcharge

- The Over Maximum Limits charge will increase \$25.00.
- The Oversize Pallet Handling Surcharge will increase \$25.00

Residential Surcharge

- The Residential Surcharge for UPS® Ground Service, UPS® Standard to/from Canada and UPS® Standard to/from Mexico shipments will increase \$0.15.
- The Residential Surcharge for domestic UPS Air Services and UPS International Air Services will increase \$0.15.
- The Residential Surcharge for UPS Hundredweight Service® shipping will increase \$1.85 per shipment.

Scheduled Pickup

- The weekly charge assessed for Daily, Daily On-Route, Day-Specific (4 days) and Day-Specific (3 days) Scheduled Pickup service will increase \$1.00 for customers with billing totals of \$75.00 or more per week and \$2.00 for customers with billing totals less than \$75.00 per week.
- The weekly charge assessed for Day Specific (1-2 days) and UPS Smart Pickup® services will increase \$1.00.
- Customers can determine which pickup service best meets their needs and make their selection at www.ups.com/pickupoptions.

Third Party Billing Service

- The fee applied to shipments billed to a Third Party will increase to 4.5% of total charges.



FedEx Express and FedEx Ground

The following surcharge changes will take effect Jan. 6, 2020, unless otherwise noted, for FedEx Express® and FedEx Ground® services.*

Surcharge Name	Applicable Services	2019	2020
Additional Handling Surcharge	U.S. express package services and U.S. and international ground services	\$13.50 per package (dimension)	\$15 per package (dimension)
	International express package services	\$13.50 per shipment (dimension)	\$15 per shipment (dimension)
	U.S. express freight services	\$175 per freight handling unit	\$185 per freight handling unit
	International express freight services	\$175 per shipment	\$185 per shipment
Address Correction	U.S. express package services; international express package and freight services; and U.S. and international ground services	\$16 per correction	\$17 per correction
	U.S. express freight services	\$84 per correction	\$88.50 per correction
	Maximum charge with FedEx Express Multiweight® pricing	\$112 per shipment	\$119 per shipment
	Maximum charge with FedEx Ground Multiweight® pricing	\$48 per shipment	\$51 per shipment



Surcharge Name	Applicable Services	2019	2020
Dangerous Goods (accessible)	FedEx First Overnight®, FedEx Priority Overnight®	\$98 per package	\$105 per package
	FedEx First Overnight® Freight, FedEx 1Day® Freight	Greater of \$104 per shipment or \$0.82 per lb.	Greater of \$109.50 per shipment or \$0.87 per lb.
	International express package and freight services	Greater of \$153.50 per shipment or \$0.83 per lb.	Greater of \$162.50 per shipment or \$0.88 per lb.
Dangerous Goods (inaccessible)	U.S. express package services	\$49 per package	\$51.50 per package
	U.S. express freight services	Greater of \$48 per shipment or \$0.31 per lb.	Greater of \$50.50 per shipment or \$0.33 per lb.
	International express package and freight services	Greater of \$75.50 per shipment or \$0.41 per lb.	Greater of \$81 per shipment or \$0.44 per lb.
Delivery Area Surcharge	U.S. express package services, FedEx Ground (residential)	\$4.20 per package	\$4.40 per package
	U.S. express package services and U.S. ground services (extended residential)	\$4.65 per package	\$5.40 per package
	U.S. express package services Commercial Extended Commercial	\$2.85 per package \$2.85 per package	\$3.10 per package \$3.60 per package
	FedEx Ground Commercial Extended Commercial	\$2.70 per package \$2.70 per package	\$2.95 per package \$3.45 per package
	Express Alaska package services (residential, commercial)	\$27.50 per package	\$29 per package
	Express Hawaii package services (residential, commercial)	\$8.40 per package	\$8.85 per package
	FedEx Home Delivery® (residential)	\$3.65 per package	\$4 per package
	Maximum charge with FedEx Express Multiweight Pricing (Residential, Commercial, Extended Residential, Extended Commercial)	\$14.25 per shipment (Commercial) \$14.25 per shipment (Extended Commercial) \$21.00 per shipment (Residential) \$23.25 (Extended Residential)	\$15.50 per shipment (Commercial) \$18.00 per shipment (Extended Commercial) \$22.00 per shipment (Residential) \$27.00 per shipment (Extended Residential)
	Maximum charge with FedEx Ground Multiweight Pricing (Residential, Extended Residential, Commercial, Extended Commercial, FedEx Home Delivery Residential, FedEx Home Delivery Extended Residential)	\$13.50 per shipment (Commercial) \$13.50 per shipment (Extended Commercial) \$21.00 per shipment (Residential) \$18.25 per shipment (FedEx Home Delivery Residential) \$23.25 per shipment (Extended Residential) \$23.25 per shipment (FedEx Home Delivery Extended Residential)	\$14.75 per shipment (Commercial) \$17.25 per shipment (Extended Commercial) \$22.00 per shipment (Residential) \$20.00 per shipment (FedEx Home Delivery Residential) \$27.00 per shipment (Extended Residential) \$27.00 per shipment (FedEx Home Delivery Extended Residential)



Surcharge Name	Applicable Services	2019	2020
Delivery Reattempt Charge	U.S. express freight services	Greater of \$63.50 per shipment or \$0.069 per lb.	Greater of \$67 per shipment or \$0.073 per lb.
Extended Service Area Delivery	U.S. express freight services	\$140 per shipment	\$175 per shipment
Extended Service Area Pickup	U.S. express freight services and FedEx International Premium®	\$140 per shipment	\$175 per shipment
Extra Services Charge	U.S. express freight services and FedEx International Premium	\$94.50 per handler hour (\$94.50 minimum)	\$99.50 per handler hour (\$99.50 minimum)
FedEx® Collect on Delivery (C.O.D.)	U.S. express package services	\$14.50 per package	\$15.50 per package
	U.S. express freight services	\$79 per shipment	\$83 per shipment
	Maximum charge with FedEx Express Multiweight	\$101.50 per shipment	\$108.50 per shipment
FedEx® Delivery Signature Options	U.S. express package services; U.S. and international ground services	Adult Signature Required: \$6.05 per package Direct Signature Required, Indirect Signature Required: \$5 per package	Adult Signature Required: \$6.35 per package Direct Signature Required, Indirect Signature Required: \$5.25 per package
	International express package services	Adult Signature Required: \$6.05 per shipment Direct Signature Required, Indirect Signature Required: \$5 per shipment	Adult Signature Required: \$6.35 per shipment Direct Signature Required, Indirect Signature Required: \$5.25 per shipment
	Maximum charge with FedEx Express Multiweight and FedEx Ground Multiweight pricing	Adult Signature Required: \$42.35 per shipment Direct Signature Required, Indirect Signature Required: \$35 per shipment	Adult Signature Required: \$44.45 per shipment Direct Signature Required, Indirect Signature Required: \$36.75 per shipment
FedEx ExpressTag®	U.S. express package services	\$5.80 per package	\$6.10 per package
FedEx Ground® C.O.D.	FedEx Ground, international ground service	\$14.50 per package	\$15.50 per package
	Maximum charge with FedEx Ground Multiweight pricing	\$101.50 per shipment	\$108.50 per shipment



Surcharge Name	Applicable Services	2019	2020
FedEx Ground® Electronic C.O.D. (E.C.O.D.)	FedEx Ground	\$14.50 per package	\$15.50 per package
	Maximum charge with FedEx Ground Multiweight pricing	\$101.50 per shipment	\$108.50 per shipment
Ground Weekly Pickup Fee	Ground services	\$14.50 per week (invoiced weekly shipping charges of \$75 or more) \$29 per week (invoiced weekly shipping charges of less than \$75)	\$15.50 per week (invoiced weekly shipping charges of \$75 or more) \$31 per week (invoiced weekly shipping charges of less than \$75)
Hazardous Materials	FedEx Ground	\$35 per package	\$37 per package
Inside Delivery Charge	U.S. express freight services	Greater of \$105 per shipment or \$0.068 per lb.	Greater of \$110.50 per shipment or \$0.072 per lb.
Inside Pickup Charge	U.S. express freight services and FedEx International Premium	Greater of \$105 per shipment or \$0.068 per lb.	Greater of \$110.50 per shipment or \$0.072 per lb.
International Out-of-Delivery-Area Surcharge	International express package services, FedEx International Priority® Freight, FedEx International Economy® Freight	Greater of \$38 per shipment or \$0.38 per lb.	Greater of \$40 per shipment or \$0.40 per lb.
International Out-of-Pickup-Area Surcharge	International express package services, FedEx International Priority Freight, FedEx International Economy Freight (U.S. import-rated shipments only, for all services)	Greater of \$38 per shipment or \$0.38 per lb.	Greater of \$40 per shipment or \$0.40 per lb.
Metro Service Area Delivery	U.S. express freight services	\$140 per shipment	\$175 per shipment
Metro Service Area Pickup	U.S. express freight services and FedEx International Premium	\$140 per shipment	\$175 per shipment
Missing or Invalid Account Number (including account number correction)	U.S. and international express package and freight services, U.S. and international ground services	\$16 per shipment	\$17 per shipment
Oversize Charge	U.S. express package services and U.S. and international ground services	\$90 per package	\$100 per package
Payer Rebilling	U.S. and international express package services and U.S. express freight services	\$16 per shipment	\$17 per shipment



Surcharge Name	Applicable Services	2019	2020
Reroute of Shipment	U.S. express package services	\$16 per package	\$17 per package
	U.S. express freight services	\$84 per shipment	\$88.50 per shipment
	Maximum charge with FedEx Express Multiweight pricing	\$112 per shipment	\$119 per shipment
Residential Delivery Charge	U.S. express package services and U.S. and international ground services	\$4.40 per package	\$4.65 per package
	International express package services (to Canada, and U.S. import-rated shipments from all origins)	\$4.40 per shipment	\$4.65 per shipment
	Maximum charge with FedEx Express Multiweight or FedEx Ground Multiweight pricing	\$39.60 per shipment	\$41.85 per shipment
	FedEx Home Delivery	\$3.80 per package	\$4 per package

*Please check your FedEx shipping agreement to determine the net impact of these changes on your shipping costs. Please consult the FedEx Service Guide for additional details regarding applicable services.

Carrier Rate Increase and 2020 Rate Links:

UPS:

<https://www.ups.com/us/en/shipping/rates-update.page>

FedEx:

<https://www.fedex.com/en-us/shipping/current-rates/surcharges-and-fees.html>

USPS:

<https://pe.usps.com/PriceChange/Index>

Address Correction Increases

Address correction fees can be crippling when it comes to freight management and cost control. Please ask how PMAC can assist in cleaning up bad addresses from your manifest system thereby making them USPS compliant and exempted from UPS/FedEx address correction fees. We have been instrumental in handling many data specific projects for our customers.

PMAC's web reporting tools will at the click of a button allow you to see addresses that continue to be troublesome for you; you can then update your manifest system and eliminate these costs for good. Please reach out and ask us how.

These rate and charge increases can have a tremendous impact on your bottom line. Please contact PMAC and have us evaluate how these cost changes will impact your business.

Please contact us at: [631-847-0596](tel:631-847-0596) • Info@pmacinc.com • RMichals@pmacinc.com • www.parcelmanagement.com



Final Thoughts

UPS and FedEx are falling over each other to gain market share in a B to C environment that is expected to double in the next 5 years; all the while Amazon is injected into the conversation every so often. News flash! Amazon is not a factor in the slightest for UPS and FedEx, except to confuse the industry. Amazon lacks and will always lack the ability to be a major player without using their Monopoly Money Stock Certificates to buy regional carriers and then have them hold hands. If they did do this, they may have a long shot to be a player; but in my opinion, it will just be another WorldCom/ MCI bust in the making. Amazon routes will cost you \$10,000 per and the same FedEx Ground route will cost you \$1,400,000.00; there is a reason for this. Amazon lacks the delivery densities to make a fight out of this. About 6 months ago, I was notified by email by Amazon that my wife and I could “pick a day” for all of our deliveries by week. I laughed as I explained to my better half that they did not have external delivery densities and therefore they were going to create them internally by wrapping it up in a “convenience model” to their customers. It is not a question of “if” it is a 100 percent certain “when”, when Amazon tells you the day of the week they are delivering to your neighborhood. We are going back to the days of the “Milkman Mondays”.

As UPS and FedEx have begun to improve operational efficiencies to address the enormous growth predictions, the UPS model makes it substantially better positioned than FedEx to meet these demands. It has become very evident that the old Fred Smith mantra of “operate independently, compete collectively” is dying with each passing day. Evidence of this is FedEx’s new revolutionary program rollout; they will be delivering SmartPost packages through their Home Delivery and Ground Networks, while pocketing the extra monies now not designated to the USPS. This is an easy way to improve their lacking delivery densities in their network while increasing revenue. Short-term pain will lead to long-term promise for both UPS and FedEx as we move into a new era of immediate gratification, with the word “consumer” taking on a completely new meaning. To learn more about how you can mitigate your parcel costs call 631-847-0596.

Best regards for a healthy and successful new year.

Richard D. Michals, Jr
President
Parcel Management Auditing and Consulting, Inc