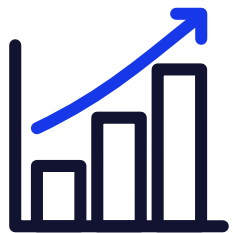




# The 2023 UPS GRI



What you need to know  
about **UPS's general rate  
increase for 2023.**





## The Announcement

UPS announced its General Rate Increase (GRI) for 2023 - **an average 6.9% increase to published rates for Ground, Air and International services**. The carrier joins FedEx in issuing the largest general rate increase ever, a benchmark previously set by the rival carrier in September.

Notably, UPS's new rates will go into effect a week earlier on **December 27, 2022**. FedEx's rate increases take effect January 2, 2023.



## The Disconnect

As is always the case with carrier General Rate Increases, and as noted with an asterisk at the bottom of UPS's announcement, **“the impact of these changes on your shipping costs will vary according to your shipping characteristics and the terms of your UPS agreement.”**

Translated, **very few shippers will realize an increase equivalent to 6.9%; most will be higher**. It's important you understand how base rate and surcharge increases will impact your 2023 UPS spend.

**Here are our key takeaways for shippers from this year's announcement.**

# 1. UPS matches FedEx and sets an all-time high general rate increase.

UPS waited four full weeks after FedEx to announce their 2023 GRI and, to no one's surprise, it matched FedEx's at 6.9%. For nearly a decade, both carriers set their annual increases at 4.9%, until 2022 when both broke the trend and announced 5.9% average increases. That one-point increase was a jolt to the industry, especially considering their customers' pandemic-fueled struggles and UPS's already-record-setting profits.

While it was unfortunately predictable, increasing the 2023 GRI by another full point still comes as a shock as shippers grapple with a potential worldwide recession. **With reports of excess capacity in all parcel networks**, one would think carriers might use GRI announcements as a mechanism to acquire customers. **Instead, they plan to use rate increases to offset volume declines and ensure revenue growth goals are met.**

*\* It should be noted that as of the time this overview's release date (10/25/2022), UPS has not yet announced its 2023 SurePost rates. Shippers using that service should follow our [Parcel Carrier Updates](#) page for notifications or continue to check UPS's Shipping Costs and Rates page for updates.*

## 2. Rate increases are similar across most weight breaks, but longer zone shippers will see higher increases.

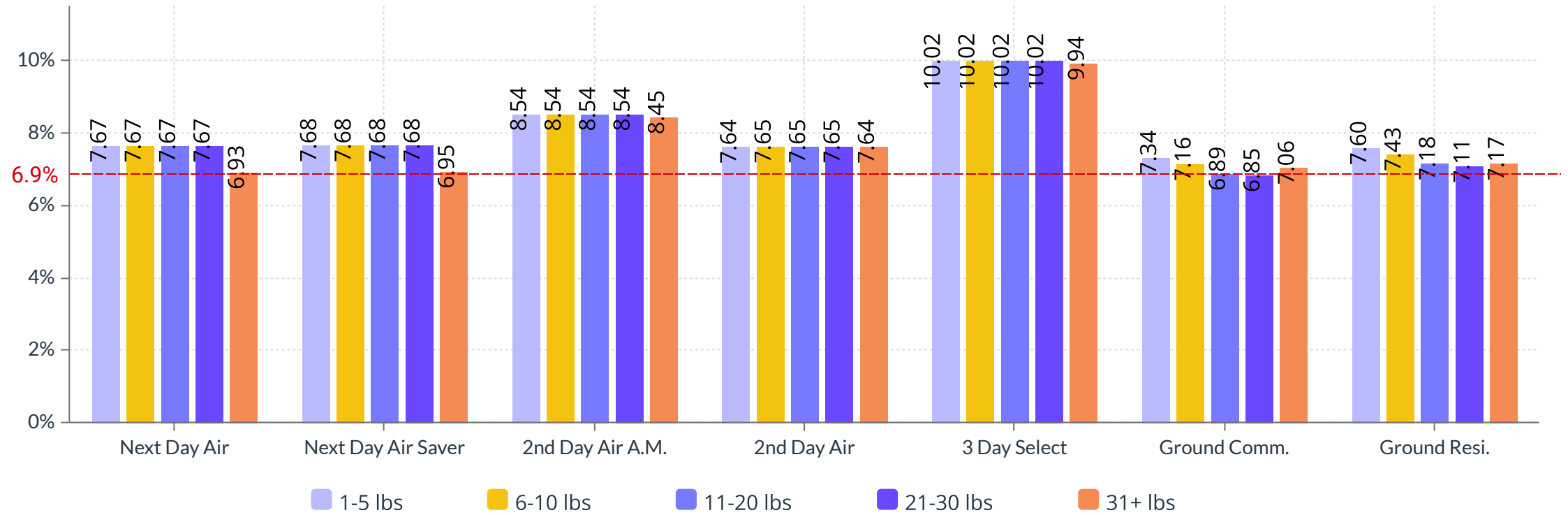
As illustrated by the following charts, **all services will see rate increases across all weight breaks, and virtually all above the 6.9% target line.**

Although not to the same degree as last year, UPS continues to hammer 3-Day Select with large increases. While not as popular with shippers as ground, two-day, and overnight services, the somewhat niche group of shippers who benefit from a 3-day guaranteed service, will once again be subject to the GRI's largest hikes.



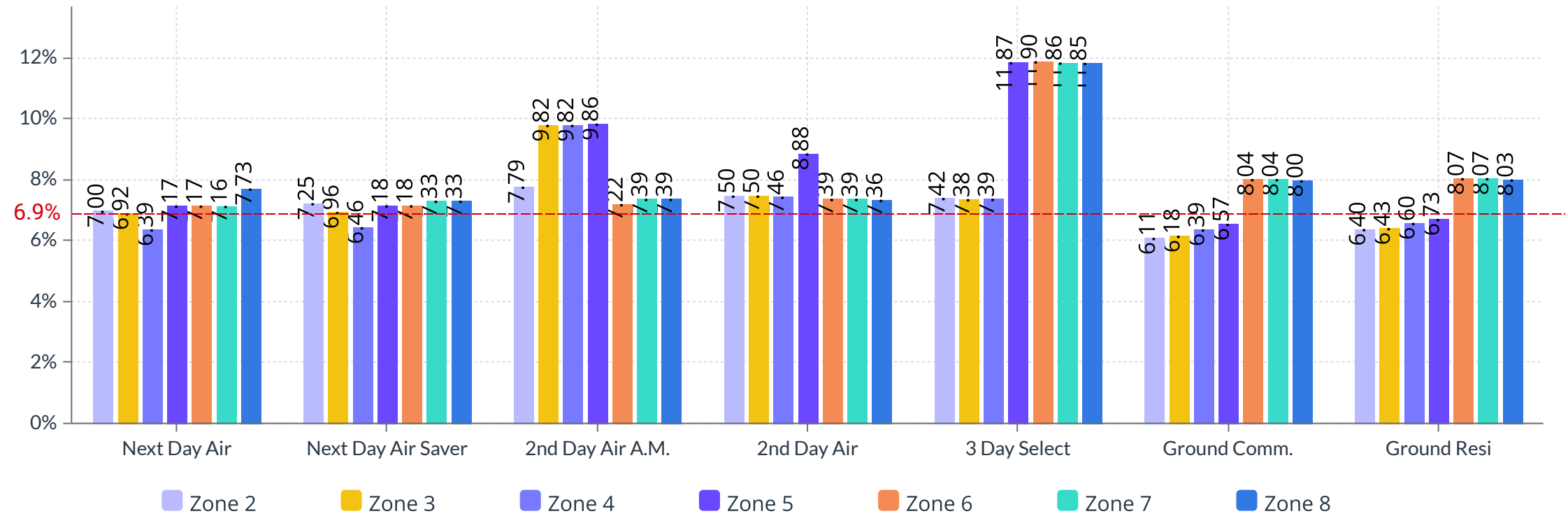
The **red line** delineates UPS's 6.9% announced average.

### 2023 UPS Rate Increase by Service & Weight



As you can see below, **Zones 6-8 are taking higher increases than the lower zones**. UPS is signaling to Ground shippers they want to get their packages in and out of the networks much faster and with fewer touches. UPS has also kept the **shorter Zones (2-4) lower than the 6.9% increase**, likely to compete the ever-increasing popularity of regional carriers.

**2023 UPS Rate Increase by Service & Zone**



# 3.

## Ground Minimum Package Charge (1 pound, Zone 2) increased to \$10.10, an increase of 7.9%.

Also matching its counterpart, UPS has increased its Ground Minimum Charge to \$10.10, a 7.9% increase.

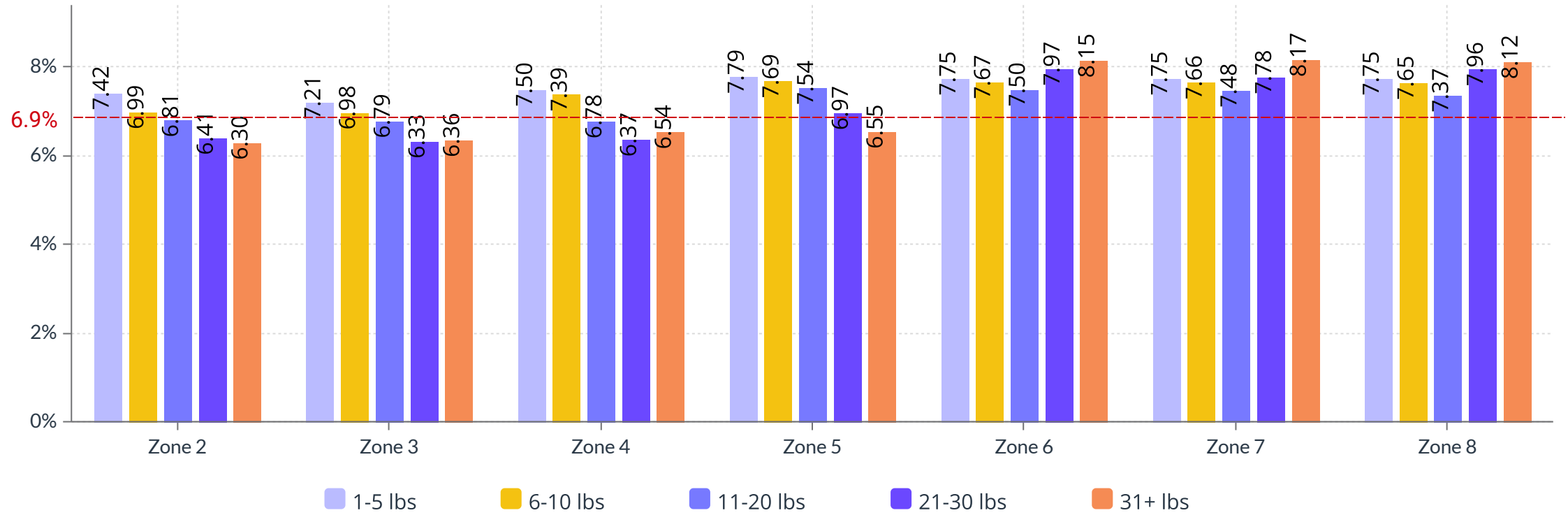
**This is important because this charge is the absolute floor UPS will charge ground shippers no matter how good a discount they have negotiated.** However, reductions to the minimum charge are negotiable, and we encourage all shippers to seek concessions, especially as increases to the minimum charge tend to exceed the GRI each year.

Minimum Net Charge	2022 Rate	2023 Rate	Percentage Increase
3 Day	\$13.57	\$14.59	7.517%
2 Day	\$21.23	\$22.82	7.489%
Next Day Air Saver	\$31.54	\$34.22	8.497%
Next Day Air	\$34.50	\$37.44	8.522%
Ground	\$9.36	\$10.10	7.906%





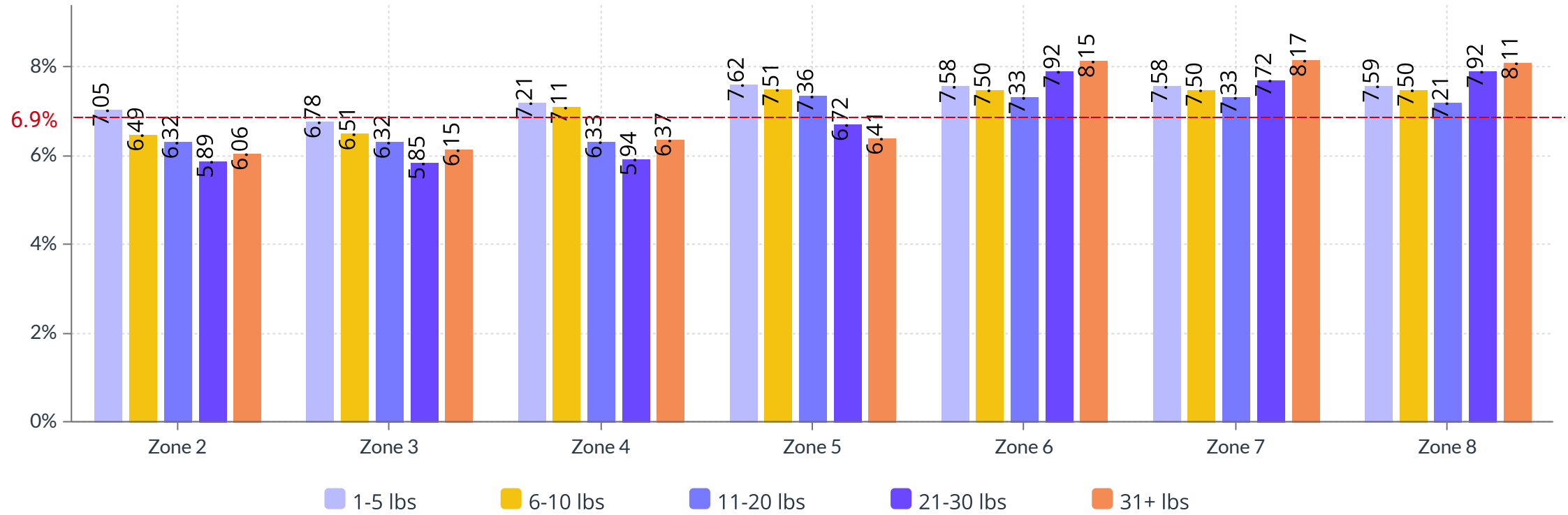
### Ground Residential - 2023 UPS Rate Increase







### Ground Commercial - 2023 UPS Rate Increase



# 4.

## Peak/Demand Surcharges will be referred to as Demand Surcharges.

UPS initially introduced the Peak Surcharge to pass along to shippers the additional costs it incurred to flex its network during the holiday season.

Last year, the Peak Surcharge was renamed “Peak/Demand Surcharge” to justify the charge continuing well past peak season and to be charged year-round. At the time, we wrote, “While there is technically nothing incredibly noteworthy here, this change does foreshadow that ‘Peak’ is here to stay.” Now, UPS will refer to this as a “Demand Surcharge” for 2023 and beyond.

Based on recent earnings announcements, UPS achieving its revenue growth goals seems to **depend on these “temporary” charges being made permanent**, either as a line item or by folding the charges into base rates.

**There is precedent for this.** Who can forget the “temporary” Fuel Surcharge introduced in the mid-2000s?

# 5.

Almost all common surcharges will increase significantly more than the 6.9% GRI.

Most read the headlines, or the email from their carrier rep, and think all their rates and surcharges are increasing by 6.9%.

However, among other reasons already covered, this misunderstanding may cause parcel shippers to blow their budgets since the annual GRI announcement **does not limit surcharges to the 6.9% rate increase.**

Again, this year, most common surcharges will increase significantly higher than 6.9% and, depending on your specific profile, may be extremely detrimental to your parcel pricing. **Surcharges make up between 20% and 40% of a parcel shipper's annual spend**, so it's critical you understand the impact of these increases.





Surcharge	Zones	2022 Rate	2023 Rate	% Increase
<b>Additional Handling</b>				
Additional Handling, Weight	2	\$25.25	\$29.00	14.85%
Additional Handling, Weight	3-4	\$27.50	\$31.50	14.55%
Additional Handling, Weight	5+	\$30.50	\$34.00	11.48%
Additional Handling, Length/Width	2	\$15.75	\$18.50	17.46%
Additional Handling, Length/Width	3-4	\$17.50	\$20.50	17.14%
Additional Handling, Length/Width	5+	\$20.50	\$23.50	14.63%
Additional Handling, Packaging	2	\$14.00	\$16.50	17.86%
Additional Handling, Packaging	3-4	\$16.00	\$19.00	18.75%
Additional Handling, Packaging	5+	\$17.50	\$20.50	17.14%
<b>Address Correction</b>		\$18.00	\$19.50	8.33%
<b>COD</b>		\$17.50	\$18.00	2.86%
<b>Dangerous Goods (Hazardous Materials)</b>				
Hazardous Materials, Air, Accessible goods		\$130.00	\$145.00	11.54%
Hazardous Materials, Air, Inaccessible goods		\$61.50	\$68.50	11.38%
Hazardous Materials, Ground		\$44.00	\$48.00	9.09%
<b>Delivery Area Surcharge</b>				
Delivery Area Surcharge, Commercial Air		\$3.55	\$3.70	4.23%
Delivery Area Surcharge, Commercial Air Extended		\$4.25	\$4.50	5.88%
Delivery Area Surcharge, Commercial Ground		\$3.40	\$3.70	8.82%
Delivery Area Surcharge, Commercial Ground Extended		\$4.10	\$4.50	9.76%
Delivery Area Surcharge, Residential Ground		\$4.80	\$5.30	10.42%
Delivery Area Surcharge, Residential Ground Extended		\$6.50	\$7.15	10.00%
Delivery Area Surcharge, Residential Air		\$5.20	\$5.55	6.73%
Delivery Area Surcharge, Residential Air Extended		\$6.50	\$7.15	10.00%

Of particular note, **shippers of large packages will once again be severely impacted** by the 2023 increase.

Additional Handling surcharges are increasing anywhere from 11.48% to 18.75%, and Large Package Surcharges are increasing 12.2% to 22.7%.



(Continued.)

Surcharge	Zones	2022 Rate	2023 Rate	% Increase
<b>Delivery Confirmation</b>				
Delivery Confirmation Signature Required		\$5.90	\$6.35	7.63%
Delivery Confirmation Signature Required Adult		\$7.15	\$7.65	6.99%
<b>Dry Ice</b>				
		\$6.55	\$7.05	7.63%
<b>Large Package Surcharge</b>				
Large Package Surcharge, Commercial	2	\$110.00	\$135.00	22.73%
Large Package Surcharge, Commercial	3-4	\$120.00	\$145.00	20.83%
Large Package Surcharge, Commercial	5+	\$140.00	\$165.00	17.86%
Large Package Surcharge, Residential	2	\$135.00	\$160.00	18.52%
Large Package Surcharge, Residential	3-4	\$145.00	\$170.00	17.24%
Large Package Surcharge, Residential	5+	\$165.00	\$195.00	18.18%
International		\$145.00	\$170.00	17.24%
Over Maximum Limits		\$1,025.00	\$1,150.00	12.20%
<b>Missing PLD fee</b>				
		\$2.15	\$3.00	39.53%
<b>Residential Surcharge</b>				
Residential Surcharge, Ground		\$4.85	\$5.25	8.25%
Residential Surcharge, Air		\$5.35	\$5.85	9.35%
<b>Daily Pickup</b>				
Ground Weekly Pick Up (<\$75/week)		\$36.00	\$30.00	-16.67%
Ground Weekly Pick Up (>\$75/week)		\$19.50	\$30.00	53.85%
<b>Late Payment Fee</b>				
		6%	8%	33.33%

When speaking of surcharges to Wall Street analysts, UPS refers to them as “levers” that can be used to drive revenue to meet investors' expectations.

**Remember, though, as these charges increase dramatically year over year, UPS is opening the door for you to initiate negotiations to mitigate these increases.**

# 6.

## The list of ZIP codes aligned to certain zones will change.

UPS's GRI announcement contained a bullet point that some ZIP codes aligned to certain zones will change. Those changes have not been announced yet and *may* be unimportant to most shippers.

**However, the note here is that UPS can and will make changes to zone alignment which will impact your pricing.**

# 7. How does UPS's GRI announcement compare to FedEx?

As has been the case over the past decade or so, the oligopolistic nature of both UPS and FedEx pricing will continue into 2023.

	UPS	FDX	UPS to FDX
<b>Effective Date</b>	Dec 27, 2022	Jan 3, 2023	
<b>Ground Commercial Increase</b>			
1-5 lbs	7.34%	7.34%	0.00%
6-10 lbs	7.16%	7.16%	0.00%
11-20 lbs	6.89%	6.86%	0.03%
21-30 lbs	6.85%	6.84%	0.02%
31+ lbs	7.06%	7.05%	0.01%
<b>Ground Minimum Charge</b>	\$10.10	\$10.10	\$0.00
<b>Next Day Air Increase</b>	7.68%	7.55%	0.13%
<b>2nd Day Air Increase</b>	7.64%	7.64%	0.00%
<b>3 Day Select Increase</b>			
1-5 lbs	10.02%	9.99%	0.02%
6-10 lbs	10.02%	10.00%	0.02%
11-20 lbs	10.02%	10.01%	0.01%
21-30 lbs	10.02%	10.01%	0.01%
31+ lbs	9.94%	9.94%	0.00%

*(Comparison of Base Pricing)*



Surcharge	Zones	UPS	FDX	UPS to FDX
<b>Address Correction</b>		\$19.50	\$21.00	-\$1.50
<b>Additional Handling</b>				
Additional Handling, Weight	2	\$29.00	\$29.00	\$0.00
Additional Handling, Weight	3-4	\$31.50	\$31.50	\$0.00
Additional Handling, Weight	5-6	\$34.00	\$33.50	\$0.50
Additional Handling, Weight	7+	\$34.00	\$36.00	-\$2.00
Additional Handling, Length/Width	2	\$18.50	\$18.50	\$0.00
Additional Handling, Length/Width	3-4	\$20.50	\$20.50	\$0.00
Additional Handling, Length/Width	5-6	\$23.50	\$22.50	\$1.00
Additional Handling, Length/Width	7+	\$23.50	\$25.00	-\$1.50
Additional Handling, Packaging	2	\$16.50	\$16.50	\$0.00
Additional Handling, Packaging	3-4	\$19.00	\$19.00	\$0.00
Additional Handling, Packaging	5-6	\$20.50	\$20.00	\$0.50
Additional Handling, Packaging	7+	\$20.50	\$21.00	-\$0.50
<b>Large Package Surcharge</b>				
Large Package Surcharge, Commercial (Express/Ground)	2	\$135.00	\$135.00	\$0.00
Large Package Surcharge, Commercial (Express/Ground)	3-4	\$145.00	\$145.00	\$0.00
Large Package Surcharge, Commercial (Express/Ground)	5-6	\$165.00	\$160.00	\$5.00
Large Package Surcharge, Commercial (Express/Ground)	7+	\$165.00	\$170.00	-\$5.00
Large Package Surcharge, Residential (Residential)	2	\$160.00	\$160.00	\$0.00
Large Package Surcharge, Residential (Residential)	3-4	\$170.00	\$170.00	\$0.00
Large Package Surcharge, Residential (Residential)	5-6	\$195.00	\$190.00	\$5.00
Large Package Surcharge, Residential (Residential)	7+	\$195.00	\$200.00	-\$5.00

As you can see in this and the following table, there are very few differences between the two carriers' most common surcharges.

*(Comparison of Surcharge Pricing)*





(Continued.)

Surcharge	Zones	UPS	FDX	UPS to FDX
<b>Delivery Area Surcharge</b>				
Delivery Area Surcharge, Commercial Air		\$3.70	\$3.70	\$0.00
Delivery Area Surcharge, Commercial Air Extended		\$4.50	\$4.50	\$0.00
Delivery Area Surcharge, Commercial Ground		\$3.70	\$3.70	\$0.00
Delivery Area Surcharge, Commercial Ground Extended		\$4.50	\$4.50	\$0.00
Delivery Area Surcharge, Residential Ground		\$5.30	\$5.30	\$0.00
Delivery Area Surcharge, Residential Ground Extended		\$7.15	\$7.15	\$0.00
Delivery Area Surcharge, Residential Air		\$5.55	\$5.55	\$0.00
Delivery Area Surcharge, Residential Air Extended		\$7.15	\$7.15	\$0.00
<b>Remote Delivery Surcharge</b>		\$13.05	\$13.25	<b>-\$0.20</b>
<b>Residential Surcharge</b>				
Residential Surcharge, Ground		\$5.25	\$5.15	<b>\$0.10</b>
Residential Surcharge, Air		\$5.85	\$5.80	<b>\$0.05</b>
<b>Late Payment Fee</b>		8%	8%	\$0.00
<b>Adult Signature</b>		\$7.65	\$7.65	\$0.00
<b>Direct Direct Signature</b>		\$6.35	\$6.35	\$0.00
<b>Dangerous Goods (Hazardous Materials)</b>				
Hazardous Materials, Air, Accessible goods		\$145.00	\$145.00	\$0.00
Hazardous Materials, Air, Inaccessible goods		\$68.50	\$68.50	\$0.00
Dangerous Goods, Dry Ice		\$7.05	\$7.05	\$0.00

**Reminder!**

You can find our overview and analysis of **FedEx's 2023 General Rate Increase** by [clicking here!](#)

# 8.

## So, what can shippers do?

- ✓ **Know your data** and your specific shipping profile. That is the only way to fully analyze how these increases will impact you.
- ✓ **Engage multiple carriers.** Regional carriers are becoming increasingly viable for almost all shippers and often offer extremely competitive rates. For example, LaserShip and OnTrac, which merged earlier this year with sights set on becoming a full-service national provider, already fight for volume with about a dozen other existing regional carriers, and if most analysts are correct, will soon compete against Amazon, whenever they decide to become a common carrier. Shippers that haven't investigated these options may be pleasantly surprised with what they find.
- ✓ **Negotiate!** With large increases and introductions of new charges, the carriers are opening the door for you to lobby them for relief.



# In summary...

UPS's GRI announcement once again illustrates that UPS is focused first and foremost on driving profits, even at the potential cost of long-term harm to its loyal customers.

Even as we enter a recession, as many believe, and even as there is excess capacity in the market, UPS set its GRI at an all-time high. Pouring gas on that fire, most surcharges are increasing significantly more than 6.9%.

**There is never a wrong time to reach out to your carrier to discuss mitigation tactics.** The key is to make sure you have a complete understanding of the impact of annual increases. Whether you have an in-house expert or partner with a consultancy, these increases can't be ignored. Your budget is at stake, and you owe your organization the chance to have an informed negotiation with your carrier.



# Before you go...

Shipware offers **complimentary UPS and FedEx GRI Impact Analyses.**

Find out exactly how much the largest increase in the history of GRIs will impact your shipping and fulfillment costs in 2023 and what strategies you can execute to lower your projected costs.

Reach out at:



[shipware.com/contact](https://shipware.com/contact)



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**Elise Salverda** is Shipware's Business and Data Analytics Manager and leads the analytics team in performing transportation spend analyses and ratings. Elise has over eight years experience in logistics and transportation analysis and 20+ years' experience as an analyst in the banking and finance industry before joining the Shipware team in 2014. Elise is a graduate of Oklahoma State University in Stillwater, OK.

