

FedEx Announces 2014 Rate Increases for Express Products

September 24, 2013, By Rob Martinez, DLP, CMDSS President & CEO, Shipware, LLC

This week FedEx announced average rate increases of 3.9% for Express and International services effective January 6, 2014. Unlike previous rates increases, FedEx will not offset rate increases by modifying fuel surcharge indexes.

However, for many shippers the impact will be greater than the "average" increases announced, especially for deferred express products:

Service	Average Increase (Letter to 50 Lbs)
Priority	3.44%
Standard	4.63%
2 Day AM	5.25%
2 Day	5.25%
3 Day	5.55%

Many accessorial fees and surcharges – like Delivery Area Surcharges, Residential Surcharges, Declared Value and others – will also take an increase in 2014. In fact, all surcharge increases announced exceed the 3.9% average as reported by FedEx. Refer to chart below for a partial list of those accessorial fees and surcharges increasing in 2014:

Item	2013 Price	Increase \$	2014 Price	Increase %
Accessible Dangerous Goods	\$75.00	\$5.00	\$80.00	6.7%
Inaccessible Dangerous Goods	\$37.50	\$2.50	\$40.00	6.7%
Declared Value (per \$100)	\$0.85	\$0.05	\$0.90	5.9%
Declared Value Minimum Charge	\$2.55	\$0.15	\$2.70	5.9%
DAS Commercial	\$2.15	\$0.10	\$2.25	4.7%
DAS Extended Commercial	\$2.15	\$0.10	\$2.25	4.7%
DAS Residential	\$3.25	\$0.15	\$3.40	4.6%
DAS Extended Residential	\$3.50	\$0.15	\$3.65	4.3%
DAS MWT	\$10.75	\$0.50	\$11.25	4.7%
DAS Alaska	\$15.00	\$2.50	\$17.50	16.7%
COD	\$11.00	\$1.00	\$12.00	9.1%
Adult Signature	\$4.50	\$0.25	\$4.75	5.6%
Direct Signature	\$3.50	\$0.25	\$3.75	7.1%

Indirect Signature	\$2.25	\$0.75	\$3.00	33.3%
Adult Signature MWT	\$31.50	\$1.75	\$33.25	5.6%
Direct Signature MWT	\$24.50	\$1.75	\$26.25	7.1%
Indirect Signature MWT	\$15.75	\$5.25	\$21.00	33.3%
Intl Out-of-Delivery-Area Surcharge	\$26.00	\$2.00	\$28.00	7.7%
Intl Out-of-Pickup-Area Surcharge	\$26.00	\$2.00	\$28.00	7.7%
Residential Surcharge (U.S. Domestic)	\$3.20	\$0.15	\$3.35	4.7%
Residential Surcharge (International Export)	\$3.20	\$0.15	\$3.35	4.7%
Residential Surcharge MWT	\$27.70	\$1.30	\$29.00	4.7%
Saturday Delivery	\$15.00	\$1.00	\$16.00	6.7%
Saturday Pickup	\$15.00	\$1.00	\$16.00	6.7%

FedEx Ground and FedEx Home Delivery rates will be announced later this year. Historically, FedEx matches the Ground increases set by rival United Parcel Service.

The general rate increase (GRI) has played a significant role in FedEx's revenue management strategy.

Mike Glenn, FedEx's Executive Vice President, Market Development and Corporate Communications reported that well over half of all FedEx parcel traffic receives the full GRI.

Glenn recently said, "That's been one of our key strategies, to substantially increase the amount of parcel traffic that is covered by the GRI. And we've done a terrific job over the last three to four years. We certainly have contracts that still are in place today that are locked into a GRI, and it's based upon the contract term and not the annual GRI. But our sales team and our pricing science team have done a phenomenal job of working with customers to get them on an annual rate increase. So we're very pleased with that."

Rob Martinez, DLP is President & CEO of Shipware LLC, an innovative parcel audit and consulting firm that helps volume parcel shippers reduce shipping costs 10%-30%. Rob offers 25 years experience negotiating parcel contracts – on both sides of the negotiating table – for some of the most recognizable brands in the world, and is a sought after speaker and industry thought leader. He welcomes questions and comments, and can be reached at 858-879-2020 Ext 114 or rob@shipware.com.