

UPS Raises Surcharges as Expenses Increase

UPS has stressed the importance of continuously looking for pricing initiatives which align revenue to cost to serve as well as the value UPS creates for customers. As a result, the company has implemented four increases that went into effect in June and two effective July 8th.

SME expects additional rate increases leading up to peak season.

The Increases

▲ \$150

EFFECTIVE JUNE 4, 2018

The fee for **Over Maximum Limits** and the **Oversize Pallet Handling Surcharge** increased by \$150 and a new **Shipping Charge Correction Audit Fee** was added.

▲ 0.5%

EFFECTIVE JUNE 11, 2018

UPS Ground Fuel Surcharge increased by 0.5% for all thresholds.

▲ \$90 & \$19

EFFECTIVE JULY 8, 2018

The **Large Package Surcharge** for any US Domestic package delivered to a residential address will be \$90 and the **Additional Handling Surcharge** for any U.S. Domestic package exceeding 70 pounds in actual weight will be \$19.

What It Means

On top of the average 4.9% annual rate increase, additional surcharges will mean even higher costs to shippers. Examples of what the latest surcharges will mean:

- The **Over Maximum Surcharge** has now increased by \$500 per occurrence or over 330% since last year.
- The **UPS Ground Fuel Surcharge** reflects a 7.5% increase based on the July 9, 2018 index (7.25% vs 6.75%).
- The **Residential Large Package Surcharge** has steadily increased since last December. In December 2017, it increased 10% from \$72.50 to \$80. On July 8, it will increase an additional 12.5% from \$80 to \$90.

How Spend Management Experts (SME) Helps Shippers

With its team of experienced logistics analysts, SME partners with shippers by:

- Optimizing supply chain networks
- Providing deep industry-leading analysis into shipping costs
- Identifying savings with the use of proprietary technology models

“UPS is feeling the effects of increasing competition and changing consumer demand, now delivering more residential packages than commercial packages. Infrastructure investments and a costly union negotiation come at a hefty price and these cost increases will help subsidize the investments.” – John Haber, CEO of Spend Management Experts.

To learn more, please visit www.spendmgmt.com or contact us at 404.902.5390