



2024

Parcel GRIs

A Shipper's Guide to 2024 GRIs

5.9% is the number in parcel rate increases this year. 2024 general rate increases (GRIs) have been announced, and while they do not bring welcome news for shippers, 5.9% is a relative improvement compared to the jump we saw from 2022 to 2023.

For years, FedEx and UPS had used the same GRI of 4.9%. In 2022, this was raised to 5.9%, and 2023 brought the highest-ever GRI of 6.9%. Despite it settling back down to 5.9% for 2024, this number will still have a significant impact on shippers.

However, the difficulty with seeing a rate increase as a single number is that shippers can, for simplicity, calculate this as how much their shipping costs will increase in 2024. Unfortunately, this is not the case. **Since GRIs only apply to the base rate and there are also surcharges to factor in, the total will typically increase by more than the GRI.**

With different rate increases on almost every surcharge, shippers must take a calculated approach to understanding their future shipping costs, by analyzing every area where rates and additional charges are increasing and having a strategy for optimizing their costs. Taking a strategic approach and using the right tools, shippers can minimize the impact of rate increases on their shipping budgets.

To help you optimize parcel spend, we're looking at:

- **An Overview of 2024's GRIs: FedEx, UPS, USPS, and DHL**
- **Strategies for Navigating GRIs**
- **How to Leverage Technology to Manage Parcel Spend**

An Overview of 2024's GRIs

FedEx, UPS, USPS, and DHL are among the most common parcel carrier choices for shippers, and they have each announced rate increases for 2024, effective the dates shown in the table below. These rate increases typically affect the base rates, as represented by the GRI, and additional surcharges, at individually-specified rates.

Some of the most common surcharges include:

- Additional Handling (by Dimension, Packaging, or Weight)
- Address Correction Fee
- Delivery Area Surcharge
- Demand Surcharge (formerly “Peak Season”)
- Oversize Package
- Residential Delivery

By considering the details of these surcharges, we can get a better idea of how companies can expect shipping costs to increase in 2024, depending on their specific shipping situation.

Effective Dates

	GRI	Surcharges	Demand Surcharges	Demand Surcharges for Residential Delivery
FedEx	Jan. 1, 2024	Jan. 1, 2024	Oct. 2, 2023 - Jan. 14, 2024	Oct. 30, 2023 - Jan. 14, 2024
UPS	Dec. 26, 2023	Dec. 26, 2023	Oct. 1, 2023 - Jan. 13, 2024	Oct. 29, 2023 - Jan. 13, 2024
USPS	Jan. 21, 2024	N/A	N/A	N/A
DHL	Jan. 1, 2024	Jan. 1, 2024	N/A	N/A

If you look at the cost of a package, here's an example that shows the outsized impact that surcharge increases can have:



In this example, the final cost increased 10.9%, from \$63.92 to \$70.90. Transportation increased 5.9%, Additional Handling increased 20.0%, and the Delivery Area Surcharge rate increased 6.8%.



FedEx was the first parcel carrier this year to act on announcing a GRI. On top of this, it was announced earlier than in previous years, underscoring FedEx's strategy of setting the pace of the 2024 GRI, so that other carriers, particularly UPS, are forced to respond accordingly.

Effective January 1, 2024, the rate of 5.9% helps FedEx continue to manage the effects of inflation, while it is a more moderate rate increase compared to 6.9% for 2023, which was announced just months after the peak of inflation in June 2022.



GRI 5.9%

effective Jan. 1, 2024

Surcharges

effective Jan. 1, 2024

Demand Surcharges

effective Oct. 2, 2023 - Jan. 14, 2024

Demand Surcharges for Residential Delivery

effective Oct. 30, 2023—Jan. 14, 2024

Surcharges

	% Increase	2024	2023
Additional Handling			
By Dimension	18.9% - 20.0%*	\$22.00 - \$30.00	\$18.50 - \$25.00
By Packaging	18.2% - 21.1%*	\$19.50 - \$25.00	\$16.50 - \$21.00
By Weight	19.0% - 20.8%*	\$34.50 - \$43.50	\$29.00 - \$36.00
Address Correction Fee	7.1%	\$22.50	\$21.00
Delivery Area Surcharge			
Express (Commercial)	6.8%	\$3.95	\$3.70
Express (Extended Commercial)	8.9%	\$4.90	\$4.50
Express (Extended Residential)	7.7%	\$7.70	\$7.15
Express (Residential)	5.4%	\$5.85	\$5.55
Ground (Commercial)	6.8%	\$3.95	\$3.70
Ground (Extended Commercial)	8.9%	\$4.90	\$4.50
Ground (Extended Residential)	7.7%	\$7.70	\$7.15
Ground (Residential)	7.5%	\$5.70	\$5.30
Delivery Confirmation Signature (Adult)	6.5%	\$8.15	\$7.65
Delivery Confirmation Signature (Direct/Indirect)	6.3%	\$6.75	\$6.35

*Peaking factor is the increase in a shipper's current volume compared to its average weekly volume from June 5 to July 2, calculated weekly from October 9 until December 18 and applied three weeks later. This applies to customers with over 20,000 weekly residential and FedEx Ground Economy packages (total for FedEx Express and FedEx Ground U.S. domestic).

Surcharges

	% Increase	2024	2023
Oversize			
Express	18.5% - 20.7%*	\$160.00 - \$205.00	\$135.00 - \$170.00
Ground	18.5% - 20.7%*	\$160.00 - \$205.00	\$135.00 - \$170.00
Home Delivery	18.8% - 21.1%*	\$190.00 - \$240.00	\$160.00 - \$200.00

Residential Delivery Charge

Express	6.0%	\$6.15	\$5.80
Ground	0.9%	\$5.55	\$5.50
Home Delivery	7.8%	\$5.55	\$5.15

*by zone; italic indicates a percent increase greater than the GRI.

Demand Surcharges

Additional Handling	6.1%	\$6.95	\$6.55
Oversize	6.2%	\$73.00	\$68.75

Demand Surcharge for Residential Delivery (for >20,000 packages per week)

Peaking Factor*	FedEx Ground	FedEx Express
>105-125%	\$1.35	\$2.40
>125-150%	\$1.85	\$2.90
>150-200%	\$2.10	\$3.15
>200-300%	\$2.65	\$3.70
>300-400%	\$4.50	\$5.55
>400%	\$6.35	\$7.40

*Peaking factor is the increase in a shipper's current volume compared to its average weekly volume from June 5 to July 2, calculated weekly from October 9 until December 18 and applied three weeks later. This applies to customers with over 20,000 weekly residential and FedEx Ground Economy packages (total for FedEx Express and FedEx Ground U.S. domestic).

For more information: [FedEx.com Additional Shipping Fees](#), [FedEx.com 2024 Surcharges and Fees Changes](#), [FedEx.com Demand Surcharges](#)



This year, there was some speculation that UPS would not match FedEx's announced GRI, despite this being the pattern year after year. Notably, UPS was contending with labor negotiations and the possibility of a strike in 2023.

After reaching an agreement that resulted in elevated labor expenses, UPS was forced to assess its pricing strategy. It could have set a higher GRI to increase revenue, but this would risk losing more customers in addition to what it lost during contract negotiations. Instead, UPS chose to not only match FedEx's GRI but also many of FedEx's surcharge adjustments.

Other changes, like **service zones** for hundreds of ZIP codes, will help UPS increase revenue, applying accessorial charges for extended service area deliveries. This means shippers must carefully watch any changes in their operations that will affect their service levels and lead to increased accessorial charges.

GRI **5.9%**

effective Dec. 26, 2023

Surcharges

effective Dec. 26, 2023

Demand Surcharges

effective Oct. 1, 2023 - Jan. 13, 2024

Demand Surcharges for Residential Delivery

effective Oct. 29, 2023 - Jan. 13, 2024

Surcharges

	% Increase	2024	2023
Additional Handling			
By Dimension	18.2% - 20.2%*	\$22.00 - \$28.25	\$18.50 - \$23.50
By Packaging	18.2% - 21.1%*	\$19.50 - \$24.50	\$16.50 - \$20.50
By Weight	19.0% - 20.3%*	\$34.50 - \$41.50	\$29.00 - \$34.50
Address Correction Fee	7.7%	\$21.00	\$19.50

*Percentage of baseline volume is the percentage of current volume compared to the average weekly volume from June 4 to July 1. If volume drops below 80% of the June volume from September 3 to September 30, 2023, then the September average becomes the new baseline. This applies to customers with over 20,000 weekly packages for certain UPS Air Residential, Ground Residential, and SurePost packages.

Surcharges

	% Increase	2024	2023
Delivery Area Surcharge			
Air (Commercial)	6.8%	\$3.95	\$3.70
Air (Extended Commercial)	8.9%	\$4.90	\$4.50
Air (Extended Residential)	7.7%	\$7.70	\$7.15
Air (Residential)	5.4%	\$5.85	\$5.55
Ground (Commercial)	6.8%	\$3.95	\$3.70
Ground (Extended Commercial)	8.9%	\$4.90	\$4.50
Ground (Extended Residential)	7.7%	\$7.70	\$7.15
Ground (Residential)	7.5%	\$5.70	\$5.30
Delivery Confirmation Signature	6.3%	\$6.75	\$6.35
Delivery Confirmation Signature (Adult)	6.5%	\$8.15	\$7.65

Large Package

Commercial	18.5% - 20.7%*	\$160.00 - 197.50	\$135.00 - \$165.00
Residential	18.8% - 20.6%*	\$190.00 - 235.00	\$160.00 - \$195.00

Residential Delivery Charge

Air	6.0%	\$6.20	\$5.85
Ground	7.6%	\$5.65	\$5.25

*by zone; italic indicates a percent increase greater than the GRI.

Demand Surcharges

Additional Handling	6.2%	\$6.90	\$6.50
Large Package	7.0%	\$74.90	\$70.00

*Percentage of baseline volume is the percentage of current volume compared to the average weekly volume from June 4 to July 1. If volume drops below 80% of the June volume from September 3 to September 30, 2023, then the September average becomes the new baseline. This applies to customers with over 20,000 weekly packages for certain UPS Air Residential, Ground Residential, and SurePost packages.

Demand Surcharge for Residential Delivery (for >20,000 packages per week)

Percentage of Baseline Volume*	UPS Ground	UPS Air
>105-125%	\$1.35	\$2.40
>125-150%	\$1.85	\$2.90
>150-200%	\$2.15	\$3.20
>200-300%	\$2.60	\$3.65
>300-400%	\$4.45	\$5.50
>400%	\$6.40	\$7.50

*Percentage of baseline volume is the percentage of current volume compared to the average weekly volume from June 4 to July 1. If volume drops below 80% of the June volume from September 3 to September 30, 2023, then the September average becomes the new baseline. This applies to customers with over 20,000 weekly packages for certain UPS Air Residential, Ground Residential, and SurePost packages.

For more information: <https://www.ups.com/us/en/support/shipping-support/shipping-costs-rates.page>



Since 2021, when the “Delivering for America” plan was announced to help the USPS become self-sustaining, USPS rates have been increasing regularly, often twice per year, in January and July. The USPS remains a cost-effective option for many shippers, but the gap is narrowing with the USPS’s goal of becoming more financially stable.

The USPS announced **increase rates** on its competitive products effective January 14, 2024, affecting products like Priority Mail and Ground Advantage. Ground Advantage is USPS’s latest shipping offering, created in July 2023, that is putting competitive pressure on FedEx and UPS.

Missing this year is a demand surcharge for the end of the year, typically covering October through December. The USPS will not implement this surcharge, making them more competitive this holiday season.

For more information: [UPS.com Shipping Costs](#), [UPS.com Accessorial Preview](#), [UPS.com Peak Demand Surcharges](#), [USPS.com 2024 Pricing](#)



DHL Express has announced a 2024 GRI of 5.9%, matching FedEx and UPS after a one-year deviation. 2023 saw a staggering 7.9% increase, coming on the heels of 5.9% in 2022 and 4.9% in 2021 that each kept pace with FedEx and UPS.

Without a domestic division in the U.S., DHL's rate increases affect fewer shippers, but these numbers still offer a look into how they are adjusting to inflation and increased expenses to protect their profitability.

DHL's 5.9% GRI will go into effect January 1, 2024, as will rate increases on "a limited number of services and surcharges," which have yet to be announced.

Comparing FedEx and UPS GRIs

While GRIs lately look the same between FedEx and UPS, staying in step year-to-year, surcharges can tell a different story of carriers adjusting certain prices individually with respect to their operating expenses, strategy, and competition.

Just looking at two Demand Surcharges, Additional Handling and Oversize, there is significant variance between FedEx's and UPS's rate increases each year. But if we compare the rates in 2024 between the two carriers (\$6.95 for FedEx and \$6.90 for UPS for Additional Handling and \$73.00 for FedEx and \$74.90 for UPS for Oversize), we can see that they are not as far removed as the percentages would lead us to believe.

The differences will be most noticeable by shippers with high spend with one type of surcharge, if that surcharge experiences a large rate increase that particular year for the carrier they move these shipments with. This illustrates how shippers must approach their strategies for managing their parcel spend according to their unique needs.

Historical GRIs

	2021	2022	2023	2024
FedEx	4.9%	5.9%	6.9%	5.9%
UPS	4.9%	5.9%	6.9%	5.9%

For more information: [DHL.com 2024 Pricing](https://www.dhl.com/2024/pricing)

	2021	2022	2023	2024	2024	
Additional Handling Demand Surcharge Rate Increases	FedEx	19.5%	21.4%	10.1%	6.1%	\$6.95
	UPS	38.9%	20.0%	8.3%	6.2%	\$6.90

	2021	2022	2023	2024	2024	
Oversize Demand Surcharge Rate Increases	FedEx	40.0%	19.0%	10.0%	6.2%	\$73.00
	UPS	59.0%	20.0%	16.7%	7.0%	\$74.90

One other notable detail is the Residential Delivery charge. *Neither FedEx nor UPS now gives a lesser rate for Home Delivery.* FedEx is showing this as a 7.8% increase to bring the Home Delivery category up to match Ground service at \$5.55, while UPS's Ground service increased 7.6% to \$5.65 with no distinction made for Home Delivery.

Residential Delivery Charge

FedEx	% Increase	2024	2023
Ground	0.9%	\$5.55	\$5.50
Home Delivery	7.8%	\$5.55	\$5.15
UPS			
Ground	7.6%	\$5.65	\$5.25

Strategies for Navigating GRIs

It's easy to see the impact of these rate increases as unchangeable, since to some degree, they are certainly unavoidable. But the mistake shippers can make is failing to analyze and adjust their approach to their parcel spending. By seeking opportunities to optimize costs, evaluate carrier selections, and make decisions rooted in data, they can find a strategy unique to their needs to keep costs in check while ensuring quality service.



Forecast the Expected Impact

The number of rates that change with the GRI is staggering. We've only listed the highlights. Calculating the expected impact is a daunting process, but you can't not do it. Your cost per package will change, and if there's just one surcharge on the package, your cost will almost certainly increase by more than 5.9%. So dust off your rate spreadsheets, add in the new rates (see #2 below), and add your recent or forecasted volumes to see where the impact will be the greatest. That's of course where to start in the process of making shipping changes.

Your PSM partner might be able to do this GRI impact analysis for you.



Check your Negotiated Surcharges

Surcharge discounts come two ways – a lower-than-list flat rate or a percentage off. If you have flat rates, chances are they will not change with the GRI (but you need to check). For a percent discount, you'll simply get the same percent off the new rate.



Make Sure Your Rates Have Been Updated

This job is easier if you have a spend management partner who does this for you. If so, they are already getting your rates in place so your invoices process smoothly when the time comes. If you also happen to be planning other January 1 changes—such as changes in GL coding or data management—give your provider as much lead time as possible. They are busy this time of year.



Schedule a Thorough Spend Review

This is different than #1, which is what you need to be doing now. Separately, and ideally not during the chaos of the GRI, you should be conducting a formal review of your parcel costs at least twice a year. Anytime you dig into your data you're going to find savings opportunities.

In the fall, when you know cost increases are coming, reviewing your spending will let you take actions that will offset the sting of the GRIs. The low-hanging fruit is always the controllable wasteful spending such as address corrections and closing unused accounts. But that's just the start. If you're capturing performance details from your invoice data, you can see where you're paying for Second Overnight, but if you switch to Ground 96% of your packages would get there just as fast. ***The impact you make will be proportional to the quality and thoroughness of the data you have.***

This is also the time to review internal SOPs and consider alternative shipping options, such as regional carriers or consolidation strategies. Schedule a semi-annual review with your providers, as they could offer valuable advice.

Do this again at the end of Q1, after the dust settles from the GRI.



Ensure Decisions are Rooted in Data

For data-driven decision-making, shippers should leverage a technology solution that lets them fully understand their paid costs. While the data in your shipping solution is crucial, ***you can only access data on your actual costs through solutions that process and audit invoices***, aggregating and normalizing data and providing powerful reporting. This empowers you to stay on top of your spending.

How to Leverage Spend Management Technology to Manage Costs Year-Round

Cass Information Systems offers an advanced Parcel Spend Management solution with essential dashboards, giving shippers insights for optimized decision-making and greater cost savings.



Cost Management and Optimization

Insights give you control; they also inform financial and operational decisions. Feeling the sting of cost increases often motivates stronger management over the things you can control. You cannot manage costs without thorough data and smart technology that makes it easy to digest and see what is important to you. Cass's dashboards help our customers easily understand costs, drill down into problem areas, conduct modeling to see the impacts of a service shift, and much more



Carrier Performance Analysis

With monitoring of carriers' key performance indicators, shippers can make more informed decisions regarding service level selection. You may learn, for example, that you are selecting a pricier service than needed. Data useful for carrier negotiations, helping them get the best rates and service levels.



Invoice Auditing and Accuracy

Do you know when invoice audits are most valuable? Right after your rates change, whether due to the GRI or a new contract. Carriers often apply new rates or discounts incorrectly, so this is where a charge-level audit can make a real difference. But invoice audits go far beyond rates, catching duplicate invoices, weight discrepancies, and more. Cass ensures you only pay for what you have actually incurred.



Custom Reporting and Analysis

Cass's business intelligence tool provides powerful custom reporting and multidimensional views, leading to actionable insights for significant savings and leverage in contract negotiations.

Essential Parcel Dashboards

- **Rate Comparison Dashboard** Compare your rates across different carriers.

Get answers for: “Where could we save money by using a different carrier?”
- **Accessorial Dashboard** Understand the details of your surcharge costs.

Get answers for: “How can we better manage accessorials?”
- **Carrier Performance Dashboard** Assess which carriers consistently meet expectations.

Get answers for: “How many packages are delivered on time?
Could we save money by waiving guaranteed service?”
- **Savings Dashboard** Visualize invoice audit savings progress and new opportunities.

Get answers for: “How much savings have we achieved through audits?
Where are opportunities for future savings?”
- **KPI Trends Dashboard** Track key performance indicators to identify areas for improvement.

Get answers for: “How have our cost elements evolved over time?
Are we doing better than we have in the past?”

GRI Impact Analysis

Cass also offers clients a customized GRI impact analysis to provide a detailed picture of how the GRI will affect them.

With Cass, shippers can approach parcel management with powerful analytics, keeping them informed on every detail for cost efficiency, accuracy, and optimal performance in their parcel shipping.



Taking the Next Step Toward Optimized Parcel Spend

As the elevated rate increases of recent years show, your need to navigate year-to-year changes will continue. Each year, shippers will need to make sure they reevaluate and make adjustments to ensure their decisions are supporting optimized costs.

The Cass parcel spend management solution provides the tools and support shippers need to handle this not just year after year, but day by day. See the **top insights** we provide on costs, savings opportunities, carrier performance, and more.

Cass translates data into insights for optimized decisions to ensure you're prepared for 2024.

Reach out to Cass to get started.



[Get Started](#)

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